

INVITATION TO TENDER

made by

CITY OF GRAND RAPIDS MICHIGAN

to the Beneficial Owners of

City of Grand Rapids County of Kent, State of Michigan Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable)

THE INVITATION TO TENDER BONDS FOR PURCHASE WILL EXPIRE AT 5:00 P.M., EASTERN TIME, ON NOVEMBER 14, 2025, UNLESS EARLIER CANCELED OR EXTENDED AS DESCRIBED HEREIN. TENDERED TARGET BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE. SEE "TERMS OF TENDER OFFER HEREIN."

This Invitation to Tender, dated October 30, 2025 (as it may be amended or supplemented, this "**Invitation**" or "**Tender Offer**") describes an offer by City of Grand Rapids, County of Kent, State of Michigan (the "**City**"), with the assistance of Huntington Securities, Inc., dba Huntington Capital Markets, as lead dealer manager, along with Ramirez & Co., Inc. (together, the "**Dealer Managers**"), to the beneficial owners (the "**Holders**" or "**Bondholders**") of certain of the City's Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable), dated July 21, 2021, as listed on page (i) (the "**Target Bonds**") to purchase Target Bonds tendered for consideration in the form of cash at the applicable Purchase Prices, plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date ("**Accrued Interest**").

The purchase price for each CUSIP (the "**Purchase Prices**") for the Target Bonds set forth on page (i) will be based on a fixed spread added to the yields on certain benchmark United States Treasury Securities ("**Fixed Spread**"). On or about November 6, 2025, the City expects to publish the pricing notice (the "**Pricing Notice**") in the form attached hereto as APPENDIX B, which notice will set forth the Fixed Spread for each maturity and corresponding CUSIP of the Target Bonds.

Subject to the terms and conditions of the Tender Offer, the City may purchase Target Bonds tendered for purchase on December 10, 2025 (such date being the "**Settlement Date**"), unless extended by the City, assuming all conditions to the Tender Offer have been satisfied or waived by the City, provided that such Target Bonds have been validly tendered for purchase by the Offer Expiration Date set forth below and have been accepted by the City on the Acceptance Date (as defined herein). Bondholders who tender the Target Bonds for purchase will receive Accrued Interest on such Target Bonds on the Settlement Date. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Tender Offer with respect to the principal amount thereof will be limited to proceeds of the 2025 Bonds (defined herein) and supplemented by available funds from the City at the City's sole determination. If issued, the 2025 Bonds will be dated as of the Settlement Date, bear interest at the rates and mature on the dates (subject to prior redemption), and be issued in the manner, on the terms and with the security therefore as described in the Preliminary Official Statement dated October 30, 2025 attached hereto as APPENDIX A (the "**Preliminary Official Statement**"), as completed by a final official statement. Accrued Interest on the Target Bonds validly tendered and accepted for purchase will be funded from a cash contribution from the City and/or proceeds of the 2025 Bonds and paid on the Settlement Date. The purchase of any Target Bonds tendered pursuant to the Tender Offer is contingent on the issuance of the 2025 Bonds. The consummation of the Tender Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See "INTRODUCTION—General" and "TERMS OF TENDER OFFER"—Conditions to Purchase for Cash" herein.

The purchase of any Target Bonds tendered pursuant to the Tender Offer is contingent upon the issuance of the 2025 Bonds.

HOLDERS OF THE TARGET BONDS WHO DO NOT TENDER TARGET BONDS PURSUANT TO THE TENDER OFFER WILL CONTINUE TO HOLD SUCH TARGET BONDS (THE "UNTENDERED BONDS") AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE BOND RESOLUTION, AS APPLICABLE, PURSUANT TO WHICH SUCH UNTENDERED BONDS WERE ORIGINALLY ISSUED. SEE "INTRODUCTION—TARGET BONDS NOT PURCHASED; POTENTIAL ADVERSE EFFECTS" AND "ADDITIONAL CONSIDERATIONS" HEREIN. AT THIS TIME, THE CITY IS NOT CONSIDERING ANY OTHER FORMS OF REFUNDING FOR TARGET BONDS, BUT SUBJECT TO MARKET CONDITIONS MAY CHOOSE TO DO SO IN THE FUTURE.

To make an informed decision as to whether, and how, to tender the Target Bonds for purchase pursuant to the Tender Offer, Bondholders must read this Tender Offer carefully, including APPENDIX A, and consult with their broker, account executive, financial advisor, attorney and/or other professionals. For more information about risks concerning the Tender Offer, please see "ADDITIONAL CONSIDERATIONS" herein.

Any Bondholder wishing to accept the City's offer to purchase the Target Bonds pursuant to this Tender Offer should follow the procedures more specifically described herein. Bondholders and their brokers and account executives with questions about this Tender Offer should contact the Dealer Managers or the Information Agent.

Key Dates and Times

*All of these dates and times are subject to change. All times are New York City Time.
Notices of changes will be sent in the manner provided for in this Tender Offer.*

Launch Date	October 30, 2025
Pricing Notice	November 6, 2025
Expiration Date	5:00 P.M. on November 14, 2025
Preliminary Notice of Acceptance	November 17, 2025
Determination of Purchase Prices	Approximately 10:00 A.M. on November 18, 2025
Final Acceptance Date	November 18, 2025
Notice of Purchase Prices and Final Notice of Acceptance	By 5:00 P.M. on November 18, 2025
Settlement Date	December 10, 2025

The Dealer Managers are:

Huntington Securities, Inc. (lead manager)

and

Ramirez & Co., Inc.

The Information and Tender Agent is:

Globic Advisors Inc.

TARGET BONDS SUBJECT TO THIS TENDER OFFER

CITY OF GRAND RAPIDS, MICHIGAN

SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021 (FEDERALLY TAXABLE)

Table 1

CUSIP * <u>(386289)</u>	Maturity <u>(January 1)</u>	Interest Rate	Outstanding Principal <u>Amount</u>	Par Call Date <u>(January 1)</u>	Benchmark <u>Treasury Security</u> [†]	Indicative Fixed Spread <u>(basis points)</u> [‡]
NF5	2028	1.461%	\$6,375,000	N/A	3-Year	-22.0
NG3	2029	1.662%	7,565,000	N/A	5-Year	-26.7
NH1	2030	1.762%	7,695,000	N/A	5-Year	-20.1
NJ7	2031	1.862%	7,830,000	N/A	7-Year	-28.0
NK4	2032	2.012%	7,970,000	2031	7-Year	-19.7
NL2	2033	2.162%	8,140,000	2031	10-Year	-30.0
NM0	2034	2.262%	9,915,000	2031	10-Year	-21.0
NN8	2035	2.362%	7,905,000	2031	10-Year	-12.5
NP3 [§]	2042	2.804%	12,370,000	2031	20-Year	-1.8

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Target Bonds. None of the District, the Dealer Manager, the Information Agent and Tender Agent or their agents or counsel assume responsibility for the accuracy of such numbers.

[†] Indicative Fixed Spreads (as defined herein) are preliminary and subject to change. The Fixed Spread corresponding to each maturity and CUSIP number will appear in the Pricing Notice. Each Benchmark Treasury Security will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of date and time that the Purchase Price for the Taxable Bonds is set, currently expected to be 10:00AM on November 18, 2025. The Offer Purchase Prices for the Taxable Bonds derived from the fixed spreads (when finalized) to be paid on the Settlement Date exclude Accrued Interest on the Taxable Bonds tendered and accepted for purchase, which Accrued Interest will be paid by the City to but not including the Settlement Date in addition to the applicable Purchase Price.

[§] Denotes term bond whose Purchase Price will be determined inclusive of all mandatory sinking fund redemptions prior to its maturity date.

IMPORTANT INFORMATION

This Tender Offer and other information with respect to the Tender Offer are and will be available (i) at <http://emma.msrb.org> using the CUSIP numbers for the Target Bonds listed on page (i); (ii) to the Depository Trust Company “DTC” and to the DTC participants holding the Target Bonds; and (iii) by posting electronically on the website of the Information Agent and Tender Agent at www.globic.com/grandrapids.

Bondholders wishing to tender their Target Bonds for purchase for consideration in the form of cash pursuant to the Tender Offer should follow the procedures described in this Tender Offer. The City reserves the right to cancel or modify the Tender Offer at any time on or prior to the Acceptance Date and reserves the right to make a future tender offer at prices different than the prices described herein. The City will have no obligation to purchase for cash Target Bonds tendered if any such cancellation or modification occurs. The City further reserves the right to accept or reject nonconforming tenders or waive irregularities in any tender. Though it may not be economic on the date of this Tender Offer, the City also reserves the right in the future to refund (on a current, forward or advance basis) any remaining portion of outstanding Target Bonds through the issuance of publicly-offered or privately-placed bonds. The consummation of the Tender Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein) that are anticipated to occur after the Offer Expiration Date but prior to the Settlement Date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TENDER OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS TENDER OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS TENDER OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The City is not recommending to any Bondholder whether to offer their Target Bonds in connection with the Tender Offer. Each Bondholder must make these decisions and should read this Tender Offer and consult with its broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

This Tender Offer is not being extended to, and Target Bonds tendered in response to this Tender Offer will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Tender Offer or such acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Tender Offer to be made through a licensed or registered broker or dealer, this Tender Offer shall be deemed to be made on behalf of the City through the Dealer Managers or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Tender Offer, including APPENDIX A, and, if given or made, such information or representation may not be relied upon as having been authorized by the City.

In addition to its role as Dealer Managers for the Target Bonds, Huntington Securities, Inc. and Ramirez & Co., Inc. are also serving as Underwriters for the 2025 Bonds to be issued by the City as described in APPENDIX A.

The delivery of this Tender Offer shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the City since the date hereof.

References to web site addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

FORWARD-LOOKING STATEMENTS

This Tender Offer contains statements relating to future results that are “forward-looking statements”. When used in the Tender Offer, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements, including those risks described under “ADDITIONAL CONSIDERATIONS” herein.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements included in the Tender Offer are based on information available to the City on the date of the Tender Offer. The City does not undertake any obligation to issue any updates or revisions (whether as a result of new information, future events, or otherwise) to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based.

This Tender Offer, including APPENDIX A, contains important information which should be read in its entirety before any decision is made with respect to this Tender Offer.

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**City of Grand Rapids
County of Kent, State of Michigan
Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable)**

INTRODUCTION

General

This Invitation to Tender, dated October 30, 2025 (as it may be amended or supplemented, this “**Invitation**” or “**Tender Offer**”) describes an offer by City of Grand Rapids, County of Kent, State of Michigan (the “**City**”), with the assistance of Huntington Securities, Inc., dba Huntington Capital Markets, as lead dealer manager, along with Ramirez & Co., Inc. (together, the “**Dealer Managers**”), to the beneficial owners (the “**Holders**” or “**Bondholders**”) of certain of the City’s Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable), dated July 21, 2021, as listed on page (i) (the “**Target Bonds**”) to purchase Target Bonds tendered for consideration in the form of cash at the applicable Purchase Prices, plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date (“**Accrued Interest**”).

The purchase prices (the “**Purchase Prices**”) for the Target Bonds set forth on page (i) will be based on a fixed spread added to the yields on certain benchmark United States Treasury Securities (“**Fixed Spread**”). On or about November 6, 2025, the City expects to publish the pricing notice (the “**Pricing Notice**”) in the form attached hereto as APPENDIX B, which notice will set forth the Fixed Spread for each maturity and corresponding CUSIP of the Target Bonds.

Subject to the terms and conditions of the Tender Offer, the City may purchase Target Bonds tendered for purchase on December 10, 2025 (such date being the “**Settlement Date**”), unless extended by the City, assuming all conditions to the Tender Offer have been satisfied or waived by the City, provided that such Target Bonds have been validly tendered for purchase by the Offer Expiration Date set forth below and have been accepted by the City on the Acceptance Date (as defined herein). Bondholders who tender the Target Bonds for purchase will receive Accrued Interest on such Target Bonds on the Settlement Date. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Tender Offer with respect to the principal amount thereof will be limited to proceeds of the 2025 Bonds (defined herein) and supplemented by available funds from the City at the City’s sole determination. If issued, the 2025 Bonds will be dated as of the Settlement Date, bear interest at the rates and mature on the dates (subject to prior redemption), and be issued in the manner, on the terms and with the security therefore as described in the Preliminary Official Statement dated October 30, 2025 attached hereto as APPENDIX A (the “**Preliminary Official Statement**”), as completed by a final official statement. Accrued Interest on the Target Bonds validly tendered and accepted for purchase will be funded from a cash contribution from the City and/or proceeds of the 2025 Bonds and paid on the Settlement Date. The purchase of any Target Bonds tendered pursuant to the Tender Offer is contingent on the issuance of the 2025 Bonds. The consummation of the Tender Offer is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See “INTRODUCTION—General” and “TERMS OF TENDER OFFER—Conditions to Purchase for Cash” herein.

The City is offering its Sanitary Sewer System Revenue Refunding Bonds, Series 2025 (the “**2025 Bonds**”) to fund, among other things, the Purchase Prices of the Target Bonds, plus Accrued Interest on the Target Bonds tendered for purchase for cash to but not including the Settlement Date. The 2025 Bonds will be dated as of the Settlement Date, bear interest at the rates and mature on the dates set forth on the inside cover pages of the Preliminary Official Statement (as defined herein), as completed by a final official statement, and will be issued in the manner, on the terms and with the security thereof described in the hereinafter defined Preliminary Official Statement, as completed by a final official statement.

Notwithstanding any other provision of this Tender Offer, the consummation of the Tender Offer and the City's obligation to accept for purchase for consideration in the form of cash validly tendered (and not validly withdrawn) pursuant to the Tender Offer are subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date:

(a) the successful completion by the City of a debt financing transaction including the issuance of the 2025 Bonds by the City (the "*Proposed Financing*"), the proceeds of which will be sufficient to (i) pay the Purchase Prices of all Target Bonds validly tendered pursuant to the Tender Offer plus Accrued Interest on the Target Bonds tendered for purchase for cash to but not including the Settlement Date and (ii) pay all fees and expenses associated with the Proposed Financing and Tender Offer;

(b) the City obtaining satisfactory and sufficient economic benefit as a result of the consummation of the Tender Offer when taken together with the Proposed Financing (collectively, the "*Financing Conditions*"), all on terms and conditions that are in the City's best interest in its sole discretion; and

(c) the other conditions set forth in "Terms of Tender Offer—Conditions to Purchase for Cash." The City reserves the right, subject to applicable law, to amend or waive any of the conditions to the Tender Offer, in whole or in part, at any time prior to the Offer Expiration Date (as defined herein) or from time to time, in its sole discretion.

THIS TENDER OFFER MAY BE WITHDRAWN BY THE CITY AT ANY TIME PRIOR TO ACCEPTING ANY TARGET BONDS FOR PURCHASE.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER THEIR TARGET BONDS, BONDHOLDERS MUST READ THE TENDER OFFER AND ALL DOCUMENTS INCORPORATED BY REFERENCE INTO THE TENDER OFFER.

None of the City, the Dealer Managers (as defined herein) or the Information Agent and Tender Agent (as defined herein) make any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder's Target Bonds for purchase for cash consideration. Bondholders must make these decisions and should read the Tender Offer and consult with their broker, account executive, financial advisor and/or other appropriate professionals in making these decisions.

Subject to the terms of the Tender Offer, the City will purchase certain Target Bonds tendered, provided that such Target Bonds tendered in consideration of cash as required by the terms of the Tender Offer shall have been validly tendered by 5:00 p.m., New York City time, on November 14, 2025 (as extended from time to time in accordance with this Tender Offer, (the "**Offer Expiration Date**") and accepted by the City on or before 5:00 p.m., New York City time, on November 18, 2025 (the "**Acceptance Date**"), unless extended by the City, assuming all conditions to the Tender Offer have then been satisfied or waived by the City.

Bondholders who tender Target Bonds for purchase in consideration for cash on the Settlement Date will receive Accrued Interest on such Target Bonds from their last interest payment date up to but not including the Settlement Date. The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Tender Offer with respect to the principal amount thereof will be limited to proceeds of the 2025 Bonds that are anticipated to be issued on the Settlement Date.

In the event all conditions to the Tender Offer are not satisfied or waived by the City on or prior to the Settlement Date, any Target Bonds tendered pursuant to such Offer shall be returned to the Holder.

HOLDERS OF TARGET BONDS WHO DO NOT TENDER ANY BONDS PURSUANT TO THE TENDER OFFER WILL CONTINUE TO HOLD SUCH TARGET BONDS (THE "UNTENDERED BONDS") AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING. SEE "INTRODUCTION—TARGET BONDS NOT PURCHASED; POTENTIAL ADVERSE EFFECTS" AND "ADDITIONAL CONSIDERATIONS" HEREIN.

Pricing Notice

On or about November 6, 2025, the City will publish the Pricing Notice in the form attached hereto as Appendix B, which Notice will set forth the Fixed Spread for each maturity and corresponding CUSIP of the Target Bonds (which

may differ from the “Indicative Fixed Spreads” listed on page (i) herein) as well as an illustration of the resulting Offer Purchase Prices for the Target Bonds based on market conditions, as described therein. The illustrative Offer Purchase Prices shown in the Pricing Notice with respect to the Target Bonds will be subject to change, and the actual Purchase Prices for the Target Bonds will be determined on or about 10:00 a.m., New York City, time on November 18, 2025, as described herein. The Pricing Notice will be made available via the Information Services (as defined herein).

Consideration for Tender Offer

The fixed spread (the “**Fixed Spread**”) for each CUSIP for the Target Bonds represents the yield, expressed as an interest rate percentage, above or below the yield on the indicated Benchmark Treasury Security at which the City will purchase Target Bonds. The Fixed Spread will be added to the yield on a representative Benchmark Treasury Security for each CUSIP.

The yields on the Benchmark Treasury Securities (the “**Treasury Security Yields**”) will be determined at approximately 10:00 a.m., on November 18, 2025, based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages and calculated in accordance with standard market practice. The Fixed Spread will be added to the Benchmark Treasury Security Yield to arrive at a yield (the “**Purchase Yield**”). The Benchmark Treasury Security for each CUSIP is identified on page (i) of this Tender Offer.

The Purchase Yield for each CUSIP will be used to calculate the Purchase Prices for Target Bonds. The Purchase Prices for the Target Bonds will be the sum of the present value of all remaining scheduled principal, including mandatory sinking fund installments where applicable, and interest on the applicable Target Bonds on the Settlement Date, as determined on November 18, 2025 (the “**Determination of Purchase Price Date**”), minus accrued interest up to but not including the Settlement Date, calculated on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), in accordance with standard market practice. The City will publish a Notice of Purchase Prices by 5:00 p.m. on November 18, 2025. In addition to the Purchase Prices of the Target Bonds accepted for purchase by the City, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the City to the tendering Bondholders on the Settlement Date.

The table on the following page provide an illustrative example of the Purchase Prices realized by Bondholder that submit an offer based on the following closing yields as of October 30, 2025 for the Benchmark Treasury Securities provided below and the Fixed Spreads. ***This example is being provided for convenience only and is not to be relied upon by a Bondholder as an indication of the Purchase Yield or Purchase Prices that may be accepted by the City.***

[Remainder of Page Intentionally Left Blank]

Based on these Benchmark Treasury Security yields, the following purchase prices would be derived:

Illustrative Purchase Prices for the Target Bonds*

CUSIP [†] (386289)	Maturity Date (January 1)	Benchmark Treasury Security	Illustrative Benchmark Yield	Fixed Spreads (basis points)	Illustrative Purchase Yield	Purchase Price (% of Principal Amount)
NF5	2028	3-Year	3.600%	-22.0	3.380%	96.214
NG3	2029	5-Year	3.700%	-26.7	3.433%	94.899
NH1	2030	5-Year	3.700%	-20.1	3.499%	93.480
NJ7	2031	7-Year	3.870%	-28.0	3.590%	92.071
NK4	2032	7-Year	3.870%	-19.7	3.673%	91.050
NL2	2033	10-Year	4.080%	-30.0	3.780%	90.057
NM0	2034	10-Year	4.080%	-21.0	3.870%	88.958
NN8	2035	10-Year	4.080%	-12.5	3.955%	87.969
NP3 [‡]	2042	20-Year	4.590%	-1.8	4.572%	82.738

The Notice of Purchase Prices and Final Notice of Acceptance will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “EMMA”), using the CUSIP numbers for the Target Bonds listed in the tables under “**BONDS SUBJECT TO THE TENDER OFFER**”; (ii) to DTC (defined herein) and to the DTC participants holding the Target Bonds; and (iii) by posting electronically on the website of the Information Agent at www.globic.com/grandrapids.

Sources of Funds to Purchase Bonds and Pay Accrued Interest

The source of funds to pay the Purchase Prices of the Target Bonds validly tendered for cash purchase pursuant to the Tender Offer will be limited to the proceeds of the 2025 Bonds and supplemented by available funds from the City at the City’s sole determination. The source of funds for payment of Accrued Interest on Target Bonds validly tendered and accepted for purchase will be from cash and/or proceeds of the 2025 Bonds. The 2025 Bonds are described in the Preliminary Official Statement. **THE PURCHASE OF ANY TARGET BONDS TENDERED PURSUANT TO THE TENDER OFFER IS CONTINGENT ON THE ISSUANCE BY THE CITY OF THE 2025 BONDS.**

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the City, the Dealer Managers (as defined herein), or the Information Agent and Tender Agent (as defined herein) in connection with the Tender Offer. However, Bondholders should check with their broker, bank, account executive or other financial institution which maintains the account in which their Target Bonds are held (their “Financial Representative”) to determine whether it will charge any commissions or fees as described in section “Soliciting Fees; Eligible Institutions Are Not Agents” herein.

Target Bonds Not Purchased; Potential Adverse Effects

Any Target Bonds that are not tendered for purchase for cash consideration in response to the Tender Offer will continue to be outstanding. Although not economical as of the date of this Tender Offer, if favorable market

* This example is being provided for convenience only and is not to be relied upon by a Bondholders as an indication of the Purchase Yield or Purchase Prices that may be accepted by the City.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Target Bonds. None of the District, the Dealer Manager, the Information Agent and Tender Agent or their agents or counsel assume responsibility for the accuracy of such numbers.

‡ Denotes term bond whose Purchase Price will be determined inclusive of all mandatory sinking fund redemptions prior to its maturity date.

conditions exist in the future, the City reserves the right to, and may decide to, undertake subsequent tender offers, refund (on an advance or current basis) some or all of the Target Bonds not purchased for cash pursuant to the Tender Offer through the issuance of publicly-offered or privately-placed bonds. For additional information about the City's future financing plans, see "SUMMARY OF FINANCING PLAN" in the Preliminary Official Statement attached hereto as APPENDIX A.

Any purchase by the City of Target Bonds of any CUSIP number including without limitation purchase pursuant to the Tender Offer may have certain potential adverse effects on holders of Target Bonds not purchased pursuant to the Tender Offer, including the principal amount of the Target Bonds of that CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP number that remain outstanding.

The City will determine how term Bonds purchased will be credited against future mandatory sinking fund redemptions with respect to such term Bonds. The mandatory sinking fund redemptions with respect to untendered Bonds will be subject to a revised mandatory sinking fund redemption schedule. If less than all of the Bonds of a CUSIP number for which sinking fund installments have been established are purchased by the City pursuant to the Tender Offer, the average life of the remaining untendered Bonds of that CUSIP number may change.

Purchased Target Bonds May Be Held By The City

The City may (and intends to) deliver some or all of the Target Bonds purchased pursuant to the Tender Offer to the applicable Trustee for cancellation but is not obligated to do so.

Dealer Managers, Information Agent and Tender Agent

Huntington Securities, Inc. dba Huntington Capital Markets, lead manager, along with Ramirez & Co., Inc., are the Dealer Managers for the Tender Offer. Investors in the U.S. with questions about the Tender Offer should contact the Huntington Securities, Inc. or Globic Advisors, which serves as Information Agent and Tender Agent (the "Information Agent" or the "Tender Agent") for the Tender Offer, at the addresses and telephone numbers set forth on the back cover of the Tender Offer. See "DEALER MANAGERS" and "INFORMATION AGENT AND TENDER AGENT" herein.

In addition to their role as Dealer Managers for the Target Bonds, Huntington Securities, Inc. and Ramirez & Co., Inc. are also serving as Underwriters for the 2025 Bonds to be issued by the City as described in APPENDIX A.

Prevailing Time

All times in the Tender Offer are New York City time.

TERMS OF TENDER OFFER

Offer Expiration Date

The Tender Offer will expire at 5:00 p.m., New York City time, on the Offer Expiration Date, unless earlier terminated or extended, as described in this Tender Offer. In the sole discretion of the City, Target Bonds tendered after 5:00 p.m., New York City time, on the Offer Expiration Date and prior to the acceptance of tenders by the City as described below under the heading "—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results" may be accepted by the City for purchase, and the settlement of such Target Bonds tendered after 5:00 p.m., New York City time, on the Offer Expiration Date will occur outside of DTC through a deposit/withdrawal custodian process, as applicable, and the DTC participant holding the Target Bonds. See "TERMS OF TENDER OFFER—Extension, Termination and Amendment of the Tender Offer; Changes to Terms" below for a discussion of the City's ability to extend the Offer Expiration Date and to terminate or amend the Tender Offer.

Offers Only Through the City's ATOP Account

The Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company ("DTC"). The City, through the Information Agent and Tender Agent, will establish an Automated Tender Offer Program ("ATOP") account at DTC for this Tender Offer promptly after the date of this Tender Offer. Bondholders who wish to accept the Tender Offer may do so through the ATOP Account.

ALL TENDERS PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE OFFER EXPIRATION DATE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE FOR CASH THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE TENDER OFFER.

Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer such Target Bonds into the City's ATOP Account relating to the Tender Offer, series, maturity and CUSIP number in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants can only tender Target Bonds pursuant to the Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target Bonds through the City's ATOP account. To ensure a Bondholder's Target Bonds are tendered to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Target Bonds to the City's ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Target Bonds to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date. See "—Tender of Target Bonds by Financial Institutions; City's ATOP Account."

The City, the Dealer Managers, and the Information Agent and Tender Agent are not responsible for the transfer of any tendered Target Bonds to the City's ATOP account or for any mistakes, errors or omissions in the transfer of any tendered Target Bonds.

Information to Bondholders

The City may give information about the Tender Offer to the market and Bondholders by delivery of the information to the following institutions: Bloomberg Financial Market Systems and the Municipal Securities Rulemaking Board through EMMA. These institutions, together with the Information Agent are collectively referred to herein as the "Information Services." The Information Agent will deliver information provided to it by the City through its website, www.globic.com/grandrapids. Delivery by the City of information to the Information Services will be deemed to constitute delivery of this information to each Bondholder.

Bondholders who would like to receive information transmitted by or on behalf of the City to the Information Services may receive such information from the Dealer Managers or the Information Agent and Tender Agent by contacting them using the contact information on the back cover page of the Tender Offer or by making appropriate arrangements with its account executive or directly with the Information Services.

Any updates to this Tender Offer, including, without limitation any supplements to the Preliminary Official Statement will be distributed through the Information Services. The final official statement with respect to the 2025 Bonds and certain other bonds to be offered by the City will be posted to EMMA.

Minimum Denominations and Consideration

A Bondholder may tender Target Bonds for purchase for cash of a particular CUSIP number that it owns in an amount of its choosing, but in a principal amount equal to the minimum denomination of \$5,000, (the "Minimum Authorized Denomination") or any integral multiple of thereof. Holders who tender less than all of their Target Bonds must continue to hold Target Bonds in at least the Minimum Authorized Denomination.

Accrued Interest

The proceeds of the 2025 Bonds, together with other legally available funds, will be used to purchase Bonds tendered by any Bondholder and accepted by the City. The 2025 Bonds are described in the Preliminary Official Statement, attached hereto as APPENDIX A. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be from a cash contribution from the City and/or proceeds of the 2025 Bonds and paid on the Settlement Date.

Provisions Applicable to All Tenders

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Target Bonds of a particular CUSIP number, and (b) the principal amount of Target Bonds of such CUSIP number to be tendered. A Bondholder also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the City purchases the Bondholder's tendered Target Bonds. The City, the Dealer Managers, and the Information Agent and Tender Agent will not charge any Bondholder for tendering Target Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Target Bonds owned by the Bondholder and must include the following information: (1) the CUSIP number(s) of the Target Bonds being tendered, and (2) the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of \$5,000, and if not so stated, for tenders of less than all of the holders position in the Target Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000).

"All or none" offers are not permitted.

The Target Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples in excess thereof described herein under the caption "—Minimum Denominations and Consideration." Holders who tender less than all of their Target Bonds must continue to hold their Target Bonds in at least the applicable Minimum Authorized Denomination. No alternative, conditional or contingent tenders will be accepted.

ALL TENDERS PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE OFFER EXPIRATION DATE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE FOR CASH THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE TENDER OFFER. SEE "—TENDER OF TARGET BONDS BY FINANCIAL INSTITUTIONS; THE CITY'S ATOP ACCOUNT."

General. A Bondholder may only tender Target Bonds it owns or controls. By tendering Target Bonds pursuant to the Tender Offer, a Bondholder will be deemed to have represented and agreed with the City as set forth below under "—Representations by Tendering Bondholders to the City." All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the City to the Information Services must make appropriate arrangements with their Financial Representatives or financial advisors, or the Information Agent and Tender Agent.

Representations by Tendering Bondholders to the City

By tendering Target Bonds, each tendering Bondholder will be deemed to have represented to and agreed with the City that:

(a). the Bondholder has received this Tender Offer and has had the opportunity to review prior to making its decision to tender Target Bonds, and agrees if the purchase for cash of any tendered Target Bonds is consummated, the purchase of such Target Bonds shall be on the terms and conditions set forth in this Tender Offer;

(b). the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Target Bonds, and on the Settlement Date the City will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any

adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s) of the required principal amount of applicable 2025 Bonds maturing in the same year, as applicable, plus, in each such case, Accrued Interest;

(c). the Bondholder has made its own independent decision to tender its Target Bonds for purchase consideration pursuant to the Tender Offer, as to the terms thereof, and such decisions are based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;

(d). the Bondholder is not relying on any communication from the City or the Dealer Managers or the Information Agent and Tender Agent as investment advice or as a recommendation to tender the Bondholder's Target Bonds at the applicable Purchase Price for the required principal amount of applicable 2025 Bonds, it being understood that the information from the City and the Dealer Managers and the Information Agent and Tender Agent related to the terms and conditions of the Tender Offer made pursuant to this Tender Offer shall not be considered investment advice or a recommendation to tender Target Bonds;

(e). the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of the Tender Offer;

(f). each owner of a tendered Target Bonds specifically consents to the purchase of such tendered Target Bonds for the cash factor and on the terms set forth in the Tender Offer, as applicable, and to the issuance of and all terms of the 2025 Bonds to effect such purchase, including without limitation the principal amount, interest rate, series designation, redemption provisions and other terms of the 2025 Bonds that differ from the terms of the Target Bonds.

Tender of Target Bonds by Financial Institutions; the City's ATOP Account

The City, through the Information Agent and Tender Agent, will establish the City's ATOP account at DTC for this Tender Offer promptly after the date of this Tender Offer. Tenders of Target Bonds pursuant to the Tender Offer may only be made by transfer to the City's ATOP account. Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer such Target Bonds into The City's ATOP account in accordance with DTC's procedures.

Concurrently with the delivery of Target Bonds through book-entry transfer into the City's ATOP account, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the related City's ATOP account by not later than 5:00 p.m., New York City time, on the Offer Expiration Date, provided, however, a tender of Target Bonds related to an Agent's Message transmitted to the City's ATOP account after such time may be accepted by the City if the City, in its sole discretion, waives the defect in the timing of the delivery of such message. The confirmation of a book-entry transfer to City's ATOP account as described above is referred to herein as a "**Book-Entry Confirmation**." The term "**Agent's Message**" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Target Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Target Bonds that have been tendered by such participant pursuant to the Tender Offer, and to the effect that such participant agrees to be bound by the terms of the Tender Offer.

By causing DTC to transfer Target Bonds into the City's ATOP account, a financial institution warrants to the City that it has full authority, and has received from the Bondholder(s) of such Target Bonds all direction necessary, to tender, transfer and sell such Target Bonds as set forth in this Tender Offer.

ALL TENDERS PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE OFFER EXPIRATION DATE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE FOR CASH THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE TENDER OFFER.

(g). Bondholders who are not DTC participants can only tender Target Bonds pursuant to the Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target Bonds through the City's ATOP account. To ensure a Bondholder's Target Bonds are tendered to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Target Bonds to the City's ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the

Bondholder's Target Bonds to the City's ATOP account by 5:00 p.m., New York City time, on the Offer Expiration Date.

Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the City's ATOP account), form, eligibility and acceptance of any Target Bonds tendered pursuant to the Tender Offer will be determined by the City in its sole discretion and such determinations will be final, conclusive and binding.

The City reserves the right to waive any irregularities or defects in any tender. The City, the Dealer Managers, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in tenders and they will have no liability for failing to give such notice.

Withdrawals of Tenders Prior to Offer Expiration Date

Tenders of Target Bonds may be withdrawn prior to the Offer Expiration Date. **ALL TENDERS OF TARGET BONDS SHALL BE IRREVOCABLE UPON THE OFFER EXPIRATION DATE.**

Acceptance of Tenders

As of the Acceptance Date, upon the terms and subject to the conditions of the Tender Offer, as set forth in this Tender Offer, the City will elect to accept for purchase for cash consideration outstanding Target Bonds validly tendered pursuant to the Tender Offer (or defectively tendered, if such defect has been waived by the City), with acceptance subject to the satisfaction or waiver by the City of the conditions to the purchase for cash tendered Target Bonds. See "—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results" and "—Conditions to Purchase for Cash."

Should the City choose to purchase some but not all of the Target Bonds of a particular CUSIP, the City will accept those tendered Target Bonds on a pro rata basis. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of the Minimum Authorized Denomination, the principal amount of such offer will be rounded up to the nearest multiple of \$5,000.

Notwithstanding any other provision of this Tender Offer, the consummation of the Tender Offer and the City's obligation to accept for purchase, and to pay cash for, as applicable, Target Bonds validly tendered (and not validly withdrawn) pursuant to the Tender Offer are subject to the conditions set forth in "—Conditions to Purchase for Cash" below. The City reserves the right, subject to applicable law, to amend or waive any of the conditions to the Tender Offer, in whole or in part, at any time prior to the Offer Expiration Date or from time to time, in its sole discretion. This Tender Offer may be withdrawn by the City at any time prior to the Offer Expiration Date.

Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the City of Target Bonds tendered will constitute an irrevocable agreement between the tendering Bondholder and the City to sell and purchase such Target Bonds for cash, subject to satisfaction of all conditions to the City obligation to purchase tendered Target Bonds and the other terms of this Tender Offer. See "—Minimum Denominations and Consideration" above and "—Conditions to Purchase for Cash" below.

The acceptance of Target Bonds tendered is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the Acceptance Date. This notification will state the principal amount of the Target Bonds of each CUSIP number that the City has agreed to purchase for cash consideration in accordance with this Tender Offer, which may be zero for a particular CUSIP number.

All Target Bonds that were offered but were not accepted for purchase will be released from DTC ATOP account in accordance with DTC's ATOP procedures. The City, the Dealer Managers, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or Financial Representative or by such DTC participant or Financial Representative for the account of the Bondholder.

Settlement Date; Purchase for Cash of City Bonds

Subject to satisfaction of all conditions to the City's obligation to purchase tendered Target Bonds for cash and as described herein, including, without limitation, the Financing Conditions, the Settlement Date is the day on which Target Bonds accepted for purchase for cash will be purchased at the applicable Purchase Price(s) for the required principal amount of 2025 Bonds, together with Accrued Interest thereon in each case. The Settlement Date will occur following the Acceptance Date, subject to all conditions to the Tender Offer having been satisfied or waived by the City. The expected Settlement Date is December 10, 2025, unless extended by the City, assuming all conditions to the Tender Offer have been satisfied or waived by the City. Bondholders whose Target Bonds are accepted on the Settlement Date will receive Accrued Interest.

The City may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See "—Conditions to Purchase for Cash."

Subject to satisfaction of all conditions to City's obligation to purchase Target Bonds tendered for purchase pursuant to the Tender Offer, as described herein, payment by the City, or on City's behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price and Accrued Interest on the Target Bonds accepted for purchase. The City expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Price (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Target Bonds accepted for purchase on behalf of Bondholders for delivery to the Bondholders.

The City, the Dealer Managers, and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.

Purchase And Accrued Interest Funds

The source of funds to purchase the Target Bonds validly tendered for cash purchase pursuant to the Tender Offer will be limited to the proceeds of the 2025 Bonds and supplemented by available funds from the City at the City's sole determination. The source of funds for payment of Accrued Interest on Target Bonds validly tendered and accepted for purchase will be from cash and/or proceeds of the 2025 Bonds. The 2025 Bonds are described in the Preliminary Official Statement. **THE PURCHASE OF ANY TARGET BONDS TENDERED PURSUANT TO THE TENDER OFFER IS CONTINGENT ON THE ISSUANCE BY THE CITY OF THE 2025 BONDS.**

The purchase of any Target Bonds tendered pursuant to the Tender Offer is contingent on the issuance by the City of the 2025 Bonds as well as certain other conditions which must be satisfied on or prior to the Settlement Date (including, but not limited to, the Financing Conditions). The 2025 Bonds are described in the Preliminary Official Statement. See "INTRODUCTION—General" and "—Conditions to Purchase for Cash" for more information on the conditions precedent to the Tender Offer.

Conditions to Purchase for Cash

In addition to the Financing Conditions (see "Introduction—General" herein), if after the Acceptance Date, but prior to payment for Target Bonds accepted by the City on the Settlement Date, any of the following events should occur, the City will have the absolute right to cancel its obligations to purchase Target Bonds without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened that the City reasonably believes may, directly or indirectly, have an adverse impact on the Tender Offer or the expected benefits of the Tender Offer to the City or the Bondholders;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the City reasonably believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;
- A material change in the business or affairs of the City has occurred that the City reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds;

- A material change in the net economics of the transaction has occurred due to a material change in market conditions that the City reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds;
- There shall have occurred a material disruption in securities settlement, payment or clearance services; or
- If, for any reason, the 2025 Bonds are not issued.

These conditions (including the Financing Conditions) are for the sole benefit of the City and may be asserted by the City, prior to the time of payment of the Target Bonds it has agreed to purchase, regardless of the circumstances giving rise to any of these conditions or may be waived by the City in whole or in part at any time and from time to time in its discretion and may be exercised independently for each maturity and interest rate within the Target Bonds. The failure by the City at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and any waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the City which may be asserted at any time and from time to time prior to the time of payment for the City Bonds it has agreed to purchase. Any determination by the City concerning the events described in this section will be final and binding upon all parties.

Extension, Termination and Amendment of the Tender Offer; Changes to Terms

Through and including the Offer Expiration Date, the City has the right to extend the Tender Offer, as to any or all of the Target Bonds, to any date in its sole discretion, provided that a notice of any extension of the Offer Expiration Date is given to the Information Services, including by posting such notice to EMMA on or about 9:00 a.m., New York City time, on the first business day after the Offer Expiration Date.

The City also has the right, prior to acceptance of Target Bonds tendered for purchase as described above under the heading “—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” to terminate the Tender Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The City also has the right, prior to acceptance of Target Bonds tendered as described above under the heading “—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” to amend or waive the terms of the Tender Offer in any respect and at any time by giving notice to the Information Services. This amendment or waiver will be effective at the time specified in such notice.

If the City extends the Tender Offer or amends the terms of the Tender Offer (including a waiver of any term) in any material respect, the City may disseminate additional Offer material and extend the Tender Offer to the extent required to allow reasonable time for dissemination to Bondholders and for Bondholders to respond.

In such event, any offers submitted with respect to the affected Target Bonds prior to the City providing notice of an Extension, Purchase Price Amendment or any other amendment or waiver of the Tender Offer, shall remain in full force and effect and any Bondholder of such affected Target Bonds wishing to revoke their offer to tender such Target Bonds must affirmatively withdraw such offer prior to the Offer Expiration Date, as may be amended or extended.

No extension, termination or amendment of the Tender Offer (or waiver of any terms of the Tender Offer) will change the City’s right to decline to purchase any Target Bonds without liability. See “—Conditions to Purchase for Cash.”

The City, the Dealer Managers, and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Certain information relating to the Target Bonds and the City may be obtained by contacting the Information Agent and Tender Agent at the contact information set forth on the last page of this Tender Offer. Such information is limited to (i) this Tender Offer, including the information set forth in the Preliminary Official Statement which is attached hereto as APPENDIX A and (ii) information about the City available through EMMA.

ADDITIONAL CONSIDERATIONS

In deciding whether to participate in the City's Offer, each Bondholder should consider carefully, in addition to the other information contained in this Tender Offer, the following:

Market for Target Bonds

The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to effect a sale of the Target Bonds at a price higher than the Purchase Price(s) established in connection with the Tender Offer.

Treatment of the City's Bonds Not Tendered Pursuant to the Tender Offer

Target Bonds not tendered pursuant to the Tender Offer will remain outstanding. If Target Bonds are purchased pursuant to the Tender Offer, the principal amount of Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding. The terms and conditions of the Target Bonds that remain outstanding will continue to be governed by their terms, as applicable, and related documents.

The City will determine how term Bonds purchased will be credited against future mandatory sinking fund redemptions with respect to such term Bonds. The mandatory sinking fund redemptions with respect to untendered Bonds will be subject to a revised mandatory sinking fund redemption schedule. If less than all of the Bonds of a CUSIP number for which sinking fund installments have been established are purchased by the City pursuant to the Tender Offer, the average life of the remaining untendered Bonds of that CUSIP number may change.

The City May Later Purchase Target Bonds at More Favorable Prices Than Those Purchased in the Tender Offer

The City continues to reserve the right to, and may in the future decide to, acquire some or all of the Target Bonds not purchased pursuant to the Tender Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the Purchase Price(s) paid pursuant to the Tender Offer and could be for cash, exchange or other consideration. Any future purchase may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of the Tender Offer. The decision to make future purchases or exchanges by the City and the terms of such future purchases will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the City will ultimately choose to pursue in the future.

Though not economical as of the date of this Tender Offer, if favorable market conditions exist in the future, the City reserves the right to, and may decide to, refund (on an advance or current basis) some or all of the Target Bonds not purchased pursuant to the Tender Offer through the issuance of publicly-offered or privately-placed bonds.

Timeliness of Offers

The Tender Offer will expire at 5:00 p.m., New York City time, on the Offer Expiration Date (currently scheduled for November 14, 2025), unless extended or terminated.

Allocation Preference

The City has advised Huntington Securities, Inc., as representative of the underwriters (the "Representative") for the Series 2025 Bonds, that any Holder of Target Bonds who tenders Target Bonds pursuant to this Invitation and who submits an order to purchase any Series 2025 Bonds may, subject to certain limitations, have a preference of allocation of the Series 2025 Bonds up to the principal amount of the Bonds that such Bondholder is tendering. The Representative has the discretion to accept orders outside of the City's advised priorities if it determines that it is in the best interests of the underwriters of the Series 2025 Bonds, as provided in the rules of the Municipal Securities Rulemaking Board. The City also has the discretion to alter its advised priorities.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Target Bonds that tender their Target Bonds for cash. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective tendering investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Target Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Internal Revenue Code of 1986 (the “Code”), or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Target Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors who will hold their Target Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Target Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of Target Bonds that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Target Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Target Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Target Bonds (including their status as U.S. Holders).

Any federal income tax discussions in this Invitation are included for general information only and should not be construed as a tax opinion nor tax advice by the City, the Dealer Managers, the Information Agent or any of the City’s advisors or agents to Bondholders. Such discussions also do not purport to address all aspects of federal income taxation that may be relevant to particular Bondholders (e.g., a foreign person, bank, thrift institution, personal holding company, tax exempt organization, regulated investment company, insurance company, or other broker or dealer in securities or currencies). Bondholders should not rely on such discussions and are urged to consult their own tax advisors to determine the particular federal, state, local and foreign tax consequences of sales made by them pursuant to purchase offers involving the Target Bonds, including the effect of possible changes in the tax laws. In addition to federal tax consequences, the sale of Target Bonds may be treated as a taxable event for state, local and foreign tax purposes. Bondholders are urged to consult their own tax advisors to determine the particular state, local and foreign tax consequences of sales made by them pursuant to purchase offers involving the Target Bonds, including the effect of possible changes in the tax laws.

Tendering U.S. Holders

The tender of Target Bonds for cash will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Target Bonds will recognize gain or loss equal to the difference between (i) the amount of cash received (except to the extent attributable to accrued but unpaid interest and original issue discount (the “OID”) accrued since the most recent compounding date on the Target Bonds, which will be treated for federal income tax purposes as a coupon payment on the Target Bonds) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Target Bonds (generally, the purchase price paid by the U.S. Holder for the Target Bonds, decreased

by any amortized premium, and increased by the amount of any OID previously accrued by such U.S. Holder with respect to such Target Bonds). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Target Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Target Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

DEALER MANAGERS

The City has retained Huntington Securities, Inc., as lead manager, along with Ramirez & Co., Inc., to act on its behalf as Dealer Managers for this Tender Offer. The City has agreed to pay the Dealer Managers customary fees for their services and to reimburse the Dealer Managers for their reasonable out-of-pocket costs and expenses relating to this Tender Offer. References in the Tender Offer to the Dealer Managers are to Huntington Securities, Inc. and Ramirez and Co., Inc. only in their capacity as the Dealer Managers.

The Dealer Managers may contact Bondholders of the Target Bonds regarding the Tender Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward the Tender Offer to beneficial owners of the Target Bonds.

The Dealer Managers and each of its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Managers and each of its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the City for which it has received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Managers and each of its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the City, including the Target Bonds. Affiliates of the Dealer Managers may have holdings of Target Bonds that they are unable to disclose for legal or regulatory reasons.

In addition to its role as the Dealer Managers for the Target Bonds, Huntington Securities, Inc. and Ramirez and Co., Inc. are also serving as Underwriters for the 2025 Bonds to be issued by the City as described in the Preliminary Official Statement attached as APPENDIX A.

The Dealer Managers are not acting as a financial or municipal advisor to the City in connection with the Tender Offer.

INFORMATION AND TENDER AGENT

The City has retained Globic Advisors to serve as Information Agent and Tender Agent for the Tender Offer. The City has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable out-of-pocket costs and expenses relating to the Tender Offer.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance and sale of the 2025 Bonds will be passed upon by Dickinson Wright PLLC, Grand Rapids, Michigan ("**Bond Counsel**"). A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in Appendix C of the Preliminary Official Statement which Preliminary Official Statement is attached hereto as APPENDIX A. Certain legal matters will be passed upon for the City by Dickinson Wright PLLC, Grand Rapids, Michigan as disclosure counsel to the City.

Certain legal matters will be passed upon for Huntington Securities, Inc. and Ramirez & Co., Inc., both as the Dealer Managers and as Underwriters for the 2025 Bonds, by their counsel, Miller, Canfield, Paddock and Stone, P.L.C., Grand Rapids, Michigan.

MISCELLANEOUS

No one has been authorized by the City, the Dealer Managers, or the Information Agent and Tender Agent to recommend to any Bondholder whether to tender Target Bonds pursuant to the Tender Offer or the amount of Target Bonds to tender. No one has been authorized to give any information or to make any representation in connection with the Tender Offer other than those contained in the Tender Offer. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the City, the Dealer Managers or the Information Agent and Tender Agent.

None of the City, the Dealer Managers, or the Information Agent and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the principal amount of such Bondholder's Target Bonds. Bondholders must make these decisions and should read the Tender Offer and consult with their broker, account executive, financial advisor and/or other professional in making these decisions.

Investors with questions about this Invitation should contact Huntington Securities, Inc, on behalf of the Dealer Managers or the Information and Tender Agent. The contact information for the Dealer Managers and the Information and Tender Agent is as follows:

The Dealer Managers for this Invitation are:

Huntington Securities, Inc. (lead manager)

Attn: Daniel Kelly
104 West 40th Street, 3rd Floor
New York, NY 10018
Phone: (212) 845-6134
Email: daniel.kelly@huntington.com

and

Ramirez & Co., Inc.
Attention: Adam Lorbert
14 E. 52nd St.
New York, NY 10022
Phone: (212) 248-3889
Email: adam.lorbert@ramirezco.com

The Information and Tender Agent for this Invitation is:

Globic Advisors Inc.
Attn: Robert Stevens
477 Madison Ave, 6th Floor
New York, New York 10022
Phone: (212) 227-9622
Email: rstevens@globic.com

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APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

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This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The City has deemed this Preliminary Official Statement final, as of its date, except for information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 30, 2025

NEW ISSUE/BOOK ENTRY ONLY

RATINGS†

Moody's: "Aa2" / S&P Global Ratings: "AA"

In the opinion of Dickinson Wright PLLC, Bond Counsel, under existing law and assuming continuing compliance by the City of certain tax covenants, under existing law, (1) the interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 to the extent described herein, (2) interest on the Series 2025 Bonds is not an item of tax preference in calculating the federal alternative minimum tax imposed on individuals; however, interest on the Series 2025 Bonds is included in "adjusted financial statement income" of certain corporations that are subject to the corporate alternative minimum tax under the Code, and (4) the Series 2025 Bonds and the interest thereon are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof to the extent described herein. The Series 2025 Bonds have not been designated as Qualified Tax-Exempt Obligations for purposes of deduction of interest expense by financial institutions under the Internal Revenue Code of 1986, as amended.



\$46,445,000*

CITY OF GRAND RAPIDS, MICHIGAN

County of Kent, State of Michigan

Sanitary Sewer System Revenue Refunding Bonds, Series 2025

DatedDate of Delivery

Principal Due January 1, as shown below

The City of Grand Rapids, County of Kent, State of Michigan (the "City" or "Grand Rapids") is issuing its Sanitary Sewer System Revenue Refunding Bonds, Series 2025 (the "Series 2025 Bonds") pursuant to Act 94, Public Acts of Michigan, 1933, as amended (the "Act"). The Series 2025 Bonds are being issued for the purpose of currently refunding all or a portion of certain outstanding sanitary sewer system revenue bonds of the City and to purchase all or a portion of the Targeted Bonds (as defined below). The Series 2025 Bonds are self-liquidating bonds and are not general obligations of the City. The principal of and the interest on the Series 2025 Bonds are payable solely from the net revenues derived from the operation of the City's Sanitary Sewer System. The payment of principal of and interest on the Series 2025 Bonds is secured by a statutory first lien on the net revenues thereof on a parity basis with certain outstanding bonds or parity bonds hereafter issued.

The City, with the assistance of Huntington Securities, Inc., d.b.a. Huntington Capital Markets, as lead manager, along with Ramirez & Co., Inc. (together, the "Dealer Managers"), has released an "Invitation to Tender made by the City of Grand Rapids," dated October 30, 2025 (the "Tender Offer"), inviting owners of certain portions of certain maturities of the City's outstanding Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable), dated July 21, 2021 (the "Targeted Bonds") to tender such bonds for purchase by the City. Such purchase of tendered bonds will be funded by a portion of the proceeds of the Series 2025 Bonds as described herein. Such tender is expected to close concurrently with the issuance of the Series 2025 Bonds. See "SUMMARY OF FINANCING PLAN – Tender and Purchase."

The Series 2025 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the Series 2025 Bonds, principal of and interest on the Series 2025 Bonds will be payable by Argent Institutional Trust Company, Grand Rapids, Michigan as trustee, to Cede & Co., as nominee for DTC. (See "THE SERIES 2025 BONDS" herein). Interest on the Series 2025 Bonds will be payable on July 1, 2026 and semi-annually thereafter.

Purchasers will acquire beneficial ownership interests in the Series 2025 Bonds, in denominations of \$5,000 or integral multiples thereof for any maturity. Beneficial owners will not receive certificates representing their ownership interests in the Series 2025 Bonds.

The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

MATURITY SCHEDULE*

Due January 1	Principal Amount	Interest Rate	Price	CUSIP\$	Due January 1	Principal Amount	Interest Rate	Price	CUSIP\$
2027	\$1,860,000			386289	2035	\$4,685,000			386289
2028	3,160,000				2036	3,310,000			
2029	3,600,000				2037	3,475,000			
2030	3,785,000				2038	3,645,000			
2031	3,975,000				2039	325,000			
2032	4,170,000				2040	345,000			
2033	4,380,000				2041	355,000			
2034	5,000,000				2042	375,000			

By purchasing the Series 2025 Bonds, the original and all subsequent purchasers of the Series 2025 bonds shall be deemed to have consented to the Reserve Fund Amendment (as defined herein). See "Security for the Series 2025 Bonds – Reserve Fund Amendment to the Bond Ordinance".

The Series 2025 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Dickinson Wright PLLC, Grand Rapids, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C., Detroit and Grand Rapids, Michigan, counsel to the Underwriters. It is expected that delivery of the Series 2025 Bonds in definitive form will be made on or about December __, 2025.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



Ramirez & Co., Inc.

Official Statement Dated November __, 2025

† As of date of delivery. See "Bond Ratings" herein.

* Preliminary, subject to change.

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IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS ABOVE THAT WHICH WOULD OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the City, or by the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The information set forth herein is furnished by the City and other sources believed to be reliable but is not guaranteed as to accuracy or completeness. This Official Statement is submitted in connection with the sale of the Series 2025 Bonds as referred to herein, and may not be reproduced, used or relied upon, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as “may,” “intend,” “will,” “expect,” “anticipate,” “plan,” “management believes,” “estimate,” “continue,” “should,” “strategy,” or “position” or the negatives of those terms or other variations on them or by comparable terminology. In particular, any statements, express or implied, concerning future operating results or the ability to generate revenues or cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the City’s management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the City that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. The City undertakes no duty to update any forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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CITY OF GRAND RAPIDS, MICHIGAN

City Commission

Mayor

David LaGrand

AliciaMarie Belchak

Drew Robbins

Lisa Knight

Marshall Kilgore

Milinda Ysasi

Kelsey Perdue

City Administration

City Manager

Mark Washington

Chief Financial Officer

Molly Clarin

Interim City Attorney

Philip Strom

Comptroller

Charles “Max” Frantz

City Clerk

Joel H. Hondorp

Treasurer

John M. Globensky

**City of Grand Rapids
Fiscal Services – Financial Planning
7th Floor
300 Monroe Avenue, NW
Grand Rapids, Michigan 49503-2281
Telephone: (616) 456-3269
Fax: (616) 456-3339
www.grandrapidsmi.gov**

PROFESSIONAL SERVICES

Independent Accountant:

Bond Counsel:

Trustee:

Municipal Advisor:

Paying Agent:

Plante & Moran, PLLC, Detroit, Michigan

Dickinson Wright PLLC, Grand Rapids, Michigan

The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan

MFCI, LLC, Milford, Michigan

Argent Institutional Trust Company, Grand Rapids, Michigan

OFFICIAL STATEMENT
CITY OF GRAND RAPIDS, MICHIGAN

\$46,445,000*
Sanitary Sewer System Revenue Refunding Bonds, Series 2025

INTRODUCTION

This Official Statement, which includes the cover page hereof, the Table of Contents and the Appendices hereto, is provided to furnish certain information in connection with the offer by the City of Grand Rapids, County of Kent, State of Michigan (the “City” or “Grand Rapids”) of its \$46,445,000* Sanitary Sewer System Revenue Refunding Bonds, Series 2025 (the “Series 2025 Bonds”).

The Series 2025 Bonds will be issued pursuant to, and in accordance with, Act 94, Public Acts of Michigan, 1933, as amended, as well as other applicable laws (collectively the “Act”), Bond Ordinance No. 90-06 adopted by the City Commission of Grand Rapids (the “City Commission”) on January 9, 1990, as amended by Ordinance No. 90-15 adopted on February 13, 1990, Ordinance No. 92-42 adopted on July 14, 1992, Ordinance No. 98-27 adopted on June 23, 1998, Ordinance No. 05-74 adopted on September 13, 2005, Ordinance No. 10-70 adopted on November 30, 2010, Ordinance No. 2018-19 adopted on May 1, 2018, Ordinance No. 2020-01 adopted on January 21, 2020, and Ordinance No. 2021-12 adopted on May 18, 2021 (the “Bond Ordinance”), and Series Ordinance No. 2025-37 adopted by the City Commission on October 21, 2025 (the “Series Ordinance”) (the Bond Ordinance and the Series Ordinance are referred to herein collectively as the “Ordinances”). Argent Institutional Trust Company, Grand Rapids, Michigan, has been designated as Bond Registrar and Paying Agent under the Bond Ordinance and The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, has been designated as Trustee under the Bond Ordinance.

Proceeds of the Series 2025 Bonds, along with other available funds, will be used to: (i) current refund all or a portion of the City’s Sanitary Sewer System Revenue Refunding Bonds, Series 2016, dated March 3, 2016 and maturing on January 1, 2027 through January 1, 2038, inclusive (the “Series 2016 Refunded Bonds”); (ii) to purchase a portion or all of the Targeted Bonds (as defined herein); and (iii) to pay the costs of issuing the Series 2025 Bonds.

The refunding of the Refunded Bonds and purchase of the Targeted Bonds are being undertaken to achieve debt service savings. To accomplish the refunding and purchase, the City will use a portion of the proceeds of the Series 2025 Bonds to redeem the Series 2016 Refunded Bonds and to purchase the Targeted Bonds, and the use of such funds will fully discharge the obligations of the City with respect to the holders of the Refunded Bonds and the Targeted Bonds.

The Series 2025 Bonds are self-liquidating bonds and are not general obligations of the City. The principal of and the interest on the Series 2025 Bonds are payable solely from the net revenues derived from operation of the City’s Sanitary Sewer System (the “System”). The payment of principal of and interest on the Series 2025 Bonds is secured by a statutory first lien on the net revenues thereof, on a parity basis with the Outstanding Bonds (hereafter defined), other than Junior Lien Bonds or Special Facilities Bonds hereafter issued (the “Parity Bonds”). **By purchasing the Series 2025 Bonds, the original and all subsequent purchasers of the Series 2025 Bonds shall be deemed to have consented to the Reserve**

* Preliminary, subject to change.

Fund Amendment (as defined herein). See “SECURITY FOR THE SERIES 2025 BONDS – Reserve Fund Amendment to the Bond Ordinance”.

The City currently has outstanding Sanitary Sewer System Refunding Revenue Bonds, Series 2010, dated January 26, 2010, in the principal amount of \$15,895,000; Sanitary Sewer System Improvement Revenue Bonds, Series 2010A, dated December 15, 2010 in the principal amount of \$21,330,000; Sanitary Sewer System Revenue Refunding Bonds, Series 2016, dated March 3, 2016 in the principal amount of \$36,490,000; Sanitary Sewer System Improvement Revenue Bonds, Series 2018, dated June 13, 2018, in the principal amount of \$37,265,000; Sanitary Sewer System Revenue Improvement and Refunding Bonds, Series 2020, dated February 12, 2020 in the principal amount of \$33,735,000; and Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable), dated July 21, 2021, in the principal amount of \$88,250,000. The outstanding principal amounts of the Outstanding Bonds have been calculated as of October 30, 2025.

In addition, the City has outstanding Sanitary Sewer System Junior Lien Improvement Revenue Bonds, Series 2011A, dated April 8, 2011, in the principal amount of \$1,889,305; Sanitary Sewer System Junior Lien Improvement Revenue Bonds, Series 2011B, dated June 24, 2011, in the principal amount of \$750,370; Sanitary Sewer System Junior Lien Improvement Revenue Bonds, Series 2013, dated April 9, 2013, in the principal amount of \$554,125; and Sanitary Sewer System Improvement Junior Lien Revenue Bonds, Series 2023, dated September 20, 2023 in the principal amount of \$7,500,000 which are junior in priority and lien as to the Parity Bonds.

All information included herein has been provided by the City except where attributed to other sources. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument.

Terms not defined elsewhere in this Official Statement have the meanings assigned to such terms in the Bond Ordinance. See “SIGNIFICANT DEFINED TERMS” herein.

This Official Statement provides information concerning the City and its operations, together with information describing the Series 2025 Bonds and certain provisions of the Act, the Bond Ordinance and the Series Ordinance. Such descriptions are not purported to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents, copies of which may be obtained upon request from the City by mail at City Hall, Fiscal Services - Financial Planning, 7th Floor, 300 Monroe Avenue, NW, Grand Rapids, Michigan 49503-2281, Attention: Chief Financial Officer.

THE SERIES 2025 BONDS

Terms and Form

The Series 2025 Bonds will be dated as of their date of delivery and will bear interest at the rates per annum set forth on the cover page hereof payable on July 1, 2026 and semi-annually thereafter on July 1 and January 1 of each year by (i) check or draft mailed from the office of the Trustee or (ii) wire transfer if the Series 2025 Bonds are registered through a book entry system to the person in whose name the Series 2025 Bonds is registered at the close of business on the fifteenth day of the month immediately preceding such interest payment date (the “Record Date”). The Series 2025 Bonds will mature on January 1 in the years and in the principal amounts set forth on the cover page hereof. The Series 2025 Bonds will be issued as registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of such Series 2025 Bonds maturing in any such year, and are interchangeable as provided in the Bond Ordinance. Principal of the Series 2025 Bonds will be payable at

maturity or upon prior redemption at the designated corporate trust office of the Trustee in Detroit, Michigan, or other designated office.

When issued, the Series 2025 Bonds will be registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2025 Bonds, the transfer of interests in the Series 2025 Bonds shall be the sole responsibility of DTC Participants, the Indirect Participants and the Beneficial Owners as hereinafter defined and neither the City nor the Trustee, Bond Registrar or Paying Agent shall have any responsibility with respect to such transfers. In such circumstances, payment of principal of and interest on the Series 2025 Bonds will be made by the Trustee to DTC as registered owner of the Series 2025 Bonds. See “DTC; Book-Entry-Only System” below.

Optional Redemption of the Series 2025 Bonds*

The Series 2025 Bonds maturing in the years 20__ through 20__, inclusive, shall not be subject to optional redemption prior to maturity. The Series 2025 Bonds, or portions of the Series 2025 Bonds in multiples of \$5,000 maturing on or after January 1, 20__ are subject to redemption prior to maturity at the option of the City, on any date on or after January 1, 20__, at the redemption price of par, together with accrued interest to the redemption date.

Mandatory Redemption of the Series 2025 Bonds*

The Series 2025 Bonds maturing on January 1, 20__ (the “Term Bonds”) are subject to mandatory redemption prior to maturity in part by lot at 100% of the principal amount plus accrued interest to the redemption date on January 1 of each of the following years in the respective principal amounts specified below:

TERM BONDS MATURING JANUARY 1, 20__

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__	
20__	
20__	
20__	
20__ [†]	

[†]Final Maturity Date

The principal amount of the Term Bonds to be redeemed on the dates set forth above will be reduced in the order determined by the City by the principal amount of any such Term Bond of the same maturity which has been previously redeemed or acquired by the City and surrendered to the Trustee for cancellation.

Selection of Bonds to be Redeemed

If fewer than all of the Series 2025 Bonds shall be called for redemption, the City shall designate the maturities from which the Series 2025 Bonds are to be redeemed. For so long as the Series 2025 Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, if fewer than all of the Series 2025 Bonds of the same maturity are to be redeemed, the particular Series 2025 Bonds to

* Preliminary, subject to change.

be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC's rules and procedures; provided, however, that so long as the Series 2025 Bonds are held in book-entry-only form in the name of Cede & Co. or other nominee of DTC, the selection of the Series 2025 Bonds for redemption shall be made in accordance with the operational arrangements of DTC as then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Series 2025 Bonds will be selected for redemption, in accordance with DTC's procedures, by lot. See "DTC; Book-Entry-Only System" below.

In connection with any partial redemption of the Series 2025 Bonds of a maturity, including payments of scheduled mandatory sinking fund redemptions, the Trustee will direct DTC to make a pro rata pass-through distribution of principal to the owners of the Series 2025 Bonds in accordance with DTC's rules and procedures. In that event, the security's balance will be subject to adjustment by a factor to be provided to DTC by the Trustee in accordance with DTC's rules and procedures.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal to be paid, the application of a fraction to the original principal amount where (a) the numerator of which is equal to the amount due to the respective owners of the Series 2025 Bonds of a particular maturity on a payment date and (b) the denominator of which is equal to the total original principal amount of the Series 2025 Bonds of that maturity. Interest shall be calculated based on the cumulative pro rata reductions prior to the interest payment date.

Notice of Redemption

If any of the Series 2025 Bonds, or portions thereof, are called for redemption, the Trustee will give notice to the Holders of any such Series 2025 Bonds to be redeemed, in the name of the City, of the redemption of such Bonds, or portions thereof, which notice will specify the Series 2025 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2025 Bonds are to be redeemed, the numbers of such Series 2025 Bonds so to be redeemed, and, in the case of Series 2025 Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will be given to the Holders of such Series 2025 Bonds to be redeemed at least thirty (30) days prior to the date fixed for redemption by mailing a copy of such redemption notice by first-class mail, postage prepaid, or by sending a copy of such notice by telegram, telecopy or telex or other similar communication, or when given by telephone, such notice will be confirmed in writing by first-class mail, postage prepaid, or sent by telegram, telecopy or telex or other similar communication, on the same day or pursuant to arrangements with DTC so long as DTC's book-entry-only system described below remains in effect or such other depository where Series 2025 Bonds are held in a book-entry system. So long as the DTC book-entry-only system described below remains in effect, in the event of any partial redemption the Trustee will give notice of redemption to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a Holder of the Series 2025 Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Series 2025 Bonds, and such DTC Participants are expected in turn to select those Beneficial Owners whose ownership interests are to be extinguished by such partial redemption, each by such method as DTC or such DTC Participant, as the case may be, deems fair and appropriate in its sole discretion.

On or prior to the date fixed for redemption, cash funds shall be placed with the Trustee to pay the Series 2025 Bonds, or portions thereof called, and accrued interest thereon to the redemption date and the premium (if any) in the manner provided by the Series Ordinance. Upon the happening of the above conditions, the Series 2025 Bonds or portions thereof thus called shall not bear interest on or after the date fixed for redemption and shall not be deemed to be outstanding under the provisions of the Bond Ordinance or Series Ordinance.

DTC; Book-Entry-Only System

The information in this section has been furnished by The Depository Trust Company, New York, New York (“DTC”). No representation is made by the City, the Trustee, or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City, the Trustee or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Trustee will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Series 2025 Bonds, or for any principal, or interest payment thereof.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Series 2025 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s has rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2025 Bonds documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Transfer of the Series 2025 Bonds

So long as Cede & Co., as nominee for DTC, is the Registered Owner of the Series 2025 Bonds, beneficial ownership interests in the Series 2025 Bonds may be transferred only through a DTC Participant or Indirect Participant and recorded on the book-entry-only system operated by DTC.

In the event the book-entry-only system operated by DTC is discontinued, any of the Series 2025 Bonds may be transferred or exchanged by the person in whose name it is registered, in person or by the Registered Owner's duly authorized attorney or legal representative, upon surrender of the Series 2025 Bond to the Trustee for cancellation, together with a duly executed instrument of transfer in a form approved by the Trustee. Whenever any Series 2025 Bond is surrendered for transfer or exchange the Trustee shall authenticate and deliver a new Series 2025 Bond, in like aggregate principal amount, tenor, series, interest rate and maturity. The Trustee may require the Registered Owner requesting the transfer or exchange to pay any tax or other governmental charge required to be paid with respect to the transfer. Neither the City nor the Trustee shall be required to (i) register the transfer of or exchange of any Series 2025 Bond during a period beginning at the opening of business 5 business days before the day of the mailing of a notice of redemption of Series 2025 Bonds selected for redemption and ending at the close of business on the day of that mailing, or (ii) register the transfer of or exchange any Series 2025 Bond selected for redemption in whole or in part within 30 days of the redemption date of such Series 2025 Bond, except the unredeemed portion of Series 2025 Bonds redeemed in part.

SECURITY FOR THE SERIES 2025 BONDS

Pledged Revenues, Special Obligations

The Bond Ordinance provides that all bonds issued pursuant to such ordinance (the "Bonds") shall be secured by a pledge of, and a lien upon Gross Revenues, less the expenses of administration, operation and maintenance of the System. Such pledge securing the Series 2025 Bonds shall be at parity with the Parity Bonds, and the Series 2025 Bonds shall at all times and in all respects remain superior to pledges made to secure the Junior Lien Bonds and any other bonds or obligations payable out of the revenues of the System.

The Series 2025 Bonds are self-liquidating bonds and do not constitute a general obligation and are not an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or the laws of the State of Michigan (the "State"). The City is not obligated to pay any of the Series 2025 Bonds or the interest thereon except from the pledged revenues described above.

The enforceability of the Series 2025 Bonds and the Bond Ordinance and the Series Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Bond and Interest Redemption Fund

The Bond Ordinance provides for the establishment of a Bond and Interest Redemption Fund (the “Bond and Interest Redemption Fund”) to provide for the ratable payment of the principal of, premium, if any, and interest on all Bonds as the same fall due. Subject to credits for investment earnings, as set forth in the Bond Ordinance, there shall be deposited monthly into the Bond and Interest Redemption Fund an amount at least equal to the monthly fraction of the aggregate amount of interest becoming due and payable on the Series 2025 Bonds on the next ensuing interest payment date and the monthly fraction of the aggregate amount of principal of all Bonds becoming due and payable over the next 12 months on the next ensuing principal maturity date. Subject to certain limited exceptions relating to investment earnings on any Capitalized Interest Fund established to provide for the payment of interest on Bonds of a particular Series as permitted by the Bond Ordinance, moneys in the Bond and Interest Redemption Fund shall be used to pay the principal of and interest on the Series 2025 Bonds. See “SUMMARY OF THE BOND ORDINANCE--Establishment of Funds” herein.

Bond and Interest Redemption Reserve Fund

The Bond Ordinance provides for the establishment of a Bond and Interest Redemption Reserve Fund (the “Bond and Interest Redemption Reserve Fund”). Subject to certain limited exceptions set forth in the Bond Ordinance, the sum of the amounts available under the Reserve Fund Credit Facilities and the value of the securities and moneys on deposit in the Bond and Interest Redemption Reserve Fund shall be maintained at an amount at least equal to the lesser of (i) the sum of the greatest annual interest payments accruing in any Fiscal Year with respect to each Series of Bonds Outstanding, determined as of the date of issuance of each such Series; (ii) the sum of the greatest aggregate remaining Annual Principal and Interest Requirement with respect to each Series of Bonds Outstanding, determined at the time such calculation is made; or (iii) the maximum amount to be funded by bond proceeds permitted by the Code and any other applicable federal tax laws (the “Reserve Requirement”). Pursuant to the Bond Ordinance, Annual Principal and Interest Requirement means the sum of all payments required to be made in any Fiscal Year with respect to principal, mandatory sinking fund payments and interest on all senior lien Bonds. See “SIGNIFICANT DEFINED TERMS”, definition of Annual Principal and Interest Requirement on page 33 herein.

Moneys in the Bond and Interest Redemption Reserve Fund shall be used only for the purposes of: (i) preventing a default in the payment of principal of or interest on the Series 2025 Bonds by reason of a deficiency in the Bond and Interest Redemption Fund, (ii) paying the principal of, interest on, and redemption premium on Bonds in the event that all Outstanding Bonds are to be redeemed as a whole, and (iii) effecting a partial redemption of Bonds but only with funds on deposit in the Bond and Interest Redemption Reserve Fund in excess of the Reserve Requirement. See “SUMMARY OF THE BOND ORDINANCE--Establishment of Funds” herein.

Upon the issuance of the Series 2025 Bonds, and after giving effect to the refunding of the Refunded Bonds, the City’s Reserve Requirement will be approximately \$_____ and will be fully satisfied by cash and investments held by The Bank of New York Mellon Trust Company, N.A, Detroit, Michigan.

Reserve Fund Amendment to the Bond Ordinance

Ordinance No. 2018-19 adopted on May 1, 2018 amended the Reserve Requirement (the “Reserve Fund Amendment”) under the Bond Ordinance to give the City the option, but not the obligation, to reduce or eliminate the Reserve Requirement, provided, however, that such amendment shall not be effective unless or until (a) in accordance with Article XI of the Bond Ordinance, Holders of fifty-one percent (51%) of the principal outstanding amount of each Series of Outstanding Bonds (excluding the City’s Sanitary

Sewer System Revenue Bonds, Series 2018, the City's Sanitary Sewer System Revenue and Refunding Bonds, Series 2020, and the Series 2025 Bonds) shall have consented to such amendment, and (b) the City shall have provided evidence to the Trustee that each Rating Agency then rating the Outstanding Bonds will not reduce the rating on the Outstanding Bonds solely as a result of a change in the Reserve Requirement. **Holders of the Series 2025 Bonds shall be deemed to have consented to the Reserve Fund Amendment upon purchase of the Series 2025 Bonds.** (See "SIGNIFICANT DEFINED TERMS" herein).

Other Sanitary Sewer System Funds Established

The Bond Ordinance also establishes the Receiving Fund, Operation and Maintenance Fund, the Junior Lien Bond and Interest Redemption Fund, Replacement Fund and the Improvement Fund.

With certain limited exceptions, all Gross Revenues of the System shall be deposited in the Receiving Fund.

The Operation and Maintenance Fund is intended to provide for the payment of all expenses incurred in connection with the administration, operation and maintenance of the System, including such expenses as may be reasonably necessary to preserve the System in good repair and working order. Withdrawals from this fund shall be made in accordance, as nearly as may be practicable, with the annual budget established by the City Commission prior to the commencement of each Fiscal Year, as required by State law.

The Junior Lien Bond and Interest Redemption Fund is to be used to pay the principal of and interest on the Junior Lien Bonds. The Junior Lien Bond and Interest Redemption Fund is funded after required deposits into the Bond and Interest Redemption Reserve Fund.

The Replacement Fund is intended to provide for the making of major repairs and replacements to the System. The amount deposited into the Replacement Fund from time to time shall be as determined by the City to be the estimated requirements therefor for the current Fiscal Year.

The Improvement Fund is to be used for improvements, betterments and extensions to the System. The deposits into this Fund shall be such amounts as the City shall determine from time to time to be the estimated requirements therefor for the current Fiscal Year.

For a more detailed description of these Funds, see "SUMMARY OF THE BOND ORDINANCE-Establishment of Funds" herein.

Rate Covenant

The City has covenanted to maintain rates and charges for all services and facilities furnished by the System which at all times shall be sufficient: (a) to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order, (b) to provide for the punctual payment of the principal and interest on all Bonds and all Junior Lien Bonds, including the Series 2025 Bonds, that may from time to time hereafter be outstanding, (c) to maintain the Bond and Interest Redemption Fund, (d) to maintain the Bond and Interest Redemption Reserve Fund in the manner herein prescribed, (e) to build and maintain a Replacement Fund to provide for major repairs and replacement to the System, (f) to build and maintain an Improvement Fund to provide for improvements, betterments and extensions of the System other than those necessary to maintain the same in good repair and working order, and (g) to discharge all obligations imposed by the Act and the Bond Ordinance.

The City has further covenanted to prescribe, maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings in the current Fiscal Year equal to at least one hundred twenty percent (120%) of the Annual Principal and Interest Requirement in such Fiscal Year; and, promptly upon any material change in the circumstances which were not contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement.

Additional Series of Bonds

The City may issue from time to time additional obligations ("Additional Bonds") on parity with the Parity Bonds and the Series 2025 Bonds, subject to certain restrictive covenants set forth in the Bond Ordinance, which include:

(a) on the occasion of the issuance of any Additional Bonds, there shall exist no default in the payment of the principal of or interest on any Bond or Junior Lien Bond then outstanding;

(b) the Bond and Interest Redemption Reserve Fund shall be funded so that by the end of the period for which interest has been capitalized for the Bonds of any such Series there shall be in the Reserve Fund an amount represented by amounts available under a Reserve Fund Credit Facility or Facilities or cash or authorized investments thereof, equal to the Reserve Requirement with respect to such Bonds;

(c) except in the case of Bonds issued for the purpose of refunding any Bonds: (1) Net Earnings during the Fiscal Year immediately preceding the Fiscal Year in which such Additional Bonds are to be issued, adjusted to reflect any rate increases currently adopted, and determined pro forma as though such rate increases had been in continuous effect during such preceding Fiscal Year, shall be not less than one hundred twenty percent (120%) of the maximum Annual Principal and Interest Requirement of any Fiscal Year for all Bonds Outstanding at the time of the issuance of such Additional Bonds, including such Additional Bonds, or (2) Net Earnings during the Fiscal Year immediately preceding the Fiscal Year in which such Additional Bonds are to be issued, adjusted to reflect any rate increases currently adopted and determined pro forma as though such rate increases had been in continuous effect during such preceding Fiscal Year, shall not be less than one hundred twenty percent (120%) of the highest Annual Principal and Interest Requirement of any Fiscal Year for all Bonds Outstanding at the time of issuance of such Additional Bonds, including such Additional Bonds, during the five (5) Fiscal Years following the later of the date of delivery of such Additional Bonds or the period (if any) for which interest is funded from the proceeds of such Additional Bonds and the maximum Annual Principal and Interest Requirement for all Bonds Outstanding at the time of issuance of such Additional Bonds, including such Additional Bonds, shall not exceed one hundred ten percent (110%) of the average Annual Principal and Interest Requirement of all Bonds Outstanding at the time of issuance of such Additional Bonds, including such Additional Bonds; and

(d) in case of Additional Bonds issued for the purpose of refunding any Bonds either: (1) the Annual Principal and Interest Requirements of the refunding Bonds shall not exceed one hundred five percent (105%) of the Annual Principal and Interest Requirement of the refunded Bonds until a time subsequent to the last maturity of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds; or (2) the City shall comply with the earnings tests prescribed in (1) and (2) of paragraph (c) above.

Also, the City may issue from time to time additional Junior Lien Bonds which are junior in priority to the Bonds and the Series 2025 Bonds. The resolutions authorizing the outstanding Junior Lien Bonds provide that additional Junior Lien Bonds may only be issued if Net Revenues of the System for the Fiscal Year preceding the issuance of the additional Junior Lien Bonds, adjusted as described in (c) above, are at least 100% of the average annual debt service on all bonds (senior and junior) then outstanding and payable principally from the revenues of the System, including the Junior Lien Bonds proposed to be issued.

SUMMARY OF FINANCING PLAN

Plan of Refunding

Certain proceeds of the Series 2025 Bonds, together with other available funds of the City, will be used to establish an escrow fund (the “Escrow Fund”) consisting of cash and or open market securities (the “Escrow Securities”). The Escrow Fund will be held by Argent Institutional Trust Company (the “Escrow Agent”), pursuant to an escrow deposit agreement (the “Escrow Agreement”) which irrevocably directs the Escrow Agent to take all necessary steps to call the Series 2016 Refunded Bonds for redemption. The Escrow Fund will be in such amounts so that the cash and the principal and interest payments received on the Escrow Securities will be sufficient, without reinvestment, to pay the principal of and interest on the Refunded Bonds upon redemption. Proceeds of the Series 2025 Bonds not being used to pay the principal of and interest on the Refunded Bonds will be used to pay certain expenses related to the issuance of the Series 2025 Bonds.

Principal of and Interest on the Refunded Bonds to be paid from the Escrow Fund*

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
01/01/2026	\$ 0.00	\$ 860,875.00	\$ 860,875.00
01/09/2026	<u>34,435,000.00</u>	<u>38,261.11</u>	<u>34,473,261.11</u>
TOTAL	<u>\$ 34,435,000.00</u>	<u>\$ 899,136.11</u>	<u>\$ 35,334,136.11</u>

Tender and Purchase

The City, with the assistance of Huntington Securities, Inc. d.b.a., Huntington Capital Markets, as lead manager, along with Ramirez & Co., Inc. (together, the “Dealer Managers”), has released an “Invitation to Tender made by the City of Grand Rapids,” dated October 30, 2025 (the “Tender Offer”) inviting owners of certain portions of certain maturities of the City’s outstanding Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable), dated July 21, 2021 (the “Targeted Bonds”) to tender such bonds for purchase by the City. The tender is expected to close concurrently with the issuance of the Series 2025 Bonds. The purchase of the tendered bonds will be funded by a portion of the proceeds of the Series 2025 Bonds. The purpose of the Tender Offer is to give the City the opportunity to retire some or all of the Targeted Bonds on the date of issuance of the Series 2025 Bonds (the “Settlement Date”).

As set forth in the Tender Offer, the owners of the Targeted Bonds may tender such Targeted Bonds for purchase and, subject to the conditions set forth therein, the City expects to purchase the Targeted Bonds that are accepted for purchase pursuant to the terms and at the purchase prices set forth in the Tender Offer. The Targeted Bonds purchased pursuant to the Tender Offer (the “Purchased Bonds”) are expected to be cancelled on the Settlement Date and shall no longer be deemed outstanding. Funds to pay the purchase price of the Purchased Bonds, and to pay the costs of the Tender Offer, are expected to be provided from the proceeds of the Series 2025 Bonds, and other City funds, if necessary. This section is not intended to

* Preliminary, subject to change.

summarize all of the terms of the Tender Offer and reference is made to the Tender Offer for a discussion of the full terms of the Tender Offer and the conditions for settlement of the Targeted Bonds validly tendered and accepted for purchase.

Based on the results of the Tender Offer, some or all of the Targeted Bonds listed in the Tender Offer may be (i) purchased pursuant to the Tender Offer, or (ii) remain outstanding.

The Purchased Bonds that are accepted by the City for tender for purchase, as more particularly described in the Tender Offer, will be listed in the final Official Statement herein.

The City has advised Huntington Securities, Inc., as representative (the “Representative”) of the Underwriters (as defined below) for the Series 2025 Bonds, that any holder of Targeted Bonds who tenders Targeted Bonds pursuant to the Tender Offer and who submits an order to purchase any Series 2025 Bonds may, subject to certain limitations, have a preference of allocation of the Series 2025 Bonds up to the principal amount of the Bonds that such bondholder is tendering. The Representative has the discretion to accept orders outside of the City’s advised priorities if it determines that it is in the best interests of the Underwriters of the Series 2025 Bonds, as provided in the rules of the Municipal Securities Rulemaking Board. The City also has the discretion to alter its advised priorities.

The City intends to purchase Targeted Bonds to achieve the City’s financing goals. The City’s ability to fund the tender of such Targeted Bonds is dependent and contingent on the issuance of the Series 2025 Bonds. The issuance of the Series 2025 Bonds necessary for the tender is dependent on the results of the Tender Offer as described in this Official Statement.

No assurances can be given that any Bondholders will tender any portion of the Targeted Bonds and the City is not obligated to accept any valid or timely tender made by a Bondholder. There can be no assurances that the Tender Offer will result in the tender of any of the Targeted Bonds.

MATHEMATICAL VERIFICATION

The City has retained the services of Robert Thomas CPA, LLC to review the Escrow Fund to verify that it meets the required payment of principal of and interest on the Refunded Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2025 Bonds, together with investment earnings and other available moneys, will be applied as shown below:

Sources of Funds

Principal Amount of the Series 2025 Bonds	\$
Plus [Net] Original Issue Premium	
Release from Bond and Interest Redemption Fund	
TOTAL	<u>\$</u>

Uses of Funds

Deposit to Escrow Fund	\$
Purchase Price Upon Tender	
Costs of Issuance†	
TOTAL	<u>\$</u>

† Includes legal, ratings, printing, Underwriters’ discount, Dealer Managers Fee, and other costs of issuance.
Source: City of Grand Rapids

DEBT SERVICE REQUIREMENTS*

The following table details the total annual debt service requirements of the System as of October 30, 2025.

Fiscal Year Ending June 30	Outstanding Parity Bonds Debt Service	Junior Lien Bonds Debt Service	Total Debt Outstanding Parity Bonds & Junior Lien Bonds
2026	\$ 23,242,589	\$ 607,699	\$ 23,850,288
2027	23,279,392	920,318	24,199,710
2028	23,270,535	924,587	24,195,122
2029	18,534,652	923,465	19,458,117
2030	19,485,012	916,999	20,402,011
2031	19,483,850	915,315	20,399,165
2032	19,475,316	922,545	20,397,861
2033	19,484,582	621,062	20,105,644
2034	21,084,803	519,398	21,604,201
2035	18,847,596	447,188	19,294,783
2036	13,723,313	450,344	14,173,657
2037	13,713,861	448,359	14,162,220
2038	13,723,135	451,234	14,174,369
2039	11,452,114	448,969	11,901,083
2040	11,451,647	451,563	11,903,210
2041	11,445,700	449,016	11,894,715
2042	7,217,797	451,328	7,669,125
2043	5,246,850	448,500	5,695,350
2044	5,250,600	450,531	5,701,131
2045	5,249,600	447,422	5,697,022
2046	5,248,600	449,172	5,697,772
2047	5,247,550	-	5,247,550
2048	5,247,300	-	5,247,300
2049	2,482,400	-	2,482,400
2050	2,485,600	-	2,485,600
	<u>\$ 325,374,392</u>	<u>\$ 12,665,014</u>	<u>\$ 338,039,405</u>

The Outstanding Parity Bond Debt service is net of the 35% refundable credit to be received on the Series 2010A Bonds, less the current sequestration rate of 5.7%. The sequester reduction rate will be applied until the end of each Federal fiscal year (September 30) or intervening Congressional action, at which time the sequestration rate is subject to change.

*Preliminary, subject to change.
Source: City of Grand Rapids

THE SANITARY SEWER SYSTEM

Introduction

The System consists of separate gravity sewers designed to collect only sanitary wastewater, gravity sewers designed to collect wastewater and stormwater in certain areas, remote pumping stations, combined sewer overflow points, a 30-million gallon retention basin, and facilities to treat the wastewater to allowable limits before discharge into the Grand River. Sanitary sewage is treated at the Grand Rapids Water Resource Recovery Facility (the “WRRF”), which provides preliminary, primary and secondary treatment, sludge processing and disinfection before discharge. In spring 2021, the City completed construction on the first biodigester tank. The remaining biodigester tanks and renewable natural gas system were completed and went online in late fall of 2021 and began producing revenues related to renewable natural gas in the fiscal year ended 2022. The City has entered into agreements with various customer communities located outside the City to provide the services of the System on both a retail and wholesale basis.

History and Development

During the 1920’s, the City commenced construction of portions of the current interceptor sewer network. A water resource recovery facility was built by the City in 1927 for primary treatment and sludge digestion as population growth occurred. By 1930 the City had 358 miles of sewer lines. Today the City services nearly 1,000 miles of sanitary and combined sewer pipes.

In 1931, the current WRRF was built. Major WRRF expansions occurred in 1954, the mid 1970’s and the 1980’s which increased WRRF capacity including secondary treatment facilities. Between 2004 and 2014 all of the wastewater plant processes and structures were restored, rebuilt or replaced. Obsolete structures were removed from the site including underground structures in anticipation of future expansion. In 1992 a 30-million gallon retention basin, the Market Avenue Retention Basin (“MARB”), was constructed to capture combined sewage overflows. In the mid 1990’s, the City completed a major project providing for the separation of the combined sewer system on the west side of the City into separate sanitary sewers and storm sewers. Work is completed on the City’s east side to separate the remaining combined sewers and has resulted in the elimination of all remaining in-system overflow points to the Grand River and its tributary streams in and around Grand Rapids.

The Grand Rapids metropolitan area is experiencing significant economic growth, resulting in higher volumes running through the WRRF. In 2015, the City determined to increase its processing capacity by developing a biodigestion alternate treatment service (the “Biodigestion Project”) as it would reduce the amount of flow to be processed as well as provide electrical savings through cogeneration, decrease the costs of solids treatment by an estimated 30%, and generate revenues through an industrial liquid by-product program. The City completed the Biodigestion Project and related renewable natural gas system in 2021.

Service Area

The System serves approximately 125 square miles and is designed for the needs of a population of approximately 272,000 people. In addition to the City, the System services all or portions of the following entities: City of Walker, City of East Grand Rapids, City of Kentwood, Grand Rapids Charter Township, Ada Township, Cascade Charter Township, Gaines Charter Township, Tallmadge Charter Township, Caledonia Charter Township, and Wright Township.

Customer Community Agreements

The City has entered into (i) a retail sanitary sewer service agreement dated as of January 1, 1999, with the Cities of Kentwood and Walker, the Charter Townships of Cascade, Grand Rapids and Tallmadge and the Township of Wright and (ii) a wholesale sanitary sewer service agreement also dated as of January 1, 1999, with the City of East Grand Rapids and the Township of Ada. Both of the agreements specify that the City is the exclusive sanitary sewer service provider within an Urban Utility Boundary (as defined in the agreements) within each community. Depending upon the community, the Urban Utility Boundary may encompass all or a portion of the community. In some cases, the agreements provide for the City to also provide retail or wholesale water service to a community.

Both of the agreements had initial 30-year terms ending December 31, 2028. Pursuant to a provision in the agreements that permits the City and each customer community separately to extend the term for an additional 5-years on each successive 5-year anniversary date of the respective agreement, the City and each customer community have extended the term for an additional 5-years to December 31, 2053. Assuming the term continues to be extended 5 years on each 5-year anniversary, as provided in the agreements, the term with respect to a customer community agreeing to such extension will always be 25 to 30 years.

On March 12, 2014 the City entered into a wholesale agreement with Caledonia Charter Township which expires December 31, 2053, with similar extension of term provisions.

In a customer community where service is provided on a retail basis, the agreement provides that (i) the System is responsible for operation, maintenance, repair and replacement of all public sanitary sewer facilities, both within and outside the boundaries of the community and utilized by users within the community and (ii) the City bills the users directly for service. In a customer community where service is provided on a wholesale basis, the agreement provides that (i) the City is responsible for operation, maintenance, repair and replacement of public sanitary sewer facilities located downstream of a master meter(s) measuring sewer flow from such community and (ii) the City bills the community as a single customer for service. The community is responsible for operation, maintenance, repair and replacement of public sanitary sewer facilities upstream from the master meter(s) and bills users within its boundaries for sewer service.

Among other provisions, the retail and wholesale sewer service agreements provide for the rate setting methodology establishing rates and charges, describe the service area and the process of expanding the service area, require each customer community and users within such communities to comply with applicable ordinances, rules and regulations of the City and provide for a Utility Advisory Board comprised of representatives of the City and the customer communities party to the agreements. Further, said agreements provide a process for the City to review in advance with affected customer communities any proposed capital project of the System having a significant effect on sewer rates and charges in the customer community.

In addition to the above-referenced agreements, the City has a separate wholesale sewer service agreement with Gaines Charter Township. Although Gaines Charter Township was given an opportunity to be a party to the 1999 wholesale sewer service agreement, it elected to keep its existing agreement. The Agreement between the City and Gaines Charter Township has a term that ends June 6, 2028, and revenues from the Township comprise 0.34% of the total 2024 System revenue requirement.

Sewer rates and charges are determined as set forth in the section entitled “THE SANITARY SEWER SYSTEM FINANCIAL INFORMATION – Rate Setting Methodology” below. Billing and

collection procedures are described in the Section entitled “THE SANITARY SEWER SYSTEM FINANCIAL INFORMATION – Billing and Collections” below.

Collection System

The System’s service area is approximately more than 99% separated sewers and less than 1% combined sewers. The sewage flows to the WRRF through a series of local collector lines, interceptor lines and trunk lines. The network contains 53 remote pumping stations, seven metering stations, the MARB and the Market Avenue Pumping Station.

Flow to the WRRF comes from three sectors: the west, northeast and southeast. The west sector includes most of the area in the City west of the Grand River along with wastewater flows from the City of Walker, Wright Township and Tallmadge Charter Township. All flow from the west sector is tributary to a crossing of the Grand River which flows to the Market Avenue Pumping Station.

The northeast sector consists primarily of portions of areas in the City east of the Grand River which are tributary to the Market Avenue Pumping Station. The northeast sector also collects the flows from portions of Grand Rapids Charter Township which are tributary to the Market Avenue Pumping Station.

The southeast sector of the City is served by the Plaster Creek Interceptor which is conveyed directly to the WRRF and is not tributary to the Market Avenue Pumping Station. A portion of areas in the City east of the Grand River, the Cities of East Grand Rapids and Kentwood, and Ada, Cascade Charter, Grand Rapids Charter, Caledonia Charter Township, and Gaines Charter Township are also included in this service area.

Treatment Facilities and Processes

The wastewater is treated at the WRRF in various stages including preliminary, primary, secondary, disinfection, and solids handling.

Preliminary treatment generally occurs when the wastewater enters the WRRF. At times of high flow (wet weather conditions), the MARB captures peak flow and provides primary settling and disinfection. In the event that the MARB is full, the partially treated sewage is disinfected and discharged to the Grand River as authorized in the City’s National Pollutant Discharge Elimination System (“NPDES”) permit. When flows at the WRRF have diminished to normal levels the sewage is pumped to the WRRF for processing.

Once flow enters the WRRF, large solids and inorganic materials are removed using bar screens and grit chambers. The collected materials are transferred to an approved Type II landfill site for disposal.

Primary treatment consists of the separation of solids which readily settle from the liquids which are to be further treated. This process occurs in the primary settling tanks. The rate of water flow is decreased and suspended solids are allowed to settle and form primary sludge, which is periodically pumped to storage tanks and then to the solids handling facilities at the WRRF. The remaining liquid flows to the aeration tanks for secondary treatment.

Secondary treatment consists of conventional activated sludge with biological phosphorus removal that converts soluble materials into settleable solids after microorganisms use the soluble matter for their normal growth and reproductive processes. The activated sludge mixture passes through a series of clarifiers where the solids are removed, with a portion being recycled back into the aeration system as seed.

The growth of the microorganisms necessitates the periodic removal of a portion of the returned flow to the solids handling process. The treated final effluent is disinfected using ultraviolet light and then goes through a re-aeration process to increase the dissolved oxygen level prior to discharge to the Grand River.

With the completion of the Biodigestion Project, the City has increased its processing capacity by offsetting operating peaks with the management of the plant flow. This provides electrical savings through cogeneration, decreases the costs of solids treatment by an estimated 30%, and generates revenues through an industrial liquid by-product program. The Biodigestion Project and related renewable natural gas system were completed and put into operation in 2021.

Biosolids are collected at the solids handling facility from the treatment system and are transported to the facilities of the Grand Valley Regional Biosolids Authority. See “THE SANITARY SEWER SYSTEM--Joint Biosolids Project” herein.

Currently, the WRRF can provide preliminary, primary and secondary treatment for 61.1 million gallons per day (“MGD”), and remove 141,300 pounds per day of total suspended solids, 160,800 pounds per day of biochemical oxygen demand, 15,100 pounds per day of ammonia and 6,990 pounds per day of total phosphorus.

Wastewater Volumes

Annual tributary flows to the WRRF for fiscal year 2021 through 2025 are shown in the following table.

Fiscal Year June 30	Total Sales(1) in Million Gallons (“MG”)	Infiltration in MG to the WRRF(2)	Total WRRF Influent in MG	Treated Average Daily Influent in MG	Known Bypass in MG	Total Annual Billing in Million Dollars
2021	7,720,357	5,162	12,882	35.3	-	56.6
2022	8,039,158	7,126	15,166	41.5	-	61.9
2023	8,109,605	6,872	14,982	41.0	-	63.4
2024	7,804,112	6,898	14,702	40.3	-	63.4
2025	8,038,141	5,627	13,666	37.4	-	65.3

(1) Sales are based upon customer water consumption, excepting large wholesale customers whose sewage flow is metered.

(2) Additional inflow and infiltration into the System is a result of wet weather, leakage, unauthorized drainage and other types of wastewater infiltration within the System.

Source: City of Grand Rapids

Wastewater Characteristics

The quality of the wastewater influent received at the WRRF and the quality of the effluent discharged into the Grand River is measured in four principal ways – carbonaceous biochemical oxygen demand, total suspended solids, ammonia and total phosphorus. The table below summarizes certain measures of the quality of the wastewater treated by the WRRF compared with the amounts allowed under the NPDES permit issued to the City. WRRF effluent consistently meets all applicable permitted discharge standards.

City of Grand Rapids, Michigan
Water Resource Recovery Facility Effluent – 30 Month History Through June 30, 2025

Month	Carbonaceous BOD*		Suspended Solids*		Total Phosphorous*		Ammonia*	
	Allowed /	Actual	Allowed /	Actual	Allowed /	Actual	Allowed /	Exceedances
June-25	16	2.71	29	4.43	1.0	0.28	8.5	0
May-25	23	3.00	29	5.17	1.0	0.95	18	0
April-25	23	2.51	29	4.08	1.0	0.74	18	0
March-25	23	2.54	29	3.99	1.0	0.39	18	0
February-25	23	2.85	29	3.79	1.0	0.37	18	0
January-25	23	3.44	29	4.60	1.0	0.78	18	0
December-24	23	2.54	29	3.65	1.0	0.86	18	0
November-24	23	2.63	29	3.79	1.0	0.80	18	0
October-24	23	2.54	29	3.42	1.0	0.91	18	0
September-24	16	2.37	29	3.07	1.0	0.43	8.5	0
August-24	16	2.33	29	3.70	1.0	0.38	8.5	0
July-24	16	2.09	29	4.68	1.0	0.73	8.5	0
June-24	16	2.56	29	4.20	1.0	0.94	8.5	0
May-24	23	3.35	29	6.55	1.0	0.96	18	0
April-24	23	3.89	29	4.97	1.0	0.86	18	0
March-24	23	4.01	29	4.27	1.0	0.75	18	0
February-24	23	4.43	29	3.41	1.0	0.52	18	0
January-24	23	4.09	29	3.13	1.0	0.73	18	0
December-23	23	4.33	29	2.81	1.0	0.59	18	0
November-23	23	4.10	29	3.70	1.0	0.49	18	0
October-23	23	4.19	29	3.88	1.0	0.95	18	0
September-23	16	4.49	29	3.48	1.0	0.60	8.5	0
August-23	16	4.47	29	2.89	1.0	0.34	8.5	0
July-23	16	4.89	29	2.51	1.0	0.41	8.5	0
June-23	16	4.15	29	3.90	1.0	0.66	8.5	0
May-23	23	4.75	29	5.98	1.0	0.84	18	0
April-23	23	5.37	29	10.74	1.0	0.47	18	0
March-23	23	5.35	29	11.51	1.0	1.12	18	0
February-23	23	4.59	29	4.20	1.0	0.80	18	0
January-23	23	4.90	29	3.19	1.0	0.79	18	0

* The concentrations in this table are presented in milligrams per liter averaged on a daily basis over one-month periods. The concentrations are determined from a flow proportioned composite of samples over a one-day period. The composite daily concentrations are analyzed and the daily results over a one month period are added together and averaged.
Source: City of Grand Rapids Water Resource Recovery Facility

If effluent discharge levels exceed levels allowed under the NPDES permit issued to the City, the City reports that fact to the Michigan Department of Environment, Great Lakes and Energy (the “EGLE”). As shown above, the City has not experienced a monthly discharge that exceeded the allowed limits in the past thirty months. EGLE has not required any fines, penalties or other sanctions against the City for prior discharges that exceed the limits or restrictions set forth above. The City files monthly operating reports and reports of any spills associated with its wastewater system to EGLE as mandated in its NPDES permit. All reports have been filed with EGLE as required.

Organization, Management and Staffing

The City administers the System through its Environmental Services Department (“ESD”) which is aligned under the Public Works Services Group. This service group operates under the administrative direction of the Managing Director. The daily operations of the ESD are overseen by the Department Manager.

The ESD administers the System through five divisions: Operations, Maintenance, Environmental Assessment, Field Operations and Utilities Engineering. The Maintenance Division is responsible for all mechanical/electrical/facilities maintenance. Field Operations is responsible for pipeline assessment, cleaning, and repair in the collection system. The Operations Division maintains the remote pumping stations, meter stations, regulator stations and operates the WRRF. The Environmental Assessment Division provides laboratory services, industrial monitoring and surveillance, and special field investigations. Sewer Maintenance provides assessments and cleaning of the sanitary sewerage system. Utilities Engineering provides utility engineering support for process engineering and collection system repair services for the ESD. The Water Department's Business Office manages both Water and Sewer Department customer billing and account management.

The fiscal year 2025 budget for these divisions authorized a total of 108 employees. The City believes the ESD is adequately staffed to operate and maintain the collection and treatment system in accordance with its NPDES permit.

Regulatory Requirements

The System is subject to extensive regulation under the Federal Water Pollution Control Act of 1961, as amended by the Clean Water Act of 1977, as amended, and the Water Quality Act of 1987, as amended, and other federal and State statutes. In Michigan, the regulatory requirements of the Clean Water Act are administered by the United States Environmental Protection Agency (the "EPA") through EGLE. Regulations of these agencies deal primarily with the quality of effluent discharged to the Grand River, disposal of biosolids and other requirements imposed on the System as a condition of its participation in federal financial assistance for construction of wastewater facilities.

Included in the Clean Water Act of 1977 regulatory framework administered by EPA is the NPDES permit program. This program requires the operation of wastewater treatment facilities according to discharge limitations and reporting requirements set forth in a permit issued for each facility.

The Grand River, which receives the treated effluent from the WRRF, has a water quality standard for partial body contact, recreational use, the ability to support warm water fish and supply agricultural and industrial water needs. The City's previous NPDES permit was issued on November 1, 2017, and remained in effect until October 1, 2021. The City submitted a new permit application on April 1, 2021. Since then, the SSS has received a draft NPDES permit from EGLE that would be scheduled to expire on October 1, 2026. The City supplied EGLE with comments on the draft permit. On July 14, 2023, EGLE made a formal request for updated information and additional side stream testing to be added to the previous permit application. The City organized the testing and reported as requested. EGLE pushed the last draft to public notice and has issued version 6 of permit MI0026069 of September 29, 2025 with an effective date of October 1, 2025.

The state of Michigan utilizes an online publicly accessible catalogue of compliance information called MiEnviro. Since 2013 EGLE has catalogued 77 active violations for the WRRF and 34 collection systems active violations. Since 2009 there have been 8 compliance communications, 4 violation notices, and 1 district compliance agreements listed in the MiEnviro Portal system. More recently the state has also incorporated the Air Quality Division reporting into the MiEnviro portal system, there are 8 compliance documents on record for PTI-B1729 with the earliest record in 2018. Most of these violations were procedural in nature and the balance were operational. For example, 9 of the recently recorded violations for unpreventable Sanitary Sewer Overflows (SSO) did not result in harm to the environment. None of the items have resulted in an adverse effect on the operation of System. Upon notice, the City promptly took any necessary corrective actions to address the issue at hand, and most had been addressed prior to receiving notice. EGLE-WRD violations and/or compliance actions have not resulted in fines or penalties. However,

in connection with the construction of the Biodigestion Project at the WRRF, the City did not timely request the issuance of an air quality permit from EGLE-AQD. The permit has been obtained; however, the City was required to pay a fine of \$50,000 for breaking ground on the biodigester infrastructure prior to obtaining the final PTI from EGLE-AQD.

In connection with the construction of the Biodigestion Project at the WRRF, the City did not timely request the issuance of an air quality permit from EGLE. The permit has been obtained; however, the City was required to pay a fine of \$50,000.

Combined Sewer Overflow

Combined sewers are designed to carry both sanitary wastes and stormwater. Prior to 1990, combined sewers served portions of the east side and the west side of the City. A combined system is designed to overflow at certain points along the piping network if the flows arise above pre-determined levels during wet weather periods. This overflow then discharges directly into the Grand River as a combined sewer overflow (a “CSO”). This was permitted under prior NPDES permit(s).

In 1990, the NPDES permit required the City to implement the provisions proposed in the Long Term Combined Sewer Overflow Control Program. The Long Term Combined Sewer Overflow Control Program was submitted to EGLE in September 1990 and amended in October 1991. EGLE approved the program in 1991 and the plan was incorporated into the City’s NPDES permit.

The total Long Term Combined Sewer Overflow Control Program was developed to be implemented in three five-year increments. The schedule and the phasing of the improvements were developed to reflect relative priorities in order to reduce/minimize basement backups and CSOs. The major elements of the approved Long Term Combined Sewer Overflow Control Program are composed of three phases, all of which have been completed.

The City began implementation of the three-phase work plan and completed Phase I, on schedule, and Phase II, ahead of schedule, at a total cost of approximately \$160 million in CSO and related improvements. The completion of Phase I and Phase II resulted in an approximate 96% reduction of annual CSO volume.

Prior to beginning Phase III of the Long Term Combined Sewer Overflow Control Program, the City entered into negotiations with EGLE to provide, east of the Grand River, sewer separation versus transport. Also, these negotiations included effluent trading, based on the City taking on a new customer, Wright Township, which at that time was being served by sewage lagoons located in Tallmadge Charter Township. By accepting Wright Township’s flow and directing it to the WRRF, it was possible to eliminate these sewage lagoons and the discharge from the same to Sand Creek, a tributary to the Grand River. As a result of these negotiations to provide for sewer separation and to accept Wright Township’s flow, EGLE agreed to extend the completion date for Phase III of the Long Term Combined Sewer Overflow Control Program. The sewer system improvements to accept Wright Township’s flow have been completed, and Wright Township has abandoned its sewage lagoons.

The current NPDES permit contains a limited discharge authorization regarding discharges from the MARB, which is now recognized by EGLE as a retention treatment basin. The City is required to utilize, to the maximum extent practicable, available sewerage system transportation capabilities for the delivery of combined sewage to treatment facilities.

All the construction required by the Long Term Combined Sewer Overflow Control Program was completed by July, 2015 and all of the in-system overflow points were eliminated as of December, 2015.

The permit which went into effect August 25, 2021 has requirements for a long term wet weather correction program. The recently issued WRRF permit requires the city to develop a Corrective Action Plan (CAP) to address the last attempt at Project Performance Certification being denied. The city's ongoing work to complete the 2025 Comprehensive Master Plan has reviewed previous collection system modeling and refocused on new data to identify areas of concern that will be the focus of the required CAP projects.

Joint Biosolids Project

The City along with the City of Wyoming ("Wyoming") formed the Grand Valley Regional Biosolids Authority (the "GVRBA") in 2004, pursuant to Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of proceeding with the development, construction and operation of a regional biosolids management project (the "Joint Biosolids Project"). This Joint Biosolids Project enables the two communities to advance state-of-the-art biosolids processing technology, to take advantage of operating and economic efficiencies by working together and to become stewards and promoters of a clean natural environment.

The Joint Biosolids Project collects primary and secondary treated residuals (the "Residuals") produced at each community's sewage treatment plant and combines the Residuals at the WRRF for beneficial reuse.

The first phase of the Joint Biosolids Project included the construction of transfer pipelines and pumping facilities in order to provide combined dewatering facilities at the Grand Rapids plant, and transport the dewatered Residuals to landfills that produce and collect methane gas for beneficial reuse for agricultural processes or generate electricity for distribution on the electrical grid. Currently approximately 30% of the Biosolids are disposed of through land application and approximately 70% of the Biosolids are transported to landfills.

Future phases of the project, which could be phased in over several years, could encompass dewatering the digested Residuals in mechanical dewatering facilities and providing Class A biosolids (as defined by United States Environmental Protection Agency Regulations) suitable for commercial application and beneficial reuse.

The capital budget for the initial phase of the Biosolids Project was \$39,100,000, which was funded with bonds issued by GVRBA and a plan adopted by GVRBA for partial reimbursement of partner advances. The bonds were secured by contracts between GVRBA and both the City and Wyoming. The repayment of the debt is allocated on a dry ton basis. Effective July 1, 2024, the City's share was 64.30% and Wyoming's share was 35.70%. Effective July 1, 2025, it is expected that the City's share will be 67.80% and Wyoming's share will be 32.20%. Beginning on September 1st, 2025, for a duration of six months, Wyoming and the City of Grand Rapids will be partnering in trial program wherein Grand Rapids receives a portion of Wyoming's wastewater sludge and feeds it into the City's former Concentrated Waste digester. During this trial period, the allocation of GVRBA debt service shall be frozen at its current percentages. Exploration is underway to determine how future allocation of debt service could most accurately be distributed among the two municipalities following the conclusion of the trial program. Periodic assessments of the Biosolids Project will occur to determine the desirability, appropriateness and timing of when to proceed to the next phase(s) of the Project. Future decisions will be made based on economic feasibility and beneficial reuse of the Residuals.

The GVRBA bills the City for biosolids treatment services on a monthly basis and the charges are paid from revenues of the System.

THE SANITARY SEWER SYSTEM FINANCIAL INFORMATION

Billing and Collection

Retail Communities

The City determines the volume of usage and renders a bill to its retail customers on a monthly or quarterly basis depending on the volume of usage. Water usage volume is metered and billings are rendered to high volume customers on a monthly basis. For all other customers, water usage volume is metered and billings are rendered on a quarterly basis. The determination of whether the customer is a high volume user is made by the City under its applicable rules for the System. In general, sewage disposal billings are rendered on the basis of the amount of water metered for the same usage period. Retail customers for both water supply and sewage disposal receive a combined billing for both services from the City. All residential accounts billed quarterly are given a monthly payment option. Billings to retail customers are past due after 21 days from the date of mailing and are assessed late fees.

Rates and charges for services furnished by the System to any premises in the City are a lien against the property which is serviced. Under the Bond Ordinance, the City is required to certify any charges which are delinquent six months or more as of January 1 of each year and to enter the same upon the City's tax rolls. If unpaid, the City is required to enforce its liens against the property being serviced, proceeding in the same manner as provided in respect to real property taxes assessed upon such roll. In addition to the other remedies which it may have, the City has the right to shut off and discontinue water supply and/or sewage disposal services to any premises in the City for the nonpayment of rates and charges when due.

When a tenant is responsible for the payment of any such rates and charges against any premises in the City and the City is notified with a copy of the lease of the affected premises, an affidavit and a cash security deposit equal to three times the average quarterly bill, then no such rates and charges shall become a lien against such premises from and after the date of such notice for the duration of the lease agreement.

The retail sanitary sewer service agreement provides that retail customers are to be billed directly by the City and payment is to be made directly to the City. If any such account is delinquent for a period of 90 days or more, then the account shall be certified and assigned by the City to the customer community for collection, at which time the customer community is required to pay the delinquent amount to the City. Under the retail sanitary sewer service agreement, the customer communities have adopted ordinances providing for the collection of any account so certified and assigned and specifying that such account is a lien against the serviced property. Where accounts are assigned to the customer community, the City is required at the written direction of the customer community, to discontinue the water supply to the premises involved until the delinquent account is paid.

The following table sets forth the history of billings and collections for the System for the fiscal years ended June 30, 2021 through 2025.

**City of Grand Rapids, Michigan
Sanitary Sewer System
Retail Billings and Collections**

Projected Fiscal Year Ended June 30	Total Billings	Paid 0-30 Days	Paid 31-90 Days	Paid Over 90 Days	Total Collected (1)
2021	54,096,489	45,462,536	5,665,340	1,659,594	52,787,470
2022	57,803,709	48,869,801	6,296,545	1,662,350	56,828,697
2023	60,413,479	50,873,280	6,541,953	1,601,325	59,016,558
2024	59,160,549	50,680,570	6,447,290	1,761,593	58,889,452
2025	62,142,306	53,706,443	6,060,427	1,967,168	61,734,038

(1) Reflects penalty and interest charges and the receipt of delinquent payments from period prior to commencement of fiscal year.

Source: City of Grand Rapids

Wholesale Communities

Under the wholesale sanitary sewer service agreements, the City bills the customer community itself on a monthly basis and the customer community is responsible for billing and collecting from its users. All wholesale rates and charges which are billed must be paid within 30 days of the date of invoice. A service charge of 10% per year, computed daily, shall be payable on unpaid amounts beginning with the date such amount first became due. Generally, wholesale communities pay within the allowed 30-day period.

10 Largest Retail Customers

The following table sets forth the ten largest retail customers of the system for the one-year period ended on June 30, 2025, their respective volumes of usage and the amounts billed.

**City of Grand Rapids, Michigan
Sanitary Sewer System
10 Largest Retail Customers By Billings**

Customer	Volume of Usage (Sewer Gallons)	Dollar Amount Billed Per Year	Percent of Total Billings
Spectrum Health Hospitals	104,877,828	\$687,278	1.11%
Vicinity Energy	104,153,016	631,034	1.02%
Roskam Baking Co	72,980,864	348,280	0.56%
Great Lake Coca Cola Distribution	54,830,644	330,424	0.53%
Kent Quality Foods	46,951,960	283,246	0.46%
Founders Brewing Company	46,091,760	277,320	0.45%
Calvin College	38,496,568	260,676	0.42%
Saint Mary's Hospital	39,315,628	255,313	0.42%
Lacks Trim Systems	49,416,620	241,322	0.39%
CWP West Corp DBA Miste Car Wa	38,272,168	208,168	0.33%
	<u>595,387,056</u>	<u>\$ 3,523,060</u>	<u>5.69%</u>

Source: City of Grand Rapids

Maintenance and Capital Improvement Program

Current maintenance, repair and improvement of the System is funded and implemented on an ongoing basis to ensure that the System is kept in proper working order and needed improvements made. In the fiscal year ending June 30, 2026, the City has budgeted from existing cash reserves repair, maintenance and improvement projects totaling approximately \$17,532,500.

Rate Setting Methodology

In 1976, the City undertook the task of establishing a methodology to be used to annually determine appropriate rates and charges for customers using the System. Prior to that time, the City had periodically adjusted rates for City users based on short-term projections of cash flow requirements and indexed suburban customer rates at a factor of two times the City rates. The rates that resulted from such adjustments did not adequately reflect the long term needs of the System and did not adequately reflect the variations in usage rates and operating and capital costs of providing service to the various suburban customer communities.

To remedy this and to establish a procedure for implementing annual rate adjustments, the City, in consultation with the customer communities with which it had retail and wholesale water service agreements, adopted a method of adjusting rates annually. The first such annual rate study took eighteen months to complete and resulted in new rates effective January 1, 1978. Agreements with each of the retail and wholesale governmental customer communities serviced by the System were amended in 2000, 2002, 2006, 2010 and 2018 to incorporate rate setting methodology adjustments. In 2000, the first amendment to the contracts established the integrated connection fees required to be paid at the time a User receives a permit to connect to the System and the method by which the fees are set and adjusted annually in the rate study. The second amendment executed in 2002 further amended the rate setting methodology for the allocation of integrated connection fee revenue as revenue requirement credit among customer communities updating the calculation of distribution based on billed flow and land area factors. In 2006, penalty fees were no longer applied as credits (offsets) to revenue requirements. Instead, penalty fees were used to fund the Individual Circuit Breaker ("ICB") and City and Customer Community Circuit Breaker ("CCCCB"). The ICB is a program aimed at addressing retail users requiring assistance in payment of their water/sewer bills. The CCCCCB is a mechanism, if sufficient funding is available, to limit retail service area revenue requirement changes to a level in line with the overall systems' initial proposed changes. In 2010, the agreements were amended further, changing the rate setting methodology to use a three-year average of billed flow and reducing the rate of return on non-integrated fixed assets to the Bond Buyer Index for 20-year Municipal Bonds plus 4.50% per annum (formerly plus 6.00%). In March 2018, the agreements were also amended to change the methodology for calculation of integrated connection fees. This calculation is now based on an annual assessment of service costs rather than formerly being adjusted annually by the Consumer Price Index. The City has conducted annual rate studies each year since 1978 and has adjusted rates accordingly.

The rate setting methodology is founded on the basic principle that rates will be set to meet revenue requirements as defined by historical costs adjusted by known cost increases and decreases. Also, a significant goal of the methodology was the proper allocation of costs and rates among the users in each of the customer communities served. In general, the costs of capital improvements which benefit specific customers of the System are allocated to those customers in the rate setting methodology, while the costs of capital improvements related to the operation of the entire System are allocated to all users.

The annual rate analysis background material is assembled during the period from August through November of each year. The base period financial information consists of the actual revenues and expenses of the fiscal year ended on the most recent June 30. Revenue requirements of the System are comprised of

operating and maintenance expense, depreciation expense, a “return” on the net book value of fixed assets constructed and acquired utilizing the retained earnings of the System, and certain debt service costs. Integrated connection fees are an offset to revenue requirements. The revenue requirement components are adjusted to reflect current unit cost data available during the pendency of the rate study. Rates are then calculated that will generate revenues equal to the net revenue requirement. New rates and charges are reported to the City Commission and customer communities on or about November 15 each year with implementation on the following January 1. The most recent rates were adopted and approved by the City Commission on December 17, 2024 for users within the City and customer communities.

Under the agreements with the customer communities, the rates adopted by the City take effect each January 1, following the completion of each annual rate study. Customer communities cannot delay the imposition of the new rates, but are permitted to seek arbitration to resolve any disagreement over new rates. The arbitrator is required to strictly apply the rate setting methodology to resolve disagreements. Since the implementation of the City’s rate setting methodology in 1978, only one such disagreement has arisen which was resolved through arbitration.

The rates consist of a “commodity” charge and a monthly “readiness-to-serve” charge. The commodity charge is assessed upon consumption and comprises approximately 60% of the System’s revenue requirement. The monthly readiness-to-serve charge is based upon meter size.

The table on the following page titled “Sanitary Sewer System Rate Studies — Comparative Analysis of Rates 1978 to 2025”, demonstrates the Rate Study Methodology’s various objectives in four major ways: (1) the methodology has recognized variations among the various communities; (2) the methodology has produced adequate revenues over the period; (3) the methodology has resulted in a wide variety of rate adjustments; and (4) the methodology operates in an open and transparent manner with information available to customer communities and users.

City of Grand Rapids Sanitary Sewer System Rate Studies
Comparative Analysis of Rates 2021 to 2025
Commodity Charge (HCF)⁽¹⁾

City of Grand Rapids

Retail-No Expiration Date	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 4.16	\$ 4.39	\$ 4.45	\$ 4.38	\$ 4.53

City of Kentwood

Retail Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 3.05	\$ 3.31	\$ 3.37	\$ 3.44	\$ 3.61

City of Walker

Retail Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 2.83	\$ 3.00	\$ 3.01	\$ 3.05	\$ 3.20

Grand Rapids Charter Township

Retail Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 2.67	\$ 2.70	\$ 2.75	\$ 2.80	\$ 2.94

City of East Grand Rapids

Wholesale Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 2,538.00	\$ 2,891.00	\$ 2,920.00	\$ 2,959.00	\$ 3,092.00

Ada Township (2)

Wholesale Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 3,407.00	\$ 3,883.00	\$ 3,947.00	\$ 4,012.00	\$ 4,178.00

Tallmadge Charter Township (2)

Retail Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 8.63	\$ 8.81	\$ 8.96	\$ 8.91	\$ 8.84

Wright Township

Retail Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 63.18	\$ 65.72	\$ 56.79	\$ 57.08	\$ 57.08

Gaines Township

Retail Expiring 6/6/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 1,982.00	\$ 2,885.00	\$ 2,528.00	\$ 2,574.00	\$ 2,574.00

Cascade Charter Township

Retail Expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 3.07	\$ 3.28	\$ 3.34	\$ 3.41	\$ 3.55

Caledonia Charter Township

Wholesale expiring 12/31/2053	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	\$ 6,596.00	\$ 7,941.00	\$ 7,868.00	\$ 7,618.00	\$ 7,618.00

HCF: Hundred Cubic Feet.
Source: City of Grand Rapids

City of Grand Rapids Sanitary Sewer System Rate Studies
Comparative Analysis of Rates 2021 to 2025
Readiness-to-Serve
(Monthly)

Effective	Readiness-to-Serve (Monthly)	
As of January 1	3/4" Meter	6" & Over

City of Grand Rapids

Retail-No Expiration

2021	16.62	847.59
2022	16.15	806.17
2023	16.31	819.56
2024	17.37	888.03
2025	17.31	885.45

City of Kentwood

Retail Expiring 12/31/2053

2021	8.74	343.27
2022	9.49	379.93
2023	9.56	387.56
2024	9.66	394.59
2025	10.01	418.25

City of Walker

Retail Expiring 12/31/2053

2021	31.49	1,799.27
2022	33.42	1,911.45
2023	33.48	1,918.44
2024	33.84	1,942.11
2025	35.49	2,048.97

Grand Rapids Charter Township

Retail Expiring 12/31/2053

2021	31.41	1,794.15
2022	31.78	1,806.49
2023	32.27	1,841.00
2024	32.90	1,881.95
2025	34.51	1,986.25

City of East Grand Rapids

Wholesale Expiring 12/31/2053

2021	0.00	1,918.00
2022	0.00	1,851.00
2023	0.00	1,853.00
2024	0.00	2,184.00
2025	0.00	2,104.00

Caledonia Charter Township

Wholesale Expiring 12/31/2053

2021	0.00	708.00
2022	0.00	786.00
2023	0.00	704.00
2024	0.00	728.00
2025	0.00	743.00

Effective	Readiness-to-Serve (Monthly)	
As of January 1	3/4" Meter	6" & Over

Ada Township

Wholesale-expiring 12/31/2053

2021	0.00	41,740.00
2022	0.00	39,377.00
2023	0.00	38,466.00
2024	0.00	40,984.00
2025	0.00	41,633.00

Cascade Charter Township

Retail-expiring 12/31/2053

2021	37.17	2,162.79
2022	39.77	2,317.85
2023	40.36	2,358.76
2024	41.06	2,404.19
2025	42.59	2,503.37

Tallmadge Township

Retail-expiring 12/31/2053

2021	27.70	1,556.71
2022	28.30	1,583.77
2023	28.75	1,615.72
2024	28.63	1,608.67
2025	28.42	1,596.49

Gaines Township

Wholesale Expiring 11/1/2029

2021	0.00	1,566.00
2022	0.00	1,590.00
2023	0.00	1,488.00
2024	0.00	1,619.00
2025	0.00	1,759.00

Wright Township

Retail Expiring 12/31/2053

2021	n/a	n/a
2022	n/a	n/a
2023	n/a	n/a
2024	n/a	n/a
2025	n/a	n/a

Source: City of Grand Rapids

City of Grand Rapids Sanitary Sewer System Rate Studies
Comparative Analysis of Rates 2021 to 2025
Billing Volume (HCF) and Revenue Requirements

Projected	Billing Volume (HCF) (1)	Revenue Requirements		Billing Volume (HCF) (1)	Revenue Requirements
City of Grand Rapids			Ada Township		
Retail-No Expiration Date			Wholesale Expiring 12/31/2053		
2021	6,556,199	\$41,262,934	2021	392,443	\$1,500,919
2022	6,456,047	41,912,003	2022	378,383	1,571,533
2023	6,389,542	42,142,359	2023	371,176	1,097,345
2024	6,437,028	42,859,112	2024	364,392	1,585,343
2025	6,476,899	43,981,491	2025	368,752	1,651,995
City of Kentwood			Tallmadge Charter Township		
Retail Expiring 12/31/2053			Retail Expiring 12/31/2053		
2021	1,384,133	\$4,953,549	2021	34,509	\$451,106
2022	1,353,987	5,294,551	2022	35,730	483,045
2023	1,323,333	5,280,022	2023	36,778	489,557
2024	1,333,643	5,431,575	2024	41,705	537,901
2025	1,316,666	5,646,799	2025	46,175	576,547
City of Walker			Cascade Charter Township		
Retail Expiring 12/31/2053			Retail Expiring 12/31/2053		
2021	837,882	\$5,336,286	2021	463,900	\$2,878,105
2022	819,289	5,536,070	2022	455,939	3,059,702
2023	815,030	5,551,623	2023	453,099	3,100,339
2024	832,147	5,694,980	2024	465,538	3,213,903
2025	836,031	6,049,343	2025	475,766	3,394,571
Grand Rapids Charter Township			Gaines Township		
Retail Expiring 12/31/2053			Retail Expiring 6/6/2053		
2021	381,350	\$2,875,795	2021	163,359	\$260,961
2022	381,595	2,931,699	2022	138,743	318,488
2023	380,649	2,992,263	2023	156,072	295,099
2024	391,172	3,114,805	2024	155,749	139,293
2025	391,629	3,309,412	2025	99,465	225,636
City of East Grand Rapids			Wright Township		
Wholesale Expiring 12/31/2053			Retail Expiring 12/31/2053		
2021	624,403	\$1,208,303	2021	26,180	\$320,339
2022	587,723	1,293,148	2022	23,120	333,177
2023	587,040	1,282,228	2023	20,983	287,915
2024	564,315	1,275,227	2024	19,797	289,381
2025	564,077	1,329,848	2025	20,225	299,324
Caledonia Charter Township			Total All Entities		
Wholesale Expiring 12/31/2053					
2021	37,599	\$193,993	2021	10,901,957	\$61,242,290
2022	33,706	209,643	2022	10,664,262	62,943,059
2023	34,625	203,775	2023	10,568,867	63,232,742
2024	36,937	219,217	2024	10,642,423	64,540,737
2025	40,872	237,138	2025	10,636,557	66,702,104

HCF: Hundred Cubic Feet
Source: City of Grand Rapids

Revenue Requirements and Percentage Rate Adjustments

The rate setting methodology when applied in the annual rate studies for the years 2020 through 2024 has yielded the revenue requirements and percentage rate increases/(decreases) set forth in the table below for the calendar years commencing January 1, 2021 through January 1, 2025.

CITY OF GRAND RAPIDS, MICHIGAN SANITARY SEWER SYSTEM REVENUE REQUIREMENTS AND PERCENTAGE RATE INCREASES HISTORICAL

	2020	2021	2022	2023	2024
Operation & Maintenance	\$31,491,001	\$ 35,624,656	\$ 36,537,965	\$ 37,031,601	\$ 41,055,861
Projected	10,833,191	11,276,357	11,428,082	11,606,736	11,477,788
Return on Investment	14,196,963	12,683,413	13,658,739	14,611,126	13,358,186
Less: Revenue Credits	(418,643)	(138,265)	(138,246)	(285,973)	(334,425)
CSO Project Debt Service	8,186,467	7,040,368	6,434,579	6,044,866	6,045,257
Less: Integrated System Credits	(2,697,078)	(3,017,703)	(4,288,226)	(4,069,725)	(4,293,365)
Less: Circuit Breaker Program	(349,611)	(525,768)	(400,151)	(397,894)	(607,198)
Plus: Capital Investment Reimbursement	-	-	-	-	-
Total Revenue Requirements (1)	<u>\$ 61,242,290</u>	<u>\$ 62,943,058</u>	<u>\$ 63,232,742</u>	<u>\$ 64,540,737</u>	<u>\$ 66,702,104</u>
Percentage Gross Rate Increases	7.92%	4.00%	1.07%	1.33%	2.91%

(1) The percentage rate changes differ from the annual percentage changes in total Revenue Requirements due to differences in usage volumes.

Source: City of Grand Rapids

CITY OF GRAND RAPIDS, MICHIGAN SANITARY SEWER SYSTEM REVENUE REQUIREMENTS AND PERCENTAGE RATE INCREASES PROJECTED

	2025	2026	2027	2028	2029
Operation & Maintenance	\$ 48,564,978	\$ 50,036,497	\$ 51,457,534	\$ 52,404,353	\$ 53,269,025
Projected	11,477,788	11,443,188	11,344,006	11,227,909	10,984,550
Return on Investment	13,491,768	13,626,686	13,762,952	13,900,582	14,039,588
Less: Revenue Credits	(180,500)	(184,500)	(189,500)	(195,500)	(201,500)
CSO Project Debt Service	6,065,269	5,986,689	5,900,774	5,796,003	5,684,124
Less: Integrated System Credits	(4,450,000)	(4,584,000)	(4,584,000)	(4,584,000)	(4,584,000)
Less: Circuit Breaker Program	(540,598)	(541,770)	(546,084)	(548,580)	(549,944)
Plus: Capital Investment Reimbursement	-	-	-	-	-
Total Revenue Requirements (1)	<u>\$ 74,428,705</u>	<u>\$ 75,782,790</u>	<u>\$ 77,145,681</u>	<u>\$ 78,000,767</u>	<u>\$ 78,641,842</u>
Percentage Gross Rate Increases	11.58%	1.82%	1.80%	1.11%	0.82%

(1) Projections for 2026 Rate Study and thereafter are increased proportionate to the City's FY2026 Fiscal Plan.

(2) Projections for 2026 Rate Study and thereafter are based on the City's fixed asset system projections based on assets in service on June 30, 2025.

(3) Projections for 2026 Rate Study and thereafter are based on the City's FY2026 Fiscal Plan.

(4) These percentages represent the required changes in gross revenues of the System if the three-year average billed volume remains the same as in the 2024 Rate Study, but, because of changes in billed volume and other factors, such as capital improvement projects servicing specific customer communities, the actual percentage change in rates for the individual customer communities will vary from these figures.

Source: City of Grand Rapids

Connection Fees

On June 27, 2000, the Grand Rapids City Commission enacted Ordinance No. 2000-32 establishing a schedule of integrated connection base fee increases for initial connection to the SSS for periods through December 31, 2008. The fees have been adjusted annually thereafter, most recently on December 12, 2023 when the Grand Rapids City Commission approved a resolution establishing the fees effective January 1, 2024. These integrated connection fees apply to all users of the SSS except users in Gaines Township. The receipts from these fees are shown in the table “SANITARY SEWER SYSTEM – STATEMENT OF OPERATIONS.”

CITY OF GRAND RAPIDS, MICHIGAN SANITARY SEWER SYSTEM INTEGRATED CONNECTION FEE – PLAN REVIEW AND CONNECTION FEE (PRC FEE)

Residential User (three residential units or less)	2021	2022	2023	2024	2025
Meter Size					
¾" or less	\$370	\$370	\$380	\$390	\$395
Projected	380	380	390	410	415
1-1/2"	380	380	390	410	415
All Other Users (three residential units or more)	2021	2022	2023	2024	2025
Meter Size					
¾" or less	\$710	\$715	\$725	\$755	\$765
1"	935	945	960	1,010	1,030
1-1/2"	1,250	1,260	1,270	1,340	1,370
2"	1,725	1,740	1,750	1,850	1,890
3"	2,150	2,160	2,180	2,305	2,355
4"	3,100	3,110	3,130	3,320	3,390
6" & over	4,380	4,390	4,400	4,675	4,780

Source: City of Grand Rapids

CITY OF GRAND RAPIDS, MICHIGAN SANITARY SEWER SYSTEM INTEGRATED CONNECTION FEE – METER CAPACITY CHARGE (MCC)

Meter Size	2021	2022	2023	2024	2025
¾" or less	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210
1"	250	250	300	300	295
1-1/2"	750	750	750	750	985
2"	880	880	880	880	1,155
3"	1,100	1,100	1,650	2,162	2,355
4"	2,135	2,135	at cost	at cost	3,146
6" & over	3,460	3,460	at cost	at cost	5,201

Source: City of Grand Rapids

**CITY OF GRAND RAPIDS, MICHIGAN
SANITARY SEWER SYSTEM
INTEGRATED CONNECTION FEE – IRRIGATION/FIRE PROTECTION
REVIEW FEE**

Meter Size	2021	2022	2023	2024	2025
All sizes	\$ 730	\$ 740	\$ 750	\$ 790	\$ 800

**CITY OF GRAND RAPIDS, MICHIGAN
SANITARY SEWER SYSTEM
INTEGRATED CONNECTION FEE – COMMERCIAL PLAN ASSESSMENT FEE**

Meter Size	2021	2022	2023	2024	2025
All sizes	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125

Statement of Operations – Historical

The rate increases (decreases) under the rate setting methodology have produced the results of operations from the System for the fiscal years ended June 30, 2020 through June 30, 2024 are as set forth in the table below.

**City of Grand Rapids, Michigan
Sewage Disposal System Fund
Statement of Operations
Historical ⁽¹⁾**

	Fiscal Years Ended June 30,				
	2020	2021	2022	2023	2024
REVENUES					
Service Charges- Retail	\$ 53,517,010	\$ 54,052,977	\$ 58,603,464	\$ 59,907,223	\$ 60,248,066
Service Charges-Wholesale	2,661,446	2,526,126	3,301,466	3,449,417	3,104,987
Sewage Surcharge	2,393,466	2,741,451	3,718,901	2,731,720	2,455,953
Renewable Natural Gas Sales	-	-	52,072	1,314,199	3,045,510
Connection Fees/Front Foot Fees	562,180	428,783	817,068	287,684	536,708
Industrial Pretreatment Permit Fee	46,659	52,777	55,843	55,483	58,622
Interest on Investments	1,022,889	769,582	883,708	1,437,663	1,979,106
Miscellaneous(1)	866,360	912,711	992,862	1,045,862	1,012,915
Total Gross Revenues	\$ 61,070,010	\$ 61,484,407	\$ 68,425,384	\$ 70,229,251	\$ 72,441,867
OPERATING EXPENSES					
Wastewater Treatment	\$ 17,801,657	\$ 18,969,951	\$ 22,285,371	\$ 23,686,328	\$ 22,995,214
Sanitary Sewer Repair & Maintenance	4,716,586	5,024,765	5,133,060	5,490,012	6,351,858
Customer Services	2,659,486	2,540,798	2,484,493	2,461,880	2,804,437
Administration	4,268,668	2,661,389	2,716,516	2,278,631	3,055,332
Industrial Pretreatment	799,450	726,968	806,067	930,034	1,141,706
Depreciation	15,478,452	18,882,231	19,002,219	19,152,880	19,260,704
Total Gross Expenses	\$ 45,724,299	\$ 48,806,102	\$ 52,427,726	\$ 53,999,765	\$ 55,609,251
Additions - Depreciation	\$ 15,478,452	\$ 18,882,231	\$ 19,002,219	\$ 19,152,880	\$ 19,260,704
NET EARNINGS(2)	<u>\$ 30,824,163</u>	<u>\$ 31,560,536</u>	<u>\$ 34,999,877</u>	<u>\$ 35,382,366</u>	<u>\$ 36,093,320</u>

(1) Includes jobbing materials, service fees, rebates, penalties, and reimbursements.

(2) Pursuant to bond ordinance definition of net earnings.

Source: City of Grand Rapids

The City projects that the rates in effect for the year commencing January 1, 2024 and the projected rate increases for future years as shown above will yield the projected results of operations for the System for the fiscal years ending June 30, 2025 through June 30, 2029 as are set forth in the table below.

City of Grand Rapids, Michigan
Sewage Disposal System Fund
Statement of Operations
Projected⁽¹⁾

	Fiscal Years Ended June 30,				
	2025	2026	2027	2028	2029
REVENUES					
Service Charges- Retail (4)	\$ 60,850,720	\$ 63,046,310	\$ 66,303,126	\$ 69,342,966	\$ 72,176,260
Service Charges-Wholesale (4)	3,511,605	3,558,243	3,747,375	3,921,975	4,085,134
Sewage Surcharge	2,400,000	2,334,000	2,334,000	2,334,000	2,334,000
Connection Fees/Front Foot Fees	450,000	450,000	450,000	450,000	450,000
Industrial Pretreatment Permit Fee	112,000	111,330	111,330	111,330	111,330
RNG, Phos, & Liquid Indus. Byproduct	1,800,000	2,000,000	2,000,000	2,000,000	2,000,000
Interest on Investments	2,060,181	2,029,267	2,068,042	1,994,808	1,948,181
Miscellaneous (4)	1,768,121	1,279,796	1,284,796	1,290,796	1,298,546
Total Gross Revenues	<u>\$ 72,952,627</u>	<u>\$ 74,808,946</u>	<u>\$ 78,298,669</u>	<u>\$ 81,445,875</u>	<u>\$ 84,403,451</u>
OPERATING EXPENSES					
Wastewater Treatment	26,890,597	28,283,463	29,940,970	30,009,921	30,353,076
Sanitary Sewer Repair & Maintenance	7,048,907	8,001,259	7,752,263	8,026,645	8,257,296
Customer Services (4)	3,557,943	3,613,193	3,798,147	4,111,940	4,138,522
Administration (4)	4,168,659	2,724,536	2,345,806	2,474,211	2,593,634
Industrial Pretreatment	1,331,429	1,678,047	1,722,681	1,775,022	1,819,550
Depreciation (2)	19,740,690	19,681,183	19,510,598	19,310,923	18,892,369
Total Gross Expenses	<u>\$ 62,738,225</u>	<u>\$ 63,981,681</u>	<u>\$ 65,070,465</u>	<u>\$ 65,708,662</u>	<u>\$ 66,054,447</u>
Additions - Depreciation	19,740,690	19,681,183	19,510,598	19,310,923	18,892,369
NET EARNINGS (3)	<u><u>\$ 29,955,092</u></u>	<u><u>\$ 30,508,448</u></u>	<u><u>\$ 32,738,802</u></u>	<u><u>\$ 35,048,136</u></u>	<u><u>\$ 37,241,373</u></u>

(1) Projections are taken from the City's FY2025-2029 Fiscal Plan, except as noted in (2) and (4) below.

(2) Projections are taken from the City's fixed asset system, based on assets in service on June 30, 2025.

(3) Pursuant to the bond ordinance definition of Net Earnings.

(4) Projections updated for revenue and expense adjustments.

Source: City of Grand Rapids

NET EARNINGS AND BOND COVERAGE

The Bond Ordinance requires that the Net Revenue generated by the System must be sufficient to meet the cash requirements of the System which include: (a) System administrative, operation and maintenance expenses; (b) debt service requirements on bonded debt; and (c) expenditures for capital improvements not financed from bond proceeds or contributions. In addition, the City covenants and agrees that it will, at all times, on a pro-forma basis, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings in the current fiscal year equal to at least one hundred twenty percent (120%) of the Annual Principal and Interest Requirement in such fiscal year.

Net Earnings of the System are stated in the section entitled THE SANITARY SEWER SYSTEM FINANCIAL INFORMATION - Revenue Requirements and Results of Operations. The table below sets forth the Debt Service and the Coverage Ratio based on the Net Earnings of the System for the fiscal years ended June 30, 2020 through June 30, 2024. The Coverage Ratio has been determined by dividing the Net Earnings for each fiscal year by the total annual principal and interest payments for each fiscal year.

City of Grand Rapids, Michigan Sanitary Sewer System Debt Service and Coverage Ratio Historical

Fiscal Year Ended June 30	2020	2021	2022	2023	2024
Net Earnings of the Sanitary Sewer System	\$ 30,824,163	\$ 31,560,536	\$ 34,999,900	\$ 35,382,366	\$ 36,094,934
Total Net Senior Debt Service (1) (2)	21,472,012	22,740,536	24,689,893	23,265,175	23,225,519
Coverage - Senior Debt	1.44	1.39	1.42	1.52	1.55
Debt Service on Junior Lien Loans	469,624	466,375	467,999	469,374	545,134
Coverage Ratio— All Debt	1.40	1.36	1.39	1.49	1.52
Total Available After Debt Service	\$ 8,882,527	\$ 8,353,625	\$ 9,842,008	\$ 11,647,817	\$ 12,324,281

(1) Payments on debt service are recorded in the fiscal year when paid.

(2) Total Net Senior Debt Service is net of the 35% refundable credit to be received on the Series 2010A Bonds, less the current sequestration rate of 5.7%. The sequester reduction rate will be applied until the end of each Federal fiscal year (September 30) or intervening Congressional action, at which time the sequestration rate is subject to change.

Source: City of Grand Rapids

Projected Net Earnings of the System are stated in the section entitled “THE SANITARY SEWER SYSTEM FINANCIAL INFORMATION - Projected Revenue Requirements and Projected Results of Operations.” The table below sets forth the Total Net Debt Service and the Projected Coverage Ratio. The Projected Coverage Ratio is based upon the Projected Net Earnings of the System for the fiscal years ending June 30, 2025 through June 30, 2029. The Projected Coverage Ratio — Senior Debt has been determined by dividing the Projected Net Earnings of the System by the total annual principal and interest payments for the Outstanding Bonds for each year.

**City of Grand Rapids, Michigan
Sanitary Sewer System
Debt Service and Coverage Ratio
Projected**

	2025	2026	2027	2028	2029
Net Earnings of the System	\$ 29,955,092	\$ 32,514,070	\$ 34,558,677	\$ 35,666,254	\$ 36,960,317
Total Net Senior Debt Service(1)(2)	23,180,225	23,242,589	23,279,392	23,270,535	18,534,652
Coverage-Senior Debt	1.29	1.40	1.48	1.53	1.99
Debt Service on Subordinated (SRF) Bonds	612,049	607,699	920,318	924,587	923,465
Coverage Ratio-All Debt	1.26	1.36	1.43	1.47	1.90
Total Available After Debt Service	\$ 6,162,818	\$ 8,663,782	\$ 10,358,967	\$ 11,471,132	\$ 17,502,200

(1) Excludes the Bonds described herein.

(2) Total Net Senior Debt Service is net of the 35% refundable credit to be received on the Series 2010A Bonds, less the current sequestration rate of 5.7%. The sequester reduction rate will be applied until the end of each Federal fiscal year (September 30) or intervening Congressional action, at which time the sequestration rate is subject to change

Source: City of Grand Rapids

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SIGNIFICANT DEFINED TERMS

The Bond Ordinance defines the following expressions as set forth below.

“Annual Principal and Interest Requirement” shall mean, with respect to any Series of Bonds, the sum of the payments required to be made (other than from the proceeds of Bonds) in any Fiscal Year with respect to the principal, mandatory sinking fund payments and interest of such Series of Bonds. If all or any portion of a Series of Bonds constitute Tender Bonds, then, for the purpose of determining the amount of principal and interest payments required to be made in any Fiscal Year with respect to such Tender Bonds, the options or obligations of the Holders of such Tender Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which Holders of such Tender Bonds may or are required to tender such Tender Bonds except that any such option or obligation shall be ignored and not treated as a principal maturity if (a) such Tender Bonds are rated in one of the two highest long-term rating categories (without reference to fractions such as “plus” or “minus”) by a Rating Agency, (b) the obligation to purchase or pay such Tender Bonds when tendered is secured by a Credit Facility, and (c) any obligation the City may have to reimburse any person for having extended a Credit Facility, shall be subordinate to the obligations of the City to make deposits in the Operation and Maintenance Fund and Bond and Interest Redemption Fund. If all or any portion of a Series of Bonds constitute Variable Rate Bonds and if such Variable Rate Bonds have been issued, the interest rate on such Variable Rate Bonds shall be assumed to be the greater of (i) the daily average interest rate on such Variable Rate Bonds during the twelve (12) months ending with the month preceding the date of calculation or (ii) the rate of interest on such Variable Rate Bonds on the date of calculation. If all or any portion of a Series of Bonds constitute Variable Rate Bonds and if such Variable Rate Bonds have not been outstanding for twelve (12) months then such Variable Rate Bonds shall be assumed to bear interest at the rate set forth in a certificate of an independent financial advisor or independent investment broker as to what the average interest rate the variable rate bonds would have borne had they been outstanding during such twelve (12) month period. If and so long as an interest-rate guaranty agreement or an interest-rate protection agreement with respect to any Variable Rate Bonds is in effect with an institution that is rated by a Rating Agency in a category that is equal to or higher than the category in which such Variable Rate Bonds are rated, the interest rate on such Bonds shall be assumed to be the lesser of (a) the interest rate determined without regard to this sentence and (b) the maximum interest rate to be paid by the City on such Variable Rate Bonds in accordance with such agreement.

“Authorized Investments” shall mean those investments described in Section 24 of Act 94, Public Acts of Michigan, 1933, as now or hereafter amended. Such investments currently include:

- (a) United States Government Obligations,
- (b) Obligations the principal and interest on which is fully guaranteed by the United States.
- (c) Repurchase agreements that are secured by United States Government Obligations or obligations fully guaranteed by the United States and that are held by an independent third party.
- (d) Certificates of deposit or other accounts of, or bankers acceptance of, one or more of the following:
 - (i) Banks that are members of the Federal Deposit Insurance Corporation;
 - (ii) Savings and loan associations that are members of the Federal Savings and Loan Insurance Corporation;

- (iii) Credit unions whose accounts are insured by the National Credit Union Share Insurance Fund.
- (e) Commercial paper that is rated in the highest category by a nationally recognized rating agency.
- (f) Obligations of a state of the United States or of a political subdivision of a state of the United States that are rated in one of the three highest categories by a nationally recognized rating agency.
- (g) A collective investment fund that invests solely in one or more of the securities authorized for investments described above.

“Bond and Interest Redemption Fund” shall mean the fund provided for the payment of principal of and interest on all Bonds issued pursuant to the Bond Ordinance.

“Bond and Interest Redemption Reserve Fund” or “Reserve Fund” shall mean the fund provided to insure the timely payment of principal of and interest on all Bonds and to provide for the redemption of Bonds on or prior to their stated maturity.

“Bond Payment Date” shall mean each January 1 and July 1 (or such other dates as shall be prescribed by any applicable Series Ordinance) on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds according to their respective terms.

“Bondholders” or “Holder,” or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond.

“Bonds” shall mean all bonds payable from the revenues of the System issued in accordance with the provisions of the Bond Ordinance which are senior and superior in all respects to Junior Lien Bonds.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder, in each case, as from time to time in force.

“Credit Facility” means an irrevocable letter of credit, surety bond, insurance policy or other credit facility to be issued by a financial institution whose long-term debt or pledged collateral and the ability of the financial institution to service such collateral is rated in one of the two highest long-term rating categories (without reference to fractions such as “plus” or “minus”) by a Rating Agency, which letter of credit, surety bond, insurance policy or other credit facility is to be delivered to the Trustee and is to be an irrevocable obligation to make payment to the Trustee for the payment of the principal of and interest on the Bonds or a Series of Bonds when due and, if applicable, which provides for payment of the purchase of such Bonds or Series of Bonds.

“Government Obligations” shall mean and include direct general obligations of the United States of America or obligations, the payment of principal or interest on which, is fully and unconditionally guaranteed by the United States of America.

“Gross Revenues” or “Gross Revenues of the System” shall mean:

- (a) All receipts and revenues derived from the operation of the System;
- (b) All proceeds from the sale or other disposition of any property of the System;

- (c) All interest and other income received directly or indirectly from the investment of money received under paragraph (a) or (b) above; and
- (d) All other unencumbered money derived from or pledged to the operation of the System.

“Improvement Fund” shall mean the fund designated to provide for improvements, betterments and extensions of the System as established by the provisions of the Bond Ordinance.

“Junior Lien Bonds” shall mean any revenue bonds or other obligations issued by the City which are secured by pledges of and liens on the revenues of the System which are junior and subordinate in all respects to the pledges and liens made to secure Bonds.

“Net Earnings” shall mean (unless or until the amendment to the definition thereof becomes effective as described below), for the period in question, the net income of the System, determined in accordance with then generally accepted accounting principles, but whether or not generally accepted accounting principles so require, there shall be excluded from the calculation made to determine Net Earnings the following:

- (a) gains on the sale or other disposition of investments or fixed or capital assets which do not result from the ordinary course of business;
- (b) investment income restricted to a purpose inconsistent with the payment of operating expenses or bonds, including (whether or not so restricted) interest earned on any construction fund; and
- (c) any amounts received by way of government grants.

There shall be added back to such Net Earnings:

- (d) losses on the sale or other disposition of investments or capital assets which do not result from the ordinary course of business;
- (e) depreciation allowances;
- (f) amounts paid as interest on Bonds; and
- (g) the amortization of financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refunding of Bonds.

The 2005 Series Ordinance amended the definition of “Net Earnings” under the Bond Ordinance; provided, however, that such amendment shall not be effective unless the Holders of 66 2/3% in principal amount of all Outstanding Bonds of each Series (excluding the Series 2008 Bonds, the Series 2010 Bonds, the Series 2010A Bonds, the Series 2012 Bonds, the Series 2013 Bonds, the Series 2014 Bonds, the Series 2018 Bonds, the Series 2020 Bonds, the Series 2021 Bonds and the Series 2025 Bonds) have consented to such amendment. Holders of the Series 2025 Bonds shall be deemed to have consented to such amendment upon purchase of such Series 2025 Bonds. The amended definition of “Net Earnings” shall be as follows:

“Net Earnings” shall mean, for the period in question, the net revenue of the System, determined in accordance with generally accepted accounting principles, but whether or not generally accepted accounting principles so require, there shall be excluded from the calculation made to determine Net Earnings:

- (i) gains on the sale or other disposition of investments or fixed capital assets, which do not result from the ordinary course of business,
- (ii) investment income restricted to a purpose inconsistent with the payment of operating expenses or bond and interest redemption including (whether or not so restricted) interest earned on any construction fund,
- (iii) any amounts received by way of government grants, and
- (iv) unrealized gains on investments and unrealized increases in value of interest rate swaps and other derivative instruments, to the extent such items are included in net revenues as determined in accordance with generally accepted accounting principles.

There shall be added back to such Net Earnings:

- (i) losses on the sale or other disposition of investments or capital assets which do not result from the ordinary course of business,
- (ii) depreciation allowances,
- (iii) amounts paid as interest on Bonds,
- (iv) the amortization of financing expenses, underwriting discounts, all premiums, gains or losses on the extinguishment of debt due to the refunding of the same, and other related or incidental non-recurring expenses resulting from the issuance or refunding of Bonds, and
- (v) unrealized losses on investments and unrealized decreases in value of interest rate swaps and other derivative instruments, to the extent such items are deductions from net revenues as determined in accordance with generally accepted accounting principles.

“Operation and Maintenance Fund” shall mean the fund provided for the payment of all administration, operation and maintenance expenses of the System in accordance with the annual budget established by the City.

“Outstanding” when used with reference to the Bonds shall mean, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (a) Bonds canceled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other bonds shall have been executed and delivered;
- (c) Bonds deemed to have been paid as provided in Article XV of the Bond Ordinance; and
- (d) For purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds, Bonds held by, or for the account of, the City, or any person controlling, controlled by or under common control with the City.

“Rating Agency” shall mean Moody’s Investor Service or Standard & Poor’s Ratings Services, a division of McGraw-Hill Companies, Inc., or any successor to either thereof or similar national rating agency if the foregoing do not exist.

“Receiving Fund” shall mean the fund established and maintained by the City for the receipt of all revenues derived from the operation of the System and all interest and other income earned by the City thereon.

“Record Date” shall mean the fifteenth (15th) day of the month immediately preceding each Bond Payment Date (or such other time or times as shall be prescribed by any applicable Series Ordinance).

“Registrar” shall mean the Trustee or any bank, trust company, or national banking association which is authorized by the City to maintain an accurate list of those who from time to time shall be the Holders of Bonds of a particular Series and shall effect the transfer of such Bonds in accordance with the provisions of the Bond Ordinance and having the duties, responsibilities and rights provided for in the Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to the Bond Ordinance.

“Replacement Fund” shall mean the fund provided for the making of major repairs and the replacement of depreciated or obsolete parts of the System.

“Reserve Fund Credit Facility” shall mean an irrevocable letter of credit, surety bond, insurance policy or other credit facility to be issued by a financial institution whose long-term debt or pledged collateral and the ability of such financial institution to service such collateral is rated in one of the two highest long-term rating categories (without reference to fractions such as “plus or minus”) by a Rating Agency and in an amount which when added to funds on deposit in the Bond and Interest Redemption Reserve Fund is equal to the Reserve Requirement, the proceeds of which shall be used only to prevent deficiencies in the payment of principal or interest on the Bonds to which such Reserve Fund Credit Facility applies. Such Reserve Fund Credit Facility shall insure and be in full force and effect at all times during the term that any Bonds to which such Reserve Fund Credit Facility applies are Outstanding during which there are not funds on deposit in the Bond and Interest Redemption Reserve Fund equal to or more than the Reserve Requirement.

“Reserve Requirement” shall mean an amount in the form of cash, authorized investments and/or Reserve Fund Credit Facility coverage at least equal to the lesser of (i) the sum of the greatest annual interest payments accruing in any Fiscal Year, with respect to each Series of Bonds Outstanding, determined as of the date of issuance of each such Series or (ii) the sum of the greatest aggregate remaining Annual Principal and Interest Requirement with respect to each Series of Bonds Outstanding determined at the time such calculation is made. If some or all of each Series of Bonds shall be Variable Rate Bonds, the annual interest payment with respect to such Variable Rate Bonds shall be such amount as provided in the Series Ordinance relating to such Series of Bonds.

Notwithstanding the foregoing and subject to the conditions set forth in the immediately succeeding sentence, the Reserve Requirement for all Outstanding Bonds, regardless of when issued, may, at the election of the City set forth in a written notice to the Trustee and without the approval of Bondholders, be reduced or eliminated, and if reduced, the reduced Reserve Requirement shall in no event be in excess of the maximum amount permitted by the Code. In order for the Reserve Requirement to be reduced or eliminated (a) pursuant to the provisions of Section 11.02 of this Bond Ordinance, the Holders of fifty-one percent (51%) of the principal outstanding amount of each Series of Outstanding Bonds shall have consented to the ability of the City to elect to reduce or eliminate the Reserve Requirement and (b) the City shall have provided evidence to the Trustee that each Rating Agency then rating the Outstanding Bonds will not reduce the rating on the Outstanding Bonds solely as a result of a change in the Reserve Requirement. Such election shall be set forth in written notice to the Trustee and shall be effective on the later of (i) the date of delivery of the notice or (ii)

satisfaction that the conditions of (a) and (b) of the immediately preceding sentence have been met. The Holders of each Series of Bonds issued on or after May 1, 2018, the effective date of this addition to the Bond Ordinance, shall be deemed to have consented to the City's right to elect a reduction or an elimination of the Reserve Requirement, in accordance with the terms hereof, upon the purchase of Bonds of such Series.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds.

"Series Ordinance" shall mean an ordinance of the City Commission authorizing the issuance of a Series of Bonds pursuant to the Bond Ordinance.

"System" shall mean the Sanitary Sewer System of the City as the same is now constituted, all property real and personal, used and useful therefor, all apparatus and equipment used in connection therewith, and all acquisitions, replacements, enlargements, improvements, extensions, additions and betterments that may be made thereto at any time hereafter; provided that the term "System" shall not include facilities acquired or constructed with the proceeds of Special Facilities Bonds during such time as the Special Facilities Bonds issued to finance such facilities are outstanding.

"Tender Bonds" shall mean any Bonds or portions of Bonds which provide for a Bondholder option or requirement, or an obligation under the terms of such Bonds, to tender all or a portion of such Bonds for payment or purchase and requiring such Bonds or portions of Bonds to be paid or purchased when properly presented.

"Trustee" shall mean the financial institution serving as Trustee pursuant to the Bond Ordinance and which shall have such other duties, privileges and functions as are set forth herein. Such term shall include any successor and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

"Variable Rate Bonds" shall mean any Bonds which bear a variable rate of interest.

SUMMARY OF THE BOND ORDINANCE

The Bond Ordinance contains various covenants and security provisions, some of which are summarized below. For convenience of reference, the relevant article or section number of the Bond Ordinance (as amended) appears following the respective captions in this summary. Wherever particular provisions of the Bond Ordinance are referred to, such provisions are incorporated by reference as part of the statements made, and the statements made are qualified in their entirety by such reference. Reference is made to the Bond Ordinance, and all amendments thereto, for a full and complete statement of its provisions. Words and terms used in this summary which are defined in the Bond Ordinance shall have the same meanings as in the Bond Ordinance.

Authorization for Issuance of Bonds (Section 4.01)

From time to time and for the purposes of (1) obtaining funds for the expansion and improvement of the System; (2) refunding bonds or other obligations issued to provide land or facilities which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System; and (3) to provide for the conversion of Variable Rate Bonds to bear interest at a fixed rate in accordance with their terms, the City may authorize the issuance of a Series of Bonds by the adoption of a Series Ordinance.

Each Series Ordinance shall include a determination by the City to the effect that the issuance of such Series of Bonds is necessary for the purposes set forth above.

Conditions to Issuance of Bonds of a Series (Section 4.02)

All Bonds shall be issued in compliance with, among others, the following provisions:

(1) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the principal of or interest on any Bonds or any Junior Lien Bonds then Outstanding;

(2) Unless on the date of delivery of such Series of Bonds there shall be on deposit or available under a Reserve Fund Credit Facility, an amount equal to the Reserve Requirement, if required, for all Bonds to be Outstanding immediately following the issuance of such Series of Bonds, there shall be deposited in the Bond and Interest Redemption Reserve Fund such amount or such Reserve Fund Credit Facility in such amount as is necessary to make the value of the moneys and securities in the Bond and Interest Redemption Reserve Fund equal to the Reserve Requirement, if required, unless:

(a) the Series Ordinance and any previous Series Ordinances shall have provided payments so that by the end of the period for which interest has been capitalized for the Bonds of any such Series there shall be in the Bond and Interest Redemption Reserve Fund an amount equal to the Reserve Requirement with respect to such Bonds, if required;

(b) there shall be no unremedied defaults in any payments required to have been made under (a) above; and

(c) the Bond and Interest Redemption Reserve Fund is funded in an amount equal to the Reserve Requirement, if required, with respect to all Bonds, other than Bonds issued pursuant to Series Ordinances described in (a) above; and

(3) Except in the case of Bonds issued for the purpose of refunding any Bonds:

(a) Net Earnings during the Fiscal Year immediately preceding the Fiscal Year in which such Series of Bonds are to be issued, adjusted to reflect any rate increases currently adopted, and determined pro forma as though such rate increases had been in continuous effect during such preceding Fiscal Year, shall be not less than one hundred twenty percent (120%) of the maximum Annual Principal and Interest Requirements of the any Fiscal Year for all Bonds Outstanding at the time of such Series of Bonds including such Series of Bonds; or

(b) Net Earnings during the Fiscal Year immediately preceding the Fiscal Year in which such Series of Bonds are to be issued, adjusted to reflect any rate increases currently adopted and determined pro forma as though such rate increases had been in continuous effect during such preceding Fiscal Year, shall not be less than one hundred twenty percent (120%) of the highest Annual Principal and Interest Requirement of any Fiscal Year for all Bonds Outstanding at the time of issuance of such Series of Bonds including such Series of Bonds during the five (5) Fiscal Years following the later of the date of delivery of such Series of Bonds or the period (if any) for which interest is funded from the proceeds of such Series of Bonds and the maximum Annual Principal and Interest Requirement for all Bonds Outstanding at the time of issuance of such Series of Bonds including such Series of Bonds shall not exceed one hundred ten percent (110%) of the average Annual Principal and Interest Requirement of all Bonds Outstanding at the time of issuance of such Series of Bonds, including such Series of Bonds.

(4) In the case of Bonds issued for the purpose of refunding any Bonds either:

(a) The Annual Principal and Interest Requirements of the refunding Bonds shall not exceed one hundred five percent (105%) of the annual Principal and Interest Requirements of the refunded Bonds until a time subsequent to the last maturity of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds; or

(b) The City shall comply with the earnings tests prescribed by both (a) and (b) of paragraph (3) above.

Security for Payment of Bonds; Priority of Lien (Section 4.18)

Except as otherwise provided in the Act, the Bonds shall not be a general obligation or indebtedness of the City, but shall be payable solely from, and shall be secured by (i) a pledge of and a lien upon, that portion of the Gross Revenues which shall remain after paying the cost of the administration, operation and maintenance of the System and (ii) such additional security permitted by the Act. The pledge as set forth in (i) above securing the Bonds shall at all times and in all respects be and remain superior to pledges made to secure any Junior Lien Bonds or other obligations payable from the revenues of the System. In the event additional security, including a Credit Facility or Reserve Fund Credit Facility, as permitted by the Act is pledged as security for any Series of Bonds, the City may pledge or create a statutory lien on the Gross Revenues which shall remain after paying the costs of administration, operations and maintenance of the System in favor of the provider of the additional security; provided, however, any such lien shall be subordinate to the pledge and lien of Gross Revenues securing all Outstanding Bonds, but may be superior to a pledge and lien of such Gross Revenues securing Junior Lien Bonds.

Rate Covenant (Section 5.01)

The rates and charges for services and facilities furnished by the System shall be revised whenever necessary in order that they shall at all times be maintained on a basis sufficient to meet the requirements of the Bond Ordinance. The City covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

(1) To provide for the payment of the expenses of administration, operation and maintenance of the System as may be necessary to preserve the same in good repair and working order;

(2) To provide for the punctual payment of the principal of and interest on all Bonds and all Junior Lien Bonds that may from time to time be Outstanding;

(3) To maintain the Bond and Interest Redemption Fund and thus provide for the punctual payment of the principal of and interest on the Bonds;

(4) To maintain the Bond and Interest Redemption Reserve Fund, if required;

(5) To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order as shall be determined from time to time by the City; and

(6) To discharge all obligations imposed by the Act and by the Bond Ordinance.

The City also agrees to prescribe, maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual

Net Earnings in the current Fiscal Year equal to at least one hundred twenty percent (120%) of the Annual Principal and Interest Requirement in such Fiscal Year; and, promptly upon any material change in the circumstances which were not contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement.

Junior Lien Bonds and Special Facilities Bonds (Article VI)

The City may, at any time, and without limitation and free of all conditions except as may be provided in the Act, issue Junior Lien Bonds, in such amounts as it may from time to time determine, payable from the revenues of the System, provided that the pledge of revenues and any lien upon the revenues of the System granted for the protection of said Junior Lien Bonds shall at all times be and remain subordinate and inferior in all respects to the pledges of revenues and liens upon such revenues made or authorized for the Bonds.

The City shall have the right to enter into contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of special facilities to be financed by its issuance of Special Facilities Bonds, subject to the following conditions:

(1) The City shall determine that the rents, revenues or receipts to be derived from the special facilities shall be at least equal to the principal, interest and any reserve requirements contained in the ordinance authorizing such Special Facilities Bonds and to pay all operations, maintenance and other costs and expenses applicable to such special facilities;

(2) The City's revenues derived from special facilities need not be deposited in the Receiving Fund, and may be pledged to secure Special Facilities Bonds, but no principal of or interest on Special Facilities Bonds or other costs or expenses related to any special facilities may be paid from System revenues deposited in the Receiving Fund; and

(3) The issuance of Special Facilities Bonds are permitted by the Act or other laws of the State of Michigan.

Establishment of Funds (Article VII)

The Bond Ordinance establishes the following funds relating to the revenues of the System:

(1) The Receiving Fund. This fund shall be so maintained as to accurately reflect:

(a) The Gross Revenues of the Sanitary Sewer System; and

(b) Net Earnings.

Except for certain proceeds of the sale of unnecessary parts of the System, all Gross Revenues of the System shall be deposited into this fund. Money in the Receiving Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII of the Bond Ordinance.

(2) The Operation and Maintenance Fund. This fund is to provide for the payment of all expenses incurred in connection with the administration, operation and maintenance of the System, including such expenses as may be reasonably necessary to preserve the System in good repair and working order, the fees and charges of the Trustee and the custodian or trustee of any fund, the costs of required audits and the premiums for all insurance and fidelity bonds required by the Bond Ordinance.

(3) The Bond and Interest Redemption Fund. This fund (held by the Trustee) is to provide for the ratable payment of the principal of, premium, if any, and interest on all Bonds as the same respectively fall due. Except as provided in the Bond Ordinance, money in this fund shall be used solely to pay the principal of and interest on the Bonds. Withdrawals from this fund shall be made only by the Trustee who shall transmit to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on the Bonds. Money in this fund shall be invested and reinvested in Government Obligations, maturing not later than the date on which such money is required to pay the interest and/or principal and interest next maturing. All earnings from such investments shall be added to and become a part of this fund, and shall be credited against payments that would otherwise be made to this fund.

(4) The Bond and Interest Redemption Reserve Fund. This fund (held by the Trustee) is established, if required, to ensure the timely payment of the principal of, premium, if any, and interest on the Bonds. Money in this fund shall be used only for the following purposes:

(a) To prevent a default in the payment of the principal of or interest on the Bonds, by reason of the fact that money in the Bond and Interest Redemption Fund is insufficient for such purposes;

(b) To pay the principal of, interest on, and redemption premium of the Bonds in the event that all Outstanding Bonds be redeemed as a whole; and

(c) To effect partial redemption of the Bonds; provided that subsequent to said partial redemption, the market value of the cash and securities in the Bond and Interest Redemption Reserve Fund and money available under a Reserve Fund Credit Facility shall be not less than the Reserve Requirement.

Money in this fund shall be invested and reinvested in Government Obligations. The earnings from such investments shall be added to and become a part of this fund except that whenever the value of the securities and money in this fund and any moneys available under any Reserve Fund Credit Facility shall exceed the Reserve Requirement such excess, subject to any requirement that it be rebated to the United States pursuant to the Code, shall either be used to effect a partial redemption of Bonds or shall be removed from this fund and used as directed by the City, subject to receipt of an opinion of nationally recognized bond counsel to the effect that such use will not cause interest on the Bonds to fail to be excluded from gross income of the Holders thereof for federal income tax purposes.

The City may exchange at any time a Reserve Fund Credit Facility for money on deposit in the Bond and Interest Redemption Reserve Fund, or money for any Reserve Fund Credit Facility so on deposit, or Reserve Fund Credit Facilities for other Reserve Fund Credit Facilities, and upon the substitution of a Reserve Fund Credit Facility for money then on deposit, money shall be released to the City from the Bond and Interest Redemption Reserve Fund in the amount equal to the principal amount of such Reserve Fund Credit Facility.

Before any Reserve Fund Credit Facility is substituted for money or to be applied in lieu of money in the Bond and Interest Redemption Reserve Fund, there shall be filed with the City and Trustee (i) an opinion of nationally recognized bond counsel to the effect that such substitution will not cause interest on the Bonds to fail to be excluded from the gross income of the Holders thereof for federal income tax purposes, (ii) a copy of the Reserve Fund Credit Facility and (iii) an opinion of counsel satisfactory to said nationally recognized bond counsel to the effect that such Reserve Fund Credit Facility is valid and enforceable in accordance with its terms. Each Reserve Fund Credit Facility shall be unconditional and irrevocable and shall provide liquidity for the Bonds with respect to which the Reserve Fund Credit Facility is purchased and, if the Reserve Credit Facility is purchased with respect to more than one Series of Bonds, then for the term of all the then Outstanding Bonds for which the Reserve Fund Credit Facility is purchased. Any reimbursement or other agreement entered into between the City and the issuer of any Reserve Fund Credit Facility may provide that the City will be obligated to repay such issuer an amount equal to any draw-down on the Reserve Fund Credit Facility on a

subordinated basis plus a market rate of interest but not in excess of the maximum rate permitted by law over a specified period of time. The obligation to repay such issuer may be secured by a pledge of and a lien upon Gross Revenues which shall remain after paying the cost of administration, operation and maintenance of the Sanitary Sewer System which pledge and lien shall be subordinate to the pledge and lien as security for the payment of principal of and interest on any Outstanding Bonds, but may be superior to such pledge and lien for any Junior Lien Bonds. The issuer of any Reserve Fund Credit Facility shall not require the repayment by the City of any draw-down on a Reserve Fund Credit Facility plus interest thereon at a rate which would result in such repayment occurring at a rate faster than the rate of replenishment of the Bond and Interest Redemption Reserve Fund pursuant to Section 8.04(a) of the Bond Ordinance. In all cases, funds available to replenish cash in the Bond and Interest Redemption Reserve Fund and to repay the issuer of a Reserve Fund Credit Facility shall be paid on a pro rata basis.

(5) The Junior Lien Bond and Interest Redemption Fund. This fund (held by the Trustee) is to provide for the payment of the principal of, premium if any, and interest on the Junior Lien Bonds as the same respectively fall due. This fund is funded after required deposits into the Bond and Interest Redemption Reserve Fund.

(6) The Replacement Fund. This fund shall be maintained in an amount to be established not less frequently than annually by the City to provide for the cost of major repairs and replacement of depreciated or obsolete parts of the System. Money in this Fund shall be used solely:

- (a) For the purpose of restoring depreciated or obsolete items of the System;
- (b) For making major repairs to the System;
- (c) To prevent defaults of Bonds and Junior Lien Bonds; and
- (d) For optional redemption of Bonds.

(7) The Improvement Fund. This Fund shall be maintained in an amount to be established not less frequently than annually by the City to provide for improvements, betterments and extensions of the System. Money in this Fund shall be used solely:

- (a) For improvements, betterments and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order;
- (b) To prevent defaults of Bonds and Junior Lien Bonds; and
- (c) For optional redemption of Bonds.

Deposit and Disposition of Revenues (Article VIII)

The Gross Revenue of the System (except customers' deposits and money the disposition of which is controlled by other provisions of the Bond Ordinance) shall be promptly deposited in a bank or depository in an account which will reflect the fact that they are a part of the Receiving Fund. Dispositions from the Receiving Fund shall be made on or before the last business day of each month following the delivery of the first Series of Bonds issued pursuant to the Bond Ordinance and in the following order of priority:

(1) There shall be transferred to the Operation and Maintenance Fund the amount budgeted for the cost of administering, operating and maintaining the System for the ensuing month and any amount required for an operational reserve.

(2) Subject to credits for capitalized interest and investment earnings, there shall be deposited into the Bond and Interest Redemption Fund the monthly fraction of the aggregate amount of interest to become due on the Bonds on the next ensuing interest payment date and the monthly fraction of the aggregate amount of principal of all Bonds becoming due and payable during the next succeeding twelve (12) months. If the sum total of such deposits plus previous monthly deposits and the remaining deposits to be made prior to the next succeeding principal and interest payment dates will be less than the sum required to effect the payment of the next succeeding installment of either principal or interest, or both, as the case may be, a sum equal to such deficiency shall be added to the deposits so to be made.

(3) Unless the Bond and Interest Redemption Reserve Fund is being funded in installments as permitted by the Bond Ordinance or the amount to the credit of the Bond and Interest Redemption Reserve Fund is at least equal to the Reserve Requirement, if required, there shall be paid into such Fund on the first day of the month following each determination described below, and on the first day of each of the next succeeding ten (10) months, one-eleventh (1/11) of the amount necessary to re-establish in the Fund the Reserve Requirement. The amount available under a Reserve Fund Credit Facility and the market value of the cash and securities in the Fund shall be established as of the first day of January of each year and within forty-five (45) days of such date in order to determine if the Fund contains the amount required by the Bond Ordinance and the extent to which payments therefor or withdrawals therefrom must be made.

(4) Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Bonds in the order of priority contemplated by the proceedings authorizing their issuance.

(5) There shall be deposited into the Replacement Fund at such times as the City shall determine that sum which has been currently determined by the City to be the estimated requirements therefor for the then current Fiscal Year.

(6) There shall be deposited into the Improvement Fund at such times as the City shall determine that sum estimated to be the requirement therefor for the current Fiscal Year.

(7) All money remaining after making the foregoing payments shall be redeposited in the Receiving Fund.

Additional Covenants (Section 10.01)

(1) Neither the System, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as disclosed and provided for in the Bond Ordinance;

(2) No free service shall be rendered, or use to be made of the services and facilities of the System, and for the services and facilities of the System used by the City, the reasonable cost and value of such services and facilities shall be paid as such services accrue;

(3) The City will permit no sanitary sewer customer to be connected to the System, or to receive any service afforded by the System, unless and until such customer shall become obligated to pay for the service rendered at the appropriate rates and charges;

(4) The City will perform all duties with reference to the System required by the Constitution and statutes of the State of Michigan, and it will not pledge, mortgage or otherwise encumber the System or any part thereof, or any revenues therefrom, except in the manner authorized by the Bond Ordinance, and it will not sell, lease or dispose of any portion of the System, necessary or useful in the operation of the System, until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the City further obligates itself to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of the Bond Ordinance.

(5) The City will permit any Bondholder to inspect the System and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given;

(6) No payments on account of appropriations to the general fund of the City shall be made except from surplus revenues remaining after discharging the current obligations of the City under the Bond Ordinance;

(7) The City will not make any use, and it shall direct the Trustee and each fiduciary not to make any use, of the proceeds of any Series of Bonds which would cause such Bonds or any other Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and will observe and not violate the requirements of said Section; and

(8) The City will comply with any applicable requirements of the Internal Revenue Code of 1986 as amended, that must be satisfied subsequent to the issuance of a Series of Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes.

Modification of Ordinance (Article XI)

Provided that the security of the Bonds is not lessened, the City may for any one or more of the following purposes at any time, or from time to time, adopt an ordinance, supplementing the Bond Ordinance, which ordinance shall be fully effective in accordance with its terms: (a) to provide for the issuance of a Series of Bonds in accordance with the Bond Ordinance; (b) to add to the covenants and agreements of the City in the Bond Ordinance other covenants and agreements thereafter to be observed; (c) to surrender any right, power or privilege reserved to or conferred upon the City by the Bond Ordinance; (d) to cure, correct and remove any ambiguity or inconsistent provisions contained in the Bond Ordinance; and (e) to make any other modification that the Trustee, relying, if appropriate, on an opinion of counsel, determines will not materially and adversely affect the interest of Bondholders.

In addition, the rights and duties of the City and the Bondholders and the terms and provisions of the Bond Ordinance may be modified or altered in any respect by an ordinance adopted by City Commission with the consent of the Holders of fifty-one percent (51%) in principal amount of all Bonds of each Series which would be affected by such modification or alteration then Outstanding, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction

in the amount which the City is required to pay by way of principal, interest or redemption premium on any Bonds; (c) effect a change as to the type of currency in which the City is obligated to effect payment of the principal, interest and redemption premiums of any Bond; (d) permit the creation of a pledge of or lien upon the revenues of the System prior to or equal to the Bonds; (e) permit preference or priority of any Bonds to others; or (f) reduce the percentage required for the written consent to the modification or alteration of the provisions of the Bond Ordinance, without the consent of the Holders of all Bonds affected by such change or modification.

Events of Default (Section 12.01)

The following are an Event of Default under the Bond Ordinance:

(1) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(2) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(3) Payment of any installment of either interest or principal of any Junior Lien Bonds shall not be made when the same becomes due and payable or any other Event of Default shall exist with respect to any Junior Lien Bonds;

(4) The City shall for any reason be rendered incapable of fulfilling its obligations under the Bond Ordinance;

(5) An order or decree shall be entered with the consent or acquiescence of the City appointing a receiver, or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the City for the purpose of effecting a composition between the City and its creditors whose claims relate to the System, or for the purpose of adjusting claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the City, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the City, shall not be withdrawn or any orders entered shall not be vacated, discharged or stayed on appeal within sixty (60) days after the institution of such proceedings or the entry of such orders; and

(6) The City shall fail to operate the System in an efficient and businesslike fashion or shall default in the due and punctual performance of any of the covenants, conditions, agreements or provisions contained in the Bonds or in the Bond Ordinance, and such default as to efficient operation or otherwise shall continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the City by any Bondholder, provided that in the case of a default specified in this paragraph (6), if the default be such that it cannot be corrected within the said thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the City within said thirty (30) day period and diligently pursued until the default is corrected.

The foregoing provisions of paragraph (6) are subject to the limitations that if by reason of force majeure the City is unable in whole or in part to carry out its agreements contained in the Bond Ordinance (other than the obligations on the part of the City relating to the provisions for issuing Bonds, the rate covenant, the establishment and maintenance of funds and the disposition of revenues), the City shall not be deemed in default during the continuance of such inability.

Remedies Upon Default (Sections 13.01, 13.02, and 13.04)

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the City, declare all Bonds Outstanding immediately due and payable; and such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Bond Ordinance to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Ordinance, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

- (1) Moneys shall have been deposited in the Bond and Interest Redemption Fund sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;
- (2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;
- (3) All other amounts then payable by the City under the Bond Ordinance shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and
- (4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Bond Ordinance by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (1) Requiring the City to carry out its duties and obligations under the terms of the Bond Ordinance and under the Act;
- (2) Suit upon all or any part of the Bonds;
- (3) Civil action to require the City to account as if it were the trustee of an express trust for the Holders of Bonds;
- (4) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and

(5) Enforcement of any other right of the Bondholders conferred by law or by the Bond Ordinance including the right to make application for the appointment of a receiver to administer and operate the System.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient:

(1) To prevent any impairment of the security under the Bond Ordinance by any acts which may be unlawful or in violation of the Bond Ordinance; or

(2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of the Bond Ordinance and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

No remedy conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Bond Ordinance or existing at law or in equity or by statute on or after the date of the Bond Ordinance.

Application of Revenues and Other Money After Default (Section 13.03)

If an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee:

(1) Forthwith, all moneys and securities then held by the City which are credited to any fund under the Bond Ordinance; and

(2) As promptly as practicable after receipt thereof, all Gross Revenues.

During the continuance of an Event of Default, the Trustee shall apply all money, securities, Gross Revenues, payments and receipts in its possession and the income therefrom as follows and in the following order:

(1) To the payment of the reasonable and proper charges of the Trustee;

(2) To the payment of the necessary costs of administering, operating and maintaining the System;
and

(3) To the payment of the interest and principal (and redemption premium, if any) then due on the Bonds as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

(i) First: To the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably,

according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

- (ii) Second: To the payment to the persons entitled thereto of the unpaid principal installments (and redemption premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date to the persons entitled thereto, without any discrimination or preference.
- (b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences as to the respective rates of interest specified in the Bonds.

Individual Bondholder Action Restricted (Section 13.07)

No Holder of any Bond shall have any right to enforce the Bond Ordinance or for the execution of any trust or any remedy under the Bond Ordinance unless (1) an Event of Default caused by the failure to pay principal of and interest on the Bonds when due has occurred of which the Trustee has received actual notice or as to which the Trustee has been notified in writing; and (2) the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Bond Ordinance or to enforce the Bond Ordinance; and (3) such Bondholders shall have offered the Trustee reasonable indemnity; and (4) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Bond Ordinance or to enforce any right thereunder except as provided in the Bond Ordinance and for the equal benefit of the Holders of all Bonds Outstanding.

Nothing contained in the Bond Ordinance shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (1) to receive payment of the principal of or interest on any such Bond on the due date thereof; or (2) to institute suit for the enforcement of any such payment on or after such date.

Waiver of Event of Default (Section 13.09)

The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Bond Ordinance, or before the completion of the enforcement of any other remedy under the Bond Ordinance.

The Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of all Bonds then Outstanding of each such Series), shall waive any Event of Default and its consequences; provided, however, that except for payment defaults

cured or waived in accordance with the Bond Ordinance, a default in the payment of the principal of, premium, if any, or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

Resignation and Removal of Trustee (Sections 14.07 through 14.10)

The Trustee may at any time resign and be discharged of its duties and obligations under the Bond Ordinance by giving to the City and the Bondholders written notice of such resignation, specifying a date (not less than sixty (60) days after such notice) when such resignation shall take effect. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment and qualification of such successor.

The Trustee may be removed at any time by the Holders of not less than fifty percent (50%) of the principal amount of Bonds at such time outstanding. The Trustee may be removed at any time by the City, except during the existence of an Event of Default, at the discretion of the City by filing with the Trustee an instrument signed by the City and appointing a successor Trustee.

In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged a bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by a resolution of City Commission duly adopted. Such successor shall in all instances be a bank duly chartered pursuant to the laws of the United States or of the State, and shall have a combined working capital and surplus of not less than \$50,000,000. Immediately following such appointment the successor Trustee shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

If, in a proper case, no appointment of a successor Trustee shall be promptly made pursuant to the above, any Bondholder may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Defeasance (Section 15.01)

If Bonds issued pursuant to the Bond Ordinance shall have been paid and discharged, then the obligations of the City under the Bond Ordinance, the pledge of revenues made by the Bond Ordinance, and all other rights granted by the Bond Ordinance shall cease and terminate with respect to such Bonds, provided, however, the provision of the Bond Ordinance relating to payment, redemption, registration, transfer, exchange and replacement of Bonds shall remain in effect until payment or redemption of such Bonds. Except as otherwise provided in a Series Ordinance, Bonds shall be deemed to have been paid and discharged under each of the following circumstances:

(1) The Trustee shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof.

(2) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred on the stated maturities of such Bonds, and thereafter tender of such payment shall have been made, and the Trustee shall then hold in trust and irrevocably appropriated thereto, sufficient money (exclusive of any moneys available under a Reserve Fund Credit Facility in the Bond and Interest Redemption Reserve Fund) for the payment thereof to the date of the tender of such payment.

(3) If the City shall have deposited with the Trustee, in an irrevocable trust, money or non-callable Government Obligations described in (a) or (b) of the definition of “Government Obligations”, the principal of and interest on which when due (without reinvestment thereof) will provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and redemption premium, if any, due and to become due on and prior to the maturity or, if the City has irrevocably elected to redeem Bonds, on and prior to the redemption date of such Bonds.

LITIGATION

No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the issuance or delivery of the Series 2025 Bonds or the collection of revenues pledged to pay the principal of and interest on the Series 2025 Bonds, or in any way contesting or affecting the validity of the Series 2025 Bonds, or the Bond Ordinance, or the Series Ordinance, or the power to collect and pledge revenues to pay the Series 2025 Bonds or contesting the power or authority of the City to issue the Series 2025 Bonds.

In 1998 in *Bolt v City of Lansing*, the Michigan Supreme Court decided that the City of Lansing’s stormwater user fee, imposed to defray the capital costs of the City of Lansing’s stormwater system, was an unconstitutional tax levied without the approval of the electors of the City of Lansing in violation of the Headlee Amendment to the Michigan Constitution. The Court articulated certain principles in reaching its decision which, if extended to other enterprise systems, could, in certain instances, result in a finding that fees charged to the users of such enterprise systems are taxes which may not be imposed without the approval of the electors of the municipality. Although the Bolt opinion did not address user charges relating to enterprise systems generally, subsequent lower court decisions have applied the principles articulated in Bolt to other enterprise systems including water and sanitary sewer systems.

Bond Counsel has reviewed the opinion of the Supreme Court in Bolt and has concluded that it would be unreasonable for a court to apply the holding in Bolt to prevent the City from imposing rates and charges on users of the System in amounts necessary to produce net revenues sufficient to pay the Series 2025 Bonds, as required by the Act.

LEGAL MATTERS

The issuance of the Series 2025 Bonds is subject to the approval of legality by Dickinson Wright PLLC, Grand Rapids, Michigan (“Bond Counsel”). A copy of the opinion of Bond Counsel will be delivered with the Series 2025 Bonds, which opinion will be substantially in the form as set forth in “APPENDIX C - FORM OF APPROVING OPINION.”

Certain legal matters in connection with the Series 2025 Bonds will be passed upon for the Underwriters by their counsel, Miller, Canfield, Paddock and Stone, P.L.C., Detroit and Grand Rapids, Michigan.

TAX MATTERS

General

In the opinion of Bond Counsel, as more fully described below, under existing law and assuming continuing compliance by the City of certain tax covenants, the interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not treated as an item of tax preference in calculating the federal alternative minimum tax imposed on individuals under the Code; however, the interest on the Series 2025 Bonds is included in “adjusted financial statement income” of certain corporations that are subject to the corporate alternative minimum tax under the Code.

Bond Counsel is also of the opinion that, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Series 2025 Bonds, the Series 2025 Bonds and the interest thereon are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Series 2025 Bonds and interest thereon.

The opinions on federal tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, including, but not limited to, certain requirements relating to the use, investment and expenditure of proceeds of the Series 2015 Bonds under Sections 141 and 148 of the Code relating to private activity and arbitrage rebate and yield restriction, respectively, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2015 Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The City has covenanted to take the actions required of it for the interest on the Series 2025 Bonds to be and to remain excludable from gross income for federal income tax purposes and not to take any actions that would adversely affect that exclusion. The opinions assume the accuracy of the City's certifications and representations and the continuing compliance with the City's tax covenants and the continuing compliance with the City's tax covenants. Noncompliance with these covenants by the City may cause the interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025 Bonds. Bond Counsel has not undertaken to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to its attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2025 Bonds or the market prices of the Series 2025 Bonds after the date of issuance of the Series 2025 Bonds.

The opinion of Bond Counsel is based on current facts and circumstances and on existing law and interpretation thereof as of the date of such opinion is delivered and cover certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Series 2025 Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give, and has not given, any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Series 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, foreign corporations subject to the branch profits tax, financial institutions, any corporation (other than an S corporation, a regulated investment company and a real estate investment trust) having average "adjusted financial statement income" exceeding \$1,000,000,000 over such corporation's three preceding taxable years, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2025 Bonds. Bond Counsel will express no opinion regarding any such consequences.

Arbitrage and Rebate Requirements

Interest on the Series 2025 Bonds will remain excludable from gross income under applicable federal tax law only if, among other requirements, the City complies with certain arbitrage requirements set forth in Section 148 of the Code. These requirements include yield and other limits regarding investment of the proceeds of the Series 2025 Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the federal government. Noncompliance with such requirements may cause

interest on the Series 2025 Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance may occur or be ascertained. The City has covenanted in the Resolution to comply with all such requirements.

Tax Treatment of Accruals on Original Issue Discount Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Series 2025 Bonds initially sold at a discount corresponding to the yields shown on the cover page hereof (the “OID Bonds”) is sold and the amount payable at the stated redemption price at maturity thereof constitutes “original issue discount.” Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the “Original Premium Bonds”) an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer’s basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the “Premium Bonds”). The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer’s yield to maturity determined by using the taxpayer’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The “market discount rules” of the Code apply to the Series 2025 Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Series 2025 Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2025 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a valid IRS Form W-9, together with appropriate attachments, reporting and certifying under penalty of perjury the recipient's correct taxpayer identification number ("TIN") and further certifying that the recipient is not subject to backup withholding on a valid IRS Form W-9 or suitable substitute, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Series 2025 Bonds through a brokerage account has executed a valid IRS Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2025 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Series 2025 Bonds ends with the issuance of the Series 2025 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the State in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2025 Bonds, under current IRS procedures, the IRS will treat the State as the taxpayer and the beneficial owners of the Series 2025 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE SERIES 2025 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL, STATE OR LOCAL INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2025 BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESS NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL, STATE, OR LOCAL TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE IRS, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE SERIES 2025 BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE SERIES 2025 BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2025 BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL, STATE, INCLUDING STATE OF MICHIGAN, OR LOCAL TAX LEGISLATION.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2025 BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL, STATE, INCLUDING STATE OF MICHIGAN, OR LOCAL TAX LEGISLATION.

NOT BANK QUALIFIED

The Series 2025 Bonds have not been designated as “qualified tax exempt obligations” for purpose of deduction of interest expense by commercial banks, thrift institutions and other financial institutions pursuant to Section 265(b) of the Code.

RATINGS

S&P Global Ratings, a division of The McGraw-Hill Companies, Inc. (“S&P”) has rated the Series 2025 Bonds “AA”. A further explanation of the rating by S&P may be obtained from such agency at 55 Water Street, New York, New York 10041.

Moody’s Investors Service (“Moody’s”) has rated the Series 2025 Bonds “Aa2”. A further explanation of the rating by Moody’s may be obtained from such agency at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

Each rating reflects only the views of the rating agency that provided such rating and an explanation of the significance of either rating may be obtained only from the applicable rating agency. There is no assurance that such ratings will continue for any period of time or that they will not be revised downward or withdrawn entirely by either or both rating agencies if, in their judgment, circumstances so warrant. Any revision or withdrawal of the rating assigned to the Series 2025 Bonds could affect the market price of the Series 2025 Bonds. A security’s rating is not a recommendation to buy, sell or hold such security and may be subject to revision or withdrawal at any time.

UNDERWRITING

Huntington Securities, Inc., dba Huntington Capital Markets, and Ramirez & Co., Inc. (together, the “Underwriters”) have agreed, subject to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”), to purchase the Series 2025 Bonds from the City. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the City the aggregate principal amount of the Series 2025 Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Series 2025 Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Series 2025 Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee* equals ___ percent of the aggregate principal amount of the Series 2025 Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the status of the Series 2025 Bonds or interest on the Series 2025 Bonds as exempt from taxation in the State (except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof) and the interest on the Series 2025 Bonds as excludable from gross income for federal income tax purposes (except as described under the heading “TAX MATTERS” above) and (ii) proceedings relating to the Series 2025 Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement

* Includes the Dealer Manager fee.

further provides that the City will provide to the Underwriters within seven business days of the date of the Bond Purchase Agreement sufficient copies of the Official Statement to enable the Underwriters to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

Huntington Capital Markets, one of the underwriters of the Series 2025 Bonds, has entered into a distribution and fee-sharing agreement with its affiliate The Huntington Investment Company (“HIC”) to allow for the distribution of certain municipal securities offerings to HIC’s customers. Pursuant to this agreement, if any of the Bonds are allocated to customers of HIC, Huntington Capital Markets will share a portion of the underwriting compensation attributable to such bonds with HIC. Huntington Capital Markets and HIC are both subsidiaries of Huntington Bancshares Incorporated.

MUNICIPAL FINANCE QUALIFYING STATEMENT

The City has filed a 2024 Qualifying Statement based on financial information for the fiscal year ended June 30, 2024. The Michigan Department of Treasury has determined that the City is in material compliance with the criteria identified in Act 34, Public Acts of Michigan, 2001, as amended. The City may therefore proceed to issue the Series 2025 Bonds without further approval from the Department of Treasury of the State of Michigan

BOND COUNSEL’S RESPONSIBILITY

The fees of Bond Counsel for the services rendered in connection with its approving opinion are expected to be paid from the proceeds of the Series 2025 Bonds. Except to the extent necessary to issue its approving opinion, and except as stated below, Bond Counsel has not been retained to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of this issue, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements made under the captions entitled “INTRODUCTION”, “THE SERIES 2025 BONDS” (except those statements made under the sub-caption “DTC; Book-Entry-Only System”), “SECURITY FOR THE SERIES 2025 BONDS”, “PLAN OF REFUNDING”, “TENDER AND PURCHASE”, “SIGNIFICANT DEFINED TERMS”, “SUMMARY OF THE BOND ORDINANCE”, “LEGAL MATTERS”, “TAX MATTERS”, “NOT BANK QUALIFIED”, “MUNICIPAL FINANCE QUALIFYING STATEMENT”, “BOND COUNSEL’S RESPONSIBILITY” and “CONTINUING DISCLOSURE”. Bond Counsel has not been retained for review and has not reviewed any other portions of the Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the City, or any other person and has made no independent verification of such portions hereof, and further has not expressed and will not express an opinion as to such portions hereof.

CONTINUING DISCLOSURE

The City has covenanted and will covenant for the benefit of the Bondholders and the Beneficial Owners (as hereinafter defined under this caption only), pursuant to the Continuing Disclosure Certificate to be delivered on the date of issuance of the Series 2025 Bonds to the purchaser(s) thereof (the “Disclosure Certificate”), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the City (the “Annual Report”) by not later than the date six (6) months after the end of the City’s fiscal year, commencing with the Annual Report for the City’s fiscal year ended June 30, 2025; provided, however, that if the audited financial statements of the City are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the City will be included in the Annual Report; and (ii) timely notices of the

occurrence of certain enumerated events and of the occurrence of certain other enumerated events, if material. Currently the City's fiscal year commences on July 1. "Beneficial Owner" means (under this caption only) any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2025 Bonds (including any person holding Series 2025 Bonds through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access System ("EMMA"). If the City is unable to provide the MSRB any Annual Report by the date required, the City shall send in a timely manner, a notice to the MSRB through EMMA. Notices of material events will be filed by the City with MSRB through EMMA. These covenants have been made by the City in order to assist the purchaser(s) of the Series 2025 Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The information to be contained in the Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of the Disclosure Certificate are set forth in "APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Except as set forth below, the City has not failed to comply, in all material respects, in the past five years with any previous undertakings pursuant to the Rule. The City failed to properly link its Comprehensive Annual Financial Report for the Year Ended June 30, 2020 (the "2020 Audit") to certain drainage district bonds for which the City was an "obligated person" pursuant to the Rule. The City also inadvertently excluded its "Projected Debt Service and Coverage Ratio" table for the fiscal years ended June 30, 2020, 2021, 2022 and 2023. The City has since filed the 2020 Audit and required tables.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be the complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Holders of any of the Series 2025 Bonds.

CITY OF GRAND RAPIDS, MICHIGAN

/s/
By: Molly Clarin
Its: Chief Financial Officer

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APPENDIX A

CITY OF GRAND RAPIDS, MICHIGAN

NOTE: THE FOLLOWING DATA HAS BEEN PROVIDED FOR INFORMATION PURPOSES ONLY. THE SERIES 2025 BONDS DESCRIBED HEREIN ARE NOT GENERAL OBLIGATIONS OF THE CITY AND ARE PAID SOLELY AND ONLY FROM THE NET REVENUES OF THE SYSTEM.

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CITY OF GRAND RAPIDS

Location and Description

The City of Grand Rapids (the “City”), the second largest city in the State, encompasses an area of approximately 45 square miles. It is located in the southwest quadrant of Michigan’s lower peninsula, approximately 150 miles northwest of Detroit, 65 miles west of Lansing, the State capital, 50 miles north of Kalamazoo, and 40 miles southeast of Muskegon. The City is easily accessible from both I-96 and U.S. 131, which cross the State from east to west and north to south, respectively. The City is the Kent County seat and is primarily residential and commercial in nature. Residential and commercial valuations account for approximately 60.06% and 33.54%, respectively, of the City’s Total Taxable Value, as hereinafter defined, for the fiscal year ending June 30, 2026.

Population

The City’s census populations and current population estimate are as follows:

<u>Year of Census</u>	<u>Population</u>	<u>Percent Change</u>
1980	181,843	(8.00)
1990	189,126	4.01
2000	197,800	4.59
2010	188,040	(4.93)
2020	198,917	5.78

Source: U.S. Department of Commerce-Bureau of the Census

Form of Government

The City was first incorporated as a village in 1838. In 1850, it was incorporated as a city under a mayor-council form of government and remained that way until 1916, when the commission-manager form of government was adopted under the authority of the Home Rule City Act, as hereinafter defined. The present commission is composed of seven members (the “City Commission”). Two members are elected on a non-partisan basis from each of the City’s three wards, and one member is elected at-large on a non-partisan basis to serve as Mayor. The Comptroller is also elected at-large on a non-partisan basis. The City Manager, the chief administrative officer of the City, is appointed by the City Commission and serves at its pleasure. The City Commission meets on Tuesdays in accordance with a schedule determined annually.

CITY TAXATION AND LIMITATIONS

Property Assessments

Real property is land and anything permanently attached to or part of the land and improvements made to it by human efforts (“Real Property”). Examples of Real Property include land, buildings, water and sewer facilities, roads, and acquisition of various property rights. Personal property is property owned by an individual or business which is not affixed to or associated with the land, consisting of movable items such as furniture, fixtures, and machines and equipment if belonging to a business (“Personal Property”).

Real and Personal Property, as of December 31 of each year, is assessed, or valued, by the City, equalized by the County of Kent (the “County”) and further equalized by the State. The value as equalized by the State becomes the state equalized valuation (“State Equalized Valuation” or “SEV”). See “Property Valuations” following.

Article IX, Section 3, of the Michigan Constitution provides that Real and Personal Property assessments will not exceed 50% of true cash value. The Michigan Legislature has provided, by statute, that Real and Personal Property will be assessed at 50% of true cash value. The Michigan Legislature, or the electorate, may change the percentage of true cash value at which Real and Personal Property is assessed.

Personal Property assessments also reflect the taxpayer reported cost of the Personal Property and the application of one of the depreciation schedules formulated by the State Tax Commission. The City's assessor determines which depreciation schedule will be used to value the Personal Property. See "Personal Property Tax Reform" herein.

Owners of taxable property may appeal their assessment to the City Assessor, the City's Board of Review, and to the Michigan Tax Tribunal. Outstanding appeals are not anticipated to adversely impact the financial condition of the City.

Property Valuations

In 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Michigan Legislature to authorize the levy of taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as taxable value ("Taxable Value"). Since 1995, property that is taxable has two valuations, SEV and Taxable Value. Michigan statutes provide that Real and Personal Property taxes ("Ad Valorem Taxes") be levied on Taxable Value (the "Ad Valorem Tax Roll").

Generally, the Taxable Value of Real or Personal Property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, minus any losses, multiplied by the lesser of the inflation rate or 1.05%, plus all additions, or (b) the property's current SEV. Under certain circumstances, the Taxable Value of property may be different from the same property's SEV. When Real or Personal Property is sold or transferred, Taxable Value is adjusted to the SEV the year after the sale or transfer, which under existing law is 50% of the true cash value. The Taxable Value of new construction is equal to its SEV.

Taxable Value

Ad Valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, hospitals, public schools, etc.) or property granted tax abatement under Act 198, Public Acts of Michigan, 1974, as amended ("Act 198"), Act 147, Public Acts of Michigan, 1992, as amended ("Act 147"), Act 146, Public Acts of Michigan, 2000, as amended ("Act 146"), Act 255, Public Acts of Michigan, 1978 as amended ("Act 255"), Act 260, Public Acts of Michigan, 2003, as amended ("Act 260"), and Act 210, Public Acts of Michigan, 2005, as amended ("Act 210"). For its fiscal year ending June 30, 2026, the equivalent effect of the abatements granted under Act 198, Act 146, Act 147, Act 210, Act 255, and Act 260 is to understate the City's Taxable Value by \$85,716,717 or 1.11%. Including the Equivalent Taxable Value, hereinafter defined, of these properties, the City's total Taxable Value ("Total Taxable Value") has increased \$1,940,068,200 or approximately 33.54% between the fiscal years ended or ending June 30, 2022, through 2026. See the following table and "CITY TAXATION AND LIMITATIONS – Tax Abatements" herein.

**City of Grand Rapids
Total Taxable Value
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	Ad Valorem Taxable Value ¹	Equivalent Taxable Value of Property Granted Tax Abatements Under Act 146, Act 147, Act 198, Act 210, Act 255 and Act 260 ²	Total Taxable Value	Percent Increase (Decrease) Over Prior Year
2020	2021	2022	\$5,741,664,072	\$41,934,933	\$5,783,599,005	4.58%
2021	2022	2023	6,170,673,113	48,978,338	6,219,651,451	7.54
2022	2023	2024	6,714,879,177	53,646,885	6,768,526,062	8.82
2023	2024	2025	7,303,132,508	53,912,862	7,357,045,370	8.69
2024	2025	2026	7,657,503,233	66,163,972	7,723,667,205	7.73

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2026³\$38,828

¹ Includes the value of qualified property located within the City's Renaissance Zone (the "Zone"), which was created pursuant to the provisions of Act 376, Public Acts of Michigan, 1996, as amended ("Act 376"). Act 376 was designed to stimulate private investment within the Zone through the abatement of certain property, income and business taxes. As of the fiscal year ending June 30, 2026, all renaissance zone benefits have expired.

² At the full tax rate. See "CITY TAXATION AND LIMITATIONS – Tax Abatements" herein.

³ Based on the City's 2020 Census of 198,917.

Including the value of property granted tax abatements under Act 198, Act 146, Act 147, Act 210, Act 255, and Act 260, a breakdown of the City's Total Taxable Value by use and class for the fiscal years ended or ending June 30, 2022, through 2026 is shown below.

**City of Grand Rapids
Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

	Fiscal Year Ended or Ending June 30				
Use	2022	2023	2024	2025	2026
Commercial	\$1,989,364,775	\$2,136,273,384	\$2,326,787,554	\$2,558,105,657	\$2,590,413,625
Industrial	241,810,618	256,832,092	284,715,754	269,795,919	281,830,360
Residential	3,397,874,312	3,656,180,475	3,976,725,354	4,332,322,494	4,638,744,920
Utility	<u>154,549,300</u>	<u>170,365,500</u>	<u>180,297,400</u>	<u>196,821,300</u>	<u>212,678,300</u>
	<u>\$5,783,599,005</u>	<u>\$6,219,651,451</u>	<u>\$6,768,526,062</u>	<u>\$7,357,045,370</u>	<u>\$7,723,667,205</u>
Class	2022	2023	2024	2025	2026
Real Property	\$5,350,321,855	\$5,776,891,851	\$6,313,238,862	\$6,877,832,720	\$7,227,402,605
Personal Property	<u>433,277,150</u>	<u>442,759,600</u>	<u>455,287,200</u>	<u>479,212,650</u>	<u>496,264,600</u>
	<u>\$5,783,599,005</u>	<u>\$6,219,651,451</u>	<u>\$6,768,526,062</u>	<u>\$7,357,045,370</u>	<u>\$7,723,667,205</u>

Source: City of Grand Rapids

City of Grand Rapids
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2022 Through 2026

	Fiscal Year Ended or Ending June 30				
<u>Use</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Commercial	34.40%	34.35%	34.38%	34.77%	33.54%
Industrial	4.18	4.13	4.21	3.67	3.65
Residential	58.75	58.78	58.75	58.89	60.06
Utility	<u>2.67</u>	<u>2.74</u>	<u>2.66</u>	<u>2.68</u>	<u>2.75</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
 <u>Class</u>	 <u>2022</u>	 <u>2023</u>	 <u>2024</u>	 <u>2025</u>	 <u>2026</u>
Real Property	92.51%	92.88%	93.27%	93.49%	95.88%
Personal Property	<u>7.49</u>	<u>7.12</u>	<u>6.73</u>	<u>6.51</u>	<u>4.12</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Grand Rapids

State Equalized Valuation

Aside from its use in determining Taxable Value for the purpose of levying Ad Valorem Taxes, SEV is important because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, and State revenue sharing and in the calculation of debt limits.

Ad Valorem SEV does not include any value of tax-exempt property (e.g., governmental facilities, churches, hospitals, public schools, etc.) or property granted tax abatement under Act 198, Act 146, Act 147, Act 210 or Act 260. The effect of the abatements granted under Act 146, Act 147, Act 198, Act 210, Act 255, and Act 260 is to understate the City's Ad Valorem SEV for its fiscal year ending June 30, 2026, by \$190,182,700 or 1.58%. Including the SEV of these properties, the City's total SEV ("Total SEV") has increased \$3,974,420,900 or approximately 49.28% between the fiscal years ended or ending June 30, 2022 through 2026. See the following table and "CITY TAXATION AND LIMITATIONS – Tax Abatements" herein.

City of Grand Rapids
Total State Equalized Valuation
Fiscal Years Ended or Ending June 30, 2022 Through 2026

<u>Assessed</u> <u>Value as of</u> <u>December 31</u>	<u>Year of State</u> <u>Equalization</u> <u>and Tax Levy</u>	<u>City's Fiscal</u> <u>Year Ended</u> <u>or Ending</u> <u>June 30</u>	<u>Ad</u> <u>Valorem</u> <u>SEV</u>	SEV of Property Granted Tax Abatement Under Act 146, Act 147, Act 198, Act 210, Act 255, and Act 260 ¹	<u>Total</u> <u>SEV</u>	Percent Increase (Decrease) Over Prior Year
2020	2021	2022	\$7,937,603,900	\$127,098,800	\$8,064,702,700	7.65%
2021	2022	2023	8,713,424,950	144,107,400	8,857,532,350	9.83
2022	2023	2024	9,777,992,700	161,785,100	9,939,777,800	12.22
2023	2024	2025	11,090,150,350	169,778,500	11,259,928,850	13.28
2024	2025	2026	11,848,940,900	190,182,700	12,039,123,600	6.92

Per Capita Total SEV for the Fiscal Year Ending June 30, 2026².....\$60,523

¹ See "CITY TAXATION AND LIMITATIONS – Tax Abatements" herein.

² Based on the City's 2020 census of 198,917.

Source: City of Grand Rapids

City of Grand Rapids
Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2022 Through 2026

	Fiscal Year Ended or Ending June 30				
Use	2022	2023	2024	2025	2026
Commercial	\$2,595,446,000	\$2,880,216,900	\$3,199,209,700	\$3,538,857,800	\$3,507,588,600
Industrial	336,734,500	342,835,000	390,350,900	393,531,200	427,795,400
Residential	4,977,972,900	5,464,114,950	6,169,919,800	7,130,718,550	7,891,061,300
Utility	154,549,300	170,365,500	180,297,400	196,821,300	212,678,300
	<u>\$8,064,702,700</u>	<u>\$8,857,532,350</u>	<u>\$9,939,777,800</u>	<u>\$11,259,928,850</u>	<u>\$12,039,123,600</u>

Class	2022	2023	2024	2025	2026
Real Property	\$7,627,435,400	\$8,412,062,250	\$9,484,325,000	\$10,780,625,650	\$11,542,782,700
Personal Property	437,267,300	445,470,100	455,452,800	479,303,200	496,340,900
	<u>\$8,064,702,700</u>	<u>\$8,857,532,350</u>	<u>\$9,939,777,800</u>	<u>\$11,259,928,850</u>	<u>\$12,039,123,600</u>

City of Grand Rapids
Percent of Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2022 Through 2026

	Fiscal Year Ended or Ending June 30				
Use	2022	2023	2024	2025	2026
Commercial	32.18%	32.52%	32.19%	31.43%	29.13%
Industrial	4.17	3.87	3.93	3.49	3.55
Residential	61.73	61.69	62.07	63.33	65.55
Utility	1.92	1.92	1.81	1.75	1.77
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Class	2022	2023	2024	2025	2026
Real Property	94.58%	94.97%	95.42%	95.74%	95.88%
Personal Property	5.42	5.03	4.58	4.26	4.12
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Grand Rapids

Tax Abatements

The City's Ad Valorem Taxable Value does not include the value of certain facilities which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities and to build new facilities. Under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even if the restoration or replacement substantially increases the value of the facility. For a new facility the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted after 1993, this millage rate equals ½ of all tax rates levied by other than the State plus 0%, 50% or 100% of the State Education Tax (as determined by the State Treasurer).

The Commercial Redevelopment Act, (known as the Commercial Facilities Exemption), PA 255 of 1978, as amended, affords a tax incentive for the redevelopment of commercial property for the primary purpose and use of a commercial business enterprise. Exemptions are approved for a term of 1-12 years and the taxable value is frozen for the duration of the certificate. For restored facilities, the property taxes are based upon the previous year's (prior to restoration) taxable value and 100% of the mills levied. For new or replacement facilities, the property taxes are based upon the current year's taxable value and 50% of the mills levied.

The City's Ad Valorem Taxable Value also does not include the value of certain facilities which have been temporarily removed from the Ad Valorem Tax Roll pursuant to Act 146. Act 146 was designed to provide a stimulus in the form of significant tax incentives to renovate certain blighted, environmentally contaminated or functionally obsolete commercial property or commercial housing property ("OPRA Properties"). Under the provisions of Act 146, a local governmental unit (i.e. a city, village or township) may establish obsolete property rehabilitation districts and offer tax incentives or abatements to encourage rehabilitation of OPRA Properties.

An obsolete property rehabilitation certificate granted under Act 146 entitles an eligible facility to an exemption from Ad Valorem Taxes on the building only for a period of up to 12 years. A separate tax roll exists for OPRA Properties abated under Act 146 called the "Obsolete Properties Tax Roll." An "Obsolete Properties Tax" is calculated using current year ad valorem millages times the taxable value of the obsolete building for the tax year immediately prior to the effective date of the obsolete property rehabilitation certificate except for the annual school operating and State Education Tax millages which are charged at the Ad Valorem Tax rate on the current Taxable Value of the building.

Another property tax abatement program used by the City is authorized under Act 147, which is known as the Neighborhood Enterprise Zone Act. Act 147 allows specific local governments to create "Neighborhood Enterprise Zones." The goal of the Neighborhood Enterprise Zone ("NEZ") abatement program is to promote home ownership and investment in areas of the City where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods.

There are two types of available NEZ property tax abatements. One is for the rehabilitation of an existing property and one for new construction. Both types of NEZ property tax abatements apply only to residential properties. The holder of a NEZ Certificate does not pay ad valorem property taxes related to the taxable value of the NEZ residence. Instead, the property owner pays the Neighborhood Enterprise Zone Tax (the "NEZ Tax"), which is equal to one half of the State's average rate of taxation. As of the fiscal year ending June 30, 2026, all renaissance zone benefits have expired. The amount of the NEZ Tax on a rehabilitated NEZ residence is determined each year by multiplying the Taxable Value of the residence for the tax year immediately preceding the effective date of the NEZ Certificate by the total ad valorem millage rate. Land value and special assessments are not eligible for the NEZ property tax abatement. The effective date for the tax abatement is dependent upon commencement of construction and when the residence is substantially completed. NEZ Certificates are in effect for up to 12 years. The continuance of a NEZ Certificate is conditional upon being current on payment of all taxes and any other debts owed to the City on an annual basis.

The City also offers tax incentives pursuant to Act 210 for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of up to ten years, as determined by the City. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate. Applications are filed, reviewed and approved by the City, but are also subject to review at the State level by the Property Services Division of the State Tax Commission ("STC"). The STC is responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC.

Act 260, known as the Tax Reverted Clean Title Act ("TRCTA"), provides for the levy of a specific tax upon property sold or otherwise conveyed by a Land Bank Fast Track Authority ("LBFTA") which qualifies for the five-year exemption. The legal name for the tax is the Eligible Tax Reverted Property Specific Tax.

The specific tax levied on certain properties sold or otherwise conveyed by a Land Bank Fast Track Authority is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the General Property Tax Act and the State Education Tax Act. To assist with the costs of administration of the LBFTA, Act 260 allows for 50% of the property taxes to be distributed to the LBFTA which sold the property, for up to five years.

The City has established goals, objectives and procedures to provide the opportunity for residential, industrial and commercial development and expansion. The TV of properties that have been granted tax abatement under Act 198, Act 146, Act 147, Act 210, and Act 260, removed from the Ad Valorem Tax Roll and placed on the IFT Tax Roll, Obsolete Properties Tax Roll, the TRCTA Roll, and the Commercial Rehabilitation Act Roll-totaled \$151,880,689 for the fiscal year ending June 30, 2026. Taxes paid on these properties are equivalent to Ad Valorem Taxes paid on \$66,163,972 of Taxable Value at the full tax rate (the “Equivalent Taxable Value”). Upon expiration of the industrial facilities exemption, obsolete property rehabilitation and NEZ certificates the current equalized valuation of the abated properties returns to the Ad Valorem Tax Roll as Taxable Value.

Personal Property Tax Exemptions

Act 328, Public Acts of Michigan, 1998, as amended, (“Act 328”) allows certain eligible communities to designate specific existing areas as “eligible distressed areas” in which “new personal property” of “eligible businesses” would be exempt from Ad Valorem property taxation. The City is one of the eligible communities. With the approval of the STC, the City has designated certain areas as eligible distressed areas. Under Act 328, the City has exempted personal property related to 2 agreements ranging from thirteen years to up to sixteen years for the fiscal year ending June 30, 2026 assessment roll. To date, it is estimated that personal property assessed value in the amount of \$4,899,800 is currently eligible for PA 328 abatements.

Personal Property Tax Reform

The voters of the State approved enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, the “PPT Reform Acts”), which significantly reformed personal property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial personal property with a total true cash value of \$180,000 or less may file an affidavit claiming a personal property tax exemption. To be eligible for the exemption, all of the commercial or industrial personal property within a county that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing personal property that was either purchased after December 31, 2012, or that is at least 10 years old may claim an exemption from personal property tax. By 2022, all eligible manufacturing personal property is at least 10 years old or purchased after December 31, 2012, so that it is exempted from personal property tax.

To replace personal property tax revenues lost by local governments, the PPT Reform Acts divided the existing state use tax into two components, a “state share tax” and a “local community stabilization share tax,” and established the Local Community Stabilization Authority (the “LCSA”) to administer distribution of the local community stabilization share tax. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The LCSA began distributions of the local community stabilization share tax to local governments on November 21, 2016. The City received \$538,552 in October 2024, \$621,729 in May of 2025 and \$544,807 in October 2025 from the LCSA to replace personal property tax revenues lost.

Future Tax Reform Proposals

The ultimate nature, extent and impact of other tax and revenue measures, which are from time to time considered, cannot currently be predicted. No assurance can be given that any future legislation or administrative action, if enacted or implemented, will not adversely affect the market price or marketability of the Bonds, or otherwise prevent Bondholders from realizing the full current benefit of an investment therein. Purchasers of the Bonds should be alert to the potential effect of such measures upon the Bonds, the security therefor, and the operations of the City.

Property Taxes

Michigan statutes provide that all Ad Valorem Taxes be levied upon Taxable Value. The City's ability to tax is limited by the State Constitution, State statutes, and the City Charter. Home rule cities, such as the City, are permitted by Act 279, Public Acts of Michigan, 1909, as amended (the "Home Rule City Act"), to authorize by their charters a maximum levy of 20 mills for operating purposes. The City's Charter authorizes a maximum levy of 6.4100 mills for general operating and library operating purposes. Additionally, the City Charter authorized the levy of 0.3741 mills for library capital improvement purposes for a twenty-year period beginning with the July 1, 2018, levy through the July 1, 2037, levy. A mill is equal to \$1.00 for each \$1,000 of Taxable Value.

Pursuant to Act 298, Public Acts of Michigan, 1917, as amended, home rule cities may authorize an additional levy of up to three mills for refuse collection and disposal. Home rule cities are also authorized to levy up to one mill, plus one additional mill with voter approval, for library purposes pursuant to Act 164, Public Acts of Michigan, 1877, as amended. Act 359, Public Acts of Michigan, 1925, as amended, also authorizes home rule cities to levy up to \$50,000 for promotional expenses.

For the fiscal year ending June 30, 2026, the City levied 2.4398 mills for general operating purposes, 1.2500 mills for general capital, 1.8605 mills for library operating, 1.8000 mills for refuse collection and disposal, 0.0064 mills for promotion purposes, 0.3413 mills for library purposes, and 1.1607 mills for public parks facilities. In addition, the electorate may authorize the issuance of general obligation bonds or other obligations which pledge the full faith and credit and unlimited taxing power of the City. See "CITY TAXATION AND LIMITATIONS" and "CITY DEBT" herein.

State Limitations on Property Taxes

In 1978, the electorate of the State passed an amendment to the State Constitution (the "Headlee Amendment"), which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Headlee Amendment and the enabling legislation, Act 35, Public Acts of Michigan, 1979, may have the effect of reducing the maximum authorized tax rate which could be levied by a local taxing unit. Under the Headlee Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would be increased accordingly, but never higher than the statutory or charter tax rate limitations.

The Headlee Amendment does not limit taxes for the payment of principal of and interest on the bonds or other evidences of indebtedness outstanding at the time the Headlee Amendment became effective or which have been approved by the electorate of the State or such political subdivision. For the fiscal year ending June 30, 2026, the Headlee Amendment has the effect of reducing the City's authorized millages as follows:

**City of Grand Rapids
Maximum Property Tax Rates
Fiscal Year Ending June 30, 2026**

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Millage Rate As Permanently Reduced by the Headlee Amendment</u>	<u>Current Year Millage Reduction Fraction</u>	<u>Maximum Allowable Millage</u>
Operating ¹	6.4100	5.5503	0.9867	5.5503
Refuse Collection and Disposal	3.0000	2.4887	0.9867	2.4887
Promotional ²	\$50,000			
Library ³	0.3741	0.3413	0.9867	0.3413
Parks ⁴	1.2500	1.1607	0.9867	1.1607

¹ For the fiscal year ending June 30, 2026, includes operating levies allocated for general, capital reserve, and library purposes of 2.4398, 1.2500, and 1.8605 mills, respectively.

² Estimated levy intended to generate approximately \$50,000 annually.

³ On November 7, 2017, the electorate approved a new 0.3741 twenty-year levy to commence July 1, 2018, to be used for operations, maintenance, repairs, and capital improvements of the City's public library.

⁴ In 2020, the City's electorate amended the City's Charter to include a permanent tax millage of 1.2500 mills for Parks, Pools, and Playgrounds commencing in 2021.

Source: City of Grand Rapids

Property Tax Rates

As defined under "Property Taxes" herein, a mill is equal to \$1.00 for each of \$1,000 of Taxable Value. The City is currently authorized to levy 5.5503 mills for operating purposes or a maximum of \$5.5503 for each \$1,000 of Taxable Value. Excluding taxes levied by other units of government, the City's property tax rates, expressed as a dollar for each \$1,000 of Taxable Value, for the fiscal years ended or ending June 30, 2022 through 2026 are shown in the table below. See "CITY TAXATION AND LIMITATIONS --State Limitations on Property Taxes" herein.

**City of Grand Rapids
Property Tax Rates
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

<u>Levy July 1</u>	<u>Fiscal Year Ended or Ending June 30</u>	<u>Operating¹</u>	<u>Other²</u>	<u>Library³</u>	<u>Parks⁴</u>	<u>Total</u>
2021	2022	5.8129	1.6087	0.3576	1.2158	8.9950
2022	2023	5.6861	1.6080	0.3498	1.1892	8.8331
2023	2024	5.6861	1.8074	0.3498	1.1892	9.0325
2024	2025	5.6252	1.8068	0.3460	1.1764	8.9544
2025	2026	5.5503	1.8064	0.3413	1.1607	8.8587

¹ Includes operating levies allocated for general, capital reserve, and library purposes.

² Includes refuse collection and disposal as well as promotional levies. See "CITY TAXATION AND LIMITATIONS --Property Taxes" herein.

³ On November 7, 2017, the electorate approved a new 0.3741 twenty-year levy to commence July 1, 2018, to be used for operations, maintenance, repairs, and capital improvements of the City's public library.

⁴ In 2020, the City's electorate amended the City's Charter to include a permanent tax millage of 1.2500 mills for Parks, Pools, and Playgrounds commencing in 2021.

Source: City of Grand Rapids

In addition to the City's property tax rates, businesses and residents of the City must pay property taxes to other units of local government. A State Education Tax of 6.0000 mills (the "SET") is levied by the State on all real property. To be eligible for state school aid, a local school district is also required to levy not more than the lesser of 18.0000 mills or the number of mills levied in 1993 for school operating purposes on non-homestead/non-PRE property. These property taxes are in lieu of those previously levied for local school district operating purposes.

Total tax rates, expressed at \$1.00 for each \$1,000 of Taxable Value, for the City's fiscal years ended or ending June 30, 2022, through 2026, are as follows:

**City of Grand Rapids
PRE/Homestead¹ Property Tax Rates per \$1,000 of Taxable Value by Governmental Unit
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

<u>Governmental Unit</u>	<u>Fiscal Year Ended or Ending June 30</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City of Grand Rapids ²	\$8.9950	\$8.8331	\$9.0325	\$8.9544	\$8.8587
County of Kent ³	6.1521	6.0971	6.0971	6.0494	6.0037
State of Michigan	6.0000	6.0000	6.0000	6.0000	6.0000
Grand Rapids Public Schools ⁴	3.8500	3.8500	3.8500	3.8500	3.8500
Kent County Intermediate School District ⁵	5.5157	5.4447	5.4447	5.4020	5.3515
Grand Rapids Community College	1.7307	1.7085	1.7085	1.6951	1.6793
Interurban Transit Partnership	<u>1.4308</u>	<u>1.4074</u>	<u>1.4074</u>	<u>1.3950</u>	<u>1.3817</u>
Total	<u>\$33.6743</u>	<u>\$33.3408</u>	<u>\$33.5402</u>	<u>\$33.3459</u>	<u>\$33.1249</u>

¹ *Principal Residence Exemption ("PRE")/Homestead Property* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. PRE/Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. PRE/Homestead includes a life care facility registered under the Living Care Disclosure Act, Act 440, Public Acts of Michigan, 1976, as amended. PRE/Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.

² In 2020, the City's electorate amended the City's Charter to include a permanent tax millage of 1.2500 mills for Parks, Pools, and Playgrounds commencing in 2021.

³ In August, 2022, the County of Kent electorate approved the renewal of 0.3244 mills for Senior Citizen Services, along with an increase of 0.1756 mills, for a total authorized millage of 0.5000 mills for Senior Citizen Services. In August 2022, the County of Kent electorate approved a new Veterans Services millage at the rate of 0.0500 mills. Both the Senior Citizen and Veterans Services millage expires in December 2029. In November 2016, the County's electorate approved the creation of a "Zoo and Public Museum" operating millage at a rate of 0.4400 mills for a period of ten years, starting on December 1, 2016, and ending in 2025. On November 6, 2018, County voters also approved an "Early Childhood Services," 0.2500 mills levy for six years beginning December 1, 2018.

⁴ The Grand Rapids Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries. Of those which do, the total PRE/Homestead millage rates for the fiscal year ending June 30, 2026 ranged from 33.9449 to 36.3132 for each \$1,000 of Taxable Value.

⁵ On May 2, 2017, the electorate approved a ten year "strong schools" operating levy of 0.9000 mills for distribution to local school districts beginning with the July 1, 2017 levy. The millage will expire with the December 2026 levy.

Source: City of Grand Rapids

City of Grand Rapids
Non-PRE/Non-Homestead Property¹ Tax Rates per \$1,000 of Taxable Value by Governmental Unit
Fiscal Years Ended or Ending June 30, 2022 Through 2026

<u>Governmental Unit</u>	<u>Fiscal Year Ended or Ending June 30</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City of Grand Rapids ²	\$8.9950	\$ 8.8331	\$9.0325	\$8.9544	\$8.8587
County of Kent ³	6.1521	6.0971	6.0971	6.0494	6.0037
State of Michigan	6.0000	6.0000	6.0000	6.0000	6.0000
Grand Rapids Public Schools ⁴	21.8500	21.8500	21.8500	21.8500	21.8500
Kent County Intermediate School District ⁵	5.5157	5.4447	5.4447	5.4020	5.3515
Grand Rapids Community College	1.7307	1.7085	1.7085	1.6951	1.6793
Interurban Transit Partnership	<u>1.4308</u>	<u>1.4074</u>	<u>1.4074</u>	<u>1.3950</u>	<u>1.3817</u>
Total	<u>\$51.6743</u>	<u>\$51.3408</u>	<u>\$51.5402</u>	<u>\$51.3459</u>	<u>\$51.1249</u>

¹ *Principal Residence Exemption ("PRE")/Homestead Property* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. PRE/Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. PRE/Homestead includes a life care facility registered under the Living Care Disclosure Act, Act 440, Public Acts of Michigan, 1976, as amended. PRE/Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.

² In 2020, the City's electorate amended the City Charter to include a permanent tax millage of 1.2500 mills for Parks, Pools, and Playgrounds commencing in 2021.

³ In August, 2022, the County of Kent electorate approved the renewal of 0.3244 mills for Senior Citizen Services, along with an increase of 0.1756 mills, for a total authorized millage of 0.5000 mills for Senior Citizen Services. In August 2022, the County of Kent electorate approved a new Veterans Services millage at the rate of 0.0500 mills. Both the Senior Citizen and Veterans Services millage expires in December 2029. In November 2016, the County's electorate approved the creation of a "Zoo and Public Museum" operating millage at a rate of 0.4400 mills for a period of ten years, starting on December 1, 2016, and ending in 2025. On November 6, 2018, County voters also approved an "Early Childhood Services," 0.2500 mills levy for six years beginning December 1, 2018.

⁴ The Grand Rapids Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries. Of those which do, the total PRE/Homestead millage rates for the fiscal year ending June 30, 2026 ranged from 33.9449 to 36.3132 for each \$1,000 of Taxable Value.

⁵ On May 2, 2017, the electorate approved a ten year "strong schools" operating levy of 0.9000 mills for distribution to local school districts beginning with the July 1, 2017 levy. The millage will expire with the December 2026 levy.

Source: City of Grand Rapids

Property Tax Collections

The City's fiscal year begins on July 1. Real and personal City property taxes are due on July 1 and are payable without penalty until July 31. Property owners who have not paid their property taxes on or before July 31 are required to pay interest and penalties on, and collections fees with respect to, such unpaid taxes.

Personal property taxes that are delinquent as of March 1 following the City's July 1 levy are collected by the City ("Delinquent Personal Property Taxes"). The City may bring suit to collect Delinquent Personal Property Taxes. The City may also seize the personal property to satisfy the tax lien thereon. The City's Delinquent Personal Property Taxes are a small percentage of the tax roll. The City's delinquent personal property taxes are removed from the tax roll after five years and represent an average of less than \$20,000 per year.

Real property taxes that are delinquent as of March 1 following the City's July 1 levy are turned over to the County for collection ("Delinquent Real Property Taxes"). Such Delinquent Real Property Taxes are

subject to additional penalties and interest charges by the County. Unless the Delinquent Real Property Taxes are paid within approximately 25 months from the date of delinquency, the underlying property may be foreclosed upon and sold at public auction.

The County has historically purchased the City’s Delinquent Real Property Taxes from its delinquent tax payment fund. In return, the City has assigned the County all amounts due from the taxpayers with respect to such Delinquent Real Property Taxes. As a result of these purchases, the City’s real property tax receipts have approached 100%.

The continued purchase of Delinquent Real Property Taxes may be dependent upon the sale of delinquent tax notes by the County for that purpose. There is no assurance that the County will issue such delinquent tax notes or purchase such Delinquent Real Property Taxes in any fiscal year. If the Delinquent Real Property Taxes are not purchased by the County, any Delinquent Real Property Taxes collected by the County are remitted to the City within a month following the County’s collection of those past due taxes. The following table reflects the actual property tax collections for the City’s fiscal years ended or ending June 30, 2022 through 2026.

**City of Grand Rapids
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2022 through 2026**

July 1 <u>Levy</u>	Fiscal Year Ended or Ending <u>June 30</u>	City <u>Tax Levy</u> ¹	Collections to March 1 <u>Following Levy</u> ²	Percent <u>Collected</u>
2021	2022	\$51,466,987	\$50,650,863	98.4%
2022	2023	54,452,027	53,594,753	98.4
2023	2024	60,536,391	59,392,678	98.1
2024	2025	65,265,921	64,008,986	98.3
2025	2026	67,468,726 ³	64,699,340 ⁴	95.9

¹ Excludes taxes on properties granted tax abatement under Act 146, Act 147, Act 198, Act 210, and Act 260. See “CITY TAXATION AND LIMITATIONS - Property Valuations” and “CITY TAXATION AND LIMITATIONS - Tax Abatement” herein.

² Excludes real property taxes turned over to Kent County for collection March 1.

³ Based on Adjusted Roll Values as of September 30, 2025. Final settlement will result in some adjustments.

⁴ Collections through September 30, 2025.

Source: City of Grand Rapids

Pursuant to Act 57, Public Acts of Michigan, 2018, the Recodified Tax Increment Financing Act, and Act 381, Public Acts of Michigan, 1996, as amended (the Brownfield Redevelopment Financing Act), the City has established authorities which capture property tax increment pursuant to these acts. The City’s general operating revenues reflected in its audited financial statements are net of such capture.

Taxpayers with Largest Valuations

The taxpayers with the largest valuations in the City, their principal product or service, Total Taxable Value and percent of City's Total Taxable Value for the fiscal year ending June 30, 2026 are as follows:

City of Grand Rapids Top Ten Largest Valuations¹ Fiscal Year Ending June 30, 2026

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Total Taxable Value²</u>	<u>Percent of Total³</u>
Consumers Energy Company	Electric utility	\$137,591,108	1.78%
DTE Gas Company	Gas utility	70,714,600	0.92
Amway Hotel Corporation	Hospitality	51,643,238	0.67
B33 Shops Centerpoint III LLC	Retail shopping center	35,600,200	0.46
Steelcase, Inc.	Furniture Manufacturing	31,889,890	0.41
HP3 LLC	Hospitality	30,870,356	0.40
Grip Medical Properties I LLC	Health Care	30,343,225	0.39
Studio Park Lofts LLC	Apartments	25,541,583	0.33
Brix Grand Rapids Holdings LLC	Apartments	24,117,680	0.31
Michigan Christian Home	Senior Housing	<u>23,517,748</u>	<u>0.30</u>
		<u>\$461,829,628</u>	<u>5.98%</u>

¹ Property taxpayers and Taxable Value are based on the July 1, 2025 tax bills.

² Includes the Equivalent Taxable Value of property granted tax abatement under Act 198, Act 146, Act 147, Act 210, and Act 260. See "CITY TAXATION AND LIMITATIONS - Tax Abatements" herein.

³ Based on \$7,723,667,205 which is City's Total Taxable Value for the fiscal year ending June 30, 2026. Includes the Taxable Value of property granted tax abatement under Act 146, Act 147, Act 198, Act 210, Act 255, and Act 260, as applicable. See "CITY TAXATION AND LIMITATIONS - Property Valuations" and "CITY TAXATION AND LIMITATIONS - Tax Abatements" herein.

Source: City of Grand Rapids

City Income Tax

In 1967, the City's electorate approved a two-mill reduction in the City's maximum authorized general operating millage and the implementation of an income tax imposed on income earned within the City regardless of the residence of the taxpayer and on all income of City residents. Income taxed includes business net income and individuals' salaries and wages. Up to and including the calendar year ending December 31, 1995, residents paid 1% and non-residents paid 1/2 of 1%. In 1995, the City's electorate authorized an increase in the income tax from 1.0 % to 1.3% for residents and from 0.5% to 0.65% for non-residents effective January 1, 1996. At the same time, the City's electorate voted to amend the City Charter to annually dedicate an appropriation of not less than 32% of the City's general operating fund budget to provide police services so long as an income tax of at least 1.3% for residents and 0.65% for non-residents is collected. In May 2010, the City's electorate authorized a temporary increase in the income tax from 1.3% to 1.5% for residents and from 0.65% to 0.75% for non-residents effective July 1, 2010, through June 30, 2015. On May 6, 2014, the City's electorate voted to amend the City Charter to extend the temporary increases in the resident and non-resident income tax rates for an additional term of fifteen years, commencing July 1, 2015, to provide funds for constructing, reconstructing, repairing, and rehabilitating various public streets, roads, sidewalks, and adjacent or related right of way, property, and easements.

Dependency exemptions are allowed on individual returns with other exemptions available as well. Beginning July 1, 2010, the dependency exemption was lowered from \$750 to \$600 per dependent.

**City of Grand Rapids
Income Tax Collections
Fiscal Years Ended or Ending June 30, 2020 through 2024**

Fiscal Years Ended <u>June 30</u>	Gross Tax Collections ¹	Less: Refunds	Net Income Tax Collections ¹	Collections from Compliance Work ⁷	Net Collections Without Compliance	% Increase or (Decrease) over Prior Year
2020 ²	117,247,259	12,656,620	104,590,639	8,805,806	97,215,242	0.07%
2021 ³	120,679,493	18,858,392	101,821,101	13,837,752	90,650,574	(2.65)
2022 ⁴	136,376,600	13,450,501	122,926,099	16,119,536	106,806,563	20.73
2023 ⁵	146,246,024	13,772,196	132,473,828	14,066,523	118,407,305	7.77
2024 ⁶	151,589,183	14,675,799	137,880,165	16,003,429	121,876,736	3.56

¹ Including interest and penalties.

² Net collections were \$90,645,569 net of temporary income tax increase effective July 1, 2010.

³ Net collections were \$88,244,894 net of temporary income tax increase effective July 1, 2010.

⁴ Net collections were \$106,536,362 net of temporary income tax increase effective July 1, 2010.

⁵ Net collections were \$114,805,584 net of temporary income tax increase effective July 1, 2010.

⁶ Net collections were \$119,496,602 net of temporary income tax increase effective July 1, 2010.

⁷ Beginning in 2016, the City improved income tax collections by processing returns internally and investing in technology. These time-saving improvements allowed staff to focus on compliance work using State of Michigan and City resources. Compliance-related collections have significantly increased revenues during the last four years; however, these increases are the result of ‘catching up’ on prior years’ unpaid income taxes.

The City expects compliance-related revenues to return to normal levels beginning with the fiscal year ended June 30, 2025.

Source: City of Grand Rapids

REVENUES FROM THE STATE OF MICHIGAN

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities, and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City compared to other units in the State and the amounts of sales tax revenues received by the State.

The statutory distribution is authorized by legislative action, and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

Over the last several years, the State of Michigan has modified the statutory revenue sharing program several times, which has caused the City and other local government units to complete required “best practices” to remain eligible for distribution of funds. Currently, statutory revenue sharing is distributed under a program called the City, Village, and Township Revenue Sharing Program or CVTRS, which began in fiscal year 2015. To remain eligible for distribution, the City must certify to the Michigan Department of Treasury that by December 7 of each year, the local unit has produced and made the following documents readily available to the public:

- 1) Debt Service Report containing a detailed listing of its outstanding debt and debt service requirements
- 2) A two-year projected Budget Report of revenues and expenditures

As the State of Michigan has modified the statutory revenue sharing program over time, the City has consistently met the requirements and has received 100% of eligible payments since its inception.

While the City intends to fully meet future requirements under the current CVTRS program, purchasers of City bonds should be aware that further modifications to statutory revenue sharing payments to Michigan local governmental units are possible. With the inclusion of half the estimated annual statutory revenue payments in the City's general fund budget, the loss of all or part of these revenues could negatively impact the City's general fund, possibly requiring the City to seek other sources of revenue and/or expenditure reductions.

On October 7, 2025, Governor Whitmer signed into law the budget for fiscal year 2026. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.010 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

In the fiscal year ended June 30, 2025, the City received total revenue sharing in the General Fund of \$25,348,553, unaudited. This includes one-half of the statutory revenue sharing amount, which totals \$3,084,525. The other half of the statutory revenue sharing for the fiscal year ended June 30, 2025, was deposited into the City's Capital Reserve Fund.

The following table sets forth the annual revenue sharing payments and other moneys received for the City's general operating fund for the fiscal years ended June 30, 2022, through June 30, 2025, and anticipated through fiscal year ending June 30, 2026.

**City of Grand Rapids
General Operating Fund Revenues from the State of Michigan
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

	Fiscal Year Ended or Ending June 30				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025 ¹</u>	<u>2026 ²</u>
Sales Tax ¹	\$24,564,154	\$24,380,460	\$24,980,285	\$25,348,553	\$24,770,155
Grants and Other revenue	<u>1,264,460</u>	<u>1,102,272</u>	<u>1,574,479</u>	<u>1,120,225</u>	<u>1,082,029</u>
Total Revenues from the State of Michigan	<u>\$25,828,614</u>	<u>\$25,482,732</u>	<u>\$26,554,764</u>	<u>\$26,468,778</u>	<u>\$25,852,184</u>

¹ Constitutional revenue sharing and half of the CVTRS statutory revenue sharing. Unaudited, subject to change.

² Constitutional revenue sharing and half of the CVTRS statutory revenue sharing as budgeted. Preliminary, subject to change.

Source: City of Grand Rapids

Below is the five-year history of CVTRS revenue allocations:

<u>Fiscal Year</u>	<u>Fund</u>	<u>Total Annual CVTRS</u>
2020	½ General, ½ Capital Reserve	\$4,638,105
2021	½ General, ½ Capital Reserve	5,565,728
2022	½ General, ½ Capital Reserve	5,677,042
2023	½ General, ½ Capital Reserve	6,017,666
2024	½ General, ½ Capital Reserve	6,219,200
2025 Estimate	½ General, ½ Capital Reserve	6,571,887

Source: City of Grand Rapids

CITY DEBT

Statutory and Constitutional Debt Provisions

Section 21 of Article VII of the State Constitution establishes the authority, subject to statutory and constitutional limitations, for municipalities to incur debt for public purposes:

“The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes, and restrict the powers of cities and villages to borrow money and contract debts. Each city and village is granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by this constitution or by law.”

In accordance with the foregoing authority granted to the State Legislature, the Home Rule City Act limits the amount of debt a city may have outstanding at any time. Section 4(a) of this Act provides:

“... the net indebtedness incurred for all public purpose may be as much as but shall not exceed the greater of the following:

- (a) Ten percent of the assessed value of all real and personal property in the city.
- (b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities.”

Significant exceptions to the debt limitation are permitted by the Home Rule City Act for certain types of indebtedness, which include: special assessment bonds and State transportation fund bonds (formerly, motor vehicle highway fund bonds), even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds issued or contract obligations or assessments incurred to comply with an order of the Water Resources Commission of the State or a court of competent jurisdiction, and obligations incurred for water supply, sewage, drainage or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution.

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of October 30, 2025.

Debt Limit ⁽¹⁾	\$1,203,912,360
Debt Outstanding ⁽²⁾	\$706,536,135
Less: Exempt Debt	(407,256,135)
Legal Debt Margin ⁽²⁾	<u>\$904,632,360</u>

(1) 10% of \$12,039,123,600, which is the City's Total SEV for the fiscal year ending June 30, 2026. Includes the SEV of property granted tax abatement under Act 146, Act 147, Act 198, Act 255, Act 210 and Act 260. See "CITY TAXATION AND LIMITATIONS – Property Valuations" and "CITY TAXATION AND LIMITATIONS -- Tax Abatements" herein.

(2) See "CITY DEBT -- Statutory and Constitutional Debt Provisions" herein.

Source: Municipal Advisory Council of Michigan and the City of Grand Rapids

Debt Statement

The following table reflects a breakdown of the City's direct debt as of October 30, 2025. Direct debt that is shown as self-supporting is paid from sources other than the City's general fund. The City's ability to levy taxes to pay the debt service on the obligations that are designated as Limited Tax ("LT") is subject to applicable charter, statutory and constitutional limitations. See "CITY TAXATION AND LIMITATIONS" herein.

City Direct Debt	Gross	Self-Supporting	Net
Share of County Issued Bonds:			
Dated November 15, 2016 (LT)	\$5,925,000	\$ -	\$5,925,000
Dated December 3, 2014 (LT)	2,630,000	-	2,630,000
Subtotal.....	<u>\$8,555,000</u>	<u>\$ -</u>	<u>\$8,555,000</u>
Building Authority Bonds:			
Dated November 18, 2020A	\$4,675,000	\$ -	\$4,675,000
Dated November 18, 2020B	6,055,000	-	6,055,000
Dated October 31, 2019 (1)	6,865,000	6,865,000	-
Subtotal.....	<u>\$17,595,000</u>	<u>\$6,865,000</u>	<u>\$10,730,000</u>
Tax Increment Authority Bonds:			
Dated June 12, 2012 (LT)	\$1,070,000	\$1,070,000	\$ -
Subtotal.....	<u>\$1,070,000</u>	<u>\$1,070,000</u>	<u>\$ -</u>
Water Revenue Bonds:			
Senior Lien			
Dated June 25, 2020	\$24,615,000	\$24,615,000	\$ -
Dated September 20, 2018	28,315,000	28,315,000	-
Dated September 22, 2016	30,135,000	30,135,000	-
Dated February 25, 2015	17,375,000	17,375,000	-
Dated March 13, 2013	775,000	775,000	-
Junior Lien			
Dated July 17, 2025 (2)	\$14,296,000	\$14,296,000	\$ -
Dated September 6, 2024 (2)	8,715,000	8,715,000	-
Dated September 6, 2024 (2)	6,465,000	6,465,000	-
Dated September 20, 2022 (2)	11,035,000	11,035,000	-

City Direct Debt	Gross	Self-Supporting	Net
Dated August 29, 2022 (2)	4,375,000	4,375,000	-
Dated April 11, 2016	1,318,008	1,318,008	-
Dated April 9, 2015	6,103,063	6,103,063	-
Dated September 17, 2014	1,607,840	1,607,840	-
Dated December 14, 2012	308,514	308,514	-
Dated September 18, 2012	1,665,930	1,665,930	-
Dated September 23, 2011	1,266,024	1,266,024	-
Dated June 24, 2011	316,549	316,549	-
Dated April 8, 2011	354,752	354,752	-
Subtotal.....	<u>\$159,041,680</u>	<u>\$159,041,680</u>	<u>\$ -</u>
Sewer Revenue Bonds:			
Senior Lien			
Dated July 21, 2021	\$88,250,000	\$88,250,000	\$ -
Dated February 12, 2020	33,735,000	33,735,000	-
Dated June 13, 2018	37,265,000	37,265,000	-
Dated March 3, 2016	36,490,000	36,490,000	-
Dated December 15, 2010	21,330,000	21,330,000	-
Dated January 26, 2010	15,895,000	15,895,000	-
Junior Lien			
Dated September 20, 2023 (2)	7,500,000	7,500,000	-
Dated April 9, 2013	554,125	554,125	-
Dated June 24, 2011	750,370	750,370	-
Dated April 8, 2011	1,889,305	1,889,305	-
Subtotal.....	<u>\$243,658,800</u>	<u>\$243,658,800</u>	<u>\$ -</u>
Limited Tax General Obligation Bonds:			
Dated May 21, 2025	\$122,270,000	\$ -	\$122,270,000
Dated December 11, 2024	21,970,000	-	21,970,000
Dated September 17, 2024	20,120,000	-	20,120,000
Dated June 11, 2024	70,740,000	-	70,740,000
Dated November 22, 2023	8,565,000	-	8,565,000
Dated July 20, 2021	9,890,000	-	9,890,000
Dated December 18, 2018	7,130,000	-	7,130,000
Dated April 5, 2017	770,000	-	770,000
Dated March 31, 2016	2,025,000	-	2,025,000
Dated February 4, 2016	8,030,000	-	8,030,000
Dated October 11, 2013	550,000	-	550,000
Subtotal.....	<u>\$272,060,000</u>	<u>\$ -</u>	<u>\$272,060,000</u>
Share of Grand Valley Regional Biosolids Authority Bonds:			
Dated April 1, 2008 (3)	\$2,742,395	\$2,742,395	\$ -
Dated September 20, 2007 (3)	1,813,260	1,813,260	-
Subtotal.....	<u>\$4,555,655</u>	<u>\$4,555,655</u>	<u>\$ -</u>
Total Direct Debt	<u>\$ 706,536,135</u>	<u>\$ 415,191,135</u>	<u>\$ 291,345,000</u>
Per Capita Net Direct Debt (4)			\$1,464.66
Percent of Net Direct Debt to Total SEV (5)			2.42%

<u>Overlapping Debt (6)</u>	<u>Gross</u>	<u>Percent of Gross</u>	<u>Net</u>
Caledonia Community Schools	\$197,704,262	0.06	\$ 98,852
Forest Hills Public Schools	263,465,000	2.38	6,323,160
Godwin Heights Public Schools	18,375,000	8.96	1,639,050
Grand Rapids Public Schools	230,875,000	100.00	230,875,000
Grandville Public Schools	110,795,000	0.00	-
Kenowa Hills Public Schools	119,520,000	0.65	752,976
Kentwood Public Schools	163,450,000	8.62	14,056,700
Kent County	59,874,544	22.49	13,316,099
Grand Rapids Community College	16,175,000	21.73	3,476,008
Total Overlapping Debt	<u>\$1,180,233,806</u>		<u>\$270,537,845</u>

Total City Direct and Overlapping Debt	<u>\$1,886,769,941</u>	<u>\$561,882,845</u>
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Per Capita Net Overlapping Debt (4)	\$1,360.05
Percent of Net Overlapping Debt to Total SEV (5)	2.25%

Per Capita Net Direct and Net Overlapping Debt (4)	\$2,824.71
Percent of Net Direct and Net Overlapping Debt to Total SEV (5)	4.67%

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- (1) Debt service is payable only from rental revenues received from the State of Michigan.
- (2) Principal outstanding based on the maximum amounts of bond proceeds available for the projects. Final debt service schedules for these junior lien bonds will be established when the projects are completed or when the maximum available bond proceeds have been expended.
- (3) Estimated based on total debt allocated to the City of Grand Rapids as of June 30, 2025.
- (4) Based on the City's 2020 Census of 198,917.
- (5) Based on \$12,039,123,600, which is the City's Total SEV for the fiscal year ending June 30, 2026. Includes the SEV of property granted tax abatements under Act 146, Act 147, Act 198, Act 210, Act 255, and Act 260.
- (6) Overlapping debt is the portion of another taxing unit's debt for which property owners of the City are liable in addition to debt directly issued by the City. Overlapping debt calculated as of October 30, 2025.
- Source: The City of Grand Rapids and Municipal Advisory Council of Michigan.

Schedule of Remaining Bond Maturities

Fiscal Year Ending June 30	County Issued Bonds	Building Authority Bonds	Tax Increment Authority Bonds	Sewer Revenue Bonds	Water Revenue Bonds	Limited Tax General Obligation	Biosolids Authority Bonds	TOTAL
2026	\$ 600,000	\$ -	\$ 135,000	\$ 14,930,000	\$ 6,225,000	\$ 3,835,000	\$ 659,075	\$ 26,384,075
2027	625,000	3,395,000	140,000	15,775,000	6,760,000	5,560,000	1,273,140	33,528,140
2028	650,000	3,510,000	145,000	16,305,000	7,616,000	5,390,000	1,298,860	34,914,860
2029	680,000	3,620,000	155,000	12,135,000	7,625,000	4,685,000	1,324,580	30,224,580
2030	705,000	1,280,000	160,000	13,410,000	7,910,000	7,005,000	-	30,470,000
2031	740,000	1,310,000	165,000	13,805,000	8,220,000	6,375,000	-	30,615,000
2032	775,000	1,345,000	170,000	14,224,305	8,536,301	6,590,000	-	31,640,606
2033	810,000	505,000	-	14,380,370	8,749,538	7,065,000	-	31,509,908
2034	840,000	540,000	-	16,349,125	8,860,930	7,610,000	-	34,200,055
2035	880,000	560,000	-	14,570,000	9,012,840	8,170,000	-	33,192,840
2036	610,000	585,000	-	9,955,000	6,943,008	8,770,000	-	26,863,008
2037	640,000	225,000	-	10,385,000	7,063,063	9,395,000	-	27,708,063
2038	-	230,000	-	10,845,000	6,745,000	9,675,000	-	27,495,000
2039	-	240,000	-	9,040,000	7,010,000	10,210,000	-	26,500,000
2040	-	250,000	-	9,410,000	5,530,000	10,700,000	-	25,890,000
2041	-	-	-	9,785,000	5,735,000	11,210,000	-	26,730,000
2042	-	-	-	5,975,000	5,950,000	11,745,000	-	23,670,000
2043	-	-	-	4,245,000	6,170,000	10,935,000	-	21,350,000
2044	-	-	-	4,450,000	6,405,000	11,480,000	-	22,335,000
2045	-	-	-	4,655,000	5,680,000	9,870,000	-	20,205,000
2046	-	-	-	4,875,000	5,355,000	8,685,000	-	18,915,000
2047	-	-	-	4,630,000	4,190,000	9,120,000	-	17,940,000
2048	-	-	-	4,840,000	3,500,000	9,580,000	-	17,920,000
2049	-	-	-	2,295,000	1,585,000	10,055,000	-	13,935,000
2050	-	-	-	2,390,000	1,665,000	10,555,000	-	14,610,000
2051	-	-	-	-	-	11,090,000	-	11,090,000
2052	-	-	-	-	-	11,650,000	-	11,650,000
2053	-	-	-	-	-	12,230,000	-	12,230,000
2054	-	-	-	-	-	12,845,000	-	12,845,000
2055	-	-	-	-	-	9,975,000	-	9,975,000
	<u>\$ 8,555,000</u>	<u>\$ 17,595,000</u>	<u>\$ 1,070,000</u>	<u>\$243,658,800</u>	<u>\$159,041,680</u>	<u>\$272,060,000</u>	<u>\$ 4,555,655</u>	<u>\$ 706,536,135</u>

Source: City of Grand Rapids

Debt History

There is no record of default on obligations by the City since 1933.

Short Term Borrowing

No short-term borrowing is being utilized except to the extent of the City's participation in the County delinquent tax payment fund. See "CITY TAX AND LIMITATIONS -- Property Tax Collections" herein.

Operating Lease

In 1998, the Kent County Building Authority ("KCBA") sold \$65,650,000 of bonds to finance the construction of a new courthouse. In November 2005, the KCBA refunded a portion of such outstanding bonds with a \$49,990,000 issue of refunding bonds. In August 2014, the KCBA refunded another portion of the outstanding bonds with a \$4,460,000 refunding bond issue. The City entered into a 28-year operating lease with Kent County to utilize approximately 31.35% of the facility to house the 61st District Court and related City facilities. Through fiscal year 2021, the City paid the KCBA 31.35% of the debt service payments on the bonds issued for the courthouse, in fiscal year 2022, the City's share was reduced to 26.16% to match proportionate usage. The city also pays its proportionate share of facility operating and maintenance costs.

Future Financing

Within the next twelve months, the City anticipates the issuance of bonds for approximately \$20 million for improvements to various City facilities and \$25 million to contribute to the construction of a new fire training center.

The City will be participating in the Michigan Finance Authority's Drinking Water State Revolving Fund loan program (the "DWSRF Loan"). The issuance of the DWSRF Loan is approximately \$16,050,000 of Water Supply System Junior Lien Revenue Bonds, Series 2026, with approximately \$2,889,000 of anticipated principal forgiveness. The DWSRF Loan is anticipated to close in the summer of 2026.

Any outstanding City bond issue which becomes eligible for refunding based on optional redemption covenants will be considered for refunding if the net present value ("NPV") refunding savings meets or exceeds the City's 5% NPV savings threshold.

Vacation and Sick Leave Benefits and Associated Liabilities

Employees of the City can earn up to 27 days of paid vacation per year based on various years of service formulas outlined in bargaining unit contracts and non-represented staff benefit plans. Unless an unusual exception is granted by the City Manager, the use, conversion, and carryover of paid vacation time is established by the current contract for each bargaining unit and can vary from one bargaining unit to another. Terminated or retiring employees are paid for unused vacation days.

Depending on the bargaining unit, employees of the City may also earn from one-half day to one day of paid sick leave per month, depending on the particular labor contract. Based on the number of years of service, employees are paid for up to 90 days of accumulated sick leave at termination or retirement, provided they have worked a minimum of 10 continuous years. At the time of retirement, employees can also elect to purchase pension service credit with unused sick leave hours.

The City accrues paid vacation and sick leave liabilities as assigned fund equity on the Governmental Fund Balance Sheet. For the fiscal year ended June 30, 2024, the amount of \$12,293,516 was so assigned for the City's General Fund.

Other Postemployment Benefits – *Please see Note 10 – Other Postemployment Benefit Plans of the June 30, 2024 Annual Comprehensive Financial Report, see Appendix B for additional information.*

In June 2015, the Governmental Accounting Standards Board ("GASB") issued its Statement 75 – "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Other postemployment benefits ("OPEB") include postemployment healthcare insurance as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. GASB Statement 75 replaced the requirements of Statement 45. This Statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit OPEB plans. It also addressed note disclosures and required supplementary information in the financial reports of state and local governmental employers.

The City provides postemployment healthcare insurance until age 65 (or the date of Medicare eligibility depending on the labor contract) for its employees who retire prior to age 65, were hired prior to 2009, and meet other criteria. Similar to other governmental units, the City historically funded its OPEB program on a pay-as-you-go basis prior to 2007; however with the implementation of GASB 45 in 2010, the City began reporting OPEB costs and also contributing to the unfunded liability.

Modifications to the retiree health care benefit have been made with the goal of reducing the long-term liability. All new hires since 2009 participate in a defined contribution ("DC") retiree health care plan which is a retirement health savings plan ("RHSA") rather than a defined benefit plan. Currently approximately 76% of City employees are participating in the DC RHSA. Employees who remain in the closed defined benefit ("DB") plans now earn the benefit incrementally over the course of their careers, and employees who retire after June 30, 2010, will "float" with active employees relative to health care plan design and premium sharing.

Both GASB Statements 45 and 75 require that OPEB assets be held within an irrevocable trust fund in order to be considered "Plan Assets." During 2010, the City established three irrevocable trusts to accumulate the assets. Actuarial reports are prepared annually, currently, by Gabriel, Roeder, Smith and Company of Southfield, Michigan.

The DB OPEB plans provide other postemployment benefits consisting of health care benefits for eligible retirees and their eligible dependents until the retiree is age 65 (or Medicare eligible, depending on the particular labor contract). Because different bargaining units have different eligibility standards to qualify for the benefit, the City established three separate plans, Police, Fire, and General. All three DB plans are closed to new entrants.

The most recent actuarial valuation studies were completed as of June 30, 2023. The reports use a assumed investment return rate of 5%, a blend of short-term and long-term investment return assumptions, because plan assets are held in trusts and invested by MERS. The 5% investment rate of return is believed to be appropriate because the plans have been closed to new entrants and, therefore, a shorter time horizon for investing is deemed to be appropriate.

Current employees not covered by one of the DB OPEB plans are covered by the DC RHSA plan created in 2009 and administered by MERS. The plans do not issue separate financial statements. However, basic financial information regarding assets, liabilities and net position, basis of accounting and funding policy is included in Note 10 of the City's Annual Comprehensive Financial Report.

City of Grand Rapids
Other Postemployment Benefits Plan Membership
At the June 30, 2023 Valuation Date

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>TOTAL</u>
Retirees and beneficiaries receiving benefit payments	161	141	102	404
Non-covered retirees purchasing benefit at subsidized rate	9	6	-	15
Inactive plan members entitled to but not yet receiving benefit payments	-	11	3	14
Active plan members	159	51	84	294
Employees eligible to purchase benefit at subsidized rate after retirement	<u>778</u>	<u>228</u>	<u>123</u>	<u>1,129</u>
TOTAL	<u>1,107</u>	<u>437</u>	<u>312</u>	<u>1,856</u>

Source: Gabriel, Roeder, Smith and Company

General Retiree Health Care Plan
Schedule of Changes in Net OPEB Liability and Related Ratios

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability					
Service cost	\$ 391,934	\$ 382,721	\$ 462,915	\$ 660,142	\$ 625,532
Interest	1,120,785	1,359,738	1,558,985	1,616,466	2,171,878
Differences between expected and actual experience	2,389,601	(4,095,291)	(4,272,314)	(2,142,892)	(12,678,006)
Changes in assumptions	744,179	504,373	385,336	657,341	1,000,494
Benefit payments, including refunds	<u>(3,653,520)</u>	<u>(2,216,876)</u>	<u>(1,942,538)</u>	<u>(1,741,657)</u>	<u>(2,749,260)</u>
Net Change in Total OPEB Liability	992,979	(4,065,335)	(3,807,616)	(950,600)	(11,629,362)
Total OPEB Liability - Beginning of year	<u>24,046,518</u>	<u>28,111,853</u>	<u>31,919,469</u>	<u>32,870,069</u>	<u>44,499,431</u>
Total OPEB liability - End of year	<u>\$ 25,039,497</u>	<u>\$ 24,046,518</u>	<u>\$ 28,111,853</u>	<u>\$ 31,919,469</u>	<u>\$ 32,870,069</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,044,879	\$ 1,562,491	\$ 2,094,675	\$ 2,444,430	\$ 3,761,766
Federal grants	-	-	99,464	36,078	-
Net Income (loss) income	1,403,668	1,127,292	(2,084,025)	3,526,908	370,640
Administrative expenses	(190,758)	(181,563)	(198,400)	(172,387)	(182,840)
Benefit payments	<u>(3,653,520)</u>	<u>(2,216,876)</u>	<u>(1,942,538)</u>	<u>(1,741,657)</u>	<u>(2,749,260)</u>
Net Change in Plan Fiduciary New Position	\$ (1,395,731)	\$ 291,344	\$ (2,030,824)	\$ 4,093,372	\$ 1,200,306
Plan Fiduciary Net Position - Beginning of year	<u>16,455,408</u>	<u>16,164,064</u>	<u>18,194,888</u>	<u>14,101,516</u>	<u>12,901,210</u>
Plan Fiduciary Net Position - End of year	<u>\$ 15,059,677</u>	<u>\$ 16,455,408</u>	<u>\$ 16,164,064</u>	<u>\$ 18,194,888</u>	<u>\$ 14,101,516</u>
Net OPEB Liability - Ending	<u>\$ 9,979,820</u>	<u>\$ 7,591,110</u>	<u>\$ 11,947,789</u>	<u>\$ 13,724,581</u>	<u>\$ 18,768,553</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	60.14%	68.43%	57.50%	57.00%	42.90%
Covered Payroll	\$ 70,161,595	\$ 65,873,077	\$ 61,308,381	\$ 59,945,337	\$ 56,663,231
Net OPEB Pension Liability (Asset) as a Percentage of covered Payroll	14.22%	11.52%	19.49%	22.90%	33.12%

Source: City of Grand Rapids Audited Financial Statements

Police Retiree Health Care Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 447,799	\$ 472,567	\$ 595,782	\$ 690,578	\$ 804,671
Interest	1,694,635	1,898,884	2,257,795	2,216,149	2,813,960
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(288,082)	(4,302,013)	(7,870,484)	(1,363,025)	(14,875,348)
Changes in assumptions	958,947	737,276	564,560	1,674,298	1,586,120
Benefit payments, including refunds	(2,783,080)	(2,956,950)	(2,389,598)	(2,286,342)	(2,170,815)
Net Change in Total OPEB Liability	30,219	(4,150,236)	(6,841,945)	931,658	(11,841,412)
Total OPEB Liability - Beginning of year	35,060,334	39,210,570	46,052,515	45,120,857	56,962,269
Total OPEB liability - End of year	<u>\$ 35,090,553</u>	<u>\$ 35,060,334</u>	<u>\$ 39,210,570</u>	<u>\$ 46,052,515</u>	<u>\$ 45,120,857</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 109,588	\$ 258,037	\$ 1,184,482	\$ 1,378,330	\$ 2,786,728
Federal grants	-	-	73,713	70,268	-
Net Income (loss) income	3,725,614	2,733,240	(5,348,951)	10,122,593	944,532
Administrative expenses	(205,280)	(193,112)	(236,617)	(199,014)	(173,855)
Benefit payments	(2,783,080)	(2,956,950)	(2,389,598)	(2,286,342)	(2,170,815)
Other	-	(891)	-	-	-
Net Change in Plan Fiduciary New Position	\$ 846,842	\$ (159,676)	\$ (6,716,971)	\$ 9,085,835	\$ 1,386,590
Plan Fiduciary Net Position - Beginning of year	40,167,318	40,326,994	47,043,965	37,958,130	36,571,540
Plan Fiduciary Net Position - End of year	<u>\$ 41,014,160</u>	<u>\$ 40,167,318</u>	<u>\$ 40,326,994</u>	<u>\$ 47,043,965</u>	<u>\$ 37,958,130</u>
Net OPEB Liability - Ending	<u>\$ (5,923,607)</u>	<u>\$ (5,106,984)</u>	<u>\$ (1,116,424)</u>	<u>\$ (991,450)</u>	<u>\$ 7,162,727</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	116.88%	114.57%	102.85%	102.15%	84.13%
Covered Payroll	\$ 30,798,585	\$ 29,616,489	\$ 28,134,282	\$ 26,833,251	\$ 25,716,075
Net OPEB Pension Liability (Asset) as a Percentage of covered Payroll	(19.23)%	(17.25)%	(3.97)%	(3.69)%	27.85%

Source: City of Grand Rapids Audited Financial Statements

Fire Retiree Health Care Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 701,715	\$ 687,344	\$ 767,927	\$ 784,961	\$ 758,192
Interest	1,067,523	1,185,143	1,349,793	1,358,995	1,683,852
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(293,708)	(2,775,415)	(3,601,760)	(1,830,266)	(7,774,257)
Changes in assumptions	650,937	453,132	328,772	1,407,146	916,082
Benefit payments, including refunds	(1,716,500)	(2,103,072)	(2,091,861)	(1,700,811)	(2,487,966)
Net Change in Total OPEB Liability	409,967	(2,552,868)	(3,247,129)	20,025	(6,904,097)
Total OPEB Liability - Beginning of year	21,857,849	24,410,717	27,657,846	27,637,821	34,541,918
Total OPEB liability - End of year	<u>\$ 22,267,816</u>	<u>\$ 21,857,849</u>	<u>\$ 24,410,717</u>	<u>\$ 27,657,846</u>	<u>\$ 27,637,821</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 496,508	\$ 798,652	\$ 1,346,555	\$ 1,421,902	\$ 2,106,558
Federal grants	-	-	167,426	29,313	-
Net Income (loss) income	2,008,657	1,483,008	(2,883,885)	5,323,922	487,782
Administrative expenses	(142,918)	(131,173)	(167,778)	(140,797)	(138,589)
Benefit payments	(1,716,500)	(2,103,072)	(2,091,861)	(1,700,811)	(2,487,966)
Net Change in Plan Fiduciary New Position	\$ 645,747	\$ 47,415	\$ (3,629,543)	\$ 4,933,529	\$ (32,215)
Plan Fiduciary Net Position - Beginning of year	21,718,157	21,670,742	25,300,285	20,366,756	20,398,971
Plan Fiduciary Net Position - End of year	<u>\$ 22,363,904</u>	<u>\$ 21,718,157</u>	<u>\$ 21,670,742</u>	<u>\$ 25,300,285</u>	<u>\$ 20,366,756</u>
Net OPEB Liability - Ending	<u>\$ (96,088)</u>	<u>\$ 139,692</u>	<u>\$ 2,739,975</u>	<u>\$ 2,357,561</u>	<u>\$ 7,271,065</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	100.43%	99.36%	88.78%	91.48%	73.69%
Covered Payroll	\$ 22,184,629	\$ 20,554,957	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930
Net OPEB Pension Liability (Asset) as a Percentage of covered Payroll	(0.43)%	0.68%	14.06%	12.86%	43.82%

Source: City of Grand Rapids Audited Financial Statements

Contribution levels are calculated annually by the Plan's actuary and include the expected pay-as-you-go cash outlays from each plan, and amortization of the Unfunded Actuarial Accrued Liability (UAAL). No contributions are required from current employees covered by the DB RHSA plans, but retirees may have a required premium based on date of retirement and the particular labor contract. For budgeting and cost allocation purposes, the City calculates a blended rate (i.e. a single rate) to charge funds and departments for all employees without regard to whether employees are eligible for the DB or the DC benefits.

The June 30, 2024, valuations recommended \$2,707,561 in Actuarially Computed Employer Contributions ("ACEC"), which includes DB contributions as well as DC RHSA contributions for the fiscal year beginning July 1, 2025 (i.e., FY2026.) The ACEC was \$1,585,611 for General employees, \$138,230 for Police employees, and \$983,720 for Fire employees.

For the FY2026, the adopted budget incorporates the following OPEB blended rates for retiree healthcare benefits: General Employees 3.9%; Emergency Communication Operators 3.2% (a component of the General Employee agent plan); Police Employees 2.16%; Fire Employees 4.41% and, 2.54% for Library Employees.

Pension Plans - Please see Note 7 – Pension Plans of the June 30, 2024 Annual Comprehensive Financial Report, see Appendix B for additional information.

The City maintains two defined benefit retirement plans which cover some full-time City employees. The plans, known as the City of Grand Rapids General Retirement System (“GRS”) and the City of Grand Rapids Police and Fire Retirement System (“PFRS”), are administered by local pension boards, members of which are appointed by the Mayor and/or elected by members of the respective system.

Note, the GRS has been closed to most general employees, i.e. non-police and fire, hired after 2011 and all general employees hired after June 30, 2014. General employees hired after 2011 (and 2014) are eligible for defined contribution pension benefits funded with 6-7% contributions from the City, depending on bargaining unit and 6% from the employee.

The GRS is funded on a level dollar basis and PFRS plan is funded on a level percent-of-payroll basis. These contributions are equal to normal cost (the current value of benefits accrued by active members during the year) and both interest and principal on the unfunded actuarial accrued liability (the difference between actuarial accrued liability and the system assets). The actuary for both of the retirement systems is Gabriel, Roeder, Smith and Company of Southfield, Michigan. Contributions are made by employees and the City based on covered wages. Covered wages for the GRS consist of base wages while for the PFRS covered wages include most pay premiums (i.e. gross wages).

Both the GRS and the PFRS conduct experience studies once every five years. The purpose of these studies is to review the actual and projected future experience of key variables and assumptions that are used in the annual valuation of system liabilities.

Also, the GRS and PFRS Boards (the “Pension Boards”) have agreed to review the assumed rate of return annually to determine if any modifications need to be made. The GRS valuation dated June 30, 2024, and the PFRS valuation dated December 31, 2024, used the investment rate of return of 6.75%. The City will continue to fund the annual required contributions specified by the annual valuations.

For FY2026, the actuarial valuation results require that GRS member employees contribute 7.78% (weighted average) and that the City contribute 63.02% of covered wages. However, the annual required contribution amounts computed in the actuarial report will be reduced by blending pensionable wages with employees participating in the defined contribution pension plan. The blending is done so departments are charged a consistent rate regardless of the benefits for which their particular employees are eligible. The FY2026 adopted budget incorporates the blended rate of 21.42% for general employees. For FY2026, the actuarial valuation results require that PFRS member employees contribute 10.90% (weighted average) and that the City contribute 37.96% of covered wages.

**City of Grand Rapids
Police and Fire Retirement System Membership**

	<u>December 31, 2024</u>
Retirees and beneficiaries receiving pension benefits	815
Terminated plan members entitled to but not yet receiving benefits	11
Active plan members	<u>469</u>
TOTAL	<u><u>1,295</u></u>

**City of Grand Rapids
General Retirement System Membership**

	<u>June 30, 2024</u>
Retirees and beneficiaries receiving pension benefits	1,204
Terminated plan members entitled to but not yet receiving benefits	95
Active plan members	<u>281</u>
TOTAL	<u>1,580</u>

Source: Gabriel, Roeder, Smith and Company and the City of Grand Rapids for both tables.

**General Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability					
Service cost	\$ 3,928,077	\$ 4,001,976	\$ 4,206,804	\$ 4,576,153	\$ 4,657,970
Interest	38,333,221	38,200,989	37,960,117	36,699,090	36,626,148
Changes in benefit terms	-	-	-	-	-
Differences between expected & actual experience	1,613,525	4,141,442	(1,383,882)	(945,207)	(2,877,132)
Changes in assumptions	-	14,430,114	-	12,565,643	7,963,218
Benefit payments, including refunds	(37,483,996)	(39,648,835)	(34,830,364)	(34,562,300)	(34,058,491)
Net Change in Total Liability	6,390,827	21,125,686	5,952,675	18,333,379	12,311,713
Total Pension Liability - Beginning of year	584,677,526	563,551,840	557,599,165	539,265,786	526,954,073
Total Pension liability - End of year	<u>\$ 591,068,353</u>	<u>\$ 584,677,526</u>	<u>\$ 563,551,840</u>	<u>\$ 557,599,165</u>	<u>\$ 539,265,786</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 11,918,613	\$ 12,568,944	\$ 11,284,613	\$ 11,325,243	\$ 12,920,265
Contributions - Member	2,410,147	2,373,612	2,523,078	2,595,588	2,677,960
Net Income (loss) income	24,002,408	(27,476,181)	107,922,370	5,494,862	21,371,497
Administrative expenses	(648,308)	(592,461)	(558,139)	(605,388)	(596,090)
Benefit payments	(37,483,996)	(39,648,835)	(34,830,364)	(34,562,300)	(34,058,491)
Other	(64,549)	(47,768)	(45,847)	(54,466)	-
Net Change in Plan Fiduciary New Position	\$ 134,315	\$ (52,822,689)	\$ 86,295,711	\$ (15,806,461)	\$ 2,315,141
Plan Fiduciary Net Position - Beginning of year	436,881,613	489,704,302	403,408,591	419,215,052	416,899,911
Plan Fiduciary Net Position - End of year	<u>\$ 437,015,928</u>	<u>\$ 436,881,613</u>	<u>\$ 489,704,302</u>	<u>\$ 403,408,591</u>	<u>\$ 419,215,052</u>
City's Net Position Liability (Asset) - Ending	<u>\$ 154,052,425</u>	<u>\$ 147,795,913</u>	<u>\$ 73,847,538</u>	<u>\$ 154,190,574</u>	<u>\$ 120,050,734</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.94%	74.72%	86.90%	72.35%	77.74%
Covered Payroll	25,739,793	26,760,793	27,657,053	28,873,053	29,695,997
City's Net Pension Liability (Asset) as a Percentage of covered Payroll	598.50%	552.29%	267.01%	534.03%	404.27%

Source: City of Grand Rapids Audited Financial Statements

Police and Fire System
Schedule of Changes in Net Pension Liability and Related Ratios

	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 13,092,487	\$ 11,755,473	\$ 10,109,359	\$ 9,269,719	\$ 9,071,101
Interest	43,692,739	41,634,797	40,340,298	38,670,466	37,279,003
Changes in benefit terms	-	109,480	-	-	-
Differences between expected and actual experience	6,059,836	14,806,552	7,963,985	2,397,342	2,068,208
Changes in assumptions	-	-	17,216,930	16,339,734	-
Benefit payments, including refunds	(38,032,984)	(38,940,560)	(32,923,031)	(30,382,544)	(27,730,677)
Net Change in Total Liability	24,812,078	29,365,742	42,707,541	36,294,717	20,687,635
Total Pension Liability - Beginning of year	659,770,087	630,404,345	587,696,804	551,402,087	530,714,452
Total Pension liability - End of year	<u>\$ 684,582,165</u>	<u>\$ 659,770,087</u>	<u>\$ 630,404,345</u>	<u>\$ 587,696,804</u>	<u>\$ 551,402,087</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 16,366,549	\$ 13,124,901	\$ 11,660,533	\$ 10,716,480	\$ 9,672,074
Contributions - Member	6,062,639	5,927,247	5,930,546	5,379,200	5,832,668
Net Income (loss) income	50,136,968	(63,118,350)	83,738,143	44,596,181	71,134,823
Administrative expenses	(645,899)	(622,188)	(550,780)	(576,813)	(592,306)
Benefit payments and refunds	(38,032,987)	(38,940,560)	(32,923,031)	(30,382,544)	(27,730,677)
Other	-	(52,798)	(46,903)	(56,632)	(44,775)
Net Change in Plan Fiduciary New Position	\$ 33,887,270	\$ (83,681,748)	\$ 67,808,508	\$ 29,675,872	\$ 58,271,807
Plan Fiduciary Net Position - Beginning of year	459,630,121	543,311,869	475,503,361	445,827,489	387,555,682
Plan Fiduciary Net Position - End of year	<u>\$ 493,517,391</u>	<u>\$ 459,630,121</u>	<u>\$ 543,311,869</u>	<u>\$ 475,503,361</u>	<u>\$ 445,827,489</u>
City's Net Position Liability (Asset) - Ending	<u>\$ 191,064,774</u>	<u>\$ 200,139,966</u>	<u>\$ 87,092,476</u>	<u>\$ 112,193,443</u>	<u>\$ 105,574,598</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.09%	69.67%	86.18%	80.91%	80.85%
Covered Payroll	\$ 46,909,560	\$ 42,471,823	\$ 41,018,362	\$ 40,201,129	\$ 39,566,105
City's Net Pension Liability (Asset) as a Percentage of covered Payroll	407.30%	471.23%	212.33%	279.08%	266.83%

Source: City of Grand Rapids Audited Financial Statements

LABOR CONTRACTS

As of March 17, 2025, approximately 94% of the City's 1,628 full and permanent part-time employees are currently represented by labor organizations. The following table describes the labor organizations that represent City employees, the number of members and the expiration dates of the present contracts.

<u>Labor Organizations</u>	<u>Current Membership¹</u>	<u>Contract Expiration Date</u>
Grand Rapids Police Officers Association (Officers and Sergeants Unit)	272	June 30, 2025
Grand Rapids Police Officers Association – CST Unit	10	June 30, 2025
Grand Rapids Police Officers Association – ECO Unit	36.5 ²	June 30, 2025
Grand Rapids Command Police Officers Association	22	June 30, 2025
International Association of Firefighters	224	June 30, 2025
Grand Rapids Employees Independent Union	545	June 30, 2025
Grand Rapids Employees Independent Union (61 st District Court Affiliate)	48 ³	June 30, 2025
Grand Rapids Employees Independent Union (Library Supervisor Affiliate)	21	June 30, 2025
Grand Rapids Employees Independent Union (Library Non-Supervisor Affiliate)	63 ⁴	June 30, 2025
Association of Public Administrators	232	June 30, 2025
Association of Public Administrators (61 st District Court Chapter)	16	June 30, 2025
Teamsters – Emergency Communication Supervisors	6	June 30, 2025
Non-represented employees	<u>97</u>	N/A
Total FTE City Employees	<u>1,592.5</u>	

¹Actual number of full-time equivalents (FTE) on March 17, 2025.

² 36 full-time and 1 part-time employee at 50% FTE

³ 47 full-time and 2 part-time employees at 50% FTE

⁴ 29 full-time and 68 part-time employees at 50% FTE

Source: City of Grand Rapids.

COMPARATIVE GENERAL FUND FINANCIAL INFORMATION

The information below does not include all the financial information and disclosures required for a fair presentation of the City's financial position or conformity with generally accepted accounting principles. The City's full Annual Comprehensive Financial Report is available at:
<https://www.grandrapidsmi.gov/Government/Departments/Office-of-the-City-Comptroller>

City of Grand Rapids, Michigan General Fund Balance Sheet Fiscal Years Ended June 30, 2022, 2023 and 2024

	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS			
Cash and pooled investments	\$ 187,354,281	\$ 185,753,377	\$ 174,599,633
Receivables, net	8,881,749	12,852,284	13,952,065
Due from other funds	-	-	-
Due from other governmental units	4,574,999	3,925,264	4,326,830
Inventories	523,266	825,910	913,595
Prepaid expenses and other assets	972	972	-
Long-term advance	-	-	-
Total Assets	<u>\$ 201,335,267</u>	<u>\$ 203,357,807</u>	<u>\$ 193,792,123</u>
LIABILITIES			
Accounts payable and accruals	\$ 25,774,266	\$ 26,248,468	\$ 27,403,871
Due to other governmental units	115,162	132,784	140,687
Unearned revenues	75,082,286	66,821,901	46,049,008
Customer deposits	598,451	319,924	408,423
Total Liabilities	<u>101,570,165</u>	<u>93,523,077</u>	<u>74,001,989</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,410,362	1,547,048	2,417,523
FUND BALANCES			
Nonspendable:			
Long-term advance	-	-	-
Inventories	523,266	8,825,910	913,595
Prepays	972	972	-
Restricted:			
Authorized projects	39,000	-	-
Urban and community development	-	-	2,464,177
Committed:			
Authorized projects	2,000,000	7,120,492	4,654,900
Urban and community development	223,002	-	-
Other purposes	14,298,835	17,798,835	17,798,835
Assigned			
Compensated absences	11,432,977	12,498,567	12,293,516
Other purposes	1,054,828	932,860	886,145
Authorized projects	549,028	2,344,412	-
Public Safety	-	-	-
Urban and community development	-	-	-
Unassigned	<u>68,232,832</u>	<u>66,765,634</u>	<u>78,361,443</u>
Total Fund Balances	<u>98,354,740</u>	<u>108,287,682</u>	<u>117,372,611</u>
Total Liabilities and Fund Balances	<u>\$ 201,335,267</u>	<u>\$ 203,357,807</u>	<u>\$ 193,792,123</u>

City of Grand Rapids, Michigan
General Fund Statement of Revenues, Expenditures
and Changes in Fund Balances
Fiscal Years Ended June 30, 2022, 2023 and 2024

	<u>2022</u>	<u>2022</u>	<u>2024</u>
REVENUES			
Property taxes	\$ 15,642,930	\$ 16,411,584	\$ 17,693,882
City income taxes	102,010,850	109,926,590	113,220,334
Federal grants	13,807,431	926,023	3,645,227
State shared taxes	24,564,154	24,380,460	24,980,285
State grants	1,264,460	1,102,273	1,689,636
Other grants & contributions	2,762,671	2,795,665	3,628,444
Charges for services	13,091,531	13,403,104	13,089,382
Fines and forfeitures	1,916,291	2,005,843	2,011,530
Licenses and permits	3,128,772	3,323,551	3,653,677
Investment (losses) earnings	(5,788,572)	(5,155,178)	8,187,335
Interest Income	-	5,496,798	-
Miscellaneous	<u>447,041</u>	<u>106,101</u>	<u>305,198</u>
Total Revenues	<u>172,847,559</u>	<u>174,722,814</u>	<u>192,104,930</u>
EXPENDITURES			
Current:			
General government	33,403,526	36,647,786	39,502,743
Public safety	98,611,182	104,403,746	112,612,869
Public works	5,042,944	4,901,998	4,866,389
Urban and community development	5,826,606	6,297,715	6,700,091
Debt service:			
Principal	-	888,053	894,505
Interest, fees and bond issue costs	<u>-</u>	<u>6,615</u>	<u>16,211</u>
Total Expenditures	<u>142,884,258</u>	<u>153,145,913</u>	<u>164,592,808</u>
Revenues over (under) expenditures	<u>29,963,301</u>	<u>21,576,901</u>	<u>27,512,122</u>
Other financing sources (uses):			
Transfers In	2,582,282	1,608,794	1,693,978
Transfers (Out)	(8,150,292)	(13,384,173)	(20,390,743)
Leases and SBITAs entered into	-	-	248,239
Sale of capital asset	<u>80,875</u>	<u>131,420</u>	<u>21,333</u>
Total other financing sources (uses)	<u>(5,487,135)</u>	<u>(11,643,959)</u>	<u>(18,427,193)</u>
NET CHANGE IN FUND BALANCES	<u>24,476,166</u>	<u>9,932,942</u>	<u>9,084,929</u>
FUND BALANCE BEGINNING OF YEAR	\$ 73,878,574	\$ 98,354,740	\$ 108,287,682
Current year change in inventory levels	-	-	-
FUND BALANCE END OF YEAR	<u>\$ 98,354,740</u>	<u>\$ 108,287,682</u>	<u>\$ 117,372,611</u>

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APPENDIX B
AUDITED FINANCIAL STATEMENTS
CITY OF GRAND RAPIDS, MICHIGAN

This Appendix contains the City of Grand Rapids comprehensive Annual Financial Report (AFR) for the fiscal year ended June 30, 2024. The full-size AFR with cover art is available at www.grandrapidsmi.gov. Search for Annual Financial Reports. The printed AFR is also available upon request to:

Molly Clarin
Chief Financial Officer
City of Grand Rapids
Fiscal Services – Financial Planning
7th Floor
300 Monroe Avenue, NW
Grand Rapids, Michigan 49503
Telephone: (616) 456-3269

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CITY OF
GRAND
RAPIDS

FY2024

Annual Comprehensive Financial Report

City of Grand Rapids, Michigan | Year Ended June 30, 2024

300 Monroe Ave NW | Grand Rapids, MI | 49503 | 616-456-3189 | grandrapidsmi.gov

About the cover:

Downtown Grand Rapids aerial view – second largest metropolitan area in Michigan. Photo by SNEHIT PHOTO

This aerial photograph of downtown Grand Rapids beautifully captures the city's dynamic blend of history and modernity. Dominating the skyline is the **JW Marriott**, a sleek, contemporary luxury hotel, with 23 stories and significant meeting spaces, symbolizing Grand Rapids' embrace of the future. Nearby, the **Amway Grand Plaza**, a testament to historical preservation and innovation, showcases its restored 1913 Pantlind Hotel façade juxtaposed with a striking glass tower added in 1981 and renovated in 2021. The **Grand Rapids Public Museum**, with its rich history dating back to 1854, anchors the cultural landscape, reflecting the city's dedication to education and scientific exploration. The **Grand River**, Michigan's longest river, weaves through the city, embodying its industrial roots and significance during the logging boom that shaped Grand Rapids as "Furniture City." Adding to the charm and functionality of the cityscape are the four visible bridges—the **Gillett Bridge**, **Pearl Street Bridge**, **Blue Bridge**, and **Fulton Street Bridge**—spanning the river and connecting the community. Together, these elements paint a vivid picture of Grand Rapids as a city where past, present, and future harmoniously converge.

City of Grand Rapids, Michigan

Annual Comprehensive Financial Report Year Ended June 30, 2024

**Prepared by:
Comptroller's Office
Charles M. Frantz
Comptroller**

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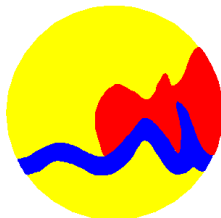
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CITY OF GRAND RAPIDS

December 12, 2024

Honorable Mayor Rosalynn Bliss, City Commissioners, and Residents of Grand Rapids:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Grand Rapids, Michigan (the City) for the fiscal year ended June 30, 2024 with the Independent Auditor's Report, submitted in compliance with Michigan State Law. State law requires that within six months of the close of each fiscal year local governments publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. This ACFR meets state law requirements.

The Office of the City Comptroller assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Plante & Moran, PLLC, independent auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City was incorporated on April 2, 1850. On August 29, 1916, the people of Grand Rapids voted to adopt a Home Rule Charter that abolished their old alderman system and replaced it with a Commission-Manager form of government that, with amendments, is still in effect today. The City Commission has seven elected, non-partisan commissioners, with two commissioners from each of the three wards and a seventh commissioner elected at large who serves as the Mayor. The City Comptroller is elected at-large and serves as head of the City's Auditing Department and, with the assistance of the staff members in the Office of City Comptroller, is responsible for monitoring the financial activities of the City Commission and all City departments. Terms of all the elected offices are four years, with three commissioners and either the Mayor or Comptroller elected every two years. The City Manager is appointed by the City Commission to serve as the City's chief administrator and is responsible for the coordination of all City departments and execution of City Commission policies and programs. A seven-member Library Board is elected at large and is responsible for the operations of the library system. All other boards, such as the pension, building authority, and other component unit boards, have a majority of members appointed by the City Commission.

The City provides its citizens with a full range of services. The City separately tracks revenues and expenses for these services in four broad categories based on activity type: governmental funds, business-type funds, component unit funds, and fiduciary funds.

Governmental funds provide services including police, fire, street lighting, trash and recycle collection, storm water collection, street maintenance, libraries, and parks and recreation. These activities are paid for through income and property taxes, charges for services, and other general revenue sources such as revenue sharing from the State of Michigan or grant monies from the state and federal governments. These revenue sources do not have a direct relationship between the amount the taxpayer pays and the amount of benefits received from the service. That is, the taxpayer may pay income and property taxes, which are used to fund the fire department whose presence may reduce property insurance rates, but the taxpayer may never need to call on the fire department. In addition to services primarily for city residents, the City's Traffic Safety Department is responsible for the maintenance of traffic signals throughout Kent and eastern Ottawa County using funding from many jurisdictions.

The City also provides **business-type activities** which include the water and sewer systems, parking services, cemeteries, Belknap Ice Arena, and Indian Trails Golf Course. The water and sewer systems provide service to over 81,000 water and 76,000 sewer retail customers in the City and suburban communities, as well as wholesale service to communities that operate their own municipal water and sewer systems. The Parking System operates over 7,000 off-street and 2,750 on-street parking spaces. These services are similar to a business enterprise and are intended to be funded solely by charges and fees. The revenues from these services can only be used to provide these services.

Besides governmental and business-type activities, the financial reporting entity includes **component units**. Component units are legally separate entities for which the primary government is financially accountable. The following component units are incorporated into the City's Annual Comprehensive Financial Report on either a blended or discrete basis:

- Grand Rapids Building Authority (GRBA)
- City of Grand Rapids General Retirement System
- City of Grand Rapids Police and Fire Retirement System
- City of Grand Rapids General, Police, and Fire Retiree Other Post-Employment Benefit (OPEB) Plans
- Corridor Improvement Authorities (CIAs)
- Grand Rapids Brownfield Redevelopment Authority (Brownfield)
- Grand Rapids Downtown Development Authority (DDA)
- Grand Rapids SmartZone Development Authority (SmartZone)
- Grand Rapids Tax Increment Financing Authority (TIFA)
- State of Michigan 61st District Court

Blended component units, although legally separate entities, are part of the primary government's operations and are included as part of the primary government. Accordingly, the activities of the GRBA have been blended within the primary government's activities included in the Parking System and various capital projects and debt service funds of the City of Grand Rapids. The City of Grand Rapids General and Police and Fire Retirement Systems and General, Police, and Fire Retiree OPEB Plans have been reported as pension and other employee benefit trust funds within the fiduciary funds.

Discretely presented component units are segregated from the primary government in the government-wide financial statements. This emphasizes that they are legally separate from the primary government. The DDA, TIFA, SmartZone, Brownfield, 61st District Court, and CIAs are reported as discretely presented component units.

The City of Grand Rapids and County of Kent Joint Building Authority (JBA), the Convention Arena Authority (C/AA), and the Grand Valley Regional Bio-solids Authority are also legally separate entities. These three joint ventures, two with Kent County and one with the City of Wyoming, are summarized in Note 1 but are excluded from the financial statements.

Fiduciary funds are used to track resources that are held by the City in a trustee or agency capacity for others and which therefore cannot be used to support the City's own programs. Fiduciary fund assets include property taxes collected by the City Treasurer for other units of government as well as the investments of the defined benefit pension systems, and OPEB trusts providing retiree health care benefits.

The City is a significant economic presence in the region. This year the City spent approximately \$455 million on governmental and proprietary services. The City is a service organization, so its single largest expense is payroll costs, but as is true most years, about 20 percent of the total outlay went into improvements and additions to the City's capital assets, primarily street, public safety vehicles, water and sewer infrastructure. This organization continues to recognize that the short-term savings from deferring maintenance is small compared to the future costs created by failing to maintain infrastructure assets.

Approximately 52 percent of the City's governmental revenues are derived from the City income tax and local property taxes. A temporary income tax increase approved by the voters on May 4, 2010 expired on June 30, 2015. On May 6, 2014 the voters extended that increase for 15 years with the resulting revenue restricted to the repair and rebuilding of the City's streets and sidewalks. As a result of this temporary increase the income tax rate for residents and businesses is 1.5 percent and the income tax rate for non-residents is 0.75 percent. Income tax revenue for fiscal year 2024 increased 3.2 percent from fiscal year 2023 to \$136.8 million; and revenue from property taxes increased 10.2 percent to \$55.4 million.

The annual budget serves as the foundation for the City's financial planning and control. The annual budget process begins in November with instructions and rosters for personnel distributed to Internal Service Fund departments, followed by operating departmental proposals for service delivery and required financial resources, and culminates with a public hearing and subsequent adoption of the general appropriation act by the City Commission. The budget is generally prepared by fund (e.g. general). Each operating fund's budget is developed and presented within the context of a seven-year time frame beginning with the actual results in the most recently completed fiscal year and ending with the projected requirements five years in the future. A 5-year Capital Plan is also prepared. These multi-year presentations are designed to aid planning and understanding by revealing trends in revenues and expenditures. Department heads may transfer resources within the activities they manage. Transfers between departments, between funds, and above administrative amounts set by the City Commission need specific approval from the governing body. The City labors to meet its responsibility for sound financial management.

CITY'S FINANCIAL POSITION

The City currently maintains a stable financial position exceeding the level of financial reserves that is commonly recommended to permit a local government to handle normal economic fluctuations. The discussion that follows focuses on the local economy of West Michigan, as well as the City's long-run financial planning, current financial policies, and initiatives to move the City forward.

Local Economy

The City is the economic, governmental and cultural hub of West Michigan. Situated on the Grand River approximately 28 miles east of Lake Michigan and 66 miles west of Lansing, the state capital, the City encompasses an area of 44.4 square miles with a population of 196,608, making it the second most populous city in the state of Michigan and the 130th most populated in the United States. The City hosts federal courts for the Western District of Michigan, and is the county seat of Kent, which has a population of 663,788. The four-county Metropolitan Statistical Area (MSA) has a population of over one million while the Combined Statistical Area includes 1.4 million people (US Census, 2023).

The City boasts a diverse economy, hosting major industries such as health services; manufacturing; professional, scientific and technical services; administrative, support and waste management services; accommodation and food services; trade; finance and insurance; arts, entertainment and recreation; information; transportation and warehousing; real estate; education and utilities. Top employers in West Michigan include: Corewell Health, Meijer, Mercy Health, Gentex Corporation, Amway, Gordon Foods, Herman Miller, Steelcase, Perrigo, Grand Valley State University, Grand Rapids Public Schools and SpartanNash.

The local economy continues to outperform national trends having recovered from the pandemic. The City continues to host various nationally recognized events including Art Prize and Worlds of Winter. River revitalization continues to be a focus as the City continues multiple projects along the river in 2024, including expansion of the Grand Rapids Public Museum the redevelopment of Lyon Square, and an outdoor amphitheater, which when completed will host a variety of concerts and events. The Grand Rapids unemployment rate decreased slightly from 3.7 percent in June of 2023 to 3.4 percent in June 2024. Income tax withholding payments during the first half of 2024 were trending upward approximately 8 percent over last year. Construction activity has resumed back to normal as many projects delayed by the pandemic were completed while many new projects started. As with the rest of the country, the City continues to deal with challenges related to supply chain issues and inflation. Building permit requests have increased within the last year, leading the City to evaluate staffing needs to ensure smooth permitting processes for developers and residents. Assessment values continue to rise steadily year over year for real, commercial, and residential properties. New construction and redevelopment continue both downtown, in the parks, and in the neighborhoods as the City continues to revitalize.

In fiscal 2022, the City was awarded \$92 million through the American Rescue Plan Act of 2021. Per U.S. Department of Treasury guidance, eligible costs must be obligated by December 31, 2024 and expended by December 31, 2026. As of June 30, 2024, the City has reported total expenditures since acceptance of award of \$46.2 million and the total amount obligated is \$62.7M. Areas of targeted spending include emergency sheltering for unhoused persons, homeless outreach programs, various affordable housing projects, support for neighborhood/community outreach programs, and youth services. The City continues to evaluate the use of ARPA funds to ensure compliance with federal requirements.

The Grand River feeds into Lake Michigan, the City's source for its water system. The City of Grand Rapids continues to meet or exceed all the requirements of the Safe Drinking Water (SDWA). Additionally, PFAS levels in Grand Rapids water system are well below safety standards.

Public Safety is a high priority for the City and its Departments. The Grand Rapids Police Department increased recruitment efforts to achieve nearly full staffing, continued its Data Informed Community Engagement (DICE) Initiative to focus on crime prevention, and successfully completed numerous large-scale police operations in a very active year for campaign events. The Department supported the Co-Response Mental Health team, which resulted in 185 emergency department diversions, 300 EMS diversions, and 109 jail diversions. Since Co-Response started in July of 2022, they have deployed their services on over 2800 calls and have connected 2300 people to mental health and/or substance abuse resources. The Grand Rapids Fire Department maintained their Center for Public Safety Excellence accredited status by demonstrating its compliance with all core competencies and stated standards of the Quality Improvement for the Fire and Emergency Services Manual. Additionally, the Fire Prevention Division established the GRFD Fire Prevention Foundation, a Michigan nonprofit charitable organization supporting fire prevention activities within the community.

The City continues to work towards its best-in-class carbon reduction goals for municipal operations: 85% reduction by 2030 and net-zero by 2040. Based on 2020 data, City staff calculated that the City had reduced its own emissions by 45% when comparing performance against its baseline year of 2008. These goals and performance exceed the Paris Climate Accord targets. The City also became the first municipality in the state of Michigan to join the Consumers Energy Renewable Energy Program which enables customers to match 100% of their energy use with cost-effective wind and solar power. This commitment underscores the City's dedication to environmental stewardship and supports our goal of powering all municipal operations with renewable energy by 2025 and beyond.

The City has received the Michigan Green Communities Network gold certification for funding its environmental sustainability projects including the Vital Streets Initiative, and Feet on the Street recycling education program. The City's E.H.Zero residential renovation pilot, which seeks to increase health, financial and energy efficiency outcomes for residents, served 10 homes in partnership with the Community Development department. Additionally, the City secured Wege Foundation and EGLE grant funding to increase staff capacity to address both municipal energy goals and increase climate education and engagement.

The City within the Larger Economy

West Michigan, as well as the entire state of Michigan, has a long tradition as a manufacturing driven economy, exporting products, particularly furniture, across the country and around the globe. Michigan's economy was hit particularly hard in the late twentieth century as manufacturers were lured away from their historic roots by a combination of lower labor costs, investment incentives and access to previously closed markets. The local economy is adapting to the global economic shifts by increased focus on manufacturing excellence, life science discovery and technological innovation. The following industries are driving the growth of the Grand Rapids region: Smart Manufacturing, Information Technology, Life Sciences, Food Processing, and Aerospace and Defense.

Long-Term Financial Planning

Efforts have been underway to invest funds into the City's parks. After the conclusion of a 7-year parks millage in 2021, the residents of Grand Rapids approved a permanent millage to provide dedicated funding to the City's parks, pools, playground, and recreational operations. Additionally, complete reconstruction of City streets continues in addition to rotomilling, resurfacing and repairing roads to reach a goal of 70 percent of streets in good or fair condition by 2030; a significant source of funding having been provided by the 15-year income tax extension approved by voters in 2014. Having received the generous support of taxpayers and the benefits of a growing economy, the City can continue looking toward the future for opportunities.

The City continues to adopt annual budgets within a framework of a five-year budget projection that alerts the organization to potential future financial problems that may be created by decisions made currently. Current projections for the General Fund show deficits in the last four years of the projections, within the ability of current fund balances to cover; but a potential negative trend that needs to be monitored and reassessed to ensure the organization continues to live within its means.

Relevant Financial Policies

The City Commission adopted the current fund balance policy which complies with GASB 54 requirements. This policy established five classifications (non-spendable, restricted, committed, assigned, and unassigned) of fund balances for the general fund and all special revenue funds. The classifications comprise a hierarchy based on the extent to which the City is bound to honor constraints on specific purposes for which amounts in those funds can be spent. The five classifications are further categorized into two groups, **restricted** (non-spendable and restricted) and **unrestricted** (committed, assigned, and unassigned). This policy states specifically that the General Operating Fund will maintain an unassigned balance equal to 15 percent of its expenditures. The Budget Stabilization Fund, as allowed by Public Act 30 of 1978, was reopened in fiscal year 2013 with a goal of holding an additional 10 percent of General Fund Expenditures in preparation for the next economic downturn. For financial reporting, this fund is consolidated with the General Fund as required by GASB 54. The combined funds achieved the desired total fund balance of 25 percent of expenditures during fiscal year 2024. The unassigned fund balance of the General Fund ended the current year at 42.4 percent and the Budget Stabilization Fund ended at 9.6 percent of fiscal year 2024 General Fund expenditures.

Major Initiatives

As previously mentioned, the City continues a major effort to repair and reconstruct street infrastructure made possible in part by the voter approved income tax increase enacted in May 2014. Achieving the goal relies in part on adequate support from the State in future years including gas and weight tax receipts used to maintain streets. The repair efforts were jump-started using financing from three bond issues, one of which was repaid in October 2017, and the remainder to be paid by future income tax receipts over the next several years. Using the Pavement Surface Evaluation and Rating (PASER) system, approximately 56.42 percent of the streets are at Good or Fair condition.

Among the phase III goals of the Transformation Plan is creating more sustainable assets through Asset Management. Beginning in fiscal year 2019 and continuing each subsequent year, the replacement of substantial portions of the aging Street Lighting System, with new equipment, new wiring, and Smart Technology including wireless communications to control, monitor, and troubleshoot 18,000 LED streetlights. Continuing Asset Management is a key driver increasing system safety, reliability and decreasing operational costs paid by the General Fund.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Rapids for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023; an award the City has received annually since 1985. In order to be awarded a Certificate of Achievement, a governmental unit must publish a user-friendly and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both U.S. GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to the GFOA for consideration.

The City also received the GFOA's award for Distinguished Budget Presentation for its budget document for the fiscal year beginning July 1, 2023. The receipt of this award marks the thirty-fifth consecutive year the City has been honored by the GFOA for distinguished budget presentation. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan and as a communications medium.

Lastly, the City received the GFOA's award for Distinguished Popular Annual Financial Reporting Award for its Resident's Guide, a summary of the City's financials, for the fiscal year ended June 30, 2023. This is the first year the City has submitted for this award. The award was created to encourage state and local governments to extract information from their Annual Comprehensive Financial Report to produce a high-quality summarized report readily accessible and easily understandable to the general public.

ACKNOWLEDGEMENTS

The timely, orderly preparation and completion of this report is made possible by the hard work and dedication of the staff in the Office of the City Comptroller. I appreciate the extraordinary commitment and contributions of the Comptroller staff and all City of Grand Rapids employees and departments that support this report.

Respectfully submitted,



Charles M Frantz
City Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

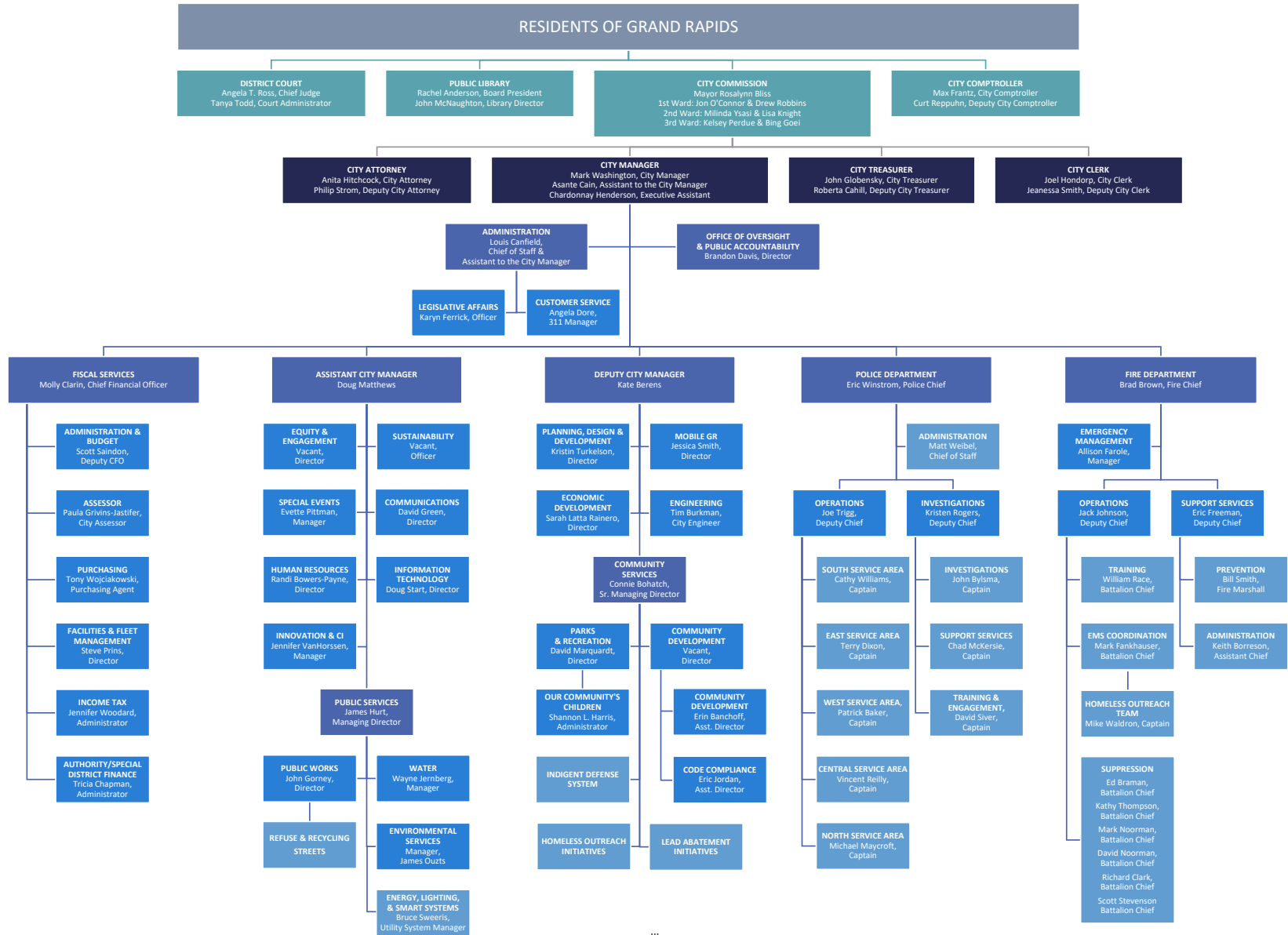
**City of Grand Rapids
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO



**Principal Officials of the City of Grand Rapids, Michigan
As of June 30, 2024**

Elected Officials

Mayor	Rosalynn Bliss
Commissioners	Jon O'Connor Drew Robbins Milinda Ysasi Lisa Knight Bing Goei Kelsey Perdue
Comptroller	Charles M. Frantz

Appointed Officials

City Manager	Mark Washington
City Attorney	Anita Hitchcock
City Treasurer	John M. Globensky
City Clerk	Joel Hondorp



Plante & Moran, PLLC

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Detroit, MI 48226-1906

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Independent Auditor's Report

To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

We did not audit the financial statements of the City of Grand Rapids General Retirement System as of and for the year ended June 30, 2024 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2023, which represent 93 percent of the assets, 92 percent of the net position, and 39 percent of the revenue of the fiduciary funds. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Grand Rapids General Retirement System as of and for the year ended June 30, 2024 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2023, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

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 GAAS 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 GAAS 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, major fund budgetary comparison schedules, schedules of changes in the City's net pension and OPEB liabilities and related ratios, schedules of pension and OPEB contributions, and schedules of OPEB investment returns 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, which 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.

To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

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 supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is 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 supplementary information is 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 whether 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 December 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the City's internal control over financial reporting and compliance.

Plante & Morse, PLLC

December 12, 2024

Management's Discussion and Analysis

As the management of the City of Grand Rapids (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the information contained in the letter of transmittal, which is found in the introductory section of this report.

Financial Highlights

- The net position for the City is the amount by which the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources. At June 30, 2024, net position totalled \$1,020,969,656. The unrestricted portion of this amount, \$167,514,106, may be used to meet the government's on-going obligations to citizens and creditors, consistent with the purpose in which the funds were accumulated.
- During the current fiscal year, the net pension liability decreased by \$3,463,905 and the net OPEB liability decreased by \$6,579,048. The net pension liability decrease is primarily related to the positive return on investments as of the June 30, 2023 and December 31, 2023 measurement dates for the plans used in the liability determination as of June 30, 2024. The OPEB liability decrease is primarily a result of differences between expected and actual experiences (i.e. health care costs) and changes in assumptions.
- The City's total net position increased by \$103,173,877 during the fiscal year. Governmental activities increased net position by \$54,083,784 driven by increases in City tax receipts and charges for services offset by increase in governmental activities expenditures. Business-type activities increased net position by \$49,090,093 driven by positive operating results in Water Supply System, Sewer Disposal System and Parking System funds.
- At June 30, 2024, the City's governmental funds reported combined fund balances of \$338,301,216, an increase of \$115,353,801 from the previous year. A total of \$5,509,271 of the fund balance for governmental funds is *nonspendable*, and the fund balance of \$121,838,678 is *restricted* as to purpose by an outside party, which means \$210,953,267 is available for spending at the City's discretion, but only within the purpose of the individual funds where the fund balance is located. Only the *unassigned* fund balance of the Governmental Funds, a total of \$78,361,443 at June 30, 2024, is available to use for any purpose.
- In fiscal year 2011, the City Commission established a policy that the General Fund's unassigned fund balance should be 15% of current expenditures, including transfers-out. The unassigned portion of the fund balance of the General Fund totalled \$78,361,443 at year-end; an increase of \$11,595,809 from the previous year and 42.4% of 2024 General Fund expenditures. The unassigned fund balance at the end of the year was \$50.6 million above the fund balance policy. The Commission also created a Budget Stabilization Fund with a policy goal that it holds 10% of current General Fund expenditures. That goal was first achieved in fiscal year 2016. State law requires this be held in a separate fund to better control its use, but accounting standards dictate its presentation be blended as part of the General Fund. The current balance of 9.6% of current General Fund expenditures is presented as \$17,798,835 in committed fund balance within the General Fund.
- The total debt of the City and its component units increased by \$73.2 million as a result of various debt issuances. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.

Overview of the Financial Statements

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

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.

Management's Discussion and Analysis (Continued)

The *statement of net position* presents information on all the City's assets, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference between the four categories 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 when 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 resulted from cash flows in prior years or will result in cash flows in future fiscal periods (e.g., depreciation and amortization, changes in pension liabilities, and earned but unused vacation leave).

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 general government, public safety, public works, culture and recreation, and urban and community development. The major business-type activities of the City are the Water Supply System, Sewage Disposal System, and the Parking System.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also ten legally separate authorities and a court system, for which the City is financially accountable. They are a Downtown Development Authority, a Tax Increment Finance Authority, a SmartZone Authority, a Brownfield Redevelopment Authority, six Corridor Improvement Authorities, and the 61st District Court. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government wide statements can be found on pages 21-24 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 is useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 25-26 and 28-29 of this report.

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 will better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities* on pages 27 and 30.

The City maintains four major and twenty-one non-major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and all major special revenue and capital project funds. Data from the non-major governmental funds are combined in a single column presentation on the governmental fund statements. Individual fund data for each of these non-major governmental funds is provided in the *combining statements* section of this report on pages 124-127.

Management's Discussion and Analysis (Continued)

The City adopts an annual appropriated budget for most of its governmental funds. Throughout the year, the budget is amended based on changing conditions (e.g. the award of a grant). Budgetary comparison statements have been provided in the required supplementary information section of this report for the major funds to demonstrate compliance with this budget. The budgetary comparison schedule on page 121 shows the general fund budget at the department level, which is where it is legally adopted. Budget comparison statements have also been provided for the non-major special revenue funds on page 128.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water Supply System, Sewage Disposal System, Parking System, Cemeteries and Belknap Ice Arena. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Information Technology, Motor Equipment System, Facilities Management, Insurance Payment, Engineering, and 311 Customer Service Funds. These internal service funds have been allocated to both *business activities* and to *governmental activities* in the government-wide statement of activities.

Proprietary funds use the full accrual basis of accounting which includes capital assets with depreciation and long-term liabilities. The focus is on the full cost of funding services. The proprietary fund financial statements provide separate information for the major enterprise funds of the City. The non-major enterprise funds and the internal service funds are each combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Individual fund data for the non-major enterprise funds and internal service funds are provided in the *combining statements* section of this report, pages 129-135.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for its pension trusts, other post-employment benefit trusts and agency tax funds.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report with important additional detail on pages 138-139.

Notes to the financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-101 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* regarding the budgetary comparisons of the City's general fund and the major and local street special revenue funds as well as multi-year schedules of funding for the City's defined benefit retirement and OPEB programs. This supplementary information is found on pages 102-119 following the notes to financial statements.

At the end of the report, on pages 142-162 are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall financial position of the City by showing current information in a multi-year context.

Management's Discussion and Analysis (Continued)

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total Primary Government 2024	Total Primary Government 2023
Current and other assets	\$ 546,060,808	\$ 418,140,773	\$ 247,413,010	\$ 204,490,242	\$ 793,473,818	\$ 622,631,015
Capital assets, net of accumulated depreciation	347,898,721	329,911,948	931,192,888	923,247,042	1,279,091,609	1,253,158,990
Total Assets	893,959,529	748,052,721	1,178,605,898	1,127,737,284	2,072,565,427	1,875,790,005
Deferred outflows of resources	77,072,289	104,188,833	13,183,662	14,733,310	90,255,951	118,922,143
Current liabilities	110,606,735	116,454,417	17,111,012	15,906,629	127,717,747	132,361,046
Non-current liabilities	468,969,383	396,862,991	485,651,967	493,128,796	954,621,350	889,991,787
Total Liabilities	579,576,118	513,317,408	502,762,979	509,035,425	1,082,339,097	1,022,352,833
Deferred inflows of resources	45,163,083	46,715,313	14,349,542	7,848,223	59,512,625	54,563,536
Net investment in capital assets	277,970,021	267,551,294	487,844,587	479,521,033	765,814,608	747,072,327
Restricted net position	53,228,965	42,092,769	34,411,977	34,186,978	87,640,942	76,279,747
Unrestricted net position	15,093,631	(17,435,230)	152,420,475	111,878,935	167,514,106	94,443,705
Total Net Position	\$ 346,292,617	\$ 292,208,833	\$ 674,677,039	\$ 625,586,946	\$ 1,020,969,656	\$ 917,795,779

Total net position at June 30, 2024 was \$1,020,969,656, an increase of \$103,173,877 from the net position at June 30, 2023 of \$917,795,779.

The City's current and other assets increased by \$170,842,803 or 27.44%. Governmental activities saw a \$127,920,035 increase in current and other assets attributable to increase in equity in pooled cash and investments and increase in receivables. Business type activities saw a \$42,922,768 increase in current and other assets primarily due to an increase in equity in pooled cash and investments.

Total deferred outflows of resources decreased by \$28,666,192 during the year. The decrease was primarily due to net difference between projected and actual earnings on pension plan investments for both the General and Police & Fire Plan. See Note 7 Pension Plans on pages 75-82 for additional information.

The total liabilities of the primary government increased 5.87% or \$59,986,264. Current liabilities decreased \$4,643,299 or 3.51%. Non-current liabilities increased \$64,629,563 or 7.26%. The non-current liabilities increase was primarily related to the issuance of various new long-term debt.

Total deferred inflows of resources increased by \$4,949,089 during the year primarily due recording of new lessor agreements.

By far, the largest portion of the City's net position (76.7%) is its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The City's restricted net position is primarily restricted for debt service and authorized capital projects. The remaining balance, *unrestricted net position* \$167,514,106, may be used to meet government's on-going obligations to citizens and creditors consistent with the purpose of the fund containing the assets. Only the \$78.4 million of the General Fund's *unassigned* fund balance shown on page 25 is freely available or transferable to support the operations of the General Fund or of any other fund. As noted on page 4, the ending unassigned fund balance is \$50.6 million more than the target goal in the fund balance policy.

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets (net of depreciation)						
	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total 2024	Total 2023
Land	\$ 30,982,310	\$ 27,379,201	\$ 15,198,826	\$ 14,706,068	\$ 46,181,136	\$ 42,085,269
Easements/Right of Way	1,709,536	1,679,745	4,019,175	3,728,274	5,728,711	5,408,019
Land improvements	29,942,344	31,275,544	10,408,136	11,272,330	40,350,480	42,547,874
Buildings and structures	53,621,388	55,898,537	95,704,251	96,731,925	149,325,639	152,630,462
Storage tanks	-	-	10,309,275	10,872,122	10,309,275	10,872,122
Machinery and equipment	19,550,466	18,586,597	146,196,228	149,321,838	165,746,694	167,908,435
Motor vehicles	25,530,087	24,513,458	1,301,426	1,948,840	26,831,513	26,462,298
Furniture	545	2,524	6,446	6,681	6,991	9,205
Software	-	-	-	-	-	-
Water and sewer mains	-	-	627,826,925	612,878,992	627,826,925	612,878,992
Infrastructure	129,838,318	116,725,369	-	-	129,838,318	116,725,369
Lease assets	78,275	24,945	3,140,455	2,130,498	3,218,730	2,155,443
Subscription assets	1,860,089	3,114,156	1,395,293	-	3,255,382	3,114,156
Construction in progress	54,785,363	50,711,872	15,686,452	19,649,474	70,471,815	70,361,346
Total	<u>\$ 347,898,721</u>	<u>\$ 329,911,948</u>	<u>\$ 931,192,888</u>	<u>\$ 923,247,042</u>	<u>\$ 1,279,091,609</u>	<u>\$ 1,253,158,990</u>

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2024 amounts to \$1,279,091,609 (net of accumulated depreciation). This investment in capital assets is summarized above. The City's new investments in capital assets for the current fiscal year (before disposals or depreciation allowances) totalled \$93 million. Major capital asset events during the current fiscal year included the following:

- Water Supply System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$21,062,351 during the year ended June 30, 2024. Construction in progress on additional projects not completed as of June 30, 2024 totalled \$9,883,101.
- Various Sewage Disposal System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$6,670,924 during the year ended June 30, 2024. Construction in progress on additional projects not completed as of June 30, 2024 totalled \$3,743,756.
- Rehabilitation or reconstruction of major and local streets were completed at a cost of \$5,942,101.
- Assets owned by others that the City has the right to use have been segregated in accordance with GASB Statement No. 87 *Leases*. The total such assets included as capital assets for its governmental and business type activities as of June 30, 2024 amounts to \$3,218,730.
- The City obtains the right to use vendors' information technology software through various long-term contracts. These subscription assets have been segregated in accordance with GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*. The total such assets included as capital assets for its governmental and business type activities as of June 30, 2024 amounts to \$3,255,382.

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

Management's Discussion and Analysis (Continued)

City of Grand Rapids' Outstanding Debt						
Limited Tax Bonds, Revenue Bonds and Long-term Contracts						
	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total 2024	Total 2023
Limited tax pledge bonds	\$ 112,855,000	\$ 34,930,000	\$ 685,000	\$ 19,715,000	\$ 113,540,000	\$ 54,645,000
Revenue bonds	11,060,000	13,055,000	387,925,223	388,404,480	398,985,223	401,459,480
Long-term contracts	9,135,000	9,690,000	10,102,114	218,199	19,237,114	9,908,199
Total	<u>\$ 133,050,000</u>	<u>\$ 57,675,000</u>	<u>\$ 398,712,337</u>	<u>\$ 408,337,679</u>	<u>\$ 531,762,337</u>	<u>\$ 466,012,679</u>

Long-term debt: At June 30, 2024 the City had total long-term debt outstanding of \$531,762,337. Of this amount, \$113,540,000 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds generally require the City to provide sufficient moneys from its general fund as a first budget obligation for principal and interest, including the collection of ad valorem taxes which the City is authorized to levy on all taxable property within its boundaries. Such tax levies, however, are subject to applicable statutory, constitutional, and charter tax limitations. As a practical matter the City pledges its limited full faith and credit on various debt issues to lower debt service costs paid by funds other than the general fund; e.g. the building authority, library, streets, etc. The remainder of the City's debt represents bonds secured solely by specified revenue sources and long-term contracts. These long-term contracts are general obligations of the City.

The City issued new debt totalling \$95.4 million associated with the Acrisure Amphitheatre project, 1500 Scribner construction, and the Lyon Square project as well as various projects in the Water Supply System.

The City's total bonded debt does not include the June 30, 2024 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$18,237,856 issued in 2001 to finance a substantial portion of the new DeVos Place Convention Center. The County of Kent has the sole responsibility for the repayment of this debt through their Hotel/Motel tax receipts and general assets. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

All normally scheduled debt payments were made during fiscal year 2024. Additional information on the City's long-term debt can be found in note 6 of the notes to the financial statements.

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Management's Discussion and Analysis (Continued)

Changes in Net Position

City of Grand Rapids' Changes in Net Position						
	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total Primary Government 2024	Total Primary Government 2023
Revenue:						
Program Revenue:						
Charges for services	\$ 45,269,727	\$ 48,096,073	\$ 155,070,696	\$ 146,093,519	\$ 200,340,423	\$ 194,189,592
Operating grants and contributions	72,089,096	50,836,979	4,334,265	6,894,900	76,423,361	57,731,879
Capital grants and contributions	7,092,543	1,980,334	23,255,989	2,924,861	30,348,532	4,905,195
General Revenue:						
Property taxes	55,401,179	50,293,292	-	-	55,401,179	50,293,292
City Income taxes	136,795,880	132,473,827	-	-	136,795,880	132,473,827
Unrestricted state-shared revenue	29,658,114	28,470,105	-	-	29,658,114	28,470,105
Unrestricted investment income	18,385,277	1,938,943	8,272,973	2,000,298	26,658,250	3,939,241
Miscellaneous	2,202,361	1,330,882	635,622	1,178,132	2,837,983	2,509,014
Gain (loss) on sale of capital assets	-	21,662	-	-	-	21,662
Total Revenue	<u>366,894,177</u>	<u>315,442,097</u>	<u>191,569,545</u>	<u>159,091,710</u>	<u>558,463,722</u>	<u>474,533,807</u>
Expenses:						
General government	45,553,732	44,296,211	-	-	45,553,732	44,296,211
Public safety	124,984,242	122,775,160	-	-	124,984,242	122,775,160
Public works	79,704,901	63,939,716	-	-	79,704,901	63,939,716
Health and Welfare	7,161	-	-	-	7,161	-
Recreation and Culture	32,296,821	26,201,737	-	-	32,296,821	26,201,737
Urban & Community Development	27,533,282	23,498,676	-	-	27,533,282	23,498,676
Interest on long-term debt	3,138,069	2,046,625	-	-	3,138,069	2,046,625
Water Supply System	-	-	52,065,052	54,207,809	52,065,052	54,207,809
Sewage Disposal System	-	-	65,516,041	62,304,794	65,516,041	62,304,794
Parking System	-	-	20,862,013	20,854,865	20,862,013	20,854,865
Other Enterprises	-	-	3,628,531	3,371,820	3,628,531	3,371,820
Total Expenses	<u>313,218,208</u>	<u>282,758,125</u>	<u>142,071,637</u>	<u>140,739,288</u>	<u>455,289,845</u>	<u>423,497,413</u>
Change in Net Position before Transfers	53,675,969	32,683,972	49,497,908	18,352,422	103,173,877	51,036,394
Transfers	407,815	(886,036)	(407,815)	886,036	-	-
Change in Net Position	54,083,784	31,797,920	49,090,093	19,238,674	103,173,877	51,036,394
Net Position - beginning	292,208,833	260,411,113	625,586,946	606,348,272	917,795,779	866,759,385
Net Position - ending	<u>\$ 346,292,617</u>	<u>\$ 292,208,833</u>	<u>\$ 674,677,039</u>	<u>\$ 625,586,946</u>	<u>\$ 1,020,969,656</u>	<u>\$ 917,795,779</u>

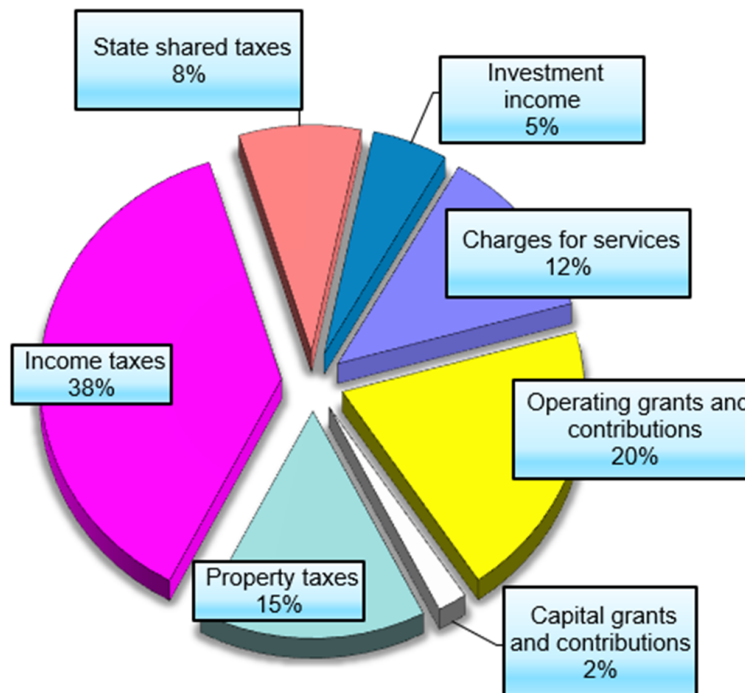
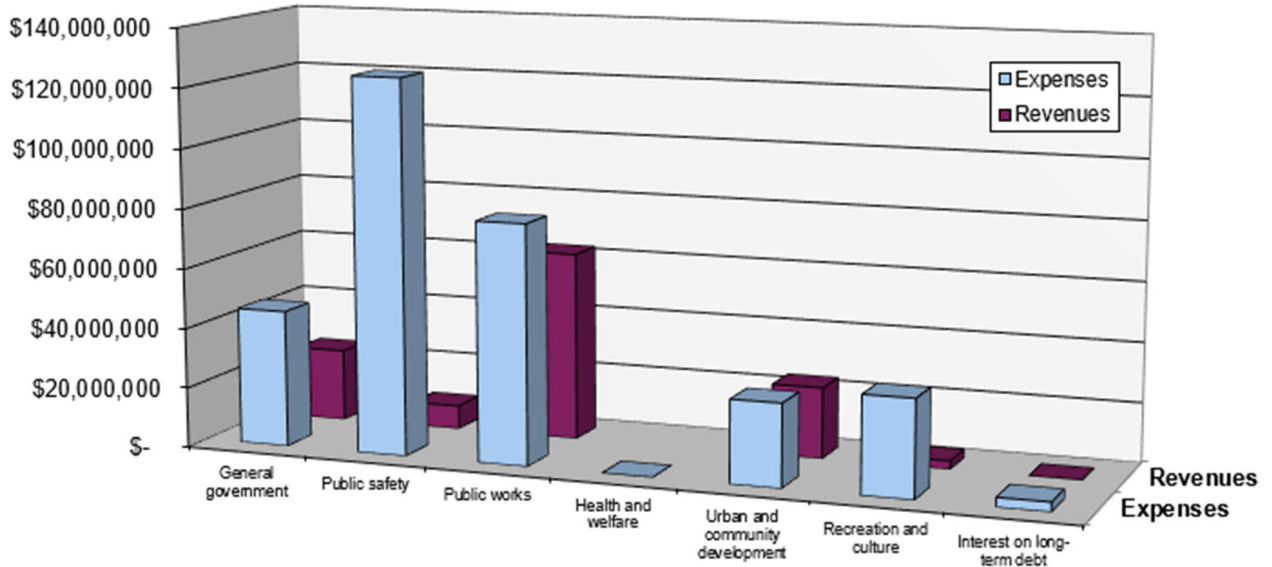
Governmental activities: Governmental activities increased the City's net position by \$54,083,784. Key elements within this change are as follows:

- Tax revenues increased by \$9.4 million in fiscal year (FY) 24 due primarily to \$4.3 million increase in income taxes and \$5.1 million increase in property taxes.
- Public safety expenses, primarily police and fire department personnel costs, remain the largest single category of City spending.
- Public safety expenses increased \$2.2 million over the prior year. The allocation of non-cash pension expenses resulting from changes in net pension liabilities can be volatile. Changes in pension expenses and increase in personnel costs driven by negotiated contracts accounted for the increase.
- General Government expenses increased \$1.2 million from the prior year, primarily due to increase in personnel costs driven by negotiated contracts.
- Recreation and Culture expenses increased \$6.1 million. The increase is due in part to increased costs to operate library and park and recreation activities due to higher temporary labor contractual costs and inflationary impact on purchased goods and supplies as well as increases in capital improvements and upgrades.

Management's Discussion and Analysis (Continued)

- Unrestricted investment earnings in 2024 were up \$16.4 million from the prior year. Rate of returns increased throughout the year in reaction to the Federal Reserve raising key interest rates. The City's average purchase yield for investments held at June 30, 2024 increased 50% from average purchase yield for investments held at June 30, 2023. Governmental accounting standards require the City to adjust the portfolio to market values. Market value gains or losses are only realized when portfolio securities are sold.

Expenses and Program Revenues - Governmental Activities

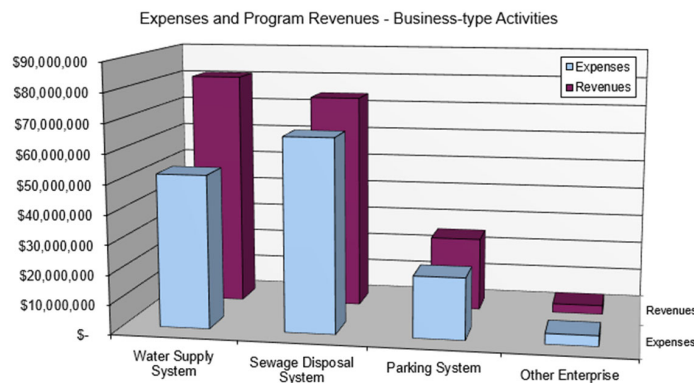


Revenues by Source - Governmental Activities

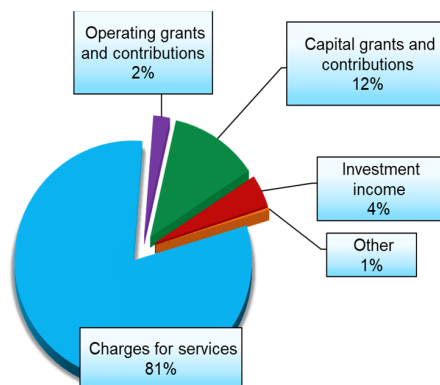
Management's Discussion and Analysis (Continued)

Business-type activities: Business-type activities increased the City's net position by \$49,090,093 in FY 24. The key elements of this increase are as follows:

- The Water System had an increase in operating income before capital contributions of \$11.7 million during the year, representing an increase of \$7.2M over FY 23. This was driven in part by the calendar year 2024 rate increase of 6.50%, which offset a slight decline of 2.81% in billed consumption volume, as well as growth in connection fees and the receipt of significant grant funding. Losses on investments from the prior year were reversed in FY 24 as well, resulting in a notable year-over-year gain. Operational expenses held relatively steady, although rising costs in field operations and at the Lake Michigan Filtration Plant did offset some of this year's revenue growth.
- The Sewer System had an increase in operating income before capital contributions of \$8.0 million during the year, representing no significant change from FY 23. While billed consumption dropped by (3.77%) throughout the fiscal year, the calendar year 2024 rate increase of 1.33% helped to minimize the impact on revenue. FY 24 was the first full year of selling renewable identification numbers (RINs) credits related to the production of natural gas from the biodigesters, accounting for nearly all of the system's revenue growth. Improving market conditions helped to pull investment gains back into the black as well. Revenue growth was offset by a parallel rise in expenses, however, as staff were hired to plug holes in the organizational chart and more assets were left as construction-in-progress (CIP).
- The Parking System had an increase in operating income before capital contributions of \$5.4 million during the year. This was primarily due to increase in off-street parking fees for daily, monthly and events and on-street rental of hooded meters.
- The three major funds were able to generate an operating margin sufficient to fund their current operating expenses and make all required debt service payments.



Management's Discussion and Analysis (Continued)



Revenues by Source - Business-type Activities

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. The change in total fund balance, less any non-spendable portion, indicates whether the City is accumulating or using resources that were available to support future activities.

As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$338,301,216. Of this total, all but \$78,361,443 of unassigned fund balance has been spoken for in the sense that it is either non-spendable, restricted by an outside party, committed to identified projects by the City Commission, assigned to a specific fund or purpose prior to year-end, or a deficit in a governmental fund. A summary of restrictions by fund appears on page 99.

The General Fund is the primary operating fund of the City. At June 30, 2024, the fund had an unassigned fund balance of \$78,361,443. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represented 42.4% and 63.5%, respectively, of total fiscal year 2024 General Fund expenditures, compared to the unassigned and total fund balance representing 40.1% and 65.0% of fund expenditures a year earlier. The fund's fund balance increased \$9,084,929 during fiscal year 2024. On the revenue side, income tax collection again outperformed expectations due to 10.3% increase in base revenue (compared with forecast of 6%; attributable to both wages and company profits).

As originally adopted, the General Fund budget anticipated an increase in fund balance of \$377,443. There are two primary factors comprising the approximately \$8.7 million difference with FY 2024 actual. The first factor is the increase in actual excess of revenue over expenses from original budget for reasons discussed in the preceding paragraph. Secondly, the original budget anticipated appropriation lapses, an assumption developed in recognition that the entire amount of an approved expenditure is generally not fully spent, of \$5.5 million whereas none were recognized during fiscal year 2024.

The Major Street Fund saw an increase of \$2,508,087 in fund balance, which is \$3.2 million more than anticipated from original budget. This is mainly due to an increase in income taxes and state-shared taxes of \$3.1 million.

The Local Street Fund saw an increase of \$615,593 in fund balance which is \$857,606 more than anticipated from original budget. This is mainly due to an increase in state shared taxes and total actual expenditures were less than budgeted.

Management's Discussion and Analysis (Continued)

The fund balance of the General Capital Construction Fund saw an increase in fund balance of \$83,917,666. This is due primarily to \$81.9 million increase in new debt issued and \$9.3 million increase in transfers in from the General Fund and internal service funds to support ongoing projects.

The City's non-major governmental funds saw an increase of \$19.2 million in fund balance. This increase is due primarily to \$8.4 million received from intergovernmental partners and other funds in advance of projects funded by grants with match requirements and vital streets and other streets capital projects.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water Supply System, Sewage Disposal System, Parking System and non-major enterprise funds at the end of the year amounted to \$137,900,989. The total net position for enterprise funds is \$660,157,553, the bulk of which are the assets used to provide services to customers. The major factors concerning the finances of the three major funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year the general operating fund (GOF) budget increased by \$13,840,905. The changes were:

- \$7,000,000 was appropriated from American Rescue Plan Act (ARPA) funding for Enterprise Resource Planning Software (transferred to the FMS Fund).
- \$1,950,000 was appropriated for various Participatory Budgeting investments.
- \$75,000 was appropriated for a contract with the Dorthy A. Johnson Center for Philanthropy at Grand Valley State University for the purposes of continuing their work consulting with and assisting Participatory Budgeting project awardees.
- \$165,605 was appropriated from both Grand Rapids and Forest Hills Public Schools for a special election reimbursement.
- \$395,913 was re-appropriated to allow several departments to complete efforts begun in the prior fiscal year.
- \$50,000 was appropriated for additional City sponsorship of Art Prize 2024.
- \$114,273 in reserved funding was appropriated for transfer to the Grand Rapids Affordable Housing Fund for which the Grand Rapids Community Foundation serves as the fiduciary.
- \$350,000 to accommodate for the overage in the Police Department's budget due to increased overtime driven by position vacancies as well as increased software, and department-wide training and equipment needs.
- \$948,913 to accommodate for the overage in the Fire Department's budget due to increased overtime, supplies, and maintenance services.
- \$1,574,078 to hire a Fire Department recruit class.
- \$903,152 toward the payment of settlement costs related to the purchase of 1500 Scribner Avenue NW, 1600, 1632, and 1660 Turner Avenue NW.
- \$200,000 for the Code Compliance department's Lead Paint Inspection Program supporting Renovation, Repair, and Painting (RRP) program training and a rebate to property owners for lead-dust screening inspections for rental property certifications.
- \$330,679 for consulting services related to an employee Classification and Compensation Study managed by the Human Resources Department.
- \$31,169 for a public-facing community engagement software platform managed by the Communications Department.
- \$32,000 transfer to the Grand Rapids Children's Fund for expanded programming, equipment and supplies provided by the Parks & Recreation Department.

The adopted contingency budget was \$1,500,000, of which the following amounts were allocated:

- \$91,608 for the Police Department to add a Police Records Specialist to its permanent personnel roster in order to improve response time to Freedom of Information Act (FOIA) requests for reports and video.

Management's Discussion and Analysis (Continued)

- \$92,050 for the Police Department to add two additional Police Records Specialist positions to its permanent personnel roster in order to improve responsiveness, transparency, and accountability related to FOIA and subpoena requests as well as new legislation.
- \$935,080 to accommodate for the overage in the Fire Department's budget due to increased overtime, supplies, and maintenance services.
- \$31,412 for a portion of the acquisition and closing costs related to property located at 4024 Kalamazoo Avenue SE on behalf of the Fire Department for the development of a new fire station to enhance the level of service to the southeast portion of the City in the Third Ward.
- \$211,250 for Parks & Recreation Department forestry operations to address the backlog of Priority two pruning's.
- \$138,600 for the Office of Special Events (OSE) to purchase three sets of new bleachers for additional capacity and to replace two sets of the current bleacher inventory that are unsafe and unable to be repaired.

Actual departmental and other expenditures and transfers-out in the General Fund were \$6.7 million under amended appropriations, which included a budgeted appropriation lapse of \$5,500,000. This was primarily due to lapses in personnel, contractual services, and transfers-out. The personnel lapse was most significant in larger departments such as Police and Fire. Other non-personnel lapses were concentrated in a few departments including General Administration and Executive Office.

Budgetary basis revenues for the year ended June 30, 2024, were approximately \$15.6 million higher than the amended budget. There were several drivers of this increase including:

- Income Tax Revenue exceeded the budget by approximately \$12.9 million or 12.8% due to base revenue growth outperforming assumptions in both FY 2023 and FY 2024 (the City's forecasting methodology utilizes prior year actual results or most recent estimate as the current year starting point). In addition to base income tax revenue growth, FY 2024 compliance revenue exceeded the budget by approximately \$6.7 million or 100.8% (generated by addressing a backlog of income tax compliance work).
- ARPA grant revenue totaling \$3,645,227 million was lower than the amended budget by approximately \$4.3 million or -54.1%. The adopted budget included \$7.9 million of which \$1.4 million was appropriated for specific investments and an additional \$6.5 million was estimated for GOF revenue replacement. The majority of the budget variance is attributable to estimated revenue replacement that was not realized.
- Investment income exceeded the amended budget by approximately \$4.3 million or 108% due primarily to unbudgeted investment gains of \$3.8 million. Governmental accounting standards require the Treasurer's Office to mark the portfolio to current market prices on the City's financial statements. It is important to understand that unrealized gains and losses exist "on paper" only. Gains or losses in market value are only realized when portfolio securities are sold prior to maturity.
- Restricted contributions revenue totaling \$1,355,930 exceeded the amended budget by approximately \$1.2 million due to social equity non-compliance fees related to the licensing of cannabis establishments within the City. These fees were not budgeted as they are pass-through in nature and highly variable.
- Other revenues exceeded or were below the amended budget by a net amount of approximately \$1.6 million above budget including Property Tax (\$909,473) and Cannabis Tax (\$735,815).

The City has received funding totaling \$92,279,500 under the American Rescue Plan Act (ARPA) grant to support current operations as well as provide support in key focus areas. The State and Local Fiscal Recovery Funds compliance report through June 30, 2024, reflected obligations and expenditures of approximately \$62.7 million and \$44.9 million, respectively. A summary of the City's ARPA Funding and Investments is contained in the Fiscal Plan and periodic updates are provided throughout the year. This allocation of funding must be fully obligated by December 31, 2024, and fully expended by December 31, 2026. It is important to note that most outside funding, including ARPA, is one-time funding, which cannot sustain services for a prolonged period of time. While it does allow us to catalyze a new program or address a significant need in the short term, it is important to emphasize that services provided with these one-time funds are not sustainable long-term without alternative funding plans.

Management's Discussion and Analysis (Continued)

In April 2022, Guidehouse Inc. was retained by the City to provide consulting services related to the City's ARPA allocation. They provide eligibility assessments of potential ARPA projects, reporting assistance, and consultation for grant requirements. In November of 2023, a full-time grant management position was added to centralize the grant process, identify, track and pursue funding opportunities, provide internal capacity to manage ARPA funding, and support departments in grant writing, administration and support. This position has reduced the need for Guidehouse support, resulting in cost savings while developing in-house expertise throughout the city's departments. Support provided by this position has included: grant writing, grant consultation, grant training for staff, monitoring support, policy development, improved internal controls for grant funds, centralized support for the entire grant process, improved compliance with Commission grant policy, increased capacity to pursue funding opportunities, and immediate support for grant related issues or concerns.

Base Income Tax revenue was forecast to increase by 3.5% in FY 2024 (vs. FY 2023 actual) with compliance receipts totaling approximately \$9.9 million in the GOF. Compliance work attempts to identify and collect the backlog of owed prior year income tax payments from resident and nonresident individuals. FY 2024 base revenue actually grew at 1.7% (vs. FY 2023 actual) with compliance receipts of approximately \$13.3 million for an overall increase of \$3.3 million or 3.0% in the GOF compared to FY 2023 results. The FY 2024 budget assumed a 6% base income tax revenue increase in FY 2023 (actual FY 2023 base increase was 10.9%) followed by no increase in FY 2024 (forecast later revised upward to 3.5%). The budget was not amended to reflect the more positive, revised forecast. Income tax revenue exceeded the initial base forecast in FY 2024 (no increase) for the following reasons:

- Returns were up around eight thousand over the same period of the previous fiscal year.
- Strong growth in wages and other taxable income driven by inflation and other economic conditions.
- Withholding was up 4.93%.
- Assessment collection was up 20.64%.

Compliance revenue exceeded the forecast in FY 2024 for the following reasons:

- Large one-time corporation payments.
- Large one time Marijuana payments from businesses.
- Received State Extracts for multiple years.

The income tax forecast includes assumptions related to non-resident withholding and potential refunds attributable to non-resident allocation of income out of the City (and therefore, non-taxable by the City of Grand Rapids) as employees continue working from home. Adjusted citywide refunds totaled approximately \$13.8 million and \$15.8 million in FY 2023 and FY 2024, respectively. Non-resident payments were down by approximately \$932,000 over last year and non-resident refunds were down by \$2 million. Overall, withholding was up approximately 4.93% and assessment totals were up approximately 20.64%. Among other considerations, forecasts incorporate assumptions regarding the timing, depth and duration of potential economic downturns which could result in loss of income tax revenue due to higher unemployment (thereby shifting taxable wages to non-taxable unemployment compensation) as well as the potential for lower corporate profits.

Among the many uncertainties impacting the income tax growth rate is whether (or to what extent) the pandemic has spurred permanent change in the way companies do business. It has yet to be fully determined how many non-resident workers will return to full-time, in-office work. The City will continue to monitor this aspect of the income tax base and will adjust growth expectations accordingly as we learn more. In addition, the City continues to advocate for legislative change with respect to income tax revenue.

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2025 (FY 2025) budget. Once again, the City's strategic plan was employed to guide investments included in our Fiscal Plan. Progress requires strategic focus on outcomes, dedication, targeted investment, and transparent performance measurement that is data driven. Strategic planning harnesses the energy of an organization and directs it toward work that will achieve the highest priority outcomes. Reporting on results enables us to evaluate progress, understand the impact on outcomes and adjust as necessary. The Strategic Plan has served us well in good times and has proven even more valuable during times of economic uncertainty. Reliance on the Strategic Plan enabled development of a Fiscal Plan that is fiscally sustainable, remains focused on our values, continues progress toward outcomes, and emphasizes investments in community and economic growth.

FY 2025 is the nineteenth year that five-year operating budgets have been prepared. The provision of governmental resources and services must be done strategically, transparently and in a data-driven way that benefits all residents equitably. The \$690 million Fiscal Plan for FY 2025 is aligned with the City's Strategic Plan and consistent with the City Commission's policy direction. The FY 2025 fiscal plan provides the resources needed to continue accomplishing strategic objectives while making transformational investments that will define the future of Grand Rapids through its 175th anniversary year and beyond. The FY 2025 GOF budget achieves these objectives while growing by approximately 4.2% over the FY 2024 adopted budget.

The FY 2025 fiscal plan takes into consideration the future uncertainty and potential volatility of the economic and financial environment. Operating revenues have continued to grow but this growth is partially offset by decreased purchasing power of those revenues in the face of increasing costs for goods and services, along with extended project lead times and escalating labor costs. This forecast mismatch between the rate of revenue growth and the rate of expenditure growth just to deliver the same quality of services is a structural issue not fully within our control to remedy. We are able to use excess fund balance to help address this structural issue, but if not corrected, it may require that we decrease levels of service in lower priority areas. These same challenges mean the City has limited financial capacity to enhance services; therefore, the investments in the fiscal plan are strategic, focused ones anticipated to improve the quality of life in our community over the long term.

The prudent financial policies implemented after the 2008 recession positioned the City well for the current economic climate to absorb an array of challenges including supply chain issues, cost variability and higher borrowing costs. While most of the other funds' revenues have returned and are healthy, the General Operating Fund remains a concern in our fiscal outlook. The City must continue transformative change to help correct the running deficits in the General Fund estimated to extend across the five-year period. Absent ARPA revenue replacement, expenditures are projected to exceed revenues so without cost savings or revenue growth exceeding current expectations, this structure is unsustainable.

As the budgetary benefit of federal and state pandemic-era fiscal relief programs begins to fade, the City now faces the challenge of anticipated expenditure growth outpacing projected revenues. This change can be partially attributed to the loss of revenue replacement from the American Rescue Plan Act (ARPA), but it also is evident that the cost of maintaining existing services and levels of service has outpaced ongoing local revenue sources. There have also been program enhancements that were previously funded through ARPA and other COVID relief programs that the City has chosen to keep in place. Traditionally, user charges, fees and fines have supplemented general tax revenue to cover the cost of services; however, those rates have not increased as much as inflation and other costs associated with providing services. With the FY 2025 budget and fiscal outlook the City is evaluating services and proposes adjusting certain user charges, fees and fines to accommodate partial or total cost recovery to better fill gaps. We plan to evaluate various fee structures and cost recovery policies to support continued discussion and countermeasures to address the GOF structural issues in future budget years.

West Michigan remains well positioned relative to the broader U.S. economy, due to our region's diversified economy, relatively young workforce, and the community's ability to strategically plan future development. We are still experiencing some supply chain delays, and above-trend increases in the costs of goods and services. Personnel cost increases are a major driver of expenditures in most funds. Specifically, police and fire pension

Management's Discussion and Analysis (Continued)

costs continue to rise. Also, 32 positions were added to enhance key services and outcomes during fiscal year 2024. The cost of these positions is included in the FY 2025 budget. The FY 2025 budget accommodates 28 staffing additions to achieve strategic plan outcomes for a total of 1,755 authorized positions. This is approximately 200 fewer positions than 2002 staffing levels at a time when the City continues to see steady population growth and demand for services. This fiscal plan maintains service levels and provides some enhancements in key areas. Departments did try to mitigate cost increases where possible but offsetting the impact of inflation completely would have resulted in a reduction in services. The FY 2025 budget was developed with consideration of our adopted budget guidelines and fiscal policies.

The City was fortunate to receive federal relief during the pandemic to sustain services but income tax still lags the City's operating costs. We chose not to take any cost-reduction measures this year as we believe our income tax revenue estimate is conservative and hope to outperform our estimates. Should income tax not outperform our estimates, next year as we get closer to fully expending our ARPA funding, we will consider corrective action to resolve the structural deficits in the out years. There are some areas of the budget beyond our local control that would best be addressed legislatively. In recent years, the GOF contribution to the 61st District Court has been subsidized with ARPA funds. The GOF will contribute \$9.2 million in FY 2025 but by FY 2029 the total GOF contribution will rise to \$12.1M. This represents approximately 67% of the cost of operating the District Court in FY 2025, increasing to approximately 84% by FY 2029 (absent a state legislative solution) as well as continuing to provide any required local grant match dollars required by the District Court in its Grants Fund. Fixing just this problem at the state level would correct a significant portion of the annual deficit projected in the out years of the budget forecast.

Future budget forecasts reflect the maintenance of effort support from the General Fund that were promised to the voters as a part of the successful campaigns to create dedicated tax revenues to support parks and street improvements. The Parks Fund will receive approximately \$8 million in FY 2025, and the Vital Streets Fund will receive \$850,000 of General Fund support annually through FY 2030.

Should another economic recession impact the City, there will need to be a re-prioritization of services outside of the programs the City is legally mandated to support. Even with strong reserves and the infusion of ARPA funds, continued innovation and strong economic growth is needed to secure a strong financial future - especially in the (post-ARPA) out years of the five-year fiscal plan. The ARPA grant award allowed the City to continue to maintain essential services as well as assist in spurring local economic recovery and growth. The City will continue to explore innovative projects that can bring down the cost of delivering services and improve efficiency. An example is investment in a new Enterprise Resource Planning (ERP) system which will increase productivity, standardize processes, reduce operating costs, centralize data, and integrate knowledge. Implementation began in the second quarter of 2023 with go-live dates in the first and second quarters of 2025.

The City continues to leverage its American Rescue Plan Act (ARPA) funds to support current operations as well as provide support in key focus areas. The FY 2025 proposed budget fully allocates the remaining unassigned funds. Many of the ARPA-supported Park's projects are also being co-funded by the Downtown Grand Rapids, Inc. (DGRI) \$55 million Greenway grant so this is a prime example of how the City is leveraging other external funding sources to bring critical projects to fruition in the window where external funds are available. This includes projects in qualified census tracts that are specifically for disproportionately impacted areas at or below 185 percent of the Federal Poverty Guidelines or at or below 40 percent of the AMI for Kent County. These projects must promote improved health and safety outcomes. The projects the City identified under this criterion are as follows: Martin Luther King Park Lodge, Riverwalk Rehabilitation, Oxford Trail upgrade and extension, and Plaster Creek and Silver Creek Trails planning. Our collective work, driven by prudent and timely decision-making, a resilient local economy, and a dose of one-time assistance from our state and federal partners will enable our continued progress.

The \$2 million that was previously allocated to Participatory Budgeting in the ARPA plan is now being funded with fund balance of the General Fund. The reason for this change was mainly driven by the timing restrictions of our partners' ability to enter into contracts and spend the funds in compliance with ARPA grant restrictions. All contracts were executed in fiscal year 2024 and should be spent over the next year and a half.

Management's Discussion and Analysis (Continued)

Income taxes fund the General Fund, Capital Reserve Fund, Sidewalk Repair Fund, and Vital Streets Fund. The adopted budget for FY 2025 forecasts a 3.25% increase in base local income tax collections above the FY 2024 estimated revenue (approximately 0.4% below actual FY 2024 results). Given the City's record of outperforming the state and nation during recessions and because consumer spending remains high while unemployment is low locally, the forecast for growth in income tax receipts is 3.25% annually in FY 2025-29. The income tax growth projections are conservative, anticipating a steady but gradual upward trajectory in the coming years with the backlog of compliance revenue gradually declining until it normalizes toward the latter part of the forecast. Local economic development groups support an optimistic forecast and believe that West Michigan will be largely immune from the worst impacts of any potential economic downturn, relative to the potential impacts felt at the national and even State level. These groups point to a diverse local economy, various development projects, employment statistics, and other economic indicators. Staff will closely monitor FY 2025 income tax receipts and propose adjustments to the revenue forecast if appropriate.

A strong real property market in West Michigan, combined with the expectation of 100% reimbursement for personal property exemption losses, is expected to result in steady property tax revenue increases. Overall taxable value increased significantly in 2023 (tax year 2024) but much of the new value is captured by Brownfields and tax capture districts. The City is expecting the largest increase ever for the second year in a row – adding 15% to the residential class, the assessed value is over \$11 billion for 2024, the inflation rate multiplier is maxed out (again) at 5% and there was a small Headlee rollback. The overall increase of Taxable Value for 2024 is 8.87%. Property taxes are also a key source of funding for most of the City's component units, including the Downtown Development Authority, the Monroe North Tax Increment Financing Authority, the Smart Zone Local Development Financing Authority, the Brownfield Redevelopment Authority, and the various corridor improvement districts. FY 2024 General Fund property tax revenue increased approximately 7.8% over FY 2023 actual results. FY 2025 is forecast at 4.7% growth and FY 2026 and beyond is forecast to grow at a more conservative average of 3.1% annually. The FY 2025 Fiscal Plan proposes a property tax millage rate decrease from 9.0325 to 8.9544 (0.0781 decrease).

Once again, the capital plan for the City is much more robust this year than it has been in years past. The transformational capital projects included in the FY 2025 fiscal plan rely on the issuance of debt, which generally is issued to help pay the upfront cost of assets that will serve generations of residents or is used as a tool to accelerate projects to take advantage of particular circumstances. This accelerates the benefits of such assets while spreading responsibility for the cost over decades. The capital plan includes projects that are driven by both considerations. For example, in fiscal year 2024, debt is a component of the work underway to move City services from 201 Market to 1500 Scribner. This project replaces an old and outdated facility and modernizes our fleet maintenance and yard facilities to accommodate the move to alternative fuels, a benefit to future generations of residents and utility customers. The capital plan also continues our investments in several major parks projects that will require multiple fiscal years to complete, including the reconstruction of lodges at Martin Luther King Park and Roosevelt Park, and major investments in trails and river's edge parks. Relying on parks millage dollars alone, these projects would take many more years to accumulate sufficient funds needed to construct the projects. We are able to pursue these projects within the next three years by leveraging the parks millage, the Greenway grant from the State of Michigan, and our City ARPA allocation from the State and Local Fiscal Relief Funds Program. Those state and partner grants are available now and must be spent by the end of 2026. If we are unable to commit to those timelines, we would not be able to receive those substantial funds, missing opportunities for our entire community.

The City remains a partner in many transformational projects including the Grand River Greenway, the Amphitheater and proposed Soccer Stadium. We will continue to support and, as in the case of the Greenway, leverage our own resources to maximize grant dollars in order to improve anticipated outcomes. Financially, the City is well positioned to handle this capital plan while maintaining the current AA bond rating. The remaining ARPA money has been allocated for a variety of projects that will have lasting impacts on our community for many years to come.

While putting together the capital plan in recent years, it became evident that asset management for fire and public safety needed to be addressed. During FY 2024, current authorized revenue sources were utilized for land acquisitions necessary for Fire Department service enhancements. Additional revenues will be needed for current and future building construction, equipment acquisition and staffing costs associated with the potential construction of three new fire facilities. A voter approved fire safety millage would meet this need. In Michigan's FY 2024 budget,

Management's Discussion and Analysis (Continued)

lawmakers approved \$35 million in grant funds that will fully fund the construction of two new Grand Rapids fire stations and partially fund the construction of a fire training and operations center. A bond issuance is planned for the second quarter of 2025 to provide the remaining funding necessary for the Fire Training Center.

The Fiscal Plan recommends capital investments of \$290.16 million in FY 2025 and \$760.22 million across all five years (FY 2025-29). These investments are made possible through a variety of funding sources including the General Operating Fund, bonds, federal and state allocations, leveraged funds, millages, and grants. The City's capital plans have been prepared within the context of five years for many years and include sustainable asset management strategies across all business units. The City has intentionally chosen to make investments via an asset management strategy to maintain essential capital systems that require long-term investments, often 20-year projections. These investments account for a large majority of the total capital budget. The physical location of these assets and the timing of investments required to maintain them drive the majority of our capital investment and impact balance and distribution. In the Strategic Plan, the City committed to evaluating all capital projects based on strategic priorities, balance and distribution across the Wards. Having these forward-looking projections allows the organization to make informed decisions on whether there is a need to pare back current plans or an opportunity to set and achieve new goals. The prior capital set-aside of 4.25% was insufficient to maintain all City asset classes over the long-term horizon. As a result, the FY 2025 Fiscal Plan includes an annual 0.25% increase beginning in FY 2024 until the 5.00% target is reached by FY 2026. The capital set-aside is calculated only on the portion of income tax revenue that is not committed to the Vital Streets program in accordance with the fifteen-year income tax extension request approved by voters in FY 2015.

The City must continue to invest strategically so that we may become sustainable in all areas of operation. There needs to be a conscious effort to continue to maintain the operational budgetary discipline of revenues exceeding expenditures created by increasing efficiencies, paying continued careful attention to total compensation and by implementing data-driven performance management. In October 2022, an updated version of the strategic plan was shared, which continues the foundational elements of the first version and is informed by the innovation and agility spurred by the pandemic that resulted in both temporary and permanent changes to our operations. We will continue to refine the city-wide strategic plan, which was built upon commission priorities, citizen input and buy-in from top management across the organization.

The City remains resilient and positioned for success in FY 2025 and beyond with the ability to make progress on the strategic initiatives put forward in the fiscal plan. While financial structural deficits - particularly in the general fund - are on the horizon once relief funding expires, investments we make in continuous improvement, cost efficiencies, and spurring the local economy will help to mitigate those conditions in future years.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller Department, 300 Monroe NW, Grand Rapids, MI 49503. Contact telephone number: (616) 456-3189.



Statement of Net Position

June 30, 2024

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
Assets				
Equity in pooled cash and investments (Note 2)	\$ 415,141,859	\$ 144,348,737	\$ 559,490,596	\$ 28,420,035
Receivables:				
Receivables - Net	29,693,791	34,622,627	64,316,418	1,012,646
Accrued interest receivable	-	-	-	7,766
Leases receivable	-	356,010	356,010	-
Due from other governments	11,786,235	991,218	12,777,453	145,851
Due from component units	286,283	-	286,283	-
Internal balances	(14,519,486)	14,519,486	-	-
Inventory	3,204,784	4,272,423	7,477,207	-
Prepaid expenses and other assets	3,463,099	136,386	3,599,485	23,134
Restricted assets (Note 4)	91,789,480	34,906,878	126,696,358	-
Investment in joint ventures (Note 1)	-	2,472,900	2,472,900	-
Net OPEB asset (Note 10)	5,106,984	-	5,106,984	-
Capital assets: (Note 5)				
Assets not subject to depreciation	87,477,209	34,904,453	122,381,662	11,427,728
Assets subject to depreciation - Net	260,421,512	896,288,435	1,156,709,947	6,717,951
Other assets	-	210,262	210,262	-
Lease receivable (Note 15)	107,779	10,576,083	10,683,862	-
Total assets	893,959,529	1,178,605,898	2,072,565,427	47,755,111
Deferred Outflows of Resources				
Deferred charges on bond refunding	1,413,090	6,214,635	7,627,725	-
Deferred outflows related to pensions (Notes 7 and 8)	66,850,705	6,401,311	73,252,016	2,280,025
Deferred outflows related to OPEB (Notes 10 and 11)	8,808,494	567,716	9,376,210	1,045,871
Total deferred outflows of resources	77,072,289	13,183,662	90,255,951	3,325,896
Liabilities				
Vouchers and accounts payable	47,642,369	8,455,977	56,098,346	3,109,614
Due to other governmental units	227,492	-	227,492	-
Due to primary government	-	-	-	286,283
Accrued liabilities and other	1,118,425	7,698,831	8,817,256	3,664
Due to participants	-	-	-	1,293,260
Unearned revenue	59,358,045	956,204	60,314,249	71,781
Customer deposits	2,260,404	-	2,260,404	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Payable from restricted assets - Principal payable from restricted assets	-	20,057,500	20,057,500	-
Current portion of compensated absences	7,233,474	1,345,262	8,578,736	403,025
Current portion of claims payable	5,774,133	-	5,774,133	-
Current portion of bonds, contracts, and leases payable (Note 6)	9,632,513	3,001,013	12,633,526	225,203
Due in more than one year:				
Compensated absences	9,100,049	1,688,065	10,788,114	351,071
Provision for claims	1,377,389	-	1,377,389	-
Net pension liability (Notes 7 and 8)	294,698,486	36,879,686	331,578,172	13,539,024
Net OPEB liability (Notes 10 and 11)	5,430,694	1,364,124	6,794,818	935,984
Bonds, contracts, notes, and leases payable (Note 6)	135,722,645	421,316,317	557,038,962	1,266,554
Total liabilities	579,576,118	502,762,979	1,082,339,097	21,485,463

City of Grand Rapids, Michigan

Statement of Net Position (Continued)

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Deferred inflows related to OPEB (Notes 10 and 11)	\$ 45,065,102	\$ 3,510,761	\$ 48,575,863	\$ 2,320,693
Deferred inflows related to leases	97,981	10,838,781	10,936,762	-
Total deferred inflows of resources	45,163,083	14,349,542	59,512,625	2,320,693
Net Position				
Net investment in capital assets	277,970,021	487,844,587	765,814,608	17,858,922
Restricted:				
Public works	28,952,692	-	28,952,692	-
Debt service	-	34,411,977	34,411,977	-
Public safety	2,022,408	-	2,022,408	-
Authorized projects	-	-	-	21,206,483
Culture and recreation	573,327	-	573,327	-
Urban and community development	3,185,905	-	3,185,905	-
Grants	2,226,766	-	2,226,766	-
Opioid settlement	7,791,894	-	7,791,894	-
General government	167,759	-	167,759	-
Net OPEB asset	5,106,984	-	5,106,984	-
Nonexpendable - Perpetual care	3,186,960	-	3,186,960	-
Nonexpendable - Culture and recreation	14,270	-	14,270	-
Unrestricted	15,093,631	152,420,475	167,514,106	(11,790,554)
Total net position	<u>\$ 346,292,617</u>	<u>\$ 674,677,039</u>	<u>\$ 1,020,969,656</u>	<u>\$ 27,274,851</u>

City of Grand Rapids, Michigan

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 45,553,732	\$ 16,376,758	\$ 7,765,978	\$ -
Public safety	124,984,242	2,254,150	5,643,960	-
Public works	79,704,901	15,955,799	39,823,016	7,092,543
Health and welfare	7,161	-	3,100,607	-
Urban and community development	27,533,282	9,846,235	13,836,458	-
Recreation and culture	32,296,821	836,785	1,919,077	-
Interest on long-term debt	3,138,069	-	-	-
Total governmental activities	313,218,208	45,269,727	72,089,096	7,092,543
Business-type activities:				
Water Supply System	52,065,052	59,046,684	1,227,491	20,367,536
Sewer Disposal System	65,516,041	70,457,770	535,003	2,888,453
Parking System	20,862,013	22,498,913	2,571,771	-
Other Enterprise	3,628,531	3,067,329	-	-
Total business-type activities	142,071,637	155,070,696	4,334,265	23,255,989
Total primary government	<u>\$ 455,289,845</u>	<u>\$ 200,340,423</u>	<u>\$ 76,423,361</u>	<u>\$ 30,348,532</u>
Component units:				
Downtown Development Authority	\$ 16,605,163	\$ 1,707,229	\$ 25,000	\$ 869,361
Tax Increment Financing Authority	319,376	-	152,476	-
SmartZone Local Development Financing Authority	2,701,256	-	447,811	-
Brownfield Redevelopment Authority	15,218,640	118,259	257,067	-
Corridor Improvement Authority	1,062,120	-	1,458	-
61st District Court	15,279,910	3,525,792	9,079,137	-
Total component units	<u>\$ 51,186,465</u>	<u>\$ 5,351,280</u>	<u>\$ 9,962,949</u>	<u>\$ 869,361</u>
General revenue:				
Taxes:				
Property taxes				
Income taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (21,410,996)	\$ -	\$ (21,410,996)	\$ -
(117,086,132)	-	(117,086,132)	-
(16,833,543)	-	(16,833,543)	-
3,093,446	-	3,093,446	-
(3,850,589)	-	(3,850,589)	-
(29,540,959)	-	(29,540,959)	-
(3,138,069)	-	(3,138,069)	-
(188,766,842)	-	(188,766,842)	-
-	28,576,659	28,576,659	-
-	8,365,185	8,365,185	-
-	4,208,671	4,208,671	-
-	(561,202)	(561,202)	-
-	40,589,313	40,589,313	-
(188,766,842)	40,589,313	(148,177,529)	-
-	-	-	(14,003,573)
-	-	-	(166,900)
-	-	-	(2,253,445)
-	-	-	(14,843,314)
-	-	-	(1,060,662)
-	-	-	(2,674,981)
-	-	-	(35,002,875)
55,401,179	-	55,401,179	28,574,245
136,795,880	-	136,795,880	-
29,658,114	-	29,658,114	-
18,385,277	8,272,973	26,658,250	1,466,545
-	-	-	3,875
2,202,361	635,622	2,837,983	264,994
242,442,811	8,908,595	251,351,406	30,309,659
407,815	(407,815)	-	-
54,083,784	49,090,093	103,173,877	(4,693,216)
292,208,833	625,586,946	917,795,779	31,968,067
\$ 346,292,617	\$ 674,677,039	\$ 1,020,969,656	\$ 27,274,851

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Assets				
Equity in pooled cash and investments (Note 2)	\$ 174,599,633	\$ 19,534,039	\$ 3,703,259	\$ 46,248,402
Receivables:				
Receivables - Net	13,952,065	1,970,108	32,590	3,983,300
Due from other governments	4,326,830	3,623,939	980,220	1,053,940
Due from component units	-	-	-	286,283
Inventory	913,595	1,377,312	-	-
Restricted assets	-	-	-	85,672,947
Lease receivable	-	55,123	-	-
Total assets	\$ 193,792,123	\$ 26,560,521	\$ 4,716,069	\$ 137,244,872
Liabilities				
Vouchers and accounts payable	\$ 27,403,871	\$ 2,207,250	\$ 70,743	\$ 8,942,043
Due to other governmental units	140,687	-	-	-
Unearned revenue	46,049,008	-	-	6,500,000
Customer deposits	408,423	-	-	563,531
Total liabilities	74,001,989	2,207,250	70,743	16,005,574
Deferred Inflows of Resources				
Unavailable revenue - Special assessments	-	-	-	580,149
Unavailable revenue	2,417,523	147,855	-	-
Deferred inflows related to leases	-	45,905	-	-
Total deferred inflows of resources	2,417,523	193,760	-	580,149
Total liabilities and deferred inflows of resources	76,419,512	2,401,010	70,743	16,585,723
Fund Balances				
Nonspendable:				
Inventory	913,595	1,377,312	-	-
Nonexpendable/Endowment	-	-	-	-
Restricted: (Note 18)				
General government	-	-	-	-
Authorized projects	-	-	-	84,692,747
Opioid settlement	-	-	-	-
Public safety	-	-	-	-
Urban and community development	2,464,177	-	-	-
Culture and recreation	-	-	-	-
Public works	-	22,782,199	4,645,326	-
Committed: (Note 18)				
Authorized projects	4,654,900	-	-	35,966,402
Other purposes	17,798,835	-	-	-
Assigned: (Note 18)				
Ensuing budget year	-	-	-	-
Culture and recreation	-	-	-	-
Urban and community development	-	-	-	-
Public works	-	-	-	-
Compensated absences	12,293,516	-	-	-
Other purposes	886,145	-	-	-
Unassigned	78,361,443	-	-	-
Total fund balances	117,372,611	24,159,511	4,645,326	120,659,149
Total liabilities, deferred inflows of resources, and fund balances	\$ 193,792,123	\$ 26,560,521	\$ 4,716,069	\$ 137,244,872

Governmental Funds Balance Sheet

June 30, 2024

Nonmajor Governmental Funds	Total Governmental Funds
\$ 83,057,749	\$ 327,143,082
8,297,035	28,235,098
1,801,306	11,786,235
-	286,283
17,134	2,308,041
-	85,672,947
52,656	107,779
\$ 93,225,880	\$ 455,539,465
\$ 6,690,382	\$ 45,314,289
-	140,687
6,357,529	58,906,537
1,288,450	2,260,404
14,336,361	106,621,917
6,489,653	7,069,802
883,171	3,448,549
52,076	97,981
7,424,900	10,616,332
21,761,261	117,238,249
17,134	2,308,041
3,201,230	3,201,230
167,759	167,759
-	84,692,747
2,109,746	2,109,746
2,022,408	2,022,408
2,380,989	4,845,166
573,327	573,327
-	27,427,525
26,146,056	66,767,358
1,879,129	19,677,964
19,432	19,432
10,785,171	10,785,171
7,295,867	7,295,867
11,050,152	11,050,152
2,078,116	14,371,632
1,738,103	2,624,248
-	78,361,443
71,464,619	338,301,216
\$ 93,225,880	\$ 455,539,465

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds **\$ 338,301,216**

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of capital assets	998,533,425
Accumulated depreciation	<u>(675,222,164)</u>

Net capital assets used in governmental activities	323,311,261
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Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	10,518,351
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Deferred outflows of resources related to pension and OPEB are not available to pay for current period expenditures and, therefore, are not reported in the funds	72,848,129
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Deferred inflows of resources related to pension and OPEB are not due and payable in the current period and are not reported in the funds	(43,648,444)
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Bonds, contracts, leases, and SBITAs payable and related premiums are not due and payable in the current period and are not reported in the funds	(145,247,410)
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Accrued interest is not due and payable in the current period and is not reported in the funds	(1,118,425)
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Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:

Compensated absences	(15,131,944)
Net pension liability	(279,822,968)
Net OPEB asset/liability	226,740

Deferred charges related to bond refunding are not due and payable in the current period and are not reported in the funds	1,413,090
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>84,643,021</u>
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Net Position of Governmental Activities **\$ 346,292,617**

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City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Revenue				
Taxes:				
Property taxes	\$ 17,693,882	\$ -	\$ -	\$ 7,222,533
Income taxes	113,220,334	15,320,585	-	5,337,210
Intergovernmental:				
Federal grants	3,645,227	521,854	-	10,941,643
State sources:				
State-shared taxes	24,980,285	22,787,924	6,113,703	3,109,600
State grants	1,689,636	-	-	123,812
Other grants and contributions	3,628,444	25,000	-	5,876,160
Charges for services	13,089,382	2,807,121	732,720	37,201
Fines and forfeitures	2,011,530	-	-	-
Licenses and permits	3,653,677	-	-	-
Investment income	8,187,335	873,995	41,927	1,740,381
Other revenue:				
Miscellaneous	305,198	584,373	15,477	20,608
Property sales	-	-	-	-
Total revenue	192,104,930	42,920,852	6,903,827	34,409,148
Expenditures				
Current services:				
General government	39,502,743	-	-	140,469
Public safety	112,612,869	-	-	1,192,659
Public works	4,866,389	14,651,866	5,211,116	-
Health and welfare	-	-	-	-
Urban and community development	6,700,091	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	6,116,924	4,069,382	44,337,725
Debt service:				
Principal	894,505	2,528,608	10,890	1,878,182
Interest and fiscal charges	16,211	418,458	721	1,834,276
Total expenditures	164,592,808	23,715,856	9,292,109	49,383,311
Excess of Revenue Over (Under) Expenditures	27,512,122	19,204,996	(2,388,282)	(14,974,163)
Other Financing Sources (Uses)				
Transfers in (Note 12)	1,693,978	460,998	3,052,835	9,331,947
Transfers out (Note 12)	(20,390,743)	(17,162,431)	(48,960)	(566,528)
New debt issued	-	-	-	81,900,000
Leases and SBITAs entered into	248,239	-	-	-
Debt premium	-	-	-	8,226,410
Sale of capital assets	21,333	4,524	-	-
Total other financing (uses) sources	(18,427,193)	(16,696,909)	3,003,875	98,891,829
Net Change in Fund Balances	9,084,929	2,508,087	615,593	83,917,666
Fund Balances - Beginning of year	108,287,682	21,651,424	4,029,733	36,741,483
Fund Balances - End of year	\$ 117,372,611	\$ 24,159,511	\$ 4,645,326	\$ 120,659,149

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

Nonmajor Governmental Funds	Total Governmental Funds
\$ 30,484,764	\$ 55,401,179
2,917,751	136,795,880
16,160,885	31,269,609
201,716	57,193,228
4,444,802	6,258,250
3,252,427	12,782,031
16,033,212	32,699,636
20,938	2,032,468
4,617,252	8,270,929
2,955,440	13,799,078
1,260,761	2,186,417
13,500	13,500
82,363,448	358,702,205
3,757,229	43,400,441
4,304,965	118,110,493
21,139,056	45,868,427
7,161	7,161
20,442,527	27,142,618
26,923,654	26,923,654
6,882,845	61,406,876
2,478,984	7,791,169
537,689	2,807,355
86,474,110	333,458,194
(4,110,662)	25,244,011
28,637,746	43,177,504
(5,510,606)	(43,679,268)
-	81,900,000
211,048	459,287
-	8,226,410
-	25,857
23,338,188	90,109,790
19,227,526	115,353,801
52,237,093	222,947,415
\$ 71,464,619	\$ 338,301,216

City of Grand Rapids, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds \$ 115,353,801

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, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	43,002,160
Depreciation expense	(22,583,295)
Net book value of assets disposed of	(3,319,495)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	3,582,400
--	-----------

Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(82,334,701)
--	--------------

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	7,762,643
--	-----------

Changes in deferred amounts on refunding of bonds are not reported in governmental funds	(347,418)
--	-----------

Changes in accrued interest expense are not reported in governmental funds	(603,830)
--	-----------

Changes in unamortized premiums on bonds are not reported in governmental funds	(7,573,387)
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Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources, and, therefore, the changes in these amounts are not reported as expenditures in the governmental funds	(10,692,911)
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Internal service funds are included as part of governmental activities	11,837,817
--	------------

Change in Net Position of Governmental Activities \$ 54,083,784

Proprietary Funds
Statement of Net Position

June 30, 2024

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 55,034,319	\$ 58,937,033	\$ 26,121,453	\$ 4,255,932	\$ 144,348,737	\$ 87,998,777
Receivables:						
Receivables - Net	18,564,997	15,288,521	564,903	204,206	34,622,627	1,458,693
Leases receivable	-	-	163,277	192,733	356,010	-
Due from other governments	991,218	-	-	-	991,218	-
Inventory	2,921,469	1,318,222	-	32,732	4,272,423	896,743
Prepaid expenses and other assets	-	-	136,386	-	136,386	3,463,099
Restricted assets (Note 4)	5,604,048	9,245,330	-	-	14,849,378	6,116,533
Total current assets	83,116,051	84,789,106	26,986,019	4,685,603	199,576,779	99,933,845
Noncurrent assets:						
Restricted assets (Note 4)	5,647,500	14,410,000	-	-	20,057,500	-
Investment in joint ventures (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Assets not subject to depreciation	16,544,308	9,653,224	8,701,666	5,255	34,904,453	1,522,475
Assets subject to depreciation - Net	401,497,486	455,128,043	36,922,738	2,740,168	896,288,435	23,064,985
Other assets	-	-	-	210,262	210,262	-
Lease receivable	6,858,631	-	3,717,452	-	10,576,083	-
Total noncurrent assets	430,547,925	481,664,167	49,341,856	2,955,685	964,509,633	24,587,460
Total assets	513,663,976	566,453,273	76,327,875	7,641,288	1,164,086,412	124,521,305
Deferred Outflows of Resources						
Deferred charges on bond refunding	2,514,240	2,890,098	810,297	-	6,214,635	-
Deferred outflows related to pensions (Notes 7 and 8)	2,594,962	2,696,139	968,917	141,293	6,401,311	2,581,986
Deferred outflows related to OPEB (Notes 10 and 11)	229,696	239,054	86,437	12,529	567,716	229,084
Total deferred outflows of resources	5,338,898	5,825,291	1,865,651	153,822	13,183,662	2,811,070
Liabilities						
Current liabilities:						
Vouchers and accounts payable	3,862,713	3,108,949	1,288,151	196,164	8,455,977	2,328,080
Due to other governmental units	-	-	-	-	-	86,805
Accrued interest payable	2,727,279	4,835,108	136,444	-	7,698,831	-
Unearned revenue	884,361	-	55,438	16,405	956,204	451,508
Current portion of compensated absences	631,532	506,156	172,185	35,389	1,345,262	522,553
Current portion of claims payable	-	-	-	-	-	5,774,133
Current portion of bonds, contracts, and leases payable (Note 6)	66,053	-	2,934,960	-	3,001,013	52,044
Total current liabilities	8,171,938	8,450,213	4,587,178	247,958	21,457,287	9,215,123
Noncurrent liabilities:						
Payable from restricted assets - Principal payable from restricted assets	5,647,500	14,410,000	-	-	20,057,500	-
Compensated absences	792,461	635,136	216,061	44,407	1,688,065	679,026
Provision for claims	-	-	-	-	-	1,377,389
Net pension liability (Notes 7 and 8)	14,950,277	15,533,185	5,582,192	814,032	36,879,686	14,875,518
Net OPEB liability (Notes 10 and 11)	551,919	574,406	207,696	30,103	1,364,124	550,450
Bonds, contracts, notes, and leases payable (Note 6)	147,473,998	254,705,443	19,136,876	-	421,316,317	55,704
Total noncurrent liabilities	169,416,155	285,858,170	25,142,825	888,542	481,305,692	17,538,087
Total liabilities	177,588,093	294,308,383	29,730,003	1,136,500	502,762,979	26,753,210

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2024

	Enterprise Funds				Governmental Activities	
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Deferred Inflows of Resources						
Deferred inflows related to OPEB (Notes 10 and 11)	\$ 1,420,440	\$ 1,478,315	\$ 534,533	\$ 77,473	\$ 3,510,761	\$ 1,416,658
Deferred inflows related to leases	6,838,852	-	3,793,438	206,491	10,838,781	-
Total deferred inflows of resources	8,259,292	1,478,315	4,327,971	283,964	14,349,542	1,416,658
Net Position						
Net investment in capital assets	264,362,849	196,551,461	24,184,854	2,745,423	487,844,587	24,479,712
Restricted - Debt service	10,912,062	23,499,915	-	-	34,411,977	-
Unrestricted	57,880,578	56,440,490	19,950,698	3,629,223	137,900,989	74,682,795
Total net position	<u>\$ 333,155,489</u>	<u>\$ 276,491,866</u>	<u>\$ 44,135,552</u>	<u>\$ 6,374,646</u>	660,157,553	<u>\$ 99,162,507</u>
Amounts reported for business-type activities in the statement of net position are different because a portion of the Internal Service Fund is included as business-type activities					14,519,486	
Total Net Position - Business-type Activities					<u><u>\$ 674,677,039</u></u>	

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2024

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Operating Revenue						
Sales	\$ 53,064,605	\$ 3,080,714	\$ -	\$ 630,900	\$ 56,776,219	\$ 58,900
Charges for services	4,294,551	66,378,067	22,382,222	2,436,429	95,491,269	74,610,350
Miscellaneous	1,687,528	998,989	116,691	-	2,803,208	2,168,657
Total operating revenue	59,046,684	70,457,770	22,498,913	3,067,329	155,070,696	76,837,907
Operating Expenses						
Utilities	3,662,536	2,429,699	499,546	303,991	6,895,772	1,525,639
Supplies and materials	7,783,060	3,977,654	2,363,863	276,413	14,400,990	4,174,479
Personal services	12,901,732	13,979,077	4,955,832	1,451,813	33,288,454	12,557,221
Contractual services	5,019,307	10,611,672	5,573,242	539,268	21,743,489	3,872,547
Other services and charges	6,564,838	6,986,870	3,299,198	805,258	17,656,164	43,819,562
Depreciation and amortization	11,662,209	19,262,270	3,704,537	292,262	34,921,278	5,269,848
Total operating expenses	47,593,682	57,247,242	20,396,218	3,669,005	128,906,147	71,219,296
Operating Income (Loss)	11,453,002	13,210,528	2,102,695	(601,676)	26,164,549	5,618,611
Nonoperating Revenue (Expense)						
Investment income	3,508,955	3,584,172	980,822	199,024	8,272,973	4,586,199
Interest expense	(4,944,185)	(8,900,353)	(539,627)	-	(14,384,165)	(22,345)
(Loss) gain on sale of assets	(51,234)	-	(151,165)	-	(202,399)	364,041
Operating grants	1,227,491	535,003	2,571,771	-	4,334,265	-
Other nonoperating revenue	577,145	(424,052)	482,529	-	635,622	23,373
Total nonoperating revenue (expense)	318,172	(5,205,230)	3,344,330	199,024	(1,343,704)	4,951,268
Income (Loss) - Before capital contributions	11,771,174	8,005,298	5,447,025	(402,652)	24,820,845	10,569,879
Capital Contributions						
Capital grants	16,683,503	-	-	-	16,683,503	-
Other capital contributions	3,684,033	2,888,453	-	-	6,572,486	1,779,433
Total capital contributions	20,367,536	2,888,453	-	-	23,255,989	1,779,433
Transfers In (Note 12)	163,315	-	14,000	1,051,000	1,228,315	7,338,695
Transfers Out (Note 12)	(62,198)	(262,195)	(140,000)	(1,171,737)	(1,636,130)	(6,429,116)
Change in Net Position	32,239,827	10,631,556	5,321,025	(523,389)	47,669,019	13,258,891
Net Position - Beginning of year	300,915,662	265,860,310	38,814,527	6,898,035	612,488,534	85,903,616
Net Position - End of year	<u>\$ 333,155,489</u>	<u>\$ 276,491,866</u>	<u>\$ 44,135,552</u>	<u>\$ 6,374,646</u>	<u>\$ 660,157,553</u>	<u>\$ 99,162,507</u>
Net Change in Net Position - Total enterprise funds					\$ 47,669,019	
Amounts reported for business-type activities in the statement of activities are different because a portion of the Internal Service Fund is included as business-type activities					1,421,074	
Change in Net Position of Business-type Activities					<u>\$ 49,090,093</u>	

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2024

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers	\$ 52,489,522	\$ 69,185,373	\$ 22,434,296	\$ 3,225,953	\$ 147,335,144	\$ 75,016,956
Payments to suppliers	(24,845,938)	(21,803,129)	(11,622,640)	(1,973,808)	(60,245,515)	(50,624,152)
Payments to employees	(8,335,727)	(9,348,281)	(3,035,638)	(1,000,445)	(21,720,091)	(8,212,884)
Other operating receipts	559,145	4,899	479,809	-	1,043,853	-
Payments for payroll taxes and benefits	(4,467,687)	(4,611,119)	(1,739,737)	(321,366)	(11,139,909)	(7,644,026)
Net cash provided by (used in) operating activities	15,399,315	33,427,743	6,516,090	(69,666)	55,273,482	8,535,894
Cash Flows from Noncapital Financing Activities						
Operating grants and subsidies	1,245,491	535,093	2,571,771	-	4,352,355	-
Transfers from other funds	163,315	-	14,000	1,051,000	1,228,315	7,338,695
Transfers to other funds	(62,198)	(262,195)	(140,000)	(1,171,737)	(1,636,130)	(6,429,116)
Net cash provided by (used in) noncapital financing activities	1,346,608	272,898	2,445,771	(120,737)	3,944,540	909,579
Cash Flows from Capital and Related Financing Activities						
Issuance of bonds	13,490,729	-	-	-	13,490,729	-
Receipt of capital grants	16,683,503	-	-	-	16,683,503	-
Proceeds from sale of capital assets	157,085	136,987	11,031	-	305,103	387,414
Property taxes restricted for capital items	-	-	-	(88,696)	(88,696)	-
Purchase of capital assets	(25,461,347)	(6,671,570)	(4,851,934)	(235,300)	(37,220,151)	(4,213,969)
Principal and interest paid on capital debt	(9,162,368)	(24,171,595)	(1,534,048)	-	(34,868,011)	(1,097,708)
Net cash used in capital and related financing activities	(4,292,398)	(30,706,178)	(6,374,951)	(323,996)	(41,697,523)	(4,924,263)
Cash Flows Provided by Investing Activities -						
Sale of investments	3,275,582	3,376,727	976,485	199,024	7,827,818	4,615,281
Net Increase (Decrease) in Equity in Pooled Cash and Investments	15,729,107	6,371,190	3,563,395	(315,375)	25,348,317	9,136,491
Equity in Pooled Cash and Investments -						
Beginning of year	50,217,274	76,065,758	22,558,058	4,571,307	153,412,397	84,978,819
Equity in Pooled Cash and Investments - End of year	\$ 65,946,381	\$ 82,436,948	\$ 26,121,453	\$ 4,255,932	\$ 178,760,714	\$ 94,115,310
Classification of Cash						
Cash and investments	\$ 55,034,319	\$ 58,937,033	\$ 26,121,453	\$ 4,255,932	\$ 144,348,737	\$ 87,998,777
Restricted cash	10,912,062	23,499,915	-	-	34,411,977	6,116,533
Total cash	\$ 65,946,381	\$ 82,436,948	\$ 26,121,453	\$ 4,255,932	\$ 178,760,714	\$ 94,115,310

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2024

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 11,453,002	\$ 13,210,528	\$ 2,102,695	\$ (601,676)	\$ 26,164,549	\$ 5,618,611
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	11,662,209	19,262,270	3,704,537	292,262	34,921,278	5,269,848
Miscellaneous cash received	559,145	4,900	436,685	-	1,000,730	-
Changes in assets and liabilities:						
Receivables	(6,557,615)	(1,272,369)	(21,493)	158,624	(7,692,853)	(422,473)
Inventories	(239,128)	(123,339)	-	(19,820)	(382,287)	271,915
Restricted assets	-	-	(2,673)	-	(2,673)	(3,093,099)
Accounts payable and other liabilities	(1,022,265)	1,416,781	115,627	(28,403)	481,740	571,719
Net pension or OPEB liability	(834,262)	686,941	95,932	112,275	60,886	54,302
Deferrals related to pension or OPEB	360,155	209,526	94,388	2,759	666,828	266,559
Compensated absences	18,074	32,505	(9,608)	14,313	55,284	(1,488)
Total adjustments	3,946,313	20,217,215	4,413,395	532,010	29,108,933	2,917,283
Net cash provided by (used in) operating activities	<u>\$ 15,399,315</u>	<u>\$ 33,427,743</u>	<u>\$ 6,516,090</u>	<u>\$ (69,666)</u>	<u>\$ 55,273,482</u>	<u>\$ 8,535,894</u>
Significant Noncash Transactions						
Contributions of capital assets	\$ 3,684,033	\$ 2,888,453	\$ -	\$ -	\$ 6,572,486	\$ 1,779,433
Subscriptions entered into	-	-	1,532,297	-	1,532,297	168,849
Leases entered into	1,666,606	-	-	-	1,666,606	-

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Assets		
Equity in pooled cash and investments (Note 2)	\$ 1,497,620	\$ -
Investments: (Note 2)		
Cash and money market funds	57,820,787	-
U.S. government securities	88,368,447	-
Other	106,221,654	-
State and municipal bonds	1,030,114	-
Corporate bonds and fixed-income commingled funds	192,142,037	-
Common stocks and equity mutual funds	499,650,823	-
Asset-backed securities	15,072,964	-
Real estate securities	47,283,082	-
Commodities	45,643,175	-
Collateral held by broker under securities lending - Short-term fixed income	65,584,912	-
Receivables:		
Receivables - Net	2,407,685	547,983
Accrued interest receivable	1,664,292	-
Pending trades - Sales	49,001,252	-
Total assets	1,173,388,844	547,983
Liabilities		
Vouchers and accounts payable	1,143,435	-
Due to other governmental units	-	547,983
Pending trades - Purchases and other payables	75,719,951	-
Obligations under securities lending agreements	65,584,912	-
Total liabilities	142,448,298	547,983
Net Position - Restricted		
Pension	952,502,825	-
Postemployment benefits other than pension	78,437,721	-
Total net position	\$ 1,030,940,546	\$ -

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Additions		
Investment income:		
Interest and dividends	\$ 17,434,812	\$ -
Net increase in fair value of investments	84,293,980	-
Investment costs	(2,015,383)	-
Net investment income	99,713,409	-
Securities lending income - Interest and dividends	309,068	-
Contributions:		
Employer contributions	33,729,941	-
Employee contributions	8,314,181	-
Total contributions	42,044,122	-
Property tax collections for other governments	-	202,821,885
Total additions	142,066,599	202,821,885
Deductions		
Benefit payments	84,289,973	-
Administrative expenses	1,823,012	-
Property tax distributions to other governments	-	202,821,885
Total deductions	86,112,985	202,821,885
Net Increase in Fiduciary Net Position	55,953,614	-
Net Position - Beginning of year	974,986,932	-
Net Position - End of year	\$ 1,030,940,546	\$ -

City of Grand Rapids, Michigan

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority
Assets			
Equity in pooled cash and investments (Note 2)	\$ 6,423,519	\$ 3,224,026	\$ 1,182,901
Receivables:			
Receivables - Net	914,126	10,952	6,933
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Prepaid expenses and other assets	23,110	-	-
Capital assets: (Note 5)			
Assets not subject to depreciation	11,313,680	-	-
Assets subject to depreciation - Net	6,649,720	3,101	-
Total assets	25,324,155	3,238,079	1,189,834
Deferred Outflows of Resources			
Deferred outflows related to pensions (Notes 7 and 8)	-	-	-
Deferred outflows related to OPEB (Notes 10 and 11)	-	-	-
Total deferred outflows of resources	-	-	-
Liabilities			
Vouchers and accounts payable	476,925	1,386	299,813
Due to primary government	286,283	-	-
Accrued interest payable	-	-	-
Due to participants	-	-	-
Unearned revenue	1,000	-	-
Noncurrent liabilities:			
Due within one year: (Note 6)			
Current portion of compensated absences	31,909	447	9,311
Current portion of bonds, contracts, and leases payable	89,297	906	-
Due in more than one year:			
Compensated absences	40,042	560	11,684
Net pension liability (Notes 7 and 8)	-	-	-
Net OPEB liability (Notes 10 and 11)	-	-	-
Bonds, contracts, notes, and leases payable (Note 6)	194,369	2,185	-
Total liabilities	1,119,825	5,484	320,808
Deferred Inflows of Resources - Deferred inflows related to OPEB (Notes 10 and 11)	-	-	-
Net Position (Deficit)			
Net investment in capital assets	17,679,734	10	-
Restricted for authorized projects	6,524,596	3,232,585	869,026
Unrestricted	-	-	-
Total net position (deficit)	<u><u>\$ 24,204,330</u></u>	<u><u>\$ 3,232,595</u></u>	<u><u>\$ 869,026</u></u>

Component Units
Statement of Net Position

June 30, 2024

Brownfield Redevelopment Authority	Corridor Improvement Authority	61st District Court	Total
\$ 12,440,284	\$ 2,560,010	\$ 2,589,295	\$ 28,420,035
58,593	9,653	12,389	1,012,646
-	-	7,766	7,766
-	-	145,851	145,851
-	-	24	23,134
-	-	114,048	11,427,728
-	61	65,069	6,717,951
12,498,877	2,569,724	2,934,442	47,755,111
-	-	2,280,025	2,280,025
-	-	1,045,871	1,045,871
-	-	3,325,896	3,325,896
2,160,245	17,829	153,416	3,109,614
-	-	-	286,283
3,664	-	-	3,664
1,048,295	-	244,965	1,293,260
-	-	70,781	71,781
23,608	-	337,750	403,025
135,000	-	-	225,203
29,623	-	269,162	351,071
-	-	13,539,024	13,539,024
-	-	935,984	935,984
1,070,000	-	-	1,266,554
4,470,435	17,829	15,551,082	21,485,463
-	-	2,320,693	2,320,693
-	61	179,117	17,858,922
8,028,442	2,551,834	-	21,206,483
-	-	(11,790,554)	(11,790,554)
\$ 8,028,442	\$ 2,551,895	\$ (11,611,437)	\$ 27,274,851

City of Grand Rapids, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Downtown Development Authority - Urban and community development	\$ 16,605,163	\$ 1,707,229	\$ 25,000	\$ 869,361
Tax Increment Financing Authority - Urban and community development	319,376	-	152,476	-
SmartZone Local Development Financing Authority - Urban and community development	2,701,256	-	447,811	-
Brownfield Redevelopment Authority - Urban and community development	15,218,640	118,259	257,067	-
Corridor Improvement Authority - Urban and community development	1,062,120	-	1,458	-
61st District Court - Public safety	15,279,910	3,525,792	9,079,137	-
Total component units	\$ 51,186,465	\$ 5,351,280	\$ 9,962,949	\$ 869,361
General revenue:				
Property taxes				
Unrestricted investment income (loss)				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Component Units
Statement of Activities

Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position						
Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	Corridor Improvement Authority	61st District Court	Total
\$ (14,003,573)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,003,573)
-	(166,900)	-	-	-	-	(166,900)
-	-	(2,253,445)	-	-	-	(2,253,445)
-	-	-	(14,843,314)	-	-	(14,843,314)
-	-	-	-	(1,060,662)	-	(1,060,662)
-	-	-	-	-	(2,674,981)	(2,674,981)
(14,003,573)	(166,900)	(2,253,445)	(14,843,314)	(1,060,662)	(2,674,981)	(35,002,875)
8,626,448	492,407	1,474,327	16,123,378	1,857,685	-	28,574,245
646,882	133,389	132,112	523,490	(19,431)	50,103	1,466,545
-	-	-	-	-	3,875	3,875
-	-	-	75,023	-	189,971	264,994
9,273,330	625,796	1,606,439	16,721,891	1,838,254	243,949	30,309,659
(4,730,243)	458,896	(647,006)	1,878,577	777,592	(2,431,032)	(4,693,216)
28,934,573	2,773,699	1,516,032	6,149,865	1,774,303	(9,180,405)	31,968,067
\$ 24,204,330	\$ 3,232,595	\$ 869,026	\$ 8,028,442	\$ 2,551,895	\$ (11,611,437)	\$ 27,274,851

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Grand Rapids, Michigan (the "City") was incorporated as a village in 1838. It was incorporated as a city under a mayor-council form of government in 1850 and remained under that form of government until 1916 when the commission-manager system of government was instituted by the current City Charter. The City provides the following services: public safety, public works, maintenance and construction of streets, recreation and culture, urban development, and general administrative services.

In accordance with accounting principles generally accepted in the United States of America (USA), these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations and financial relationship with the City.

Blended Component Units

The Grand Rapids Building Authority (GRBA) was created by the City of Grand Rapids, Michigan under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended, and is governed by a three-member board appointed by the City Commission. Although it is legally separate from the City, the GRBA is reported as if it were part of the primary government because its sole purpose is to finance and construct facilities for any legitimate public purpose of the City. The City has included in its financial statements the capital projects funds for projects in progress during the fiscal year, as well as debt service funds used for the accumulation of resources to repay the related debt on current projects and those previously financed. Likewise, the City has incorporated the bond issues and the related capital assets in the governmental activities for government-wide presentation. For completed proprietary project facilities, the City has included the capital assets and related debt within the specific proprietary funds and reported them in the business-type activities column of the government-wide presentation.

Fiduciary Component Units

The City of Grand Rapids General Retirement System (General Retirement System) was established by city ordinance, which provides that general administration and responsibility for the operation of the General Retirement System are vested in a seven-member board of trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). Three members are elected by current employees. The General Retirement System is a defined benefit pension plan that covers all eligible employees of the City of Grand Rapids, Michigan, except for police officers, firefighters, and newly hired employees who are participants in one of the two defined contribution plans discussed in Note 14. The plan closed to new entrants on June 30, 2014. Funding for the General Retirement System is primarily provided by the City. Additional details of the General Retirement System are included in Note 7. Separate audited financial statements are issued. The General Retirement System is included in these statements as a fiduciary fund.

The City of Grand Rapids Police and Fire Retirement System (Police and Fire Retirement System) was established by city ordinance, which provides that the general administration and responsibility for the operation of the Police and Fire Retirement System is vested in a seven-member board of trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). The Police and Fire Retirement System covers all the eligible uniformed police and fire personnel of the City of Grand Rapids, Michigan under a defined benefit pension plan. Funding for the Police and Fire Retirement System is primarily provided by the City. The fiscal year end of this system changed to December 31 during the 2004 fiscal year. Additional details of the Police and Fire Retirement System are included in Note 7. Separate audited financial statements are issued. The Police and Fire Retirement System is included in these statements as a fiduciary fund.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

The **City of Grand Rapids General Retiree, Police Retiree, and Fire Retiree OPEB Plans** are administered by city staff. Although they are legally separate from the City, they are reported as fiduciary component units because the City performs the duties of a governing body and the plans impose a financial burden on the City.

Discretely Presented Component Units

The component unit column in the combined financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the ability to impose its will on all of the listed authorities, as it must annually approve their budgets and their development and tax increment financing plans.

The **Grand Rapids Downtown Development Authority (DDA)** was created under the provisions of Act 197, Public Acts of 1975 of the State of Michigan, to correct and prevent deterioration, encourage historic preservation, and promote economic growth of business districts in the City. The DDA is under the supervision and control of a nine-member board consisting of the mayor and eight members appointed by the mayor and confirmed by the City Commission. Tax increment revenue is the DDA's primary source of financing its programs and activities.

The **Grand Rapids Tax Increment Financing Authority (TIFA)** was created under the provisions of Act 450, Public Acts of 1980 of the State of Michigan, to provide for the development of the Monroe North Development Area through tax increment revenue. The TIFA is under the supervision and control of an 11-member board appointed by the mayor and confirmed by the City Commission.

The **City of Grand Rapids SmartZone Local Development Financing Authority (SmartZone)** was created under the provisions of the Local Development Financing Act, Act 281 of the Public Acts of 1986 of the State of Michigan, as amended by Act 248 of the Public Acts of 2000 of the State of Michigan, to promote economic development within an area, or areas, of specified boundaries. The SmartZone is under the supervision and control of an 11-member board. The mayor appoints 7 members, the Kent County Commission appoints 1, the president of Grand Rapids Community College appoints 1, and the superintendent of the Grand Rapids Public Schools appoints 2. Tax increment revenue from the zone is the authority's primary source of financing its development plan.

The **City of Grand Rapids Brownfield Redevelopment Authority (Brownfield)** was created under the provisions of Act 381, Public Acts of 1996 of the State of Michigan. The purpose of the Authority is to promote the revitalization of environmentally distressed areas within the boundaries of the City. The Authority consists of a seven-member board that has an interest in the revitalization of environmentally distressed properties. Members are appointed by the mayor with City Commission approval.

The City has created six separate Corridor Improvement Authorities (CIAs), detailed below, under the provisions of Act 280, Public Acts of 2005 of the State of Michigan. The primary financing source of each CIA is expected to be property tax increment revenue. The primary purpose of each authority is to plan and propose construction, renovation, repair, or marketing projects that use tax increment revenue to aid the economic growth of the district. Each CIA has a nine-member board appointed by the mayor with the approval of the City Commission. None of the authorities issue separate financial statements. The resources and activities of all six CIAs are aggregated for presentation in these financial statements, with combining schedules included in the supplementary information.

- **The City of Grand Rapids Michigan Street Corridor Improvement Authority (Michigan Street)** - The purpose of the authority is to aid the economic growth of the Michigan Street corridor between Prospect and Plymouth avenues.
- **The City of Grand Rapids North Quarter Corridor Improvement Authority (NQCIA)** - The purpose of the authority is to aid the economic growth of the Plainfield Avenue corridor north of downtown and the two business districts within it.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

- **The City of Grand Rapids Southtown (formerly Madison Square) Corridor Improvement Authority (Southtown)** - The purpose of the authority is to aid the economic growth of six business districts and the corridors connecting them in the south-central area of the City.
- **The City of Grand Rapids Uptown Corridor Improvement Authority (Uptown)** - The purpose of the authority is to assist in the revitalizing of an economically transitioning area located along four commercial corridors in the east-central area of the City.
- **The City of Grand Rapids Grandville-South Division Corridor Improvement Authority** - The purpose of the authority is to aid the economic growth of two corridors, Grandville Avenue from Logan Street to the city limit and South Division Avenue from Hall to Colrain streets.
- **The City of Grand Rapids Westside Corridor Improvement Authority (Westside)** - The purpose of the authority is to aid the economic growth of three business districts and eight commercial streets passing through them in the west-central area of the City.

State of Michigan 61st District Court is one of 104 districts in the State of Michigan District Court system, which in turn is part of the one Court of Justice, established by Article 6 of the Michigan Constitution. The City is the Local Funding Unit (LFU) for the 61st District Court, in accordance with the Revised Judicature Act of 1961, Public Acts 374 and 388 of 1996, and Supreme Court Administrative Order No. 1998-5. In most instances, providing funding gives control; in this case, it does not. Rather, the 61st District Court is subject to control by the Michigan Supreme Court. The 61st District Court has accounts for trust money that are accounted for as liabilities in the fund. The City is financially accountable for the 61st District Court and is required to fund its operations. The 61st District Court does not issue separate financial statements.

Joint Ventures

The joint ventures of the City have not been included in the City's financial statements. They are as follows:

The City of Grand Rapids and County of Kent Joint Building Authority (JBA) was created by the City and the County of Kent, Michigan (the "County") under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended (MCL 123.951). The JBA is governed by a three-member board of commissioners, of which one member is appointed by the City Commission, one member is appointed by the County Commission, and one member is appointed by joint action of the City Commission and the County Commission. Because it is legally separate from the City, the JBA is not reported as part of the primary government. Summary financial information as of and for the year ended June 30, 2024 is as follows: total assets of \$143,138,480, total liabilities of \$63,481,626, total net position of \$79,656,854, revenue of \$8,892,400, and expenses of \$8,100,705.

The Grand Rapids-Kent County Convention/Arena Authority (C/AA) was created when the City entered into an agreement with the County of Kent, Michigan to establish an authority pursuant to Act 203 of the Public Acts of 1999, the Convention Facility Authority Act (MCL 141.1401). The C/AA is a separate legal entity established for the purpose of acquiring, constructing, and operating convention facilities. The operating agreement provides that any facility operating deficits will be covered first by the net income of other C/AA facilities, second by an operating reserve fund, and third by certain lodging excise tax revenue. The City and the County will share any remaining deficit equally. Summary financial information as of and for the year ended June 30, 2023 is as follows: total assets of \$73,112,127, total liabilities of \$43,492,153, total net position of \$29,619,974, revenue of \$21,970,538, and expenses of \$19,944,389.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Grand Valley Regional Biosolids Authority was created by the City and the City of Wyoming, Michigan (Wyoming) under the provisions of Act 233, Public Acts of 1955, as amended (MCL 124.281), for the development, construction, and operation of a regional biosolids management project. The City and Wyoming will share equally the initial costs, ongoing administrative costs, and planning and design of the project. The City's current equity interest is \$2,472,900. Articles of incorporation were adopted in April 2004. Summary financial information as of and for the year ended June 30, 2024 is as follows: total assets of \$24,739,292, total liabilities of \$10,286,123, total net position of \$14,453,169, revenue of \$11,735,117, and expenses of \$8,710,846.

Individual audited financial reports of the component units and joint ventures of the City can be obtained from the City Comptroller's Office in City Hall, except for pension fund reports, which can be obtained from the City's Pension Office. Selected reports are also available on the City's website, www.grandrapidsmi.gov, within the Comptroller's Department section and at www.grpensions.org for the retirement system.

City of Grand Rapids
Comptroller's Office
300 Monroe Avenue NW
Grand Rapids, MI 49503
(616) 456-3189

City of Grand Rapids
Pension Office
233 East Fulton Avenue Suite 216
Grand Rapids, MI 49503
(616) 365-5015

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water, sewage, or parking functions and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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, if any, are reported as separate columns in the fund financial statements.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition for property taxes and 90 days of year end to be available for other revenue. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments, federal grant reimbursements, and funds from the national opioid settlement will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in other funds.
- The **Major and Local Streets Funds** account for the maintenance and construction of all major streets, trunk lines, and local streets. Financing is provided by special revenue from P.A. 51 State Shared Gas and Weight Taxes and charges for various services. These funds also account for an income tax continuation revenue committed to be spent on the improvement of the streets. The City Commission appointed 25 members to the Vital Streets Oversight Commission with the goal of achieving a pavement condition rating of fair to good on 70 percent of the streets over the next 15 years.
- The **General Capital Construction Fund** accounts for the construction of capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, income taxes, transfers from other funds, and contributions from private sources.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as major enterprise funds:

- The **Water Supply System Fund** accounts for the operation and maintenance, capital additions, improvements, and retirement of revenue bonds of the water supply system. Financing is provided by user charges and contributions by other funds, municipalities, and customers.
- The **Sewer Disposal System Fund** accounts for the operation and maintenance, capital additions, improvements, and retirement of bonds of the sewage disposal system. Financing is provided by user charges, federal grants, and contributions from other funds, municipalities, and customers.
- The **Parking System Fund** accounts for the operations and maintenance, capital additions, improvements, and retirement of bonds of the parking system. The fund was established to provide parking facilities on and off the streets. Financing is provided by user charges.

Additionally, the City reports the following fund type:

- The **Internal Service Funds** account for data processing, fleet management, facilities management, insurance services, and engineering services provided to city departments on a cost reimbursement basis.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- The **Pension and Other Employee Benefit Trust Funds** account for the accumulation of resources to be used for retirement annuity payments and retiree health care payments in appropriate amounts and times in the future.
- The **Custodial Tax Fund** accounts for the collection and distribution of property taxes to other governmental entities.

Specific Balances and Transactions

Cash and Investments

Cash resources of the primary government and component units, except for the pension funds and certain restricted assets related to bond issues, are managed by the city treasurer either in an internal investment pool or through delegation of a portion of the pool to an external investment manager trading an assigned portion of the pool. Each fund's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

Bank deposits are stated at cost plus accrued interest receivable. Investments are stated at fair value. Interest income earned as a result of cash and investment pooling is distributed to the appropriate funds.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)*Due from Other Governmental Units*

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenue at the time reimbursable project costs are incurred. Reimbursements received more than 90 days after year end are not recognized as revenue until the following year. Revenue received in advance of project costs being incurred is unearned revenue. Capital grants for capital asset additions to the proprietary funds are recorded as receivables and a corresponding increase to revenue when reimbursable project costs are incurred.

In evaluating the appropriate accruals for intergovernmental revenue (grants, subsidies, and shared revenue), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of revenue. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenue is recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and nearly irrevocable. These resources are reflected as revenue at the time of receipt or earlier if they meet the criterion of availability.

Inventories

Inventories recorded in the proprietary funds are valued at average cost. Governmental funds use the purchases method to account for inventories by charging the inventory items to expenditures at the time of purchase.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets having a useful life in excess of one year with costs in excess of threshold amounts are capitalized. Capital assets are valued at historical cost or estimated cost if actual cost is not available. Major outlays for capital assets and improvements (construction in progress) are capitalized as projects are constructed. Donated capital assets are valued at acquisition value on the date of donation. Infrastructure, such as roads, bridges, and traffic signals, was capitalized for the first time in fiscal year 2002. Because a large portion of the assets were donated, transferred from another unit of government, or partially funded by other parties, the capitalization was based on an inventory of the public infrastructure assets.

	Depreciable Life - Years	Threshold
Water mains	75	\$20,000
Sewer service mains	50	20,000
Buildings and structures	20-50	50,000
Equipment	3-30	10,000
Software	5-10	50,000
Land improvements	20	10,000
Leasehold improvements	10	50,000
Infrastructure	20-45	1,000,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is computed using the straight-line method over the estimated useful lives shown in the preceding table.

Unearned Revenue

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts received through exchange transactions prior to goods or services being provided.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The others are deferred resources related to pensions and other postemployment benefits (OPEB) plans that are yet to be recognized in the actuarial calculations of the individual plans.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category, deferred resources due to time restrictions related to special assessments, certain grant receivables, and funds receivable from the national opioid settlement; deferred resources related to OPEB plans that are yet to be recognized in the actuarial calculations of the individual plans; and deferred inflows related to leases where the City is the lessor.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted. Portions of unrestricted net position are sometimes segregated and designated to indicate that management does not consider them to be available for general operations. Such designations can be increased, decreased, or eliminated at management's discretion.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. City Commission Policy 700-06 states that a majority vote of the City Commission is required to approve a commitment and a two-thirds majority vote of the City Commission is required to remove a commitment. The City Commission has established a Budget Stabilization Fund as a "rainy day" reserve. Public Act 30 of 1978 governs the size and use of these funds in the State of Michigan. The fund is limited to 15 percent of the General Fund budget. Once committed to budget stabilization, state law allows the use of the funds with a two-thirds vote of the governing body in a limited set of circumstances, primarily to cover expenses in the event of a natural disaster or to prevent an immediate reduction in public services or employment in situations where expected sources of revenue decline from one fiscal year to the next. As required by current accounting standards, the balance of the Budget Stabilization Fund is presented as committed fund balance within the General Fund.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Per City Commission Policy 700-06, subject - Fund Balance, the City Commission delegates to the city manager or their designee the authority to assign amounts to be used for other specific purposes.

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The size of the unassigned fund balance shall be maintained, per city policy, at no less than 15 percent of General Fund expenditures. Also, for governmental funds other than the General Fund, if the sum of nonspendable and restricted and committed fund balance exceeds the total amount of fund balance, it may be necessary to report a negative unassigned fund balance amount for those funds.

See Note 18 for future detail on the components of fund balance.

Property and Income Tax Revenue

The City bills and collects its own property taxes. Taxes are levied on July 1 and are due without penalty on or before July 31. The property taxes attach as an enforceable lien on all property as of July 1. Uncollected real property taxes as of March 1 each fiscal year are turned over to Kent County, Michigan for collection. Collection of delinquent personal property taxes remains the responsibility of the city treasurer. Since all city property taxes levied are current receivables, tax revenue is recognized when levied. An allowance reducing revenue is recorded at June 30 for uncollected delinquent personal property taxes and for estimated refunds resulting from property tax appeals.

The City also acts as the billing and collection agent for the State of Michigan; Kent County, Michigan; the local transit authority (the "Interurban Transit Partnership"); and the independent school districts within the city limits. All state and school district taxes are billed with the city taxes on the July 1 levy and due without penalty on July 31. Taxes levied by Kent County, Michigan are primarily billed on July 1 and due on July 31. The remainder are billed on December 1 and due without penalty on or before February 14. Taxes collected on behalf of other governmental units are accounted for in agency funds. Uncollected real property taxes as of March 1 are turned over to Kent County, Michigan for collection. The city treasurer remains responsible for collecting delinquent personal property taxes.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

At July 2023, the total assessed value of all real and personal property in the City subject to ad valorem taxation was \$6,691,557,720 before the reductions described in this paragraph. The assessed value generally represents 50 percent of the estimated current value of the property. Beginning in fiscal year 1995, the State constitution has limited the annual increase in taxable portion of the assessed value of existing property to the lesser of the rate of inflation or 5 percent until a transfer of ownership of the property occurs. At the time of transfer of ownership of property, the assessed value becomes the new base taxable value. The total ad valorem base was reduced by \$3,086,434,980 by this limitation, reducing city tax revenue by approximately \$27,878,224 for fiscal year 2024.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2024 was based on the following rates:

Purpose	Millage Rate	Revenue
General operating	3.7801 \$	21,436,938
Promotional and advertising	0.0074 (\$50,000 maximum)	41,631
Refuse collection	1.8000	10,197,848
Library operating and capital	2.2558	12,996,280
Parks	1.1892	6,732,064

An income tax is imposed on income earned within the City, regardless of the residence of the taxpayer, and on all income of city residents. Residents paid 1.5 percent of all taxable income, and nonresidents paid 0.75 percent of taxable income earned within the city limits during fiscal year 2024.

Pensions

The measurement date that the City has chosen for the measurement of the net pension asset or liability to record in the City's financial statements is the plan years ended 6 and 12 months prior to the date of these financial statements. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, for purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the City has used the same basis as the reporting by the City's pension plans. The City has recognized pension expense only to the extent that the pension system has recorded revenue as of the measurement date. Contributions to the pension plan after the measurement dates used to present the net pension asset or liability are presented as deferred outflows of resources in the current year and will be recognized as pension expense the following fiscal year. Governmental fund financial statements prepared using the current financial resources measurement focus include cash contributions to the pension plans as an expenditure of the current year. The difference between these two measurement focuses is reconciled on the reconciliation statements presented on pages 27 and 30. Amounts due for pension liabilities are liquidated by the governmental funds, mainly the General Fund, or proprietary funds from which the related employees' compensation is paid.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

The measurement date that the City has chosen for the measurement of the net OPEB asset or liability to record in the City's financial statements is the plan year ended 12 months prior to the date of these financial statements. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, for purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the City has used the same basis as the reporting by the City's OPEB plans. The City has recognized OPEB expense only to the extent that the OPEB plan has recorded revenue as of the measurement date. Contributions to the OPEB plan after the measurement dates used to present the net OPEB asset or liability are presented as deferred outflows of resources in the current year and reduce the net OPEB liability the following fiscal year. Governmental fund financial statements prepared using the current financial resources measurement focus include cash contributions to the OPEB plans as an expenditure of the current year. The difference between these two measurement focuses is reconciled on the reconciliation statements presented on pages 27 and 30. Amounts due for OPEB liabilities are liquidated by the governmental funds, mainly the General Fund, or proprietary funds from which the related employees' compensation is paid.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service, terms of collective bargaining agreements, and city policies. Employees are limited by bargaining agreements or policy as to the amount of vacation that can be carried from one calendar year to another. Upon termination, employees are paid for unused vacation at their current rates. Unused accumulated sick leave is paid to employees with 10 or more years of continuous service who retire or resign, as provided by bargaining agreements or policy. It is the City's policy to recognize as a liability the obligation for vacation pay and sick leave in the government-wide and proprietary funds at the time the liability is incurred. In governmental fund statements, only amounts immediately payable due to terminations are reported as liabilities. In governmental funds, the vested portion of compensated absences is reported as part of assigned fund balance.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Leases

The City is a lessee for noncancelable leases of various assets. The City recognizes a lease liability and an intangible right-of-use lease asset in governmental and business-type activities.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with noncurrent liabilities in the governmental and business-type activities columns.

The City is a lessor for noncancelable leases of various assets. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The City uses the actual rate charged to lessees as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-based Information Technology Arrangements (SBITAs)

The City obtains the right to use vendors' information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

As of and for the Year Ended June 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Key estimates and judgments related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Note 2 - Deposits and Investments

The City maintains an investment pool for most city funds. Each fund's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. The city treasurer is responsible for most investments, with the exception of the resources of the retirement systems' trust funds, which are managed by their own boards of trustees, and the assets of the retiree health care trusts, which are managed by Beaumont Capital Management. The city treasurer has delegated responsibility for investing certain sleeves of the portfolio to external managers where their expertise and market access is judged to be more cost-effective than internal management. The laws of the State of Michigan, the City of Grand Rapids Charter, the city ordinance on investments, and the City's investment policy authorize the treasurer, and any external investment managers contracted by the treasurer, to invest surplus moneys belonging to and under the control of the City in an investment portfolio diversified by type of instrument, issuer, and maturity according to the "prudent person" standard, with the results monitored with the assistance of an external investment consultant. Certain requirements for federal regulation and capital adequacy tests are required of any financial institution or broker-dealer in the investment program. Authorized investments are summarized as follows:

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank, savings and loan association, savings bank, or credit union whose deposits are insured by the United States government and that maintains a principal office or branch office in the State of Michigan
- Commercial paper with an original maturity of 270 days or less and rated no less than A-1 (Standard & Poor's), P-1 (Moody's), or F1 (Fitch) by one rating agency where the issuer's long-term debt is at least A1 (Moody's), A+ (Standard & Poor's), or A+ (Fitch)
- Repurchase agreements of 90 days or less collateralized 102 percent by U.S. Treasury or federal agency obligation securities held by the City's custodial bank
- Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase, were rated at least A or its equivalent
- Banker's acceptances with maturities not exceeding 180 days, rated no less than A-1 (Standard & Poor's), P-1 (Moody's), or F1 (Fitch) at the time of purchase issued by a state or nationally chartered bank with combined capital and surplus of at least \$250 million

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

- Mutual funds, registered under the investment company act of 1940, composed of investment vehicles that are legal for direct investment by local units of government in Michigan, which maintain a constant net asset value per share of \$1.00 and comply with Rule 2a-7 of the Investment Company Act of 1940
- Investment pools organized under the local government investment pools acts and/or investment pools organized under the surplus funds investment pool act, provided the fund has an average maturity less than 90 days

The general policy states that investments should avoid an over-concentration in a specific security, issuer, or investment type. The investment policy specifically requires that the weighted-average life of the portfolio shall not exceed seven years. Certificates of deposit may not exceed a three-year maturity.

The City's investment policy places limits on the amount that may be invested in any one issuer. The policy aggregates both interest-bearing deposits and investments to calculate the concentration percentage. The maximum concentrations by type of investment and issuer are shown below:

	Maximum % by Instrument	Maximum % by Issuer
U.S. Treasury obligations	100.00 %	100.00 %
U.S. governmental instrumentalities securities	100.00	100.00
U.S. government agency securities	50.00	35.00
Repurchase agreements	25.00	5.00
Certificates of deposit	100.00	100.00
Michigan municipal securities	50.00	50.00
Commercial paper	25.00	5.00
Banker's acceptance	25.00	5.00
Money market mutual funds	25.00	25.00
Investment pools	25.00	25.00
Joint interlocal investment ventures	25.00	25.00

For Michigan municipal securities, securities issued by the State of Michigan are limited to a maximum of 50 percent, those issued by political subdivisions are limited to 5 percent.

The investments of the City's two retirement systems and OPEB plans are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965 (MCL 38.1132 et seq), which has numerous investment limitations depending on the type of investment. These restrictions are summarized in Note 7. In addition, contracts between the retirement systems and their investment managers impose additional restrictions on the securities each investment manager may purchase on behalf of the systems. Currently both retirement systems are utilizing the same managers with the same investment mandates, although the individual securities in each portfolio may differ. Each retirement system has a different fiscal year end, which also contributes to differences in the reported portfolio composition. The assets accumulated by a pension and OPEB systems are used to fund liabilities that mature over many future decades. Because of this long-term orientation, they are allowed to invest in assets that have substantially greater risk of decline in value over short time periods than would be prudent for the investments that are used to fund general city functions.

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City's deposits may not be returned to the City. The City's investment policy seeks to minimize custodial credit risk by limiting the amount of deposits at each bank, savings and loan, or credit union to the amount of federal deposit insurance unless the institution has a bank rating of three stars or above by Bauer Financial. Most deposits are uninsured and uncollateralized. At year end, the carrying value of the City's and OPEB plans' deposits (included in equity in pooled cash and investments) was \$111,233,893, and the associated bank balances totaled \$112,223,160. Of the bank balances, \$1,500,000 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$110,723,160 were uninsured and exposed to custodial credit risk.

The retirement systems do not maintain any checking or other demand or time deposit accounts. Accounts reported as cash in the statement of fiduciary net position are composed entirely of short-term investments in investment accounts or funds in the custody of the counterparty of an unsettled trade.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the City may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes custodial credit risk by prequalifying broker/dealers, intermediaries, and advisors with which the City executes investment transactions by a review of references and the net worth of each investment company and by utilizing a third-party custodial bank for safekeeping of purchased securities. At June 30, 2024, all investments were held by the City's agents in the City's name.

For the retirement systems, custodial credit risk is minimized by having most investments either in the form of open end mutual funds or held by the system's agent, Northern Trust Co., in the name of the system. As of December 31, 2023, no investments of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2024, no General Retirement System (GRS) investments were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the exposure of investments to changes in fair value as interest rates change. The investment policy of the City limits maturities of certificates of deposit to no longer than three years and the weighted-average life of the total portfolio to no longer than seven years to minimize interest rate risk. As a general rule, the treasurer's office avoids the risk that changes in market interest rates will negatively impact any fund by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. The City avoids the need to sell securities in the open market through the pooling concept where current cash receipts and investment maturities are used to pay any fund's current obligations by changing a fund's equity in the investment pool.

Both retirement systems structure their fixed-income portfolios to be approximately neutral in duration and interest rate risk to that of the benchmark (Bloomberg Barclays U.S. Aggregate Index).

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

At year end, the City, retirement systems, and OPEB plans had the following investments and maturities:

		Primary government				Weighted- average Maturity (Years)
U.S. Treasury notes						1.64
U.S. Treasury inflation-protected securities						4.7
U.S. agency bonds						10.77
Michigan municipal bonds						3.9
Money market mutual funds						0.25
Police and Fire Retirement System at December 31, 2023		Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$	51,563,534	\$ -	\$ 6,015,632	\$ 2,938,340	\$ 42,609,562
State and municipal bonds		534,201	-	244,962	-	289,239
Corporate bonds and fixed-income commingled funds		75,562,060	536,346	8,082,858	61,860,762	5,082,094
Asset-backed securities		7,960,720	-	1,459,697	140,662	6,360,361
Cash and money market mutual funds		4,579,643	4,579,643	-	-	-
Investments held as collateral for securities lending		30,732,658	30,732,658	-	-	-
Total	\$	170,932,816	\$ 35,848,647	\$ 15,803,149	\$ 64,939,764	\$ 54,341,256
General Retirement Systems at June 30, 2024		Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$	36,804,913	\$ -	\$ 10,880,924	\$ 6,244,742	\$ 19,679,247
State and municipal bonds		495,913	-	243,417	-	252,496
Corporate bonds and fixed-income commingled funds		82,198,091	246,846	9,909,655	67,352,731	4,688,859
Asset-backed securities		7,112,244	-	904,374	134,320	6,073,550
Cash and money market mutual funds		51,309,754	51,309,754	-	-	-
Investments held as collateral for securities lending		34,852,254	34,852,254	-	-	-
Total	\$	212,773,169	\$ 86,408,854	\$ 21,938,370	\$ 73,731,793	\$ 30,694,152
OPEB Plans at June 30, 2024		Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds and fixed-income commingled funds	\$	34,381,886	\$ 24,482,908	\$ 6,190,267	\$ 3,708,711	\$ -
Cash and money market mutual funds		1,931,390	1,931,390	-	-	-
Total	\$	36,313,276	\$ 26,414,298	\$ 6,190,267	\$ 3,708,711	\$ -

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy of the City limits this risk by limiting investments in commercial paper to those rated in one of the two highest classifications established by at least two nationally recognized statistical rating organizations (NRSROs) at the time of purchase and limiting the purchase of municipal obligations to those rated at least A or the equivalent by at least one NRSRO. The investment policy of the City restricts money market mutual funds to those that maintain a constant share value of \$1 but does not require a specific rating. At year end, all such funds are rated AAA by two or more of the NRSROs.

The fixed-income portfolio of both retirement systems invests in both investment-grade bonds, as well as high-yield bonds rated below investment grade; however, the investment policy states the composite credit rating for the entire portfolio is not below an A rating.

As of year end, the credit quality ratings of debt securities (other than the U.S. government) for the City, retirement systems, and OPEB plans are as follows:

Primary Government	S&P Rating or Equivalent				Not Subject to Credit Risk/Not Available
	Total	AAA/A-1	AA/A-2	A/A-3	
U.S. Treasury obligations	\$ 151,356,713	\$ 18,128,975	\$ -	\$ -	\$ 133,227,738
U.S. government agencies	93,400,623	-	93,400,623	-	-
Michigan municipal securities	192,645,527	10,025,560	175,654,842	4,935,131	2,029,994
Commercial paper	127,860,283	118,071,483	-	-	9,788,800
Money market mutual funds	24,537,457	24,537,457	-	-	-
Total	<u>\$ 589,800,603</u>	<u>\$ 170,763,475</u>	<u>\$ 269,055,465</u>	<u>\$ 4,935,131</u>	<u>\$ 145,046,532</u>

Rating	Police and Fire Retirement System at December 31, 2023		General Retirement System at June 30, 2024		OPEB Plans at June 30, 2024
S&P AAA	\$	58,435,090	\$	1,356,412	\$ -
S&P AA		1,178,935		978,158	-
S&P A		5,207,472		70,308,046	-
S&P BBB		12,975,630		11,101,835	-
S&P B		100,554		101,233	-
S&P CC		204,912		-	-
S&P D		-		194,952	-
U.S. government obligations - Not subject to credit risk		51,482,346		36,726,837	-
Unrated securities and funds		6,035,576		5,843,688	34,381,886
Total	<u>\$</u>	<u>135,620,515</u>	<u>\$</u>	<u>126,611,161</u>	<u>\$ 34,381,886</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy aggregates both deposits and investments to calculate the concentration limitation percentage relative to the entire portfolio. Accounting principles generally accepted in the USA require disclosure of any investments that exceed 5 percent of total investments. Excluded from this reporting requirement are securities issued by, or explicitly guaranteed by, the U.S. government and investments in an investment pool or other fund that is itself a pool of other investments. No investments exceeded 5 percent of total investments in the current year.

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

For the retirement systems, state statute and the systems' investment policies provide that no single issuer will represent more than 5 percent of the total fund. As of each system's fiscal year end, no single issuer within either portfolio represented more than 5 percent of the total fund or of the plan net position.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. In general, the foreign currency exposure for the retirement systems resulting from international investments is not hedged by the investment managers. This exposes the portfolio to foreign currency risk, which is not expected to harm or help the performance of the fund in a significant way over the long term. The principal investment vehicles used for international investing are a U.S.-based institutional mutual fund whose shares are priced in the U.S. dollar and American Depository Receipts, which are negotiable certificates issued by a U.S. bank that are traded in the U.S. in U.S. dollars but represent foreign stock held overseas by the bank. As of the indicated fiscal year ends, the retirement systems had the following U.S. dollar value of investments in foreign securities:

Investment Type	Police and Fire at December 31, 2023	General Retirement System at June 30, 2024
Equities	\$ 134,268,736	\$ 78,720,886
Private equity partnerships	12,443,330	11,872,428
Private credit partnerships	16,517,645	17,122,468
Government obligations	81,187	78,077
Corporate bonds and commingled funds	4,726,946	4,742,389
Total fair value	<u>\$ 168,037,844</u>	<u>\$ 112,536,248</u>

Securities Lending

Public Act 314 permits, and the trustees have implemented, a securities lending program where each system, through The Northern Trust Company (NT), lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Both systems authorized NT to utilize the Core U.S.A. Collateral Section in which all collateral is in U.S. dollars and available to participating lenders who are domiciled or reside in the USA. The system receives only cash collateral. Cash collateral is invested in the short-term investment pool that maintains a maturity independent of, and longer than, the average length of a securities loan. Cash collateral may also be invested separately in term loans, in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. Initial collateral levels will not be less than 102 percent of the fair value of the borrowed securities or no less than 105 percent if the borrowed securities and the collateral are denominated in different currencies.

As of December 31, 2023, the Police and Fire Retirement System had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities Collateralized by Cash Collateral	Cash Collateral Received
U.S. corporate fixed income	\$ 2,973,254	\$ 3,032,103
U.S. equities	15,725,419	16,157,894
U.S. government fixed income	11,290,334	11,542,661
Total	<u>\$ 29,989,007</u>	<u>\$ 30,732,658</u>

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

As of June 30, 2024, the General Retirement System had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities	
	Collateralized by Cash Collateral	Cash Collateral Received
U.S. corporate fixed income	\$ 4,548,961	\$ 4,669,912
U.S. equities	15,653,378	16,110,322
U.S. government fixed income	13,681,141	14,072,020
Total	<u>\$ 33,883,480</u>	<u>\$ 34,852,254</u>

NT shall indemnify the systems against borrower default in compliance with state statutes if it is unable to recover borrowed securities and distributions made during the term of the loan or loans with respect to those securities as a result of NT's failure to: (1) make a reasonable determination of the creditworthiness of a borrower; (2) demand adequate and appropriate collateral on a prompt and timely basis, perfect a security interest, obtain equivalent rights in the collateral, or maintain control of the collateral; or (3) otherwise perform its duties and responsibilities under its agreement with the systems or applicable law. All securities loans can be terminated on demand by either the system or NT and are subject to the performance by both parties of any of their respective obligations that remain outstanding at the time of termination. Upon termination of this program by either party, NT shall terminate all outstanding loans of the securities and shall make no further loans. There are no restrictions on the amount of the loans that can be made. Cash collateral may also be invested separately in term loans, in which case the investments match the loan term. These loans can be terminated on demand either by lender or borrower.

Fair Value Measurements

The City and retirement systems categorize their fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the USA. 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 observable inputs, estimated using the matrix pricing technique and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. Level 3 inputs are those where market data is unavailable and are estimated using the best information available about the assumptions that market participants would use to price a similar asset. Security values are provided by the City's custodial bank using information from a third-party pricing service. Certain assets, such as money market mutual funds and investment pools, are reported at amortized cost. There are no limitation or restrictions on participant withdrawals for the investment pool recorded at amortized cost.

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

The value of the City's investment portfolio at June 30, 2024 was developed using the following inputs:

	Primary Government Fair Value Measurements			Balance at June 30, 2024
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
U.S. Treasury	\$ 129,162,485	\$ 22,194,228	\$ -	\$ 151,356,713
U.S. government agency	93,400,623	-	-	93,400,623
Michigan municipal securities	-	192,645,527	-	192,645,527
Commercial paper	-	127,860,283	-	127,860,283
Total measured at fair value	<u>\$ 222,563,108</u>	<u>\$ 342,700,038</u>	<u>\$ -</u>	565,263,146
Investments Measured at Amortized Cost				
Money market mutual funds				<u>24,537,457</u>
Total investments				<u>\$ 589,800,603</u>

The value of each retirement system's investment portfolio was developed using the following inputs:

	Police and Fire Retirement System Fair Value Measurements			Balance at December 31, 2023
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
U.S. government obligations	\$ 29,700,834	\$ 21,862,700	\$ -	\$ 51,563,534
State and municipal bonds	534,201	-	-	534,201
Corporate bonds and fixed- income commingled funds	19,175,045	56,387,015	-	75,562,060
Stocks and equity mutual funds	65,449,153	182,509,146	-	247,958,299
Real estate security fund	24,732,801	-	-	24,732,801
Asset-backed securities	7,960,720	-	-	7,960,720
Commodities	-	23,469,681	-	23,469,681
Private equity partnerships	-	-	33,280,710	33,280,710
Private credit partnerships	-	-	21,126,480	21,126,480
Securities lending collateral pool	30,732,658	-	-	30,732,658
Total measured at fair value	<u>\$ 178,285,412</u>	<u>\$ 284,228,542</u>	<u>\$ 54,407,190</u>	516,921,144
Investments Measured at Amortized Cost				
Money market mutual funds				<u>4,579,643</u>
Total investments				<u>\$ 521,500,787</u>

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

	General Retirement System Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Investments by Fair Value Level				
U.S. government obligations	\$ 36,804,913	\$ -	\$ -	\$ 36,804,913
State and municipal bonds	495,913	-	-	495,913
Corporate bonds and fixed- income commingled funds	17,963,113	64,234,978	-	82,198,091
Common and preferred stocks and equity mutual funds	62,674,880	148,061,227	-	210,736,107
Real estate security fund	22,550,281	-	-	22,550,281
Asset-backed securities	7,112,244	-	-	7,112,244
Commodities	-	22,173,494	-	22,173,494
Private equity partnerships	-	-	29,993,426	29,993,426
Private credit partnerships	-	-	21,821,038	21,821,038
Securities lending collateral pool	34,852,254	-	-	34,852,254
Total measured at fair value	<u>\$ 182,453,598</u>	<u>\$ 234,469,699</u>	<u>\$ 51,814,464</u>	468,737,761
Investments Measured at Amortized Cost				
Money market mutual funds				<u>51,309,754</u>
Total investments				<u>\$ 520,047,515</u>

The value of the City's OPEB plans investment portfolios was developed using the following inputs:

	OPEB Plans Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Assets				
Trading securities:				
Corporate bonds and fixed- income commingled funds	\$ 34,381,886	\$ -	\$ -	\$ 34,381,886
Common stocks and equity mutual funds	40,956,417	-	-	40,956,417
Total	<u>\$ 75,338,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,338,303</u>

As of and for the Year Ended June 30, 2024

Note 2 - Deposits and Investments (Continued)

The reported net asset values of open-end mutual funds are considered Level 1 inputs because that was the value at which shares could be purchased or sold at the end of the day. Values for most securities in separately managed accounts are also considered Level 1 inputs because they are traded in active markets. The reported value of investments in commingled investment funds and common trust funds are considered Level 2 inputs because there is less transparency into the daily valuation methodology of these investment vehicles. The City estimates the fair value of these investments using interactive data, which uses other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. The reported value of private equity funds and private credit funds are considered Level 3 inputs because each of the investments within the funds are valued quarterly using judgment and estimates derived from market comparisons. Classification into each level of the hierarchy is determined by the systems' investment consultant. The systems' investment consultant also validates the valuations reported by the investment managers each reporting period.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

The Uniform Budgeting Act (P.A. 2 of 1968) of the State of Michigan requires that a balanced budget on the modified accrual basis of accounting be adopted annually by the local legislative body in the form of a general appropriation act for the General Fund and all special revenue funds. The City's budget is adopted on the modified accrual basis consistent with accounting principles generally accepted in the USA. Debt service expenditures associated with leases and SBITAs are budgeted at the department level.

On or before the first Tuesday in April, the city manager submits to the City Commission an estimate of the expenditures of the City for the ensuing fiscal year. Such estimates are compiled from and based upon detailed information furnished by the various departments of the city government requiring appropriations.

Public hearings are conducted by the City Commission to obtain taxpayer comments.

On or before the second Monday in May, a separately issued budget report, which demonstrates legal compliance at the legal level of budgetary control, is enacted through passage of an ordinance.

Appropriations are authorized by ordinance at the departmental level within the General Fund and by fund for all other annually budgeted funds, except the Parking System, Sewer Disposal System, Water Supply System, Facilities Management, Information Technology, and Motor Equipment funds, which are budgeted at capital improvement and operations/maintenance account level. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgeted amounts presented in the financial statements are as originally adopted or as amended by the City Commission during the fiscal year.

The general appropriation ordinance authorizes the chief administrative officer to transfer budgeted amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the city manager. Transfers between departments or between funds must be approved by the City Commission.

Supplemental appropriations are approved by the City Commission in the form of budget ordinance amendments. These appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenue or an appropriation of available fund balance and must be approved by the City Commission.

As of and for the Year Ended June 30, 2024

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The legal level of budgetary control is described above. With the exception of the General Fund, Major and Local Streets funds, and various capital project and grant funds where authorized appropriations span multiple years, funds contain the operations of a single department. For the year ended June 30, 2024, expenditures did not exceed appropriations in any of the annually budgeted governmental funds at the legal level of budgetary control, except for the General Fund Treasury department due to an increase in credit card merchant fee charges and invoices accrued in fiscal year 2024 and in the Vehicle Storage Facility fund due to a required entry to gross up expenditures and other financing sources for a new subscription IT arrangement.

Fund Deficits

The 311 Program Fund, an internal service fund that provides centralized customer services to other city funds, ended the year with a deficit of \$1,139,767. The deficit is solely the result of net pension liability and net OPEB liability, noncurrent liabilities, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund is provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when noncurrent liabilities mature.

The Engineering Services Fund, an internal service fund that provides services to other city funds, ended the year with a deficit of \$774,929. The deficit is solely the result of net pension liability and net OPEB liability, noncurrent liabilities, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund is provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when noncurrent liabilities mature.

The 61st District Court, a discretely presented component unit, had a deficit of \$11,611,437 at June 30, 2024. The deficit is solely the result of net pension liability and net OPEB liability in the financial statements of the full accrual funds. The General Fund is required to provide funding for the 61st District Court, so future funding will be available when needed to fund these liabilities.

Note 4 - Restricted Assets

Certain bond issues require the restriction of assets. The amount of restricted assets is determined by authorized construction projects, requirements specified in bond ordinances, and current bond maturities. Pooled cash is unspent bond proceeds. The funds held by trustee are the Insurance Payment Fund for internal service and restricted for debt service payments in the water and sewer systems.

At June 30, 2024, restricted assets are composed of the following:

	Proprietary Funds			Governmental Funds
	Water Supply System	Sewage Disposal System	Internal Service	General Capital Construction
Funds held by trustee	\$ 10,912,062	\$ 23,499,915	\$ 6,116,533	\$ -
Equity in pooled cash and investments	-	-	-	85,672,947
Loans receivable	339,486	155,415	-	-
Total	<u>\$ 11,251,548</u>	<u>\$ 23,655,330</u>	<u>\$ 6,116,533</u>	<u>\$ 85,672,947</u>

As of and for the Year Ended June 30, 2024

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities is as follows:

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 27,379,201	\$ 80,341	\$ 3,522,768	\$ -	\$ 30,982,310
Construction in progress	50,711,872	(24,021,456)	30,856,970	(2,762,023)	54,785,363
Easement/Right of way	1,679,745	-	29,791	-	1,709,536
Subtotal	79,770,818	(23,941,115)	34,409,529	(2,762,023)	87,477,209
Capital assets being depreciated:					
Lease assets	73,531	-	84,302	-	157,833
Subscription assets	4,821,244	-	625,264	-	5,446,508
Buildings and structures	183,039,817	469,354	985,017	(1,730,992)	182,763,196
Furniture and equipment	2,639,031	-	-	-	2,639,031
Vehicles	63,848,434	1,773,590	4,199,167	(3,480,460)	66,340,731
Machinery and equipment	32,490,082	796,664	2,291,315	(2,042,471)	33,535,590
Land improvements	72,013,190	373,140	716,188	(104,131)	72,998,387
Software	142,900	-	-	-	142,900
Infrastructure	585,726,110	20,528,367	5,942,101	(240,903)	611,955,675
Subtotal	944,794,339	23,941,115	14,843,354	(7,598,957)	975,979,851
Accumulated depreciation:					
Lease assets	48,586	-	30,972	-	79,558
Subscription assets	1,707,088	-	1,879,331	-	3,586,419
Buildings and structures	127,139,147	-	3,618,475	(1,615,814)	129,141,808
Furniture and equipment	2,636,507	-	1,979	-	2,638,486
Vehicles	39,334,976	-	4,873,185	(3,397,517)	40,810,644
Machinery and equipment	13,903,485	-	1,836,431	(1,754,792)	13,985,124
Land improvements	40,736,689	-	2,395,041	(75,687)	43,056,043
Software	142,900	-	-	-	142,900
Infrastructure	469,003,831	-	13,217,729	(104,203)	482,117,357
Subtotal	694,653,209	-	27,853,143	(6,948,013)	715,558,339
Net capital assets being depreciated	250,141,130	23,941,115	(13,009,789)	(650,944)	260,421,512
Net governmental activities capital assets	\$ 329,911,948	\$ -	\$ 21,399,740	\$ (3,412,967)	\$ 347,898,721

As of and for the Year Ended June 30, 2024

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2023	Reclassifications	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 14,706,068	\$ -	\$ 551,244	\$ (58,486)	\$ 15,198,826
Construction in progress	19,649,474	(13,669,642)	10,000,200	(293,580)	15,686,452
Easement/Right of way	3,728,274	-	290,901	-	4,019,175
Subtotal	38,083,816	(13,669,642)	10,842,345	(352,066)	34,904,453
Capital assets being depreciated:					
Storage tanks	26,562,987	-	-	(36,216)	26,526,771
Buildings and structures	235,696,203	1,720,495	2,503,951	(301,462)	239,619,187
Furniture	752,159	-	-	(463,229)	288,930
Motor vehicles	6,602,741	-	-	(97,197)	6,505,544
Machinery and equipment	345,463,579	4,799,316	3,285,429	(68,873,880)	284,674,444
Sewer service mains	556,853,237	718,513	4,769,509	-	562,341,259
Land improvements	36,684,428	47,961	220,516	(16,199)	36,936,706
Water mains	395,631,654	6,383,357	18,971,985	-	420,986,996
Software	190,958	-	-	-	190,958
Lease assets	3,267,590	-	1,666,606	-	4,934,196
Subscription assets	-	-	1,532,297	-	1,532,297
Subtotal	1,607,705,536	13,669,642	32,950,293	(69,788,183)	1,584,537,288
Accumulated depreciation:					
Storage tanks	15,690,865	-	562,847	(36,216)	16,217,496
Buildings and structures	138,964,278	-	5,252,120	(301,462)	143,914,936
Furniture	745,478	-	235	(463,229)	282,484
Motor vehicles	4,653,901	-	647,414	(97,197)	5,204,118
Machinery and equipment	196,141,741	-	10,636,907	(68,300,432)	138,478,216
Sewer service mains	228,462,580	-	10,563,825	-	239,026,405
Land improvements	25,412,098	-	1,132,671	(16,199)	26,528,570
Water mains	111,143,319	-	5,331,606	-	116,474,925
Software	190,958	-	-	-	190,958
Lease assets	1,137,092	-	656,649	-	1,793,741
Subscription assets	-	-	137,004	-	137,004
Subtotal	722,542,310	-	34,921,278	(69,214,735)	688,248,853
Net capital assets being depreciated	885,163,226	13,669,642	(1,970,985)	(573,448)	896,288,435
Net business-type activities capital assets	\$ 923,247,042	\$ -	\$ 8,871,360	\$ (925,514)	\$ 931,192,888

As of and for the Year Ended June 30, 2024

Note 5 - Capital Assets (Continued)

Component Units

Capital asset activity of the 61st District Court for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated - Construction in progress	\$ 114,048	\$ -	\$ -	\$ 114,048
Capital assets being depreciated:				
Motor vehicles	92,357	-	(20,212)	72,145
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	13,988	30,730	(13,988)	30,730
Subtotal	257,125	30,730	(34,200)	253,655
Accumulated depreciation:				
Motor vehicles	49,875	7,228	(20,212)	36,891
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	2,772	915	(2,772)	915
Subtotal	203,427	8,143	(22,984)	188,586
Net capital assets being depreciated	53,698	22,587	(11,216)	65,069
Net 61st District Court capital assets	<u>\$ 167,746</u>	<u>\$ 22,587</u>	<u>\$ (11,216)</u>	<u>\$ 179,117</u>

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As of and for the Year Ended June 30, 2024

Note 5 - Capital Assets (Continued)

Component Units (Continued)

Capital asset activity of the Downtown Development Authority for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Reclassifications	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 11,008,005	\$ -	\$ -	\$ -	\$ 11,008,005
Construction in progress	266,133	(13,924)	53,466	-	305,675
Subtotal	11,274,138	(13,924)	53,466	-	11,313,680
Capital assets being depreciated:					
Motor vehicles	15,000	-	-	-	15,000
Buildings and structures	60,161,125	-	-	-	60,161,125
Machinery and equipment	6,044,760	13,924	-	-	6,058,684
Furniture	2,842,539	-	-	-	2,842,539
Land improvements	7,046,193	-	-	-	7,046,193
Infrastructure	267,779	-	-	-	267,779
Lease asset	316,133	-	182,859	-	498,992
Subtotal	76,693,529	13,924	182,859	-	76,890,312
Accumulated depreciation:					
Motor vehicles	2,301	-	5,007	-	7,308
Buildings and structures	52,933,921	-	2,010,724	-	54,944,645
Machinery and equipment	5,463,223	-	230,351	-	5,693,574
Furniture	2,525,474	-	99,341	-	2,624,815
Land improvements	6,373,443	-	161,908	-	6,535,351
Infrastructure	214,216	-	5,958	-	220,174
Lease asset	125,088	-	89,637	-	214,725
Subtotal	67,637,666	-	2,602,926	-	70,240,592
Net capital assets being depreciated	9,055,863	13,924	(2,420,067)	-	6,649,720
Net Downtown Development Authority capital assets	<u>\$ 20,330,001</u>	<u>\$ -</u>	<u>\$ (2,366,601)</u>	<u>\$ -</u>	<u>\$ 17,963,400</u>

As of and for the Year Ended June 30, 2024

Note 5 - Capital Assets (Continued)

Component Units (Continued)

Capital asset activity of the Tax Increment Financing Authority for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated:				
Land improvements	\$ 1,486,800	\$ -	\$ -	\$ 1,486,800
Lease asset	3,088	2,863	-	5,951
Subtotal	1,489,888	2,863	-	1,492,751
Accumulated depreciation:				
Land improvements	1,486,800	-	-	1,486,800
Lease asset	1,900	950	-	2,850
Subtotal	1,488,700	950	-	1,489,650
Net Tax Increment Financing Authority capital assets	<u>\$ 1,188</u>	<u>\$ 1,913</u>	<u>\$ -</u>	<u>\$ 3,101</u>

Capital asset activity of the Corridor Improvement Authority for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated -				
Vehicles	\$ -	\$ 25,550	\$ -	\$ 25,550
Accumulated depreciation -				
Vehicles	-	(25,489)	-	(25,489)
Net Corridor Improvement Authority capital assets	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 61</u>

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

Governmental activities:	
General government	\$ 3,069,548
Public safety	1,940,319
Public works	14,316,165
Urban and community development	10,500
Recreation and culture	3,246,763
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>5,269,848</u>
Total governmental activities	<u>\$ 27,853,143</u>
Business-type activities:	
Water	\$ 11,662,209
Sewer	19,262,270
Auto parking	3,704,537
Other	<u>292,262</u>
Total business-type activities	<u>\$ 34,921,278</u>

As of and for the Year Ended June 30, 2024

Note 5 - Capital Assets (Continued)

Component unit activities:	
61st District Court	\$ 8,143
Downtown Development Authority	2,602,926
Corridor Improvement Authority	25,489
Total component unit activities	<u>\$ 2,636,558</u>

Construction Commitments

The City has active construction projects at year end. The major projects include various Water Supply System, Sewage Disposal System, and street construction projects. At year end, the City's major commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Supply System - Various water mains and system construction projects	\$ 26,591,145	\$ 2,188,511
Sewer Disposal System - Various sewer mains and system construction projects	7,933,264	328,692
Streets Capital Construction - Various street construction projects	333,482	-
Vital Streets Capital Construction - Various vital street construction projects	5,177,703	211,693
Total	<u>\$ 40,035,594</u>	<u>\$ 2,728,896</u>

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As of and for the Year Ended June 30, 2024

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Maturity Date Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable							
Direct borrowings and direct placements:							
2017 Capital Improvement Bond Cemeteries	1.5-2.65%	2-21 to 2-27	\$ 1,510,000	\$ -	\$ (365,000)	\$ 1,145,000	\$ 375,000
2013 Capital Improvement Bonds	2.96%	8-20 to 8-29	905,000	-	(115,000)	790,000	120,000
Kent County Drain Commission Contract payable (2016 Floodwalls)	3-5%	11-20 to 11-36	6,620,000	-	(340,000)	6,280,000	355,000
Kent County Drain Commission Contract payable (2014 Floodwalls)	3-4%	11-20 to 11-34	3,070,000	-	(215,000)	2,855,000	225,000
Total direct borrowings and direct placements			12,105,000	-	(1,035,000)	11,070,000	1,075,000
Other debt:							
2024 LTGO Capital Improvement (Amphitheater)	5.00%	4-24 to 4-44	-	18,265,000	-	18,265,000	715,000
2024 LTGO Capital Improvement (Scribner)	5.00%	4-24 to 4-45	-	54,505,000	-	54,505,000	1,315,000
2023 LTGO Capital Improvement (Lyon Square)	5.00%	4-24 to 4-54	-	9,130,000	-	9,130,000	275,000
2021 LTGO Capital Improvement (street lighting)	1.25-4.00%	10-22 to 10-41	11,340,000	-	(470,000)	10,870,000	485,000
2020A Grand Rapids Building Authority	4.0-5.0%	10-33 to 10-39	1,560,000	-	-	1,560,000	-
2020B Grand Rapids Building Authority	0.35-2.25%	10-21 to 10-32	1,650,000	-	(155,000)	1,495,000	160,000
2019A Grand Rapids Building Authority (Condo II-taxable)	5.00%	10-20 to 10-28	6,180,000	-	(910,000)	5,270,000	950,000
2019B Grand Rapids Building Authority (Condo II)	1.9-2.51%	10-20 to 10-28	6,875,000	-	(1,085,000)	5,790,000	1,110,000
2018 LTGO Capital Improvement (street lighting)	3-5%	10-22 to 10-41	7,955,000	-	(265,000)	7,690,000	275,000
2016 LTGO Refunding Bonds	3-5%	10-20 to 10-27	4,225,000	-	(770,000)	3,455,000	805,000
2016 Capital Improvement Bonds Vital Streets	4-5%	4-21 to 4-26	5,785,000	-	(1,835,000)	3,950,000	1,925,000
Total other debt			45,570,000	81,900,000	(5,490,000)	121,980,000	8,015,000
Unamortized bond premiums			3,782,182	8,226,410	(653,023)	11,355,569	-
Total bonds and contracts payable			61,457,182	90,126,410	(7,178,023)	144,405,569	9,090,000
Leases			23,888	84,302	(33,578)	74,612	26,886
SBITAs			2,640,272	514,247	(2,279,542)	874,977	515,627
Compensated absences			16,477,879	11,209,630	(11,353,986)	16,333,523	7,233,474
Insurance claims			6,030,751	33,477,114	(32,356,343)	7,151,522	5,774,133
Total governmental activities			\$ 86,629,972	\$ 135,411,703	\$ (53,201,472)	\$ 168,840,203	\$ 22,640,120

As of and for the Year Ended June 30, 2024

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable							
Direct borrowings and direct placements:							
2022 Water Supply System Junior Lien Revenue Bonds	1.875%	10-24 to 10-43	\$ -	\$ 10,102,114	\$ -	\$ 10,102,114	\$ 480,000
2022A Water Supply System Junior Lien Revenue Bonds	1.875%	10-24 to 10-43	-	3,388,615	-	3,388,615	192,500
2014 Water Supply System QECB/IPA	2.54%	1-21 to 1-24	218,199	-	(218,199)	-	-
2016 Water Supply System Junior Lien Revenue Bonds	2.5%	4-24 to 4-36	1,523,008	-	(100,000)	1,423,008	105,000
2015 Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-36	6,953,063	-	(420,000)	6,533,063	430,000
2014 Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-34	1,882,840	-	(135,000)	1,747,840	140,000
2012 Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-33	1,990,930	-	(160,000)	1,830,930	165,000
2012A Water Supply System Junior Lien Revenue Bonds	2%	4-24 to 4-33	378,514	-	(35,000)	343,514	35,000
2011A Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-31	444,752	-	(45,000)	399,752	45,000
2011B Water Supply System Junior Lien Revenue Bonds	2.5%	4-24 to 4-32	396,549	-	(40,000)	356,549	40,000
2011C Water Supply System Junior Lien Revenue Bonds	2.5%	4-24 to 4-33	1,546,024	-	(140,000)	1,406,024	140,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2%	4-24 to 4-34	664,125	-	(55,000)	609,125	55,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-24 to 4-32	2,374,305	-	(240,000)	2,134,305	245,000
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-24 to 4-33	915,370	-	(80,000)	835,370	85,000
Total direct borrowings and direct placements			19,287,679	13,490,729	(1,668,199)	31,110,209	2,157,500
Other debt:							
2020 Water Supply System Revenue Refunding Bonds	5%	1-24 to 1-50	25,575,000	-	(470,000)	25,105,000	490,000
2018 Water Supply System Revenue Refunding Bonds	4-5%	1-24 to 1-48	29,615,000	-	(635,000)	28,980,000	665,000
2016 Water Supply System Revenue Refunding Bonds	4-5%	1-24 to 1-46	32,450,000	-	(1,130,000)	31,320,000	1,185,000
2015 Water Supply System Revenue Refunding Bonds	5%	1-24 to 1-35	19,945,000	-	(1,255,000)	18,690,000	1,315,000
2013 Water Supply System Revenue Refunding Bonds	2-4%	1-24 to 1-28	1,200,000	-	(205,000)	995,000	220,000
2021 Sanitary Sewer System Revenue Refunding Bonds	0.30-2.8%	1-24 to 1-42	98,225,000	-	(3,850,000)	94,375,000	6,125,000
2020 Sanitary Sewer System Revenue Bonds	4-5%	1-24 to 1-50	34,290,000	-	(270,000)	34,020,000	285,000
2018 Sanitary Sewer System Revenue Bonds	5%	1-24 to 1-48	38,935,000	-	(815,000)	38,120,000	855,000
2016 Sanitary Sewer System Revenue Refunding Bonds	5%	1-24 to 1-38	40,315,000	-	(1,865,000)	38,450,000	1,960,000
2014 Sanitary Sewer System Revenue Refunding Bonds	5%	1-24 to 1-44	2,185,000	-	(2,185,000)	-	-
2010A Sanitary Sewer System Revenue Bonds (BABs)	6.62-6.72%	1/26 to 1/41	21,330,000	-	-	21,330,000	-
2010 Sanitary Sewer System Revenue Refunding Bonds	5%	1/24 to 1/28	25,270,000	-	(4,575,000)	20,695,000	4,800,000
2016 Limited Tax General Obligation Refunding Bonds	3.5%	10-24 to 10-36	8,725,000	-	(790,000)	7,935,000	830,000

As of and for the Year Ended June 30, 2024

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2020A Grand Rapids Building Authority Bonds	4.0-5.0%	10-24 to 10-35	\$ 3,815,000	\$ -	\$ (225,000)	\$ 3,590,000	\$ 235,000
2020B Grand Rapids Building Authority Bonds	0.35-2.05%	10-24 to 10-35	7,175,000	-	(760,000)	6,415,000	765,000
Total other debt			389,050,000	-	(19,030,000)	370,020,000	19,730,000
Unamortized bond premiums			41,136,914	-	(2,417,872)	38,719,042	-
Total bonds and contracts payable			449,474,593	13,490,729	(23,116,071)	439,849,251	21,887,500
Leases			2,112,559	1,666,606	(662,461)	3,116,704	665,525
SBITAs			-	1,532,297	(123,422)	1,408,875	505,488
Compensated absences			2,978,043	2,404,262	(2,348,978)	3,033,327	1,345,262
Total business-type activities			<u>\$ 454,565,195</u>	<u>\$ 19,093,894</u>	<u>\$ (26,250,932)</u>	<u>\$ 447,408,157</u>	<u>\$ 24,403,775</u>

Component Units

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Other debt - 2012 Brownfield Redevelopment Authority Bonds	3-4%	6-21 to 6-32	\$ 1,335,000	\$ -	\$ (130,000)	\$ 1,205,000	\$ 135,000
Leases			191,623	185,722	(90,588)	286,757	90,203
Compensated absences			731,868	642,450	(620,222)	754,096	403,025
Total component units			<u>\$ 2,258,491</u>	<u>\$ 828,172</u>	<u>\$ (840,810)</u>	<u>\$ 2,245,853</u>	<u>\$ 628,228</u>

Revenue bond issues are collateralized by capital assets constructed from bond proceeds. The current debt service requirements are provided by net revenue derived from operations of the various enterprise funds and are specifically restricted, as detailed in Note 4.

Amounts reflected as Kent County Drain Commission Contracts represent the City's liability for intracounty drain improvement projects in which it participated or is participating with Kent County, Michigan.

The City's total bonded debt does not include the 2001 JBA bonds of \$18,237,856. These bonds were issued to finance a substantial portion of the new DeVos Place Convention Center Facility. The bonds are payable from the proceeds of semiannual rental payments in amounts sufficient to pay principal and interest on the bonds. Kent County, Michigan has the sole responsibility for the repayment of this debt through its hotel/motel tax receipts and general assets. The City is not liable for the payment of principal or interest and, therefore, has excluded them from the financial statements.

As of and for the Year Ended June 30, 2024

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2025	\$ 1,075,000	\$ 451,798	\$ 8,015,000	\$ 4,742,486	\$ 14,284,284
2026	1,100,000	414,459	7,675,000	5,098,328	14,287,787
2027	1,140,000	374,158	5,860,000	4,775,494	12,149,652
2028	785,000	330,450	6,090,000	4,545,478	11,750,928
2029	825,000	295,477	5,400,000	4,312,415	10,832,892
2030-2034	4,015,000	958,049	17,255,000	19,203,874	41,431,923
2035-2039	2,130,000	145,463	21,605,000	14,916,136	38,796,599
2040-2044	-	-	22,960,000	9,796,341	32,756,341
2045-2049	-	-	11,915,000	5,646,500	17,561,500
2050-2054	-	-	15,205,000	2,355,000	17,560,000
Total	<u>\$ 11,070,000</u>	<u>\$ 2,969,854</u>	<u>\$ 121,980,000</u>	<u>\$ 75,392,052</u>	<u>\$ 211,411,906</u>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2025	\$ 2,157,500	\$ 617,103	\$ 19,730,000	\$ 14,852,845	\$ 37,357,448
2026	2,195,000	623,030	20,500,000	14,152,345	37,470,375
2027	2,265,000	572,420	21,275,000	13,415,314	37,527,734
2028	2,300,000	520,333	22,070,000	12,637,105	37,527,438
2029	2,360,000	467,322	17,875,000	11,809,629	32,511,951
2030-2034	11,480,569	1,507,369	101,060,000	49,130,575	163,178,513
2035-2039	6,348,911	464,539	77,800,000	30,644,944	115,258,394
2040-2044	2,003,229	52,909	48,775,000	15,963,804	66,794,942
2045-2049	-	-	36,880,000	5,681,200	42,561,200
2050-2054	-	-	4,055,000	178,850	4,233,850
Total	<u>\$ 31,110,209</u>	<u>\$ 4,825,025</u>	<u>\$ 370,020,000</u>	<u>\$ 168,466,611</u>	<u>\$ 574,421,845</u>

Years Ending June 30	Component Unit Activities		
	Other Debt		Total
	Principal	Interest	
2025	\$ 135,000	\$ 43,962	\$ 178,962
2026	135,000	39,238	174,238
2027	140,000	34,513	174,513
2028	145,000	29,437	174,437
2029	155,000	24,181	179,181
2030-2034	495,000	37,500	532,500
2035-2039	-	-	-
2040-2044	-	-	-
2045-2049	-	-	-
2050-2054	-	-	-
Total	<u>\$ 1,205,000</u>	<u>\$ 208,831</u>	<u>\$ 1,413,831</u>

As of and for the Year Ended June 30, 2024

Note 6 - Long-term Debt (Continued)

The City believes it is in compliance with all significant limitations and restrictions contained in various bond indentures.

Worker's Compensation

Although the liability for workers' compensation is recorded in the Insurance Payment internal service fund, it remains a liability of the City. The operating budget of the City reflects the amounts required to pay for these liabilities. These amounts are reported as revenue to the Insurance Payment Fund, which is used to pay actual claims and related costs.

Compensated Absences

The City provides employees with paid time off - including vacation, sick, and compensatory time off for overtime - as defined by collective bargaining agreements and city policies. This liability for unused time is reported in the governmental funds statements as an assigned portion of fund balance under modified accrual accounting and in the government-wide and proprietary funds statements as a liability under the full accrual method of accounting. Amounts due for compensated absences are liquidated as they become payable by the governmental or proprietary funds from which the related employees' compensation is paid. The liability is liquidated primarily from the General Fund, as it contains the most significant compensated absence balance of the governmental funds.

Note 7 - Pension Plans

Plan Description

The City has two single-employer defined benefit pension plans that provide retirement and disability benefits to plan members and beneficiaries. Benefit provisions are established and amended by city ordinance. Each system issues publicly available audited financial reports that include financial statements and required supplementary information. Both systems' financial reports for recent years can be found on the pension systems' website, www.grpensions.org. Copies are also available on the Michigan Department of Treasury website, <http://www.michigan.gov/treasury>, by searching Kent County governments within the Local Audit and Finance Division - Document Search page. The pension systems' website also includes recent actuarial studies with a complete summary of benefit provisions.

Benefits Provided

The Police and Fire Retirement System covers eligible employees who are uniformed police and fire staff regularly employed by the City. Members of this plan are not covered by the federal Social Security program. Benefit provisions provide retirees either an annual noncompounding escalator of 1 percent to each police member's or 1.5 percent to each fire member's retirement allowance after a specified waiting period subsequent to his or her retirement date. Members not eligible for the escalator are eligible for a 13th check that is issued to participants when the average return on the system's investments in the prior five years has exceeded 8.0 percent. Eligibility for either benefit is determined by the member's bargaining unit and termination date.

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

An eligible employee becomes a participant in the system as of his or her date of permanent employment. The system provides for 100 percent vesting in system benefits with 10 years of credited service. Fire members may elect to retire after attaining age 55 and completing 10 years of service, or upon attainment of their credited service cap. Police members may elect to retire after attaining age 50 and completing 10 years of service. The benefit payable after retirement ranges between 2.0 and 2.8 percent of a member's final average salary (FAS) based on the 3 consecutive years of highest pay rate, up to a maximum percentage of FAS between 80 and 100 percent based on a number of factors, including hire date and contributions into the system. At retirement, an FAS adjustment factor is applied to adjust the retiree's FAS based on a factor representing the group average compensation in excess of the regular pay rate (mostly overtime pay). In fiscal year 2024, those adjustments were 19.2 percent for police members and firefighter members. All plan members are eligible for a duty disability benefit of between 72 and 90 percent of their salary at the time of disability less certain offsets. Plan members are also eligible for a nonduty disability allowance that varies based on bargaining unit, years of service, and age. The surviving spouse of a member who dies prior to retiring is eligible to receive benefits of at least 20 percent of the member's salary. Dependents are eligible for a separate allowance of up to 15 percent of the member's salary until age 18 (age 23 if they are full-time students).

The General Retirement System covers most other eligible employees regularly employed by the City, including the 61st District Court, a component unit of the City. Benefit provisions provide retirees either an annual noncompounding escalator of 1 percent to each member's retirement allowance subsequent to their retirement date or eligibility for a 13th check that is issued to participants when the average return on the system's investments in the prior 5 years has exceeded 8.0 percent. Which of the two benefit enhancements a member is eligible for is determined by the member's bargaining unit and termination date.

An eligible employee became a participant in the system as of their date of permanent employment. The system provides for 100 percent vesting in system benefits with 8 years of credited service. Employees may elect to retire after attaining age 62 and completing 8 years of credited service, or after completing 30 years of service regardless of age. The yearly allowance, payable monthly for life to the retired member, equals the applicable benefit multiplier selected by the member multiplied by the member's final average compensation, multiplied by the years and months of credited service. A reduced benefit is available to members retiring prior to age 62 with less than 30 years of service.

For members of the Crime Scene Technicians group and for members of the ECO I, II, and III group, final average compensation is adjusted each year by a factor that accounts for the average holiday, overtime, shift adjustment, and other forms of compensation that the group earned as a percentage of their pay rate during the previous 5-year period. Those adjustments to the pensions of group members retiring during the year ended June 30, 2024 were 4.8 and 38.7 percent, respectively. For purposes of benefit calculations, the final average compensation is based on the member's 3 highest compensated calendar years of credited service before the end of the calendar year in which the employee attains 40 years of credited service or reaches his or her credited service cap. All plan members are eligible for nonduty disability benefits after completing 10 or more years of credited service and before attaining minimum service retirement age. All plan members are eligible for duty disability retirement benefits prior to attaining minimum service retirement age. Disability retirement benefits are determined in the same manner as retirement benefits and are not subject to an actuarial reduction. Duty disability allowances shall not be less than 50 percent of the member's final average salary, unless the member is a part of the Crime Scene Technician or ECO I, II, and III groups, in which case the allowance shall not be less than 62 percent of the member's final average salary. Benefits are available to a beneficiary if a member dies while in employer service before retiring but after becoming eligible to retire with an immediate allowance.

The General Retirement System was closed to new entrants on June 30, 2014. Current members continue to accrue future benefits. The retirement program created to replace this pension plan is described in Note 14.

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Police and Fire Retirement System	General Retirement System
Date of member count (measurement date)	December 31, 2023	June 30, 2024
Retirees and beneficiaries receiving pension benefits	790	1,204
Terminated plan members entitled to but not yet receiving benefits	16	96
Active plan members	482	314
Total employees covered by the plan	1,288	1,614

Contributions

The contribution requirements of plan members and the City are based on city ordinance. The funding policy provides that the employer and employee contributions will continue to be made every two weeks when payroll is disbursed. Employee contribution rates vary based on union contracts. The employer contribution is based on an actuarial valuation conducted annually. Both contributions are based on each employee's pensionable wage during the pay period. An experience study is conducted every five years to validate the plan assumptions used to calculate needed contributions. The study covering the five years ended June 30, 2019 and December 31, 2019 was used to set the assumptions used to calculate net pension liability presented herein and future contributions.

For fiscal year 2024, the contribution rates for the Police and Fire Retirement System were 6.86 to 14.62 percent for plan members and 33.16 to 36.36 percent for the City (employer). For fiscal year 2024, the contribution rates for the General Retirement System were 3.00 to 11.54 percent for plan members and 55.54 percent for the City (employer).

Net Pension Liability

The Police and Fire Retirement System has adopted a December 31 year end. The General Retirement System shares a June 30 year end with the City. The measurement dates of the City's net pension liability were December 31, 2023 for the Police and Fire Retirement System and June 30, 2023 for the General Retirement System based on actuarial valuations as of those dates.

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

Changes in the net pension liability during the measurement year were as follows:

Police and Fire Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 659,770,087	\$ 459,630,121	\$ 200,139,966
Changes for the year:			
Service cost	13,092,487	-	13,092,487
Interest	43,692,739	-	43,692,739
Differences between expected and actual experience	6,059,836	-	6,059,836
Contributions - Employer	-	16,366,549	(16,366,549)
Contributions - Employee	-	6,062,639	(6,062,639)
Net investment income	-	50,136,968	(50,136,968)
Benefit payments, including refunds	(38,032,984)	(38,032,984)	-
Administrative expenses	-	(645,899)	645,899
Net changes	24,812,078	33,887,273	(9,075,195)
Balance at December 31, 2023	\$ 684,582,165	\$ 493,517,394	\$ 191,064,771

General Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 584,677,526	\$ 436,881,613	\$ 147,795,913
Changes for the year:			
Service cost	3,928,077	-	3,928,077
Interest	38,333,221	-	38,333,221
Differences between expected and actual experience	1,613,525	-	1,613,525
Contributions - Employer	-	11,918,613	(11,918,613)
Contributions - Employee	-	2,410,147	(2,410,147)
Net investment income	-	24,002,408	(24,002,408)
Benefit payments, including refunds	(37,483,996)	(37,483,996)	-
Administrative expenses	-	(648,308)	648,308
Miscellaneous other charges	-	(64,549)	64,549
Net changes	6,390,827	134,315	6,256,512
Balance at June 30, 2023	\$ 591,068,353	\$ 437,015,928	\$ 154,052,425

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

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

For the year ended June 30, 2024, the City recognized pension expense of \$19,252,750. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police and Fire Retirement System		General Retirement System		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,354,188	\$ -	\$ 461,007	\$ -	\$ 14,815,195	\$ -
Changes in assumptions	5,317,653	-	-	-	5,317,653	-
Net difference between projected and actual earnings on pension plan investments	20,675,679	-	12,710,901	-	33,386,580	-
Employer contributions to the plan subsequent to the measurement date	8,515,187	-	13,497,426	-	22,012,613	-
Total	\$ 48,862,707	\$ -	\$ 26,669,334	\$ -	\$ 75,532,041	\$ -

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors, or from changes in assumptions regarding those factors, are amortized over a closed period equal to the average of the expected remaining period of service for all system members. Those time periods are 4.2 years for the Police and Fire System and 1.4 years for the General Retirement System. The differences between projected and actual investment earnings are amortized over 5 years. The amount reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense according to the following schedule:

Years Ending June 30	Police and Fire Retirement System	General Retirement System	Total
2025	\$ 14,631,742	\$ 2,103,778	\$ 16,735,520
2026	12,028,963	(2,978,160)	9,050,803
2027	17,330,324	13,109,981	30,440,305
2028	(3,643,509)	936,309	(2,707,200)
Total	\$ 40,347,520	\$ 13,171,908	\$ 53,519,428

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Police and Fire Retirement System	General Retirement System
Actuarial measurement date	December 31, 2023	June 30, 2023
Project salary increases	3.00 percent - 20.00 percent	3.00 percent - 7.16 percent
Inflation assumptions	3.00 percent - Wage, 2.25 percent - Price	2.25 percent - Wage, no explicit price inflation
Investment rate of return	6.75 percent	6.75 percent
Discount rate	6.75 percent	6.75 percent
Mortality rates	Pub-2010 amount-weighted Public Safety mortality tables projected using MP-2019 scale	Pub-2010 amount-weighted Public Safety mortality tables projected using MP-2019 scale

Discount Rate

A single discount rate based on the expected rate of return on system investments was used to measure the total pension liability. This single discount rate was 6.75 percent as of the measurement date of both the General Retirement System liability and the Police and Fire Retirement System liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate and that both contributions will continue to be made biweekly when wages are paid. Based on these assumptions, both systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on system investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return and Asset Allocation

The long-term expected rate of return on pension plan investments is determined by each system's board. A formal review of the assumed rate of return expectation occurs at a minimum of every five years in conjunction with the plans' actuarial experience study. During the interval between experience studies, the expectation is tested through occasional asset allocation studies conducted by the systems' investment consultant.

These estimates are then combined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 return by the target asset allocation percentage and by adding expected inflation, 2.31 percent at June 30, 2023 and 2.32 percent at December 31, 2023.

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

The current asset allocation policy for each pension system and the expected geometric real rate of return (net of projected inflation) of each asset class as of December 31, 2023 and June 30, 2023 is shown below:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return December 31, 2023
U.S. equity	17.75 %	5.73 %
Non-U.S. equity	17.75	6.80
Fixed income	24.50	9.15
Treasury inflation-protected securities	5.00	4.33
Real estate securities	5.00	6.00
Private equity	5.00	9.15
Commodities	5.00	5.98
Midstream energy infrastructure	5.00	7.88
Private credit	5.00	9.15
Global low volatility	10.00	6.59

General Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2023
U.S. equity	17.75 %	6.85 %
Non-U.S. equity	17.75	7.74
Fixed income	24.50	4.88
Treasury inflation-protected securities	5.00	4.18
Real estate securities	5.00	6.05
Private equity	5.00	10.09
Commodities	5.00	6.13
Midstream energy infrastructure	5.00	7.94
Private credit	5.00	8.71
Global low volatility	10.00	7.35

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent for the General Retirement System and for the Police and Fire Retirement System, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Police and Fire Retirement System	\$ 276,604,204	\$ 191,064,771	\$ 120,661,335
Net pension liability of the General Retirement System	218,326,581	154,052,425	99,758,650

As of and for the Year Ended June 30, 2024

Note 7 - Pension Plans (Continued)

Basis of Accounting

The Police and Fire Retirement System's and the General Retirement System's financial statements are prepared using the accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefits are paid monthly and benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Investments

Investments are stated at fair value. Short-term investments may be reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments, like private equity, that do not have an established market are reported at estimated fair value. More information on the systems' investments and their valuation is found in Note 2.

The investments of the systems are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965, which has numerous investment limitations depending on the type of investment. The most significant requirements as they impact the systems are as follows:

- Investments in equity securities are limited to 70 percent of the systems' assets, and investments in the stock of any one corporation are limited to 5 percent of the systems' assets.
- Investments in securities traded outside the U.S., or in a foreign currency, are limited to 20 percent of the systems' assets.
- Equity investments in real estate are limited to 10 percent of the systems' assets.
- Investments in state and local government obligations are limited to 5 percent of the systems' assets.
- Investments in derivatives are limited to a notional amount equal to 15 percent of the systems' assets and may not be used to leverage the portfolio.

As of and for the Year Ended June 30, 2024

Note 8 - Pension Plan Allocations

The below schedule provides a summary of all the amounts allocated to various funds within the City's financial statements for both pension plans:

	Primary Government		Component Unit - 61st District Court	Total
	Governmental Activities	Business-type Activities		
Net pension liability	\$ 294,698,486	\$ 36,879,686	\$ 13,539,024	\$ 345,117,196
Pension expense	17,397,301	1,357,202	498,247	19,252,750
Deferred outflows of resources representing contributions subsequent to the measurement date	17,642,216	3,254,095	1,116,302	22,012,613
Deferred outflows of resources representing the differences between expected and actual experience	14,664,315	110,364	40,516	14,815,195
Deferred outflows of resources representing assumption changes	5,317,653	-	-	5,317,653
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	29,226,521	3,036,852	1,123,207	33,386,580
Amortization of deferred amounts:				
2025	\$ 16,046,989	\$ 497,539	\$ 190,992	\$ 16,735,520
2026	10,025,504	(712,963)	(261,738)	9,050,803
2027	26,149,634	3,138,490	1,152,181	30,440,305
2028	(3,013,638)	224,150	82,288	(2,707,200)
Total	<u>\$ 49,208,489</u>	<u>\$ 3,147,216</u>	<u>\$ 1,163,723</u>	<u>\$ 53,519,428</u>
Sensitivity analysis:				
General Retirement System net pension liability at 5.75 percent discount rate	\$ 146,872,045	\$ 52,266,725	\$ 19,187,811	\$ 218,326,581
General Retirement System net pension liability at 7.75 percent discount rate	67,109,359	23,911,920	8,737,371	99,758,650

As of and for the Year Ended June 30, 2024

Note 9 - Other Postemployment Benefit Trust Funds

The following are financial statements for the individual postemployment health care plans as of and for the year ended June 30, 2024:

	Retiree Health Care Trust Funds			
	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan	Total
Statement of Net Position				
Assets:				
Equity in pooled cash and investments	\$ 675,448	\$ 190,575	\$ 631,597	\$ 1,497,620
Investments held by trustee:				
Cash and money market funds	308,291	1,047,397	575,702	1,931,390
Corporate bonds and fixed-income commingled funds	6,514,262	18,201,836	9,665,788	34,381,886
Common stocks and equity mutual funds	7,756,661	21,664,732	11,535,024	40,956,417
Accrued interest receivable	25,098	68,489	37,212	130,799
Total assets	15,279,760	41,173,029	22,445,323	78,898,112
Liabilities - Vouchers and accounts payable	220,083	158,889	81,419	460,391
Net position	\$ 15,059,677	\$ 41,014,140	\$ 22,363,904	\$ 78,437,721
Statement of Changes in Net Position				
Additions:				
Investment income:				
Interest and dividends	\$ 453,630	\$ 1,146,869	\$ 623,152	\$ 2,223,651
Net increase in fair value of investments	950,040	2,578,745	1,385,505	4,914,290
Net investment income	1,403,670	3,725,614	2,008,657	7,137,941
Employer contributions	1,044,879	109,568	496,508	1,650,955
Total additions	2,448,549	3,835,182	2,505,165	8,788,896
Deductions:				
Benefit payments	3,653,520	2,783,080	1,716,500	8,153,100
Administrative expenses	190,760	205,280	142,918	538,958
Total deductions	3,844,280	2,988,360	1,859,418	8,692,058
Net (decrease) increase in fiduciary net position	(1,395,731)	846,822	645,747	96,838
Net position - Beginning of year	16,455,408	40,167,318	21,718,157	78,340,883
Net position - End of year	\$ 15,059,677	\$ 41,014,140	\$ 22,363,904	\$ 78,437,721

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans***Plan Description***

The City has created and administers three single-employer defined benefit (DB) plans to provide other postemployment benefits (OPEB) to eligible retirees. The statements report the net OPEB liability within the individual fund statements similar to the presentation of the net pension liability. Because these plans do not issue separate statements, both GASB 74 and GASB 75 requirements are presented in this note. The measurement date of the City's net OPEB liability is June 30, 2023, while the actuarial valuation date to determine required contributions was June 30, 2022.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Plan operation is administered by city staff.

The City of Grand Rapids, Michigan has also contracted with the Municipal Employees' Retirement System of Lansing, Michigan to administer a defined contribution (DC) OPEB plan for certain city employees. The MERS Health Care Savings Program is an Internal Revenue Code Section 115 Governmental Integral Part Trust. Participation is mandatory for permanent, full-time employees not covered by one of the DB retiree health care plans described above. Contributions are made every pay period by both the employee and the employer. See Note 14 for more details.

Benefits Provided

The City's OPEB plans provide health care, dental, and vision benefits for eligible retirees and their eligible dependents until the retiree is age 65. Current full-time employees not covered by one of the DB OPEB plans described here are covered by a DC plan created in 2009 and administered by MERS. Information about the DC plan is presented in Note 14. The benefits under all DB plans are closed to new members, but, at retirement (or death or disability), new hires who are members of the DC OPEB plan have the right to purchase the benefit coverage at the premium cost that applies to the entire insurance pool. Because the premium is not age-graded to reflect a retiree's actual age, an implicit rate subsidy is valued as a benefit provided under the DB plans.

Benefits are established through negotiation with employee unions and are similar for all retirees and active employees. Future modifications to the plans would require changes in future labor contracts. Different employee bargaining units have different eligibility standards to qualify for the benefits, which led to the creation of three separate plans: the General Retiree Health Care Plan (General Plan), the Police Retiree Health Care Plan (Police Plan), and the Fire Retiree Health Care Plan (Fire Plan).

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of the most recent valuation date:

	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan
Date of member count	June 30, 2023	June 30, 2023	June 30, 2023
Retirees and beneficiaries receiving benefit payments	170	147	102
Inactive plan members entitled to but not yet receiving benefit payments	-	11	3
Active plan members	937	279	207
Total plan members	1,107	437	312

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans (Continued)

Contributions

Contribution levels are determined annually by the City Commission during the annual budget process after considering the expected pay-as-you-go cash outlay from each plan for the benefit, the actuarially determined employer contribution (ADEC) calculated by the plans' actuary, and available resources. No contributions are required from current employees covered by the DB plan, but members who retire after March 2010 continue to make the same required monthly insurance premium payment made by current active employees plus an additional amount from a vesting schedule if they have not reached the full retirement age and service requirements in their labor agreement. Earlier retirees continue to receive the benefit under terms in effect at their retirement date. For fiscal year 2024, the City contributed \$1,650,955 to the three plans. Retiree premium payments of \$1,781,245 are shown as a reduction in benefits paid, rather than as revenue. Retiree health care costs are charged to individual funds as a percentage of pensionable wages at rates of 3.30 percent for firefighters, 1.99 percent for police officers, and 3.28 percent for other employees. The DB plans receive all revenue from these charges that are not required to be contributed to the DC OPEB plan.

Net OPEB Liability (Asset)

The City reports the net OPEB liability (asset) on its financial statements using a measurement date of June 30, 2023. Changes in the City's net OPEB liability (asset) resulting from the operation of the three plans during the measurement year ended June 30, 2023 are shown below:

General Retiree Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 28,111,853	\$ 16,164,064	\$ 11,947,789
Changes for the year:			
Service cost	382,721	-	382,721
Interest	1,359,739	-	1,359,739
Differences between expected and actual experience	(4,095,291)	-	(4,095,291)
Changes in assumptions	504,373	-	504,373
Contributions - Employer	-	1,562,491	(1,562,491)
Net investment income	-	1,127,292	(1,127,292)
Benefit payments, including refunds	(2,216,877)	(2,216,877)	-
Administrative expenses	-	(181,562)	181,562
Net changes	(4,065,335)	291,344	(4,356,679)
Balance at June 30, 2023	<u>\$ 24,046,518</u>	<u>\$ 16,455,408</u>	<u>\$ 7,591,110</u>

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans (Continued)

Police Retiree Plan

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at June 30, 2022	\$ 39,211,014	\$ 40,326,994	\$ (1,115,980)
Changes for the year:			
Service cost	472,567	-	472,567
Interest	1,898,441	-	1,898,441
Differences between expected and actual experience	(4,302,013)	-	(4,302,013)
Changes in assumptions	737,275	-	737,275
Contributions - Employer	-	258,037	(258,037)
Net investment income	-	2,733,241	(2,733,241)
Benefit payments, including refunds	(2,956,950)	(2,956,950)	-
Administrative expenses	-	(194,004)	194,004
Net changes	(4,150,680)	(159,676)	(3,991,004)
Balance at June 30, 2023	\$ 35,060,334	\$ 40,167,318	\$ (5,106,984)

Fire Retiree Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 24,410,717	\$ 21,670,742	\$ 2,739,975
Changes for the year:			
Service cost	687,344	-	687,344
Interest	1,185,143	-	1,185,143
Differences between expected and actual experience	(2,775,415)	-	(2,775,415)
Changes in assumptions	453,132	-	453,132
Contributions - Employer	-	798,652	(798,652)
Net investment income	-	1,483,008	(1,483,008)
Benefit payments, including refunds	(2,103,072)	(2,103,072)	-
Administrative expenses	-	(131,173)	131,173
Net changes	(2,552,868)	47,415	(2,600,283)
Balance at June 30, 2023	\$ 21,857,849	\$ 21,718,157	\$ 139,692

The components of the net OPEB liability (asset) of the City of Grand Rapids, Michigan at June 30, 2024 were as follows:

	General	Police	Fire	Total
Total OPEB liability	\$ 25,039,497	\$ 35,090,553	\$ 22,267,816	\$ 82,397,866
Less plan fiduciary net position	(15,059,677)	(41,014,140)	(22,363,904)	(78,437,721)
Net OPEB liability (asset)	\$ 9,979,820	\$ (5,923,587)	\$ (96,088)	\$ 3,960,145

The plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2024 is 60.14 percent for the General Plan, 116.88 percent for the Police Plan, and 100.43 percent for the Fire Plan.

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans (Continued)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2024, the City recognized OPEB recovery of \$8,416,971 from all plans.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	General Retiree Plan		Police Retiree Plan		Fire Retiree Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 17,522,914	\$ -	\$ 18,484,692	\$ 67,443	\$ 11,051,067	\$ 67,443	\$ 47,058,673
Changes in assumptions	1,682,595	1,298,608	2,703,609	1,132,463	1,874,222	779,746	6,260,426	3,210,817
Net difference between projected and actual earnings on OPEB plan investments	461,036	-	847,591	-	507,564	-	1,816,191	-
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	627,066	627,066	-	-	-	-	627,066	627,066
Employer contributions to the plan subsequent to the measurement date	1,044,879	-	109,568	-	496,508	-	1,650,955	-
Total	<u>\$ 3,815,576</u>	<u>\$ 19,448,588</u>	<u>\$ 3,660,768</u>	<u>\$ 19,617,155</u>	<u>\$ 2,945,737</u>	<u>\$ 11,830,813</u>	<u>\$ 10,422,081</u>	<u>\$ 50,896,556</u>

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors or from changes in assumptions regarding those factors are amortized over a closed period equal to the average of the expected remaining period of service for all plan members. Those time periods are 7.3 years for the Police Plan, 7.6 years for the Fire Plan, and 7.9 years for the General Plan. The differences between projected and actual investment earnings are amortized over 5 years. The \$1,650,955 reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense according to the following schedule:

Years Ending June 30	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan	Total
2025	\$ (3,801,178)	\$ (5,149,283)	\$ (2,736,565)	\$ (11,687,026)
2026	(3,839,427)	(5,037,816)	(2,865,758)	(11,743,001)
2027	(3,207,939)	(1,903,141)	(1,222,236)	(6,333,316)
2028	(2,731,681)	(1,612,427)	(1,071,432)	(5,415,540)
2029	(1,691,680)	(1,483,856)	(758,532)	(3,934,068)
Thereafter	(1,405,986)	(879,432)	(727,061)	(3,012,479)
Total	<u>\$ (16,677,891)</u>	<u>\$ (16,065,955)</u>	<u>\$ (9,381,584)</u>	<u>\$ (42,125,430)</u>

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans (Continued)**Actuarial Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the actuarial valuation date. Actuarial calculations reflect a long-term perspective and may employ methods and assumptions that are designed to reduce short-term volatility in the value of actuarial assets and liabilities. Significant methods and assumptions are as follows at the actuarial valuation dates noted below:

	General Retiree Plan		Police Retiree Plan		Fire Retiree Plan	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Investment rate of return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected salary increase	3.00 - 7.16%	3.00 - 7.16%	4.00 - 20.00%	4.00 - 20.00%	4.00 - 20.00%	4.00 - 20.00%
Inflation rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Health care inflation rate - Medical and drug	7.25% grading to 3.5% in 2038	7.5% grading to 3.5% in 2034	7.25% grading to 3.5% in 2038	7.5% grading to 3.5% in 2034	7.25% grading to 3.5% in 2038	7.5% grading to 3.5% in 2034
Health care inflation rate - Dental and vision	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years

The actuarial assumptions used in the June 30, 2022 and June 30, 2023 valuations were based on the results of an actuarial experience study for the period from January 1, 2015 through December 31, 2019.

Discount Rate

A single discount rate of 5.0 percent was used to measure the total OPEB liability of the three plans as of both June 30, 2023 and June 30, 2024. This single discount rate was based on the expected rate of return on system investments of 5.0 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to or above the actuarially determined employer contribution rates. Each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Rate of Return and Asset Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense 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 adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Investment Type	Expected Real Return	Target Allocation
Global Tactical Asset Allocation	2.60 %	35.00 %
U.S. Core Bonds	2.24	18.00
High yield/emerging market bonds	3.98	2.00
Short-term fixed income	1.49	5.00
U.S. Large Cap Equity	4.79	19.00
U.S. Mid Cap Equity	5.16	4.00
U.S. Small Cap Equity	5.16	3.50
U.S. Developed International Equity	5.19	3.50
Emerging Market Equity	5.98	5.00
Liquid Alternatives	2.38	5.00

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans (Continued)***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following tables present each plan's net OPEB liability (asset) as of the most recent measurement dates. The net OPEB (asset) liability of the Police and Fire plans is allocated to the primary government, and 12.3 percent of the General Plan is allocated to component units, with the rest to the primary government. The liability (asset) is calculated using a single discount rate of 5.0 percent, as well as what each plan's net OPEB liability (asset) would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

June 30, 2024 Single Discount Rate			
	1 Percentage Point Decrease (4.0%)	Current Discount Rate (5.0%)	1 Percentage Point Increase (6.0%)
Net OPEB liability of the General Retiree Plan	\$ 11,499,899	\$ 9,979,820	\$ 8,573,367
Net OPEB asset of the Police Retiree Plan	(3,868,213)	(5,923,587)	(7,817,791)
Net OPEB liability (asset) of the Fire Retiree Plan	1,175,060	(96,088)	(1,284,559)
Total	<u>\$ 8,806,746</u>	<u>\$ 3,960,145</u>	<u>\$ (528,983)</u>

June 30, 2023 Single Discount Rate			
	1 Percentage Point Decrease (4.0%)	Current Discount Rate (5.0%)	1 Percentage Point Increase (6.0%)
Net OPEB liability of the General Retiree Plan	\$ 9,056,206	\$ 7,591,110	\$ 6,237,426
Net OPEB asset of the Police Retiree Plan	(2,937,810)	(5,106,984)	(7,350,107)
Net OPEB liability (asset) of the Fire Retiree Plan	1,404,146	139,692	(1,041,119)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate

The following table presents each plan's net OPEB liability (asset) as of the most recent measurement dates. The net OPEB (asset) liability of the Police and Fire Plans is allocated to the primary government, and 6.9 percent of the General Plan is allocated to component units, with the rest to the primary government. The liability (asset) is calculated using each plan's current health care cost trend rate assumption, as well as what each plan's net OPEB liability (asset) would be if it were calculated using a rate that is 1 percentage point lower or 1 percentage point higher:

June 30, 2024 Health Care Cost Trend Rate			
	1 Percentage Point Decrease	Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the General Retiree Plan	\$ 8,253,637	\$ 9,979,820	\$ 11,880,646
Net OPEB asset of the Police Retiree Plan	(8,166,190)	(5,923,587)	(3,550,191)
Net OPEB (asset) liability of the Fire Retiree Plan	(1,739,612)	(96,088)	1,741,375

June 30, 2023 Health Care Cost Trend Rate			
	1 Percentage Point Decrease	Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the General Retiree Plan	\$ 5,916,078	\$ 7,591,110	\$ 9,439,912
Net OPEB asset of the Police Retiree Plan	(7,669,391)	(5,106,984)	(2,590,359)
Net OPEB (asset) liability of the Fire Retiree Plan	(1,483,383)	139,692	1,952,667

As of and for the Year Ended June 30, 2024

Note 10 - Other Postemployment Benefit Plans (Continued)***Basis of Accounting***

The plans' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized biweekly as part of the City's payroll process. Benefit expenses are recognized weekly when invoices are received from the third-party administrator. Investment returns are recognized when they are reported by the custodian.

Assumption Changes

For fiscal year 2024, a decrease in the projected salary increases was reflected in the net OPEB liability (asset).

Rate of Return

For the year ended June 30, 2024, the City calculated the aggregate annual money-weighted rate of return on investments, net of investment expense, as 9.03, 9.55, and 9.58 percent for the General, Police, and Fire Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Other Postemployment Benefit Plan Allocations

The below schedule provides a summary of all the amounts allocated to various funds within the City's financial statements for all OPEB plans:

	Primary Government		Component Unit - 61st District Court	Total
	Governmental Activities	Business-type Activities		
Net OPEB liability	\$ 5,430,694	\$ 1,364,124	\$ 935,984	\$ 7,730,802
Net OPEB asset	(5,106,984)	-	-	(5,106,984)
OPEB recovery	(7,900,225)	(306,466)	(210,280)	(8,416,971)
Deferred outflows of resources representing contributions subsequent to the measurement date	1,313,955	182,505	154,495	1,650,955
Deferred outflows of resources representing change in proportionate share	-	-	627,066	627,066
Deferred outflows of resources representing the differences between expected and actual experience	67,443	-	-	67,443
Deferred outflows of resources representing assumption changes	5,750,599	302,363	207,464	6,260,426
Deferred outflows of resources representing the net difference between projected and actual earnings on OPEB plan investments	1,676,497	82,848	56,846	1,816,191
Deferred inflows of resources representing the differences between expected and actual experience	(41,749,226)	(3,148,872)	(2,160,575)	(47,058,673)
Deferred inflows of resources representing assumption changes	(2,817,339)	(233,360)	(160,118)	(3,210,817)
Deferred inflows of resources representing change in proportionate share	(498,537)	(128,529)	-	(627,066)

As of and for the Year Ended June 30, 2024

Note 11 - Other Postemployment Benefit Plan Allocations (Continued)

Amortization of deferred amounts:

2025	\$ (10,535,268)	\$ (782,293)	\$ (369,465)	\$ (11,687,026)
2026	(10,579,654)	(789,151)	(374,196)	(11,743,001)
2027	(5,361,310)	(675,662)	(296,344)	(6,333,316)
2028	(4,587,840)	(590,089)	(237,611)	(5,415,540)
2029	(3,421,489)	(403,197)	(109,382)	(3,934,068)
Thereafter	(3,085,002)	114,842	(42,319)	(3,012,479)
Total	<u>\$ (37,570,563)</u>	<u>\$ (3,125,550)</u>	<u>\$ (1,429,317)</u>	<u>\$ (42,125,430)</u>

Sensitivity analysis:

General Retiree Plan net OPEB liability at 4.00 percent discount rate (June 30, 2023 measurement date)	\$ 6,083,294	\$ 1,856,282	\$ 1,116,630	\$ 9,056,206
General Retiree Plan net OPEB liability at 6.00 percent discount rate (June 30, 2023 measurement date)	4,189,844	1,278,507	769,075	6,237,426
General Retiree Plan net OPEB liability with 1 percentage point decrease in health care cost trend rate (June 30, 2023 measurement date)	3,973,987	1,212,639	729,452	5,916,078
General Retiree Plan net OPEB liability with 1 percentage point increase in health care cost trend rate (June 30, 2023 measurement date)	6,341,040	1,934,931	1,163,941	9,439,912

As of and for the Year Ended June 30, 2024

Note 12 - Interfund Receivables, Payables, and Transfers

The City has developed a central service cost allocation plan using the guidance in federal circular A-87 to charge benefited funds a portion of the cost of providing services that benefit several funds. Services that are not billed on a per unit basis are funded by interfund transfers. Interfund transfers for the year ended June 30, 2024 were as follows:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	General Capital Construction	\$ 2,934,564
	Nonmajor governmental funds	9,692,600
	Parking System	14,000
	Water Supply System	161,079
	Nonmajor enterprise funds	582,000
	Internal service funds	7,006,500
	Total General Fund	20,390,743
Major Streets Fund	Local Streets Fund	2,899,240
	Nonmajor governmental funds	14,263,191
	Total Major Streets Fund	17,162,431
Local Streets Fund	Major Streets Fund	48,960
General Capital Construction Fund	Nonmajor governmental funds	241,528
	Nonmajor enterprise funds	325,000
	Total General Capital Construction Fund	566,528
Nonmajor governmental funds	General Fund	1,553,978
	Major Streets Fund	412,038
	Local Streets Fund	153,595
	Nonmajor governmental funds	3,244,759
	Water Supply System	2,236
	Nonmajor enterprise funds	144,000
	Total nonmajor governmental funds	5,510,606
Water Supply System	Nonmajor governmental funds	22,198
	Internal service funds	40,000
	Total Water Supply System	62,198
Sewage Disposal System	Internal service funds	262,195
Parking System	General Fund	140,000
Nonmajor enterprise funds	Nonmajor governmental funds	1,171,737
Internal service funds	General Capital Construction Fund	6,397,383
	Nonmajor governmental funds	1,733
	Internal service funds	30,000
	Total internal service funds	6,429,116
	Total	\$ 51,744,514

As of and for the Year Ended June 30, 2024

Note 12 - Interfund Receivables, Payables, and Transfers (Continued)

Transfers from the General Fund to other funds represent the movement of unrestricted funds primarily for operations of the other funds. Transfers from the Major Streets Fund to the Local Streets and nonmajor governmental funds are for the purpose of various street projects. Transfers from nonmajor governmental funds to the General Fund are primarily for the purpose of the movement of code compliance and enforcement and refuse funds. Transfers from nonmajor governmental funds to other nonmajor governmental funds are for the purpose of public services, local grant matches, and parks operations. Transfers from internal service funds to the General Capital Construction Fund are for the purpose of the purchase of a new city facility at 1500 Scribner.

Note 13 - Tax Abatements

As of June 30, 2024, the City provided the following tax abatements in accordance with Statement No. 77, as required by the Governmental Accounting Standards Board:

- **Industrial Facilities Exemption:** The purpose of this program is to encourage investment in the renovation and expansion of aging facilities, building of new facilities, and establishment of high-tech facilities. The tax being abated is the real and/or personal property tax and is authorized under Public Act 198 of 1974, as amended, MCL 207.551 et seq., and City Commission Policy 900-09. To be eligible to receive the abatement, applicants must be a qualified business, generally defined as an industrial operator, or a high-technology company; be making an investment in a new or expanded facility and/or investment in new or rehabilitated taxable personal property; and be located in an Industrial Development District or a Plant Rehabilitation District. Taxes are reduced either by (1) the taxable value generated by the eligible investment at the qualifying property, which is placed on the Industrial Facilities Tax Roll, and the millages levied, which are 50 percent of ad valorem millage rates, except for that millage levied for the State Education Tax, which is not reduced (for new facilities), or (2) the taxable value of the replacement facility, which is set (frozen) at the taxable value of the qualifying property for the tax year immediately preceding the effective date of the exemption (for replacement facilities). The abated amount is determined either as (1) equal to the qualifying taxable value applied to the reduction in the total millage rate levied on the Industrial Facilities Tax roll (for new facilities) or (2) equal to the delta between the taxes levied on the taxable value in the year immediately preceding the effective date of the exemption and the taxes that would have been levied on the current taxable value in any given year (for replacement facilities). For fiscal year 2024, the City abated \$220,480 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.
- **Obsolete Property Rehabilitation Exemption:** The purpose of this program is to encourage investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use. The tax being abated is the real property tax and is authorized by Public Act 146 of 2000, as amended, MCL 125.2781 et seq., and City Commission Policy 900-42. To be eligible to receive the abatement, the property must be functionally obsolete, as determined by the city assessor, as defined in the legislation. The project must be for a project that will have a commercial or commercial housing use. In addition, the City requires a minimum investment of \$30 per square foot in the rehabilitation of a building. The taxable value of the qualifying property is set at the taxable value assigned in the year immediately preceding the effective date of the exemption certificate. New taxable value in excess of the frozen taxable value is exempted from certain millages levied on real property for a period of 1-12 years. For fiscal year 2024, the City abated \$272,702 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.

As of and for the Year Ended June 30, 2024

Note 13 - Tax Abatements (Continued)

- **New Personal Property Exemption:** The purpose of this program is to encourage investment in new personal property as a component of a business expansion or attraction project. The tax being abated is the personal property tax and is authorized under Public Act 328 of 1998, as amended, MCL 211.9f, and the City Commission Policy 900-38. To be eligible to receive the abatement, the property must be an eligible business, which is a business primarily engaged in manufacturing, mining, research and development, wholesale trade, or office operations. The eligible personal property that is placed in service after the date of approval by the City Commission is exempt from all personal property taxes. For fiscal year 2024, the City abated \$109,769 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.
- **Neighborhood Enterprise Zone Exemption:** The purpose of this program is to encourage investment in the construction or rehabilitation of multiple types of housing for both homeownership and rental. The tax being abated is the real property tax, and is authorized by Public Act 147 of 1992, as amended, MCL 207.771 et seq., and City Commission Policy 900-45. To be eligible to receive the abatement, the property must be located in a Neighborhood Enterprise Zone (NEZ), as established by the City Commission. A qualifying project involves the construction of new housing for either homeownership or rental. A rehabilitation project involves the rehabilitation of existing housing and requires a minimum investment in the rehabilitation. The new construction project must include rental apartments, contain retail space on the first floor, and be located in a Downtown Revitalization District. Taxes are reduced by either of the following methods: (1) the rate of taxation is equal to half of the average rate of taxation levied on commercial, industrial, and utility property in the state in the immediately preceding calendar year (for new facilities), or (2) the taxable value is set at that value established in the year immediately preceding the effective date of the NEZ exemption for a property (for rehabilitation facilities). The abated amount is determined either as (1) the taxable value of the qualifying property times the difference between the NEZ millage rate and the ad valorem millage rate (for new facilities) or (2) the difference between the taxes that would be levied on the current taxable value and the NEZ taxes levied on the value of the qualifying property in the year immediately preceding the effective date of the exemption certificate (for rehabilitation facilities). For fiscal year 2024, the City abated \$193,812 of taxes under this program. There are no provisions to recapture abated taxes.
- **Brownfield Redevelopment Program:** The purpose of this program is to encourage investment in the revitalization, redevelopment, and reuse of certain properties considered contaminated, blighted, functionally obsolete, or historic resources. The tax being abated is the real and/or personal property tax and is authorized by Public Act 381 of 1996, as amended, MCL 125.2651 et seq. To be eligible to receive the abatement, the property must be included in a Brownfield Plan and qualify as either a facility/site, functionally obsolete, blighted, historic resource, transit-oriented property/development, or a targeted redevelopment area. The City of Grand Rapids, Michigan has designated the entire City as an eligible Brownfield District. The beneficiary's taxes are not reduced but are captured and reimbursed, thereby reducing the effective rate of taxation. Upon paying its taxes, a participant is eligible to be reimbursed, from a portion of its taxes paid by the Brownfield Redevelopment Authority for the documented costs of its eligible activities, thereby reducing the effective tax that is paid. The amount of taxes not collected by local taxing authorities is generally any amount of taxes in excess of those taxes paid in the year immediately preceding approval of a Brownfield Plan Amendment. For fiscal year 2024, the City abated \$2,696,651 of taxes under this program. Reimbursement is made pursuant to the terms and conditions of a Development and Reimbursement Agreement between the applicant and the Brownfield Redevelopment Authority. If taxes are captured and the terms and conditions of the Development and Reimbursement Agreement for the project are violated, the taxes may be returned to the taxing authorities that would otherwise have received the taxes. The types of commitments made by the City other than to reduce taxes, from time to time, are the City and/or the Brownfield Redevelopment Authority participating in a project by making investments in public infrastructure surrounding a project.

As of and for the Year Ended June 30, 2024

Note 13 - Tax Abatements (Continued)

- **Renaissance Zones:** The purpose of this program is to encourage new job creation and investment in commercial or industrial property in areas formerly included in geographic-based renaissance zones. The tax being abated is real and/or personal property tax and income taxes and is authorized by Public Act 376 of 1996, as amended, MCL 125.2681 et seq., and City Commission Policy 900-48. To be eligible to receive the abatement, the property must be located in an existing geographic renaissance zone, and the applicant must be proposing to undertake a project at the property that involves private investments and creates jobs. The real and personal property taxes are abated for a period of up to 15 years. The abatement is 100 percent of these taxes, with a 3-year phase-in of taxes in 25 percent increments for the final three years of a zone designation. As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement, which amounted to \$32,143 for fiscal year 2024. Local income taxes are abated in the same manner. Property owners are still required to pay the taxes necessary for local school district bond obligations. There are no provisions to recapture abated taxes.
- **Payment in Lieu of Taxes:** The purpose of this program is to encourage development of affordable housing projects by keeping expenses reasonable and rent affordable, thus reducing the risk to developers and investors and allowing initial capital to fund the project. The tax being abated is real property tax. The abatement is authorized by Public Act 346 of 1966, as amended, MCL S125.1415a et seq., and local ordinance (Article 5, Chapter 9 of the City Code). To be eligible to receive the abatement, a housing project must meet all of the following criteria: (1) projects that are financed with a federally aided or state housing development authority-aided mortgage or with an advance or grant from such authority; (2) projects that serve lower-income families, the elderly, and/or the handicapped; and (3) projects that are owned by "consumer housing cooperatives," "qualified nonprofit housing corporations," and "limited dividend housing associations," as defined in Act No. 346 of the Public Acts of 1966, as amended. 100 percent of ad valorem property taxes on the qualified property are exempted; a service fee is assessed in lieu of the taxes, which is equal to 4 percent of annual shelter rent. Emergency shelters and transitional housing for the homeless are not assessed a service charge in lieu of property taxes. For fiscal year 2024, the City abated \$1,164,374 of taxes under this program. Ad valorem property taxes may be assessed if the property owner is not current with all taxes and assessments on the subject property and/or does not submit to the city assessor an audited financial statement for each calendar year.
- **Air and Water Pollution Control:** The purpose of this program is to encourage establishment of facilities whose sole purpose is to control and/or dispose of environment pollutants. The tax being abated is real and/or personal property tax and sales taxes. The abatement is authorized by Public Act 451 of 1994, as amended, MCL 324.5901 et seq. (Air Pollution), and MCL 324.3701 et seq. (Water Pollution). To be eligible to receive the abatement, facilities must be designed and operate primarily for the purpose of controlling and/or disposing of air pollutants and/or industrial waste from water. 100 percent of the property and sales taxes on the qualifying property are exempted. As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement, which amounted to \$9,998 for fiscal year 2024. There are no provisions to recapture abated taxes.

Note 14 - Deferred Compensation Plans

In 2011, the City created the City of Grand Rapids Defined Contribution (CGRDC) Plan for most newly hired full-time, nonuniformed employees. This retirement arrangement is mandatory for new employees under most labor contracts and replaces the formerly required participation in the City of Grand Rapids General Retirement System defined benefit pension plan described in Note 7. The plan is administered by the ICMA Retirement Corporation (ICMA-RC) in accordance with Section 401(a) of the Internal Revenue Code (IRC), a Trust Document with the Vantage Trust Company, and an Administrative Services Agreement approved by the City Commission. Participation in the CGRDC Plan begins six months after date of hire and requires an employee contribution of 6 percent of pay, with an employer match of 7 percent of pay for most units. Contribution requirements are specified in labor agreements covering each employee group and may be changed during the collective bargaining process. Five-year cliff-vesting applies to the employer contributions. During the fiscal year ended June 30, 2024, employee contributions were \$2,996,142 and employer contributions were \$3,042,977 to this plan. At June 30, 2024, the plan had 677 active and 197 terminated participants. The fair value of plan assets was \$38,794,996.

As of and for the Year Ended June 30, 2024

Note 14 - Deferred Compensation Plans (Continued)

The City also maintains the Officer's Option Plan, a defined contribution contributory savings plan created in accordance with IRC Section 401(a) administered by ICMA-RC and offered to executive and appointed employees. The plan was established and may be amended by city ordinance. Participants of the 401(a) plan may not participate in the City's defined benefit pension plans. Participants are immediately vested in required employee contributions of 6 percent, optional contributions of 1 to 3 percent, and employer contributions of 12 percent of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. At June 30, 2024, there were 14 active and 23 terminated plan participants with a total fair value of plan assets for both active and retired participants of \$12,512,650. Contributions made by employees and the City totaled \$105,536 and \$146,890, respectively, for the fiscal year ended June 30, 2024.

The City offers its employees deferred compensation plans created in accordance with IRC Section 457. The plans, available to all city employees, permit the voluntary deferral of a portion of current salary until future years. The deferred compensation is not available to the employee until termination, retirement, death, or listed emergency. All amounts of compensation deferred under the plan; all property and rights purchased with such amounts; and all income attributable to such amounts, property, or rights are solely the property rights of each individual participant. At June 30, 2024, the total fair value of plan assets was \$113,917,587. Net of the effect of employee contributions, withdrawals, and earnings, the fair value of plan assets increased by \$8,518,132 for the year ended June 30, 2024. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent administrator.

All permanent, full-time employees who are not covered by one of the City's defined benefit retiree health care plans described in Note 10 are enrolled in an agent multiemployer defined contribution postemployment health care program administered by the Municipal Employees' Retirement System of Michigan. This program is defined in Internal Revenue Code Section 115 as a Governmental Integral Part Trust. After 6 months of employment, biweekly deposits are made into each employee's individual account in amounts determined by labor agreements or personnel policies. Following a 24-month phase-in period after initial employment, an employee's mandatory biweekly contribution will be between \$38.46 and \$42.31, depending on labor agreement. The employee's contribution vests immediately. The employer's contribution steps up over the same time period until it reaches \$67.30 to \$76.93 biweekly, which will vest after an 8- or 10-year period, as specified in each labor agreement. Withdrawals from each employee's account are permitted at any time after separation from employment but only for medical expense reimbursement to the former employee or legal dependents. At June 30, 2024, 1,206 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2024, regular contributions made by employees and the employer totaled \$1,039,493 and \$2,085,414, respectively. As the current participants in the defined benefit retiree health care plans described in Note 10 reach age 65, this defined contribution savings program will become the primary and, eventually, the City's only retiree health care plan.

Note 15 - Leases

The City leases certain assets from various third parties. The assets leased include parking spaces, equipment, and office buildings. Payments are generally fixed monthly.

Lease asset activity of the City is included in Note 5 - Capital Assets.

As of and for the Year Ended June 30, 2024

Note 15 - Leases (Continued)

Future principal and interest payment requirements related to the City's lease liability at June 30, 2024 are as follows:

Years Ending	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 26,886	\$ 2,101	\$ 665,525	\$ 62,747	\$ 90,203	\$ 33,689	\$ 881,151
2026	27,973	1,324	673,413	56,170	89,548	32,625	881,053
2027	15,726	387	115,907	49,478	90,454	17,625	289,577
2028	4,027	21	119,900	46,877	16,552	84	187,461
2029	-	-	124,024	44,186	-	-	168,210
2030-2034	-	-	592,258	177,512	-	-	769,770
2035-2039	-	-	495,571	99,449	-	-	595,020
2040-2042	-	-	330,106	16,988	-	-	347,094
Total	\$ 74,612	\$ 3,833	\$ 3,116,704	\$ 553,407	\$ 286,757	\$ 84,023	\$ 4,119,336

The City leases certain assets, primarily among which are cellular communication towers and office buildings, to various third parties. Payments are generally fixed monthly.

During the year ended June 30, 2024, the City recognized the following related to its lessor agreements:

	Governmental Activities	Business-type Activities
Lease revenue	\$ 33,000	\$ 670,824

Note 16 - Subscriptions

The City obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly.

Subscription asset activity of the City is included in Note 5 - Capital Assets.

Future principal and interest payment requirements related to the City's subscription liability at June 30, 2024 are as follows:

Years	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2025	\$ 515,627	\$ 20,559	\$ 505,488	\$ 30,312	\$ 1,071,986
2026	351,897	7,402	518,606	17,194	895,099
2027	7,453	47	384,781	4,119	396,400
Total	\$ 874,977	\$ 28,008	\$ 1,408,875	\$ 51,625	\$ 2,363,485

Note 17 - Commitments, Contingencies, and Related Party Transactions

- Federal and State Grants - The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although no amounts have been claimed, such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowance, if any, will be immaterial.
- Remediation Sites - The City has reached remediation agreements with the appropriate regulatory bodies and continues to perform maintenance and monitoring activities. There are no current legal issues at this time.

As of and for the Year Ended June 30, 2024

Note 17 - Commitments, Contingencies, and Related Party Transactions (Continued)

- **Litigation** - In the normal course of its activities, the City becomes a party in various legal actions. In the opinion of the city attorney, adequate reserves have been established for the potential liability for all claims.
- **Commitments** - The cities of Grand Rapids and Wyoming, Michigan operate the Grand Valley Regional Biosolids Authority. Its facilities were constructed with initial financing in the amounts of \$16,430,000, at an interest rate of 1.625 percent, and \$17,675,000, at an interest rate of 2.5 percent, provided by the State of Michigan Water Pollution Control Revolving Fund. At June 30, 2024, the outstanding liability was \$9,890,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2024, the City's portion of the liability was 62.60 percent. For fiscal year 2025, it is budgeted at 60.50 percent.
- **Conduit Debt** - The City sometimes issues certain limited-obligation revenue bonds for the express purpose of providing capital financing for specific third parties. These debt issues are not an obligation of the City and, therefore, are not reported as such. The City provides no commitments regarding the debt outside of maintenance of the tax-exempt status. The outstanding amount of conduit debt at June 30, 2024 was \$161,936,818.
- **Miscellaneous Receivable** - The City entered into an agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The museum uses the museum building from the City for \$1 per year for a period of 99 years, with an option to renew for an additional 50-year term to be exercised by the mutual consent of the City and the Public Museum of Grand Rapids Friends Foundation. The City retains title to the buildings and all improvements, fixtures, or other types of fixed property appurtenant to the buildings and property located thereon, as well as the collection on display at the public museum. In accordance with the lease agreement, the City also retains a reversionary interest in the museum's inventory and petty cash, valued at \$51,776 and \$12,725, respectively, at June 30, 2024. In the event that museum operations should ever revert to the City, these items would be returned to the City at their value on the day of reversion.

Note 18 - Fund Balance Constraints

The detail of the various components of governmental funds fund balance is as follows:

Nonspendable:	
Inventory	\$ 2,308,041
Nonexpendable/Endowment	<u>3,201,230</u>
Total nonspendable	5,509,271
Restricted:	
General government - Michigan Indigent Defense Commission	167,759
Public safety - Law enforcement	2,022,408
Urban and community development:	4,845,166
Culture and recreation:	
Library programs	454,296
Parks and recreation	2,960
Statue maintenance	116,071
Public works - Major and local street work	27,427,525
Authorized projects - Capital projects-bond proceeds	84,692,747
Opioid settlement	<u>2,109,746</u>
Total restricted	121,838,678

As of and for the Year Ended June 30, 2024

Note 18 - Fund Balance Constraints (Continued)

Committed:		
Authorized projects - Streets capital projects	\$	22,140,914
Authorized projects - Parks capital projects		4,005,142
General capital projects		35,966,402
Urban and community development:		
Participatory budgeting		1,685,442
Affordable housing		2,836,596
Other		132,862
Other purposes:		
Budget stabilization		17,798,835
Perpetual care - Cemetery		1,879,129
		<u>86,445,322</u>
Total committed		
Assigned:		
Culture and recreation:		
Library programs		5,859,177
Parks and recreation		4,871,158
General special revenue		54,836
Urban and community development:		
Building inspections		6,585,905
Property management		257,147
Economic development		452,815
Public works:		
Refuse		7,300,608
Sidewalk repair		3,012,121
Vehicle storage		737,423
Ensuing budget year		19,432
Compensated absences		14,371,632
Other purposes:		
Debt service		1,738,103
Encumbrances - General Fund		886,145
		<u>46,146,502</u>
Total assigned		
Unassigned		<u>78,361,443</u>
Total fund balance	\$	<u><u>338,301,216</u></u>

Note 19 - Risk Management

The City is predominantly self-insured (general liability, workers' compensation, and health). It is the City's policy to recognize the cost of self-insured claims at the time the liability is incurred in the enterprise funds and the Insurance Payment internal service fund, as applicable. Budgetary appropriations are made to the extent that current claims can be anticipated. Changes in the balances of claim liabilities are as follows:

	2024	2023
Unpaid claims - Beginning of year	\$ 6,030,751	\$ 5,963,611
Incurred claims - Net of changes in estimates	34,895,632	25,560,972
Claim payments	<u>(33,774,861)</u>	<u>(25,493,832)</u>
Unpaid claims - End of year	<u>\$ 7,151,522</u>	<u>\$ 6,030,751</u>

The extent of purchased insurance coverage (i.e., property, workers' compensation, and general liability stop-loss coverage) has not changed significantly from previous years. Settlements, if any, on losses covered by insurance have not exceeded insurance coverage for each of the past three fiscal years.

As of and for the Year Ended June 30, 2024

Note 20 - Subsequent Events

On September 6, 2024, the City committed to the issuance of a maximum of \$12,930,000 and \$17,530,000 of Water Supply System Junior Lien Revenue Bonds, Series 2024A and 2024B, respectively. The bonds will be issued in draws required to meet project expenditures related to improvement to the City's Water Supply System. The interest rate is 2 percent on Series 2024A and 2.5 percent on Series 2024B. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness of \$6,465,000 and \$8,815,000, bringing the total principal owed to \$6,465,000 on Series 2024A and \$8,715,000 on Series 2024B. Principal payments for both issues commence in October 2026.

On September 17, 2024, the City issued General Obligation Limited Tax Parks and Recreation Bonds in the amount of \$20,740,000, with an interest rate of 5 percent and maturities of various amounts from October 1, 2025 to 2044. The net proceeds of \$23,404,186 (including premium of \$2,732,382 less underwriters discount of \$68,196) will be used for issuance costs of the bonds and certain improvements to various City parks and the City's streetlighting system.

Note 21 - Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

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Required Supplementary Information

City of Grand Rapids, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 16,670,103	\$ 16,784,376	\$ 17,693,882	\$ 909,506
Income taxes	100,330,055	100,330,055	113,220,334	12,890,279
Intergovernmental:				
Federal grants	7,949,637	7,949,637	3,645,227	(4,304,410)
State sources:				
State-shared taxes	25,050,276	25,050,276	24,980,285	(69,991)
State grants	1,122,397	1,122,397	1,689,636	567,239
Other grants and contributions	2,284,606	2,284,606	3,628,444	1,343,838
Charges for services	13,407,860	13,407,860	13,089,382	(318,478)
Fines and forfeitures	2,216,000	2,216,000	2,011,530	(204,470)
Licenses and permits	2,987,459	2,987,459	3,653,677	666,218
Investment earnings	3,837,862	3,837,862	8,187,335	4,349,473
Other revenue	348,576	514,181	305,198	(208,983)
Total revenue	176,204,831	176,484,709	192,104,930	15,620,221
Expenditures				
Current services:				
General government	42,120,618	45,040,607	39,592,849	5,447,758
Public safety	112,133,396	116,269,387	113,433,479	2,835,908
Public works	6,313,776	6,333,342	4,866,389	1,466,953
Urban and community development	7,317,250	7,661,523	6,700,091	961,432
Total expenditures	167,885,040	175,304,859	164,592,808	10,712,051
Excess of Revenue Over Expenditures	8,319,791	1,179,850	27,512,122	26,332,272
Other Financing Sources (Uses)				
Transfers in	1,699,634	1,699,634	1,693,978	(5,656)
Transfers out	(13,641,982)	(21,842,946)	(20,390,743)	1,452,203
Leases and SBITAs entered into	-	-	248,239	248,239
Budgeted appropriation lapse	5,500,000	5,500,000	-	(5,500,000)
Sale of capital assets	-	-	21,333	21,333
Contingencies	(1,500,000)	-	-	-
Total other financing uses	(7,942,348)	(14,643,312)	(18,427,193)	(3,783,881)
Net Change in Fund Balance	377,443	(13,463,462)	9,084,929	22,548,391
Fund Balance - Beginning of year	108,287,682	108,287,682	108,287,682	-
Fund Balance - End of year	\$ 108,665,125	\$ 94,824,220	\$ 117,372,611	\$ 22,548,391

City of Grand Rapids, Michigan

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Income taxes	\$ 13,576,627	\$ 13,576,627	\$ 15,320,585	\$ 1,743,958
Intergovernmental:				
Federal grants	534,000	534,000	521,854	(12,146)
State-shared taxes	21,440,104	21,440,104	22,787,924	1,347,820
Other grants and contributions	-	-	25,000	25,000
Charges for services	2,403,533	2,403,533	2,807,121	403,588
Investment earnings	474,594	474,594	873,995	399,401
Other revenue	89,000	89,000	584,373	495,373
Total revenue	38,517,858	38,517,858	42,920,852	4,402,994
Expenditures				
Current services - Public works	15,632,125	15,632,125	14,728,850	903,275
Capital outlay	5,703,819	6,192,324	6,116,924	75,400
Debt service:				
Principal	2,455,000	2,455,000	2,455,000	-
Interest and fiscal charges	415,410	415,410	415,082	328
Total expenditures	24,206,354	24,694,859	23,715,856	979,003
Excess of Revenue Over Expenditures	14,311,504	13,822,999	19,204,996	5,381,997
Other Financing Sources (Uses)				
Transfers in	1,004,793	1,004,793	460,998	(543,795)
Transfers out	(16,408,412)	(17,862,431)	(17,162,431)	700,000
Budgeted appropriation lapse	385,000	385,000	-	(385,000)
Sale of capital assets	-	-	4,524	4,524
Total other financing uses	(15,018,619)	(16,472,638)	(16,696,909)	(224,271)
Net Change in Fund Balance	(707,115)	(2,649,639)	2,508,087	5,157,726
Fund Balance - Beginning of year	21,651,424	21,651,424	21,651,424	-
Fund Balance - End of year	<u>\$ 20,944,309</u>	<u>\$ 19,001,785</u>	<u>\$ 24,159,511</u>	<u>\$ 5,157,726</u>

City of Grand Rapids, Michigan

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Local Streets

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental - State-shared taxes	\$ 5,901,418	\$ 5,901,418	\$ 6,113,703	\$ 212,285
Charges for services	686,300	686,300	732,720	46,420
Investment earnings	44,324	44,324	41,927	(2,397)
Other revenue	4,000	4,000	15,477	11,477
Total revenue	6,636,042	6,636,042	6,903,827	267,785
Expenditures				
Current services - Public works	5,496,194	5,496,194	5,222,727	273,467
Capital outlay	4,479,101	4,479,101	4,069,382	409,719
Total expenditures	9,975,295	9,975,295	9,292,109	683,186
Excess of Expenditures Over Revenue	(3,339,253)	(3,339,253)	(2,388,282)	950,971
Other Financing Sources (Uses)				
Transfers in	3,859,240	3,859,240	3,052,835	(806,405)
Transfers out	(900,000)	(900,000)	(48,960)	851,040
Budgeted appropriation lapse	138,000	138,000	-	(138,000)
Total other financing sources	3,097,240	3,097,240	3,003,875	(93,365)
Net Change in Fund Balance	(242,013)	(242,013)	615,593	857,606
Fund Balance - Beginning of year	4,029,733	4,029,733	4,029,733	-
Fund Balance - End of year	\$ 3,787,720	\$ 3,787,720	\$ 4,645,326	\$ 857,606

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Police and Fire Retirement System

	Last Ten Plan Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 13,092,487	\$ 11,755,473	\$ 10,109,359	\$ 9,269,719	\$ 9,071,101	\$ 8,780,168	\$ 8,723,494	\$ 8,588,314	\$ 7,482,069	\$ 7,794,219
Interest	43,692,739	41,634,797	40,340,298	38,670,466	37,279,003	35,724,491	34,356,315	32,676,161	29,375,231	28,440,421
Changes in benefit terms	-	109,480	-	-	-	-	-	114,084	-	-
Differences between expected and actual experience	6,059,836	14,806,552	7,963,985	2,397,342	2,068,208	4,658,725	3,265,534	7,264,098	16,663,107	2,978,624
Changes in assumptions	-	-	17,216,930	16,339,734	-	-	5,497,995	1,551,086	35,683,769	-
Benefit payments, including refunds	(38,032,984)	(38,940,560)	(32,923,031)	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Net Change in Total Pension Liability	24,812,078	29,365,742	42,707,541	36,294,717	20,687,635	21,759,225	27,030,203	20,833,281	57,121,874	18,109,477
Total Pension Liability - Beginning of year	659,770,087	630,404,345	587,696,804	551,402,087	530,714,452	508,955,227	481,925,024	461,091,743	403,969,869	385,860,392
Total Pension Liability - End of year	\$ 684,582,165	\$ 659,770,087	\$ 630,404,345	\$ 587,696,804	\$ 551,402,087	\$ 530,714,452	\$ 508,955,227	\$ 481,925,024	\$ 461,091,743	\$ 403,969,869
Plan Fiduciary Net Position										
Contributions - Employer	\$ 16,366,549	\$ 13,124,901	\$ 11,660,533	\$ 10,716,480	\$ 9,672,074	\$ 9,421,305	\$ 8,911,489	\$ 7,166,351	\$ 5,630,297	\$ 6,331,848
Contributions - Member	6,062,639	5,927,247	5,930,546	5,379,200	5,832,668	5,313,127	5,114,841	4,929,842	4,557,165	4,563,692
Net investment income (loss)	50,136,968	(63,118,350)	83,738,143	44,596,181	71,134,823	(24,672,147)	53,740,592	25,712,944	(9,083,712)	29,390,902
Administrative expenses	(645,899)	(622,188)	(550,780)	(576,813)	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)	(523,607)
Benefit payments, including refunds	(38,032,984)	(38,940,560)	(32,923,031)	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Other	-	(52,798)	(46,903)	(56,632)	(44,775)	(45,967)	(2)	-	-	(15,065)
Net Change in Plan Fiduciary Net Position	33,887,273	(83,681,748)	67,808,508	29,675,872	58,271,807	(37,990,353)	42,373,095	7,906,398	(31,559,916)	18,643,983
Plan Fiduciary Net Position - Beginning of year	459,630,121	543,311,869	475,503,361	445,827,489	387,555,682	425,546,035	383,172,940	375,266,542	406,826,458	388,182,475
Plan Fiduciary Net Position - End of year	\$ 493,517,394	\$ 459,630,121	\$ 543,311,869	\$ 475,503,361	\$ 445,827,489	\$ 387,555,682	\$ 425,546,035	\$ 383,172,940	\$ 375,266,542	\$ 406,826,458
City's Net Pension Liability (Asset) - Ending	\$ 191,064,771	\$ 200,139,966	\$ 87,092,476	\$ 112,193,443	\$ 105,574,598	\$ 143,158,770	\$ 83,409,192	\$ 98,752,084	\$ 85,825,201	\$ (2,856,589)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.09 %	69.67 %	86.18 %	80.91 %	80.85 %	73.03 %	83.61 %	79.51 %	81.39 %	100.71 %
Covered Payroll	\$ 46,909,560	\$ 42,471,823	\$ 41,018,362	\$ 40,201,129	\$ 39,566,105	\$ 38,122,879	\$ 38,919,488	\$ 38,129,771	\$ 36,827,593	\$ 35,710,964
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	407.30 %	471.23 %	212.33 %	279.08 %	266.83 %	375.52 %	214.31 %	258.99 %	233.05 %	(8.00)%

City of Grand Rapids, Michigan

Required Supplementary Information Schedule of Pension Contributions Police and Fire Retirement System

**Last Ten Fiscal Years
Years Ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 17,276,258	\$ 14,721,697	\$ 12,069,649	\$ 11,466,609	\$ 9,735,689	\$ 9,597,846	\$ 9,086,586	\$ 8,861,774	\$ 5,364,049	\$ 5,807,941
Contributions in relation to the actuarially determined contribution	17,276,258	14,721,697	12,069,649	11,466,609	9,735,689	9,597,846	9,086,586	8,861,774	5,364,049	5,807,941
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 47,507,658	\$ 44,558,799	\$ 42,078,339	\$ 40,934,644	\$ 39,020,793	\$ 38,720,147	\$ 38,405,325	\$ 37,012,523	\$ 36,402,336	\$ 35,561,982
Contributions as a Percentage of Covered Payroll	36.37 %	33.04 %	28.68 %	28.01 %	24.95 %	24.79 %	23.66 %	23.94 %	14.74 %	16.33 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, six months prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple periods (24-30 years as of December 31, 2021)
Asset valuation method	5-year smoothed market
Inflation	3.00 percent wage - 2.25 price inflation
Salary increase	3.00 percent - 20.00 percent, including inflation
Investment rate of return	6.75 percent compounded annually
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Amount-Weighted, Public Safety, Male and Female tables, with a base year of 2010 and future mortality improvement projected using scale MP-2019 on a fully generational basis
Cost of living adjustments after retirement	Ad hoc 13th check tied to plan investments for benefit recipients who do not have an automatic benefit increase: A 1.0 percent simple escalator for eligible police retirees A 1.5 percent simple escalator for eligible firefighters

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
General Retirement System

Last Ten Plan Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 3,928,077	\$ 4,001,976	\$ 4,206,804	\$ 4,576,153	\$ 4,657,970	\$ 5,016,826	\$ 5,161,510	\$ 5,546,388	\$ 6,348,067	\$ 6,904,650
Interest	38,333,221	38,200,989	37,960,117	36,699,090	36,626,148	36,420,065	36,025,286	35,127,721	33,287,484	33,394,709
Changes in benefit terms	-	-	-	-	-	-	-	-	20,882	-
Differences between expected and actual experience	1,613,525	4,141,442	(1,383,882)	(945,207)	(2,877,132)	(2,335,969)	(971,718)	6,361,929	10,083,648	(7,420,169)
Changes in assumptions	-	14,430,114	-	12,565,643	7,963,218	5,213,623	(1,495,183)	-	29,733,502	-
Benefit payments, including refunds	(37,483,996)	(39,648,835)	(34,830,364)	(34,562,300)	(34,058,491)	(34,395,575)	(32,009,058)	(36,917,726)	(39,853,430)	(28,207,712)
Net Change in Total Pension Liability	6,390,827	21,125,686	5,952,675	18,333,379	12,311,713	9,918,970	6,710,837	10,118,312	39,620,153	4,671,478
Total Pension Liability - Beginning of year	584,677,526	563,551,840	557,599,165	539,265,786	526,954,073	517,035,103	510,324,266	500,205,954	460,585,801	455,914,323
Total Pension Liability - End of year	\$ 591,068,353	\$ 584,677,526	\$ 563,551,840	\$ 557,599,165	\$ 539,265,786	\$ 526,954,073	\$ 517,035,103	\$ 510,324,266	\$ 500,205,954	\$ 460,585,801
Plan Fiduciary Net Position										
Contributions - Employer	\$ 11,918,613	\$ 12,568,944	\$ 11,284,613	\$ 11,325,243	\$ 12,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032
Contributions - Member	2,410,147	2,373,612	2,523,078	2,595,588	2,677,960	2,832,479	3,012,472	3,428,169	3,473,382	3,737,014
Net investment income (loss)	24,002,408	(27,476,181)	107,922,370	5,494,862	21,371,497	29,177,311	38,296,115	289,104	11,478,680	65,337,996
Administrative expenses	(648,308)	(592,461)	(558,139)	(605,388)	(596,090)	(556,142)	(558,024)	(568,895)	(567,869)	(523,086)
Benefit payments, including refunds	(37,483,996)	(39,648,835)	(34,830,364)	(34,562,300)	(34,058,491)	(34,395,575)	(32,009,058)	(36,917,726)	(39,853,430)	(28,207,712)
Other	(64,549)	(47,768)	(45,847)	(54,466)	-	-	-	-	-	(21,741)
Net Change in Plan Fiduciary Net Position	134,315	(52,822,689)	86,295,711	(15,806,461)	2,315,141	7,731,107	18,979,043	(24,474,244)	(14,141,533)	49,093,503
Plan Fiduciary Net Position - Beginning of year	436,881,613	489,704,302	403,408,591	419,215,052	416,899,911	409,168,804	390,189,761	414,664,005	428,805,538	379,712,035
Plan Fiduciary Net Position - End of year	\$ 437,015,928	\$ 436,881,613	\$ 489,704,302	\$ 403,408,591	\$ 419,215,052	\$ 416,899,911	\$ 409,168,804	\$ 390,189,761	\$ 414,664,005	\$ 428,805,538
City's Net Pension Liability - Ending	\$ 154,052,425	\$ 147,795,913	\$ 73,847,538	\$ 154,190,574	\$ 120,050,734	\$ 110,054,162	\$ 107,866,299	\$ 120,134,505	\$ 85,541,949	\$ 31,780,263
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.94 %	74.72 %	86.90 %	72.35 %	77.74 %	79.12 %	79.14 %	76.46 %	82.90 %	93.10 %
Covered Payroll	\$ 25,739,793	\$ 26,760,793	\$ 27,657,053	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955
City's Net Pension Liability as a Percentage of Covered Payroll	598.50 %	552.29 %	267.01 %	534.03 %	404.27 %	355.59 %	320.58 %	335.95 %	222.23 %	78.45 %

Required Supplementary Information
Schedule of Pension Contributions
General Retirement System

Last Ten Fiscal Years
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 13,497,426	\$ 11,918,613	\$ 12,568,944	\$ 11,284,613	\$ 10,325,243	\$ 9,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704
Contributions in relation to the actuarially determined contribution	13,497,426	11,918,613	12,568,944	11,284,613	11,325,243	12,920,265	10,673,034	10,237,538	9,295,104	11,327,704
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 24,304,745	\$ 25,739,793	\$ 26,760,793	\$ 27,657,053	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586
Contributions as a Percentage of Covered Payroll	55.53 %	46.30 %	46.97 %	40.80 %	39.22 %	43.51 %	34.48 %	30.43 %	25.99 %	29.43 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple periods (24-30 years as of June 30, 2022)
Asset valuation method	5-year smoothed market
Inflation	2.25 percent - No explicit price inflation assumption is used in this valuation
Salary increase	3.00 - 8.00 percent, plus up to 4.00 percent depending on service, including wage inflation at 3.00 percent
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	Pub-2010 Amount-Weighted General Mortality Tables, with a base year of 2010 and future mortality improvements projected using MP-2019
Cost of living adjustments after retirement	Ad hoc 13th check tied to plan investment returns for benefit recipients who do not have an automatic benefit increase. A 1.0 percent simple escalator beginning 4 to 6 years after retirement

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
General Retiree Health Care Plan

	Last Eight Plan Years*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 391,934	\$ 382,721	\$ 462,915	\$ 660,142	\$ 625,532	\$ 902,797	\$ 1,068,634	\$ 1,081,550
Interest	1,120,785	1,359,738	1,558,985	1,616,466	2,171,878	2,660,640	2,729,890	2,815,223
Differences between expected and actual experience	2,389,601	(4,095,291)	(4,272,314)	(2,142,892)	(12,678,006)	(6,625,742)	(685,529)	(72,851)
Changes in assumptions	744,179	504,373	385,336	657,341	1,000,494	(3,375,513)	-	-
Benefit payments, including refunds	(3,653,520)	(2,216,876)	(1,942,538)	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Total OPEB Liability	992,979	(4,065,335)	(3,807,616)	(950,600)	(11,629,362)	(10,086,114)	(2,068,861)	(2,042,512)
Total OPEB Liability - Beginning of year	24,046,518	28,111,853	31,919,469	32,870,069	44,499,431	54,585,545	56,654,406	58,696,918
Total OPEB Liability - End of year	\$ 25,039,497	\$ 24,046,518	\$ 28,111,853	\$ 31,919,469	\$ 32,870,069	\$ 44,499,431	\$ 54,585,545	\$ 56,654,406
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,044,879	\$ 1,562,491	\$ 2,094,675	\$ 2,444,430	\$ 3,761,766	\$ 5,742,193	\$ 5,510,302	\$ 5,068,952
Federal grants	-	-	99,464	36,078	-	-	-	479,082
Net investment income (loss)	1,403,668	1,127,292	(2,084,025)	3,526,908	370,640	382,690	604,119	907,367
Administrative expenses	(190,758)	(181,562)	(198,400)	(172,387)	(182,840)	(161,545)	(177,180)	(172,119)
Benefit payments, including refunds	(3,653,520)	(2,216,877)	(1,942,538)	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Plan Fiduciary Net Position	(1,395,731)	291,344	(2,030,824)	4,093,372	1,200,306	2,315,042	755,385	416,848
Plan Fiduciary Net Position - Beginning of year	16,455,408	16,164,064	18,194,888	14,101,516	12,901,210	10,586,168	9,830,783	9,413,935
Plan Fiduciary Net Position - End of year	\$ 15,059,677	\$ 16,455,408	\$ 16,164,064	\$ 18,194,888	\$ 14,101,516	\$ 12,901,210	\$ 10,586,168	\$ 9,830,783
Net OPEB Liability - Ending	\$ 9,979,820	\$ 7,591,110	\$ 11,947,789	\$ 13,724,581	\$ 18,768,553	\$ 31,598,221	\$ 43,999,377	\$ 46,823,623
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	60.14 %	68.43 %	57.50 %	57.00 %	42.90 %	28.99 %	19.39 %	17.35 %
Covered Payroll	\$ 70,161,595	\$ 65,873,077	\$ 61,308,381	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Net OPEB Liability as a Percentage of Covered Payroll	14.22 %	11.52 %	19.49 %	22.90 %	33.12 %	58.09 %	86.03 %	96.75 %

*An additional year will be added each year until 10 years are presented. Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date 1 year later.

Required Supplementary Information
Schedule of OPEB Contributions - General Retiree Health Care Plan

Last Eight Fiscal Years*
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,022,954	\$ 1,472,498	\$ 1,998,342	\$ 2,215,019	\$ 3,421,489	\$ 5,288,487	\$ 5,328,910	\$ 5,071,594
Contributions in relation to the actuarially determined contribution	1,044,879	1,562,491	2,194,139	2,480,508	3,761,766	5,742,193	5,510,302	5,068,952
Contribution Excess (Deficiency)	\$ 21,925	\$ 89,993	\$ 195,797	\$ 265,489	\$ 340,277	\$ 453,706	\$ 181,392	\$ (2,642)
Covered Payroll	\$ 70,161,595	\$ 65,873,077	\$ 61,308,381	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Contributions as a Percentage of Covered Payroll	1.49 %	2.37 %	3.58 %	4.14 %	6.64 %	10.56 %	10.77 %	10.47 %

*An additional year will be added each year until 10 years are presented.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal cost
Amortization method	Level dollar, closed
Remaining amortization period	16 years
Asset valuation method	Funding value of assets
Inflation	No explicit price inflation assumption used
Health care cost trend rates	7.50 percent gradually decreasing to 3.5 percent in year 12
Salary increase	3.00 percent to 7.16 percent, including inflation
Investment rate of return	5.00 percent, net of OPEB plan investments expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019
	Healthy Post-Retirement: The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Disability Retirement: The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

City of Grand Rapids, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns - General Retiree Health Care Plan

	Last Eight Fiscal Years*							
	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	9.03 %	7.04 %	(11.71)%	25.41 %	2.34 %	2.93 %	5.73 %	10.33 %

*An additional year will be added each year until 10 years are presented.

Required Supplementary Information
Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
Police Retiree Health Care Plan

	Last Eight Plan Years*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 447,799	\$ 472,567	\$ 595,782	\$ 690,578	\$ 804,671	\$ 1,238,893	\$ 1,486,702	\$ 1,590,303
Interest	1,694,635	1,898,884	2,257,795	2,216,149	2,813,960	3,201,058	3,188,792	3,056,154
Differences between expected and actual experience	(288,082)	(4,302,013)	(7,870,484)	(1,363,025)	(14,875,348)	(5,847,660)	(2,242,917)	246,949
Changes in assumptions	958,947	737,276	564,560	1,674,298	1,586,120	(3,931,708)	-	-
Benefit payments, including refunds	(2,783,080)	(2,956,950)	(2,389,598)	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Total OPEB Liability	30,219	(4,150,236)	(6,841,945)	931,658	(11,841,412)	(7,539,488)	505,971	2,442,321
Total OPEB Liability - Beginning of year	35,060,334	39,210,570	46,052,515	45,120,857	56,962,269	64,501,757	63,995,786	61,553,465
Total OPEB Liability - End of year	\$ 35,090,553	\$ 35,060,334	\$ 39,210,570	\$ 46,052,515	\$ 45,120,857	\$ 56,962,269	\$ 64,501,757	\$ 63,995,786
Plan Fiduciary Net Position								
Contributions - Employer	\$ 109,568	\$ 258,037	\$ 1,184,482	\$ 1,378,330	\$ 2,786,728	\$ 4,099,293	\$ 4,251,612	\$ 4,319,030
Federal grants	-	-	73,713	70,268	-	-	-	256,022
Net investment income (loss)	3,725,614	2,733,241	(5,348,951)	10,122,593	944,532	1,064,305	2,300,896	3,173,248
Administrative expenses	(205,280)	(193,004)	(236,617)	(199,014)	(173,855)	(142,446)	(143,142)	(123,462)
Benefit payments, including refunds	(2,783,080)	(2,956,950)	(2,389,598)	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Plan Fiduciary Net Position	846,822	(158,676)	(6,716,971)	9,085,835	1,386,590	2,821,081	4,482,760	5,173,753
Plan Fiduciary Net Position - Beginning of year	40,167,318	40,326,994	47,043,965	37,958,130	36,571,540	33,750,459	29,267,699	24,093,946
Plan Fiduciary Net Position - End of year	\$ 41,014,140	\$ 40,168,318	\$ 40,326,994	\$ 47,043,965	\$ 37,958,130	\$ 36,571,540	\$ 33,750,459	\$ 29,267,699
Net OPEB (Asset) Liability - Ending	\$ (5,923,587)	\$ (5,107,984)	\$ (1,116,424)	\$ (991,450)	\$ 7,162,727	\$ 20,390,729	\$ 30,751,298	\$ 34,728,087
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	116.88 %	114.57 %	102.85 %	102.15 %	84.13 %	64.20 %	52.32 %	45.73 %
Covered Payroll	\$ 30,798,585	\$ 29,616,489	\$ 28,134,282	\$ 26,833,251	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	(19.23)%	(17.25)%	(3.97)%	(3.69)%	27.85 %	79.74 %	124.44 %	142.50 %

*An additional year will be added each year until 10 years are presented. Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date 1 year later.

Required Supplementary Information
Schedule of OPEB Contributions - Police Retiree Health Care Plan

Last Eight Fiscal Years*
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 91,254	\$ 305,193	\$ 1,201,211	\$ 1,253,244	\$ 2,648,182	\$ 3,841,765	\$ 4,207,504	\$ 4,192,648
Contributions in relation to the actuarially determined contribution	109,568	258,037	1,258,195	1,448,598	2,786,728	4,099,293	4,251,612	4,319,030
Contribution (Deficiency) Excess	\$ 18,314	\$ (47,156)	\$ 56,984	\$ 195,354	\$ 138,546	\$ 257,528	\$ 44,108	\$ 126,382
Covered Payroll	\$ 30,798,585	\$ 29,616,489	\$ 28,134,282	\$ 26,833,251	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Contributions as a Percentage of Covered Payroll	0.36 %	0.87 %	4.47 %	5.40 %	10.84 %	16.03 %	17.20 %	17.72 %

*An additional year will be added each year until 10 years are presented.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal cost
Amortization method	Level dollar, closed
Remaining amortization period	17 years
Asset valuation method	Actuarial value of assets
Inflation	No explicit price inflation assumption is used
Health care cost trend rates	7.75 percent gradually decreasing to 3.5 percent in year 12
Salary increase	4.00 percent to 20.00 percent, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019 Healthy Post-Retirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 Disability Retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

City of Grand Rapids, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns - Police Retiree Health Care Plan

	Last Eight Fiscal Years*							
	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	9.55 %	6.98 %	(11.54)%	26.87 %	2.33 %	2.81 %	7.31 %	12.99 %

*An additional year will be added each year until 10 years are presented.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Fire Retiree Health Care Plan

	Last Eight Plan Years*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 701,715	\$ 687,344	\$ 767,927	\$ 784,961	\$ 758,192	\$ 1,105,487	\$ 1,292,792	\$ 1,282,061
Interest	1,067,523	1,185,143	1,349,793	1,358,995	1,683,852	2,018,137	1,956,635	1,905,021
Differences between expected and actual experience	(293,708)	(2,775,415)	(3,601,760)	(1,830,266)	(7,774,257)	(4,759,934)	289,730	129,028
Changes in assumptions	650,937	453,132	328,772	1,407,146	916,082	(2,544,676)	-	-
Benefit payments, including refunds	(1,716,500)	(2,103,072)	(2,091,861)	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Total OPEB Liability	409,967	(2,552,868)	(3,247,129)	20,025	(6,904,097)	(6,355,151)	1,282,361	994,533
Total OPEB Liability - Beginning of year	21,857,849	24,410,717	27,657,846	27,637,821	34,541,918	40,897,069	39,614,708	38,620,175
Total OPEB Liability - End of year	\$ 22,267,816	\$ 21,857,849	\$ 24,410,717	\$ 27,657,846	\$ 27,637,821	\$ 34,541,918	\$ 40,897,069	\$ 39,614,708
Plan Fiduciary Net Position								
Contributions - Employer	\$ 496,508	\$ 798,652	\$ 1,346,555	\$ 1,421,902	\$ 2,106,558	\$ 2,945,869	\$ 2,999,906	\$ 3,143,699
Federal grants	-	-	167,426	29,313	-	-	-	187,749
Net investment income (loss)	2,008,657	1,483,008	(2,883,885)	5,323,922	487,782	586,976	1,327,855	1,864,124
Administrative expenses	(142,918)	(131,173)	(167,778)	(140,797)	(138,589)	(116,428)	(111,952)	(100,096)
Benefit payments - Net of retiree premiums	(1,716,500)	(2,103,072)	(2,091,861)	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Plan Fiduciary Net Position	645,747	47,415	(3,629,543)	4,933,529	(32,215)	1,242,252	1,959,013	2,773,899
Plan Fiduciary Net Position - Beginning of year	21,718,157	21,670,742	25,300,285	20,366,756	20,398,971	19,156,719	17,197,706	14,423,807
Plan Fiduciary Net Position - End of year	\$ 22,363,904	\$ 21,718,157	\$ 21,670,742	\$ 25,300,285	\$ 20,366,756	\$ 20,398,971	\$ 19,156,719	\$ 17,197,706
Net OPEB (Asset) Liability - Ending	\$ (96,088)	\$ 139,692	\$ 2,739,975	\$ 2,357,561	\$ 7,271,065	\$ 14,142,947	\$ 21,740,350	\$ 22,417,002
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	100.43 %	99.36 %	88.78 %	91.48 %	73.69 %	59.06 %	46.84 %	43.41 %
Covered Payroll	\$ 22,184,629	\$ 20,554,957	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	(0.43)%	0.68 %	14.06 %	12.86 %	43.82 %	86.85 %	138.66 %	145.47 %

*An additional year will be added each year until 10 years are presented. Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date 1 year later.

Required Supplementary Information
Schedule of OPEB Contributions - Fire Retiree Health Care Plan

Last Eight Fiscal Years*
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 587,084	\$ 880,770	\$ 1,309,321	\$ 1,250,219	\$ 2,033,496	\$ 2,863,499	\$ 2,907,020	\$ 3,036,781
Actual contribution	496,508	798,652	1,513,981	1,451,215	2,106,558	2,945,869	2,999,906	3,143,699
Contribution (Deficiency) Excess	\$ (90,576)	\$ (82,118)	\$ 204,660	\$ 200,996	\$ 73,062	\$ 82,370	\$ 92,886	\$ 106,918
Covered Payroll	\$ 22,184,629	\$ 20,554,957	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Contributions as a Percentage of Covered Payroll	2.24 %	3.89 %	7.77 %	7.91 %	12.69 %	18.09 %	19.13 %	20.40 %

*An additional year will be added each year until 10 years are presented.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal cost
Amortization method	Level dollar, closed
Remaining amortization period	18 years, closed
Asset valuation method	Fair value of assets
Inflation	No explicit price inflation assumption is used
Health care cost trend rates	7.50 percent gradually decreasing to 3.5 percent in year 12
Projected salary increase	4.00 - 20.00 percent, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019 Healthy Post-Retirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 Disability Retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

Required Supplementary Information
Schedule of OPEB Investment Returns - Fire Retiree Health Care Plan

	Last Eight Fiscal Years*							
	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	9.58 %	7.04 %	(11.56)%	26.34 %	2.17 %	2.74 %	7.22 %	12.99 %

*An additional year will be added each year until 10 years are presented.

June 30, 2024

Pension Information

Changes in Assumptions

Police and Fire Retirement System: In 2021, the assumed rate of return was reduced from 7.00 percent to 6.75 percent. In 2020, the inflation rate was reduced from 2.5 percent to 2.25 percent, along with a reduction in the assumed rate of return from 7.15 percent to 7.00 percent and the adoption of a new mortality table. In 2018, the assumed rate of return was reduced to from 7.25 percent to 7.15 percent. In 2017, the future wage inflation assumption was reduced. In 2016, there was a reduction in the assumed rate of return from 7.50 percent to 7.25 percent, the adoption of a new mortality table, and updated demographic assumptions for retirement and withdrawal patterns.

General Retirement System: In 2022, the assumed rate of return was reduced from 7.00 percent to 6.75 percent. In 2020, the assumed rate of return was reduced from 7.15 percent to 7.00 percent. In 2019, the assumed rate of return was reduced from 7.25 percent to 7.15 percent. In 2018, the inflation rate assumption was reduced from 2.75 percent to 2.5 percent. In 2016, the assumed rate of return was reduced from 7.50 percent to 7.25 percent, a new mortality table was adopted, and demographic assumptions for retirement and withdrawal patterns were updated.

Significant Changes to the Plan

General Retirement System: In 2014, the plan was closed to all new entrants. Current members continue to accrue future benefits.

OPEB Information

Changes in Assumptions

General Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022. There was a decrease in the inflation rate related to the plan in the City's fiscal year 2023. There was a decrease in the projected salary increases in the City's fiscal year 2024.

Police Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022. There was a decrease in the inflation rate related to the plan in the City's fiscal year 2023. There was a decrease in the projected salary increases in the City's fiscal year 2024.

Fire Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022. There was a decrease in the inflation trend rate related to the plan in the City's fiscal year 2023. There was a decrease in the projected salary increases in the City's fiscal year 2024.

Supplementary Information

City of Grand Rapids, Michigan

Budgetary Comparison Schedule, General Operating Fund Expenditures

June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
Department	Original	Final	Amounts	Positive (Negative)
General Government - Fiscal and Administrative:				
Executive Office and City Commission	\$ 4,911,961	\$ 7,156,365	\$ 5,292,017	\$ 1,864,348
Comptroller's Office	3,022,727	3,022,727	2,786,160	236,567
Fiscal Services	9,111,314	9,111,314	8,352,359	758,955
Clerk's Office	2,715,071	2,880,675	2,786,894	93,781
Treasury	2,586,842	2,586,842	2,663,310	(76,468)
Attorney's Office	3,442,320	3,442,320	3,221,176	221,144
Human Resources	3,558,791	3,889,470	3,603,460	286,010
Administrative Support	1,713,567	1,713,567	1,526,924	186,643
Other general government	11,058,025	11,237,327	9,360,549	1,876,778
Total General Government	42,120,618	45,040,607	39,592,849	5,447,758
Public Safety:				
Police	63,729,529	64,263,187	62,205,897	2,057,290
Dispatch	6,521,915	6,521,915	6,297,988	223,927
Oversight and Public Accountability	1,761,106	1,821,589	1,442,322	379,267
Fire	40,120,846	43,662,696	43,487,272	175,424
Total Public Safety	112,133,396	116,269,387	113,433,479	2,835,908
Public Works				
Enterprise Services	6,313,776	6,333,342	4,866,389	1,466,953
Total Public Works	6,313,776	6,333,342	4,866,389	1,466,953
Urban Development:				
Community Development	4,514,743	4,859,016	4,229,905	629,111
Design, Development and Comm. Engagement	2,802,507	2,802,507	2,470,186	332,321
Total Urban Development	7,317,250	7,661,523	6,700,091	961,432
Non-departmental				
Budgeted appropriation lapse	(5,500,000)	(5,500,000)	-	(5,500,000)
Contingencies	1,500,000	-	-	-
Transfers to other funds	13,641,982	21,842,946	20,390,743	1,452,203
Total non-departmental	9,641,982	16,342,946	20,390,743	(4,047,797)
Total charges to appropriations	\$ 177,527,022	\$ 191,647,805	\$ 184,983,551	\$ 6,664,254

Special Revenue Funds

Library - Operations for main library and seven branches; funding primarily provided by millage and state grants

Refuse Collection - Operations for the collection and removal of trash and debris; financing provided by tax millage and pay-as-you-throw cart program

Parks and Recreation - Operations for city-owned parks and recreation programs; includes 2013 parks millage

Opioid Settlement - Funds received from ongoing litigation surrounding opioid epidemic

Grants - Federal and/or state funds received for specified city use, including community development, police, and fire

Michigan Justice Training - State funding provided to the City for criminal justice in-service training of police officers; requires approval from Michigan Commission on Law Enforcement Standards

Vehicle Storage Facility - Revenue and expenditures associated with the safe storage and disposal of impounded and/or abandoned vehicles

Property Management - Funds held for the maintenance and sale of tax reverted properties; managed by economic development department

Building Inspections - State-required fund (P.A. 245 of 1999); fee charges for building inspections, licensing, and permitting used only for operations of the enforcing agency

Michigan Indigent Defense Commission - State-required fund created to establish and enforce new standards for indigent legal services

Sidewalk Repair - Receives portion of funds from vital streets income tax for sidewalk repair, improvement, and reconstruction

Drug Law Enforcement - Funds received from the sales of forfeited property and can only be used to enhance drug enforcement laws

General Special Revenue - Miscellaneous funds received from private contributions and/or endowments for specified use within the City; includes historical commission

Economic Development - Operations to assist and retain local industries and commercial enterprises and to strengthen and encourage city growth

Downtown Improvement District - Funds to support daily sidewalk cleaning, landscaping, and beautification of urban core areas; program administered by Downtown Grand Rapids Inc.

Uptown Business Improvement District - Funds to promote and encourage economic vitality and growth within specified business districts; includes East Hills, East Fulton, Eastown, and Wealthy Street business districts

Debt Service Fund

Grand Rapids Building Authority - Accounts for the financing of the interest and retirement of principal of general long-term debt

Capital Project Funds

Vital Streets Capital Construction - Funds used for preventive maintenance, rehabilitation, and reconstruction projects

Streets Capital Construction - Funds used for traffic safety, street resurfacing, and street reconstruction projects

Parks Capital Projects - Funds used for parks improvement projects

Permanent Fund

Cemetery Perpetual Care - Except for certain capital items, these funds are not expendable; however, the interest earned is transferred to the Cemetery Operating Fund for use in the care and maintenance of the City's six cemeteries.

City of Grand Rapids, Michigan

Special Revenue Funds										
	Library	Refuse Collection	Parks and Recreation	Opioid Settlement	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	Michigan Indigent Defense Commission
Assets										
Equity in pooled cash and investments	\$ 7,229,293	\$ 9,435,696	\$ 6,018,277	\$ 1,884,015	\$ 2,785,119	\$ 234,751	\$ 781,510	\$ 269,072	\$ 6,970,303	\$ 368,938
Receivables:										
Receivables - Net	38,610	362,250	277,290	5,907,879	-	653	8,761	5,465	533,759	2,071
Due from other governments	-	-	-	-	1,801,306	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Lease receivable	52,656	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,320,559	\$ 9,797,946	\$ 6,295,567	\$ 7,791,894	\$ 4,586,425	\$ 235,404	\$ 790,271	\$ 274,537	\$ 7,504,062	\$ 371,009
Liabilities										
Vouchers and accounts payable	\$ 240,966	\$ 490,364	\$ 694,981	\$ -	\$ 996,130	\$ -	\$ 31,479	\$ -	\$ 15,570	\$ 203,250
Unearned revenue	-	-	-	-	1,357,529	-	-	-	-	-
Customer deposits	-	1,281,938	512	-	6,000	-	-	-	-	-
Total liabilities	240,966	1,772,302	695,493	-	2,359,659	-	31,479	-	15,570	203,250
Deferred Inflows of Resources -										
Unavailable revenue	52,076	299,059	240,700	5,682,148	567,505	-	-	5,009	509,596	-
Total liabilities and deferred inflows of resources	293,042	2,071,361	936,193	5,682,148	2,927,164	-	31,479	5,009	525,166	203,250
Fund Balances										
Nonspendable:										
Inventory	-	-	-	-	-	-	-	-	-	-
Nonexpendable trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
General government	-	-	-	-	-	-	-	-	-	167,759
Opioid settlement	-	-	-	2,109,746	-	-	-	-	-	-
Public safety	-	-	-	-	-	235,404	-	-	-	-
Urban and community development	-	-	-	-	1,659,261	-	-	-	-	-
Culture and recreation	454,296	-	2,960	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Ensuing budget year	-	-	-	-	-	-	-	9,768	-	-
Culture and recreation	5,859,177	-	4,871,158	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	257,147	6,585,905	-
Public works	-	7,300,608	-	-	-	-	737,423	-	-	-
Compensated absences	699,774	425,977	485,256	-	-	-	21,369	2,613	392,991	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Total fund balances	7,027,517	7,726,585	5,359,374	2,109,746	1,659,261	235,404	758,792	269,528	6,978,896	167,759
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,320,559	\$ 9,797,946	\$ 6,295,567	\$ 7,791,894	\$ 4,586,425	\$ 235,404	\$ 790,271	\$ 274,537	\$ 7,504,062	\$ 371,009

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

Special Revenue Funds						Debt Service Fund	Capital Project Funds			Permanent Fund	Total
Sidewalk Repair	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Uptown Business Improvement District	Grand Rapids Building Authority	Vital Streets Capital Construction	Streets Capital Construction	Parks Capital Projects	Cemetery Perpetual Care	
\$ 3,189,055	\$ 1,779,906	\$ 170,333	\$ 482,282	\$ 821,559	\$ 59,754	\$ 1,123,671	\$ 19,648,745	\$ 10,587,483	\$ 4,154,217	\$ 5,063,770	\$ 83,057,749
253,662	12,879	574	65,441	3,829	360	614,432	171,020	33,768	-	4,332	8,297,035
-	-	-	-	-	-	-	-	-	-	-	1,801,306
-	-	-	-	-	-	-	-	-	-	17,134	17,134
-	-	-	-	-	-	-	-	-	-	-	52,656
\$ 3,442,717	\$ 1,792,785	\$ 170,907	\$ 547,723	\$ 825,388	\$ 60,114	\$ 1,738,103	\$ 19,819,765	\$ 10,621,251	\$ 4,154,217	\$ 5,085,236	\$ 93,225,880
\$ 378,910	\$ 5,781	\$ -	\$ 20,000	\$ 155,661	\$ 8,113	\$ -	\$ 3,195,446	\$ 104,656	\$ 149,075	\$ -	\$ 6,690,382
-	-	-	-	-	-	-	-	5,000,000	-	-	6,357,529
-	-	-	-	-	-	-	-	-	-	-	1,288,450
378,910	5,781	-	20,000	155,661	8,113	-	3,195,446	5,104,656	149,075	-	14,336,361
3,950	-	-	62,844	-	-	-	-	-	-	2,013	7,424,900
382,860	5,781	-	82,844	155,661	8,113	-	3,195,446	5,104,656	149,075	2,013	21,761,261
-	-	-	-	-	-	-	-	-	-	17,134	17,134
-	-	-	-	-	-	-	-	-	-	3,186,960	3,201,230
-	-	-	-	-	-	-	-	-	-	-	167,759
-	1,787,004	-	-	-	-	-	-	-	-	-	2,109,746
-	-	-	-	-	-	-	-	-	-	-	2,022,408
-	-	-	-	669,727	52,001	-	-	-	-	-	2,380,989
-	-	116,071	-	-	-	-	-	-	-	-	573,327
-	-	-	-	-	-	-	16,624,319	5,516,595	4,005,142	-	26,146,056
-	-	-	-	-	-	-	-	-	-	1,879,129	1,879,129
-	-	-	9,664	-	-	-	-	-	-	-	19,432
-	-	54,836	-	-	-	-	-	-	-	-	10,785,171
-	-	-	452,815	-	-	-	-	-	-	-	7,295,867
3,012,121	-	-	-	-	-	-	-	-	-	-	11,050,152
47,736	-	-	2,400	-	-	-	-	-	-	-	2,078,116
-	-	-	-	-	-	1,738,103	-	-	-	-	1,738,103
3,059,857	1,787,004	170,907	464,879	669,727	52,001	1,738,103	16,624,319	5,516,595	4,005,142	5,083,223	71,464,619
\$ 3,442,717	\$ 1,792,785	\$ 170,907	\$ 547,723	\$ 825,388	\$ 60,114	\$ 1,738,103	\$ 19,819,765	\$ 10,621,251	\$ 4,154,217	\$ 5,085,236	\$ 93,225,880

City of Grand Rapids, Michigan

	Special Revenue Funds									
	Library	Refuse Collection	Parks and Recreation	Opioid Settlement	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	Michigan Indigent Defense Commission
Revenue										
Taxes:										
Property taxes	\$13,218,649	\$10,399,413	\$ 6,866,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Federal grants	-	-	209,047	-	15,429,681	-	-	-	-	-
State sources	445,071	158,479	567,790	-	588,264	96,066	-	-	-	2,265,848
Other grants and contributions	295,183	-	123,702	-	1,817,169	-	-	-	-	-
Charges for services	83,724	8,926,746	737,786	-	683,493	-	847,887	4,106	334,363	40,867
Fines and forfeitures	20,938	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	4,595,047	-
Investment income	637,790	486,200	427,389	-	33,941	(882)	44,521	17,501	331,585	10,684
Other revenue:										
Miscellaneous	-	1,048	43,649	1,207,403	978	-	-	-	-	-
Property sales	-	-	-	-	-	-	-	13,500	-	-
Total revenue	14,701,355	19,971,886	8,976,065	1,207,403	18,553,526	95,184	892,408	35,107	5,260,995	2,317,399
Expenditures										
Current services:										
General government	-	-	-	-	395,071	-	854,437	-	-	2,507,721
Public safety	-	-	-	-	3,993,730	35,001	-	-	-	-
Public works	-	17,159,682	-	-	2,032,488	-	-	-	-	-
Health and welfare	-	-	-	7,161	-	-	-	-	-	-
Urban and community development	-	-	-	-	13,708,783	-	-	77,993	5,148,221	-
Recreation and culture	13,326,308	-	13,602,970	-	-	-	-	-	-	-
Capital outlay	944,811	94,886	223,055	-	-	-	-	-	-	-
Debt service:										
Principal	4,884	173,760	103,438	-	-	-	10,311	36,591	-	-
Interest and fiscal charges	510	8,522	203	-	-	-	939	8,496	-	-
Total expenditures	14,276,513	17,436,850	13,929,666	7,161	20,130,072	35,001	865,687	123,080	5,148,221	2,507,721
Excess of Revenue Over (Under) Expenditures	424,842	2,535,036	(4,953,601)	1,200,242	(1,576,546)	60,183	26,721	(87,973)	112,774	(190,322)
Other Financing Sources (Uses)										
Transfers in	-	-	8,638,399	-	998,979	-	-	160,000	71,307	120,033
Transfers out	-	(240,000)	(2,977,582)	-	(1,368,688)	-	(185,290)	-	(29,413)	-
Leases and SBITAs entered into	-	-	84,123	-	-	-	42,623	-	-	-
Total other financing (uses) sources	-	(240,000)	5,744,940	-	(369,709)	-	(142,667)	160,000	41,894	120,033
Net Change in Fund Balances	424,842	2,295,036	791,339	1,200,242	(1,946,255)	60,183	(115,946)	72,027	154,668	(70,289)
Fund Balances - Beginning of year	6,602,675	5,431,549	4,568,035	909,504	3,605,516	175,221	874,738	197,501	6,824,228	238,048
Fund Balances - End of year	\$ 7,027,517	\$ 7,726,585	\$ 5,359,374	\$ 2,109,746	\$ 1,659,261	\$ 235,404	\$ 758,792	\$ 269,528	\$ 6,978,896	\$ 167,759

Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended June 30, 2024

Special Revenue Funds						Debt Service Fund	Capital Project Funds			Permanent Fund	Total
Sidewalk Repair	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Uptown Business Improvement District	Grand Rapids Building Authority	Vital Streets Capital Construction	Streets Capital Construction	Parks Capital Projects	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,484,764
2,917,751	-	-	-	-	-	-	-	-	-	-	2,917,751
-	-	-	-	-	-	-	522,157	-	-	-	16,160,885
-	-	-	-	-	-	-	-	-	525,000	-	4,646,518
-	-	-	-	50,000	-	-	966,373	-	-	-	3,252,427
3,800	380,845	623	87,006	1,289,341	126,245	2,458,224	-	-	-	28,156	16,033,212
-	-	-	-	-	-	-	-	-	-	-	20,938
22,205	-	-	-	-	-	-	-	-	-	-	4,617,252
75,123	47,036	(661)	19,132	50,834	4,443	57,195	464,033	(7,796)	-	257,372	2,955,440
-	-	-	7,683	-	-	-	-	-	-	-	1,260,761
-	-	-	-	-	-	-	-	-	-	-	13,500
3,018,879	427,881	(38)	113,821	1,390,175	130,688	2,515,419	1,952,563	(7,796)	525,000	285,528	82,363,448
-	-	-	-	-	-	-	-	-	-	-	3,757,229
-	276,234	-	-	-	-	-	-	-	-	-	4,304,965
1,946,886	-	-	-	-	-	-	-	-	-	-	21,139,056
-	-	-	-	-	-	-	-	-	-	-	7,161
-	-	-	99,098	1,295,443	112,989	-	-	-	-	-	20,442,527
-	-	7,389	-	-	-	-	-	-	(13,013)	-	26,923,654
-	-	-	-	84,302	-	-	4,676,866	333,482	525,443	-	6,882,845
-	-	-	-	-	-	2,150,000	-	-	-	-	2,478,984
-	-	-	-	-	-	519,019	-	-	-	-	537,689
1,946,886	276,234	7,389	99,098	1,379,745	112,989	2,669,019	4,676,866	333,482	512,430	-	86,474,110
1,071,993	151,647	(7,427)	14,723	10,430	17,699	(153,600)	(2,724,303)	(341,278)	12,570	285,528	(4,110,662)
-	-	-	30,000	-	-	241,528	11,598,294	2,664,897	3,992,572	121,737	28,637,746
(64,793)	-	-	-	-	-	-	(500,840)	-	-	(144,000)	(5,510,606)
-	-	-	-	84,302	-	-	-	-	-	-	211,048
(64,793)	-	-	30,000	84,302	-	241,528	11,097,454	2,664,897	3,992,572	(22,263)	23,338,188
1,007,200	151,647	(7,427)	44,723	94,732	17,699	87,928	8,373,151	2,323,619	4,005,142	263,265	19,227,526
2,052,657	1,635,357	178,334	420,156	574,995	34,302	1,650,175	8,251,168	3,192,976	-	4,819,958	52,237,093
\$ 3,059,857	\$ 1,787,004	\$ 170,907	\$ 464,879	\$ 669,727	\$ 52,001	\$ 1,738,103	\$ 16,624,319	\$ 5,516,595	\$ 4,005,142	\$ 5,083,223	\$ 71,464,619

Supplementary Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds-Special Revenue

June 30, 2024

	Budget (unaudited)				Actual				
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	Net Variance
Library	\$ 13,588,768	\$ 15,556,698	\$ 50,000	\$ (1,917,930)	\$ 14,701,355	\$ 14,276,513	\$ -	\$ 424,842	\$ 2,342,772
Refuse Collection	19,299,106	18,422,428	110,000	986,678	19,971,886	17,436,850	(240,000)	2,295,036	1,308,358
Parks and Recreation	7,870,189	14,704,413	5,783,985	(1,050,239)	8,976,065	13,929,666	5,744,940	791,339	1,841,578
Opioid Settlement	-	58,332	-	(58,332)	1,207,403	7,161	-	1,200,242	1,258,574
Grants	57,921,758	59,402,406	52,402	(1,428,246)	18,553,526	20,130,072	(369,709)	(1,946,255)	(518,009)
Michigan Justice Training	59,494	55,000	-	4,494	95,184	35,001	-	60,183	55,689
Vehicle Storage Facility	1,089,075	825,591	(185,946)	77,538	892,408	865,687	(142,667)	(115,946)	(193,484)
Property Management	159,302	325,693	160,000	(6,391)	35,107	123,080	160,000	72,027	78,418
Building Inspections	5,298,717	5,766,573	36,894	(430,962)	5,260,995	5,148,221	41,894	154,668	585,630
Michigan Indigent Defense Commission	3,285,659	3,676,806	291,772	(99,375)	2,317,399	2,507,721	120,033	(70,289)	29,086
Sidewalk Repair	2,662,643	2,989,842	(64,793)	(391,992)	3,018,879	1,946,886	(64,793)	1,007,200	1,399,192
Drug Law Enforcement	370,126	392,525	-	(22,399)	427,881	276,234	-	151,647	174,046
General Special Revenue	11,689	10,400	-	1,289	(38)	7,389	-	(7,427)	(8,716)
Economic Development	80,537	120,201	30,000	(9,664)	113,821	99,098	30,000	44,723	54,387
Downtown Improvement District	1,374,689	1,446,789	-	(72,100)	1,390,175	1,379,745	84,302	94,732	166,832
Uptown Business Improvement District	134,117	132,840	-	1,277	130,688	112,989	-	17,699	16,422
Total	<u>\$ 113,205,869</u>	<u>\$ 123,886,537</u>	<u>\$ 6,264,314</u>	<u>\$ (4,416,354)</u>	<u>\$ 77,092,734</u>	<u>\$ 78,282,313</u>	<u>\$ 5,364,000</u>	<u>\$ 4,174,421</u>	<u>\$ 8,590,775</u>

Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2024

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 3,296,530	\$ 959,402	\$ 4,255,932
Receivables - Net	50,956	345,983	396,939
Inventory	32,732	-	32,732
Total current assets	3,380,218	1,305,385	4,685,603
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	5,255	-	5,255
Assets subject to depreciation - Net	1,922,082	818,086	2,740,168
Other assets	210,262	-	210,262
Total noncurrent assets	2,137,599	818,086	2,955,685
Total assets	5,517,817	2,123,471	7,641,288
Deferred Outflows of Resources			
Deferred outflows related to pensions	141,293	-	141,293
Deferred outflows related to OPEB	12,529	-	12,529
Total deferred outflows of resources	153,822	-	153,822
Liabilities			
Current liabilities:			
Vouchers and accounts payable	196,164	-	196,164
Unearned revenue	16,405	-	16,405
Current portion of compensated absences	35,389	-	35,389
Total current liabilities	247,958	-	247,958
Noncurrent liabilities:			
Compensated absences	44,407	-	44,407
Net pension liability	814,032	-	814,032
Net OPEB liability	30,103	-	30,103
Total noncurrent liabilities	888,542	-	888,542
Total liabilities	1,136,500	-	1,136,500
Deferred Inflows of Resources - Deferred inflows related to OPEB	77,473	206,491	283,964
Net Position			
Net investment in capital assets	1,927,337	818,086	2,745,423
Unrestricted	2,530,329	1,098,894	3,629,223
Total net position	\$ 4,457,666	\$ 1,916,980	\$ 6,374,646

City of Grand Rapids, Michigan

Supplementary Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds

Year Ended June 30, 2024

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating Revenue			
Sales	\$ 586,065	\$ 44,835	\$ 630,900
Charges for services	1,473,056	963,373	2,436,429
Total operating revenue	2,059,121	1,008,208	3,067,329
Operating Expenses			
Utilities	160,089	143,902	303,991
Supplies and materials	141,705	134,708	276,413
Personal services	1,162,114	289,699	1,451,813
Contractual services	530,485	8,783	539,268
Other services and charges	670,485	134,773	805,258
Depreciation and amortization	182,202	110,060	292,262
Total operating expenses	2,847,080	821,925	3,669,005
Operating (Loss) Income	(787,959)	186,283	(601,676)
Nonoperating Revenue - Investment income	159,960	39,064	199,024
Income (Loss) - Before transfers	(627,999)	225,347	(402,652)
Transfers In	1,051,000	-	1,051,000
Transfers Out	(1,171,737)	-	(1,171,737)
Change in Net Position	(748,736)	225,347	(523,389)
Net Position - Beginning of year	5,206,402	1,691,633	6,898,035
Net Position - End of year	<u>\$ 4,457,666</u>	<u>\$ 1,916,980</u>	<u>\$ 6,374,646</u>

City of Grand Rapids, Michigan

Supplementary Information Combining Statement of Cash Flows Nonmajor Enterprise Funds

Year Ended June 30, 2024

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,169,740	\$ 1,056,213	\$ 3,225,953
Payments to suppliers	(1,482,888)	(490,920)	(1,973,808)
Payments to employees	(746,559)	(253,886)	(1,000,445)
Payments for payroll taxes and benefits	(285,553)	(35,813)	(321,366)
Net cash (used in) provided by operating activities	(345,260)	275,594	(69,666)
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	1,051,000	-	1,051,000
Transfers to other funds	(1,171,737)	-	(1,171,737)
Net cash used in noncapital financing activities	(120,737)	-	(120,737)
Cash Flows from Capital and Related Financing Activities			
Property taxes restricted for capital items	-	(88,696)	(88,696)
Purchase of capital assets	(25,982)	(209,318)	(235,300)
Net cash used in capital and related financing activities	(25,982)	(298,014)	(323,996)
Cash Flows Provided by Investing Activities - Interest received on investments	159,960	39,064	199,024
Net (Decrease) Increase in Cash	(332,019)	16,644	(315,375)
Cash - Beginning of year	3,628,549	942,758	4,571,307
Cash - End of year	<u><u>\$ 3,296,530</u></u>	<u><u>\$ 959,402</u></u>	<u><u>\$ 4,255,932</u></u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (787,959)	\$ 186,283	\$ (601,676)
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	182,202	110,060	292,262
Changes in assets and liabilities:			
Receivables	110,619	48,005	158,624
Inventories	(19,820)	-	(19,820)
Accounts payable	40,351	(68,754)	(28,403)
Net pension or OPEB liability	112,275	-	112,275
Deferrals related to pension or OPEB	2,759	-	2,759
Accrued and other liabilities	14,313	-	14,313
Total adjustments	442,699	89,311	532,010
Net cash (used in) provided by operating activities	<u><u>\$ (345,260)</u></u>	<u><u>\$ 275,594</u></u>	<u><u>\$ (69,666)</u></u>

Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2024

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Assets							
Current assets:							
Equity in pooled cash and investments	\$ 10,027,857	\$ 24,798,952	\$ 11,034,762	\$ 36,548,428	\$ 5,340,955	\$ 247,823	\$ 87,998,777
Receivables - Net	30,113	159,055	81,086	1,064,671	123,383	385	1,458,693
Inventory	-	896,743	-	-	-	-	896,743
Prepaid expenses	3,463,099	-	-	-	-	-	3,463,099
Restricted assets	-	-	-	6,116,533	-	-	6,116,533
Total current assets	13,521,069	25,854,750	11,115,848	43,729,632	5,464,338	248,208	99,933,845
Noncurrent assets - Capital assets:							
Assets not subject to depreciation	-	1,522,475	-	-	-	-	1,522,475
Assets subject to depreciation - Net	1,401,576	20,691,522	803,242	-	168,645	-	23,064,985
Total noncurrent assets	1,401,576	22,213,997	803,242	-	168,645	-	24,587,460
Total assets	14,922,645	48,068,747	11,919,090	43,729,632	5,632,983	248,208	124,521,305
Deferred Outflows of Resources							
Deferred outflows related to pensions	101,863	674,595	336,093	176,560	1,051,270	241,605	2,581,986
Deferred outflows related to OPEB	9,134	59,821	29,867	15,519	93,090	21,653	229,084
Total deferred outflows of resources	110,997	734,416	365,960	192,079	1,144,360	263,258	2,811,070
Liabilities							
Current liabilities:							
Vouchers and accounts payable	526,760	294,801	182,998	1,290,525	19,105	13,891	2,328,080
Due to other governmental units	-	-	-	86,805	-	-	86,805
Unearned revenue	-	35,889	-	415,619	-	-	451,508
Current portion of compensated absences	17,043	130,531	82,796	13,276	252,535	26,372	522,553
Current portion of claims payable	-	-	-	5,774,133	-	-	5,774,133
Current portion of bonds, contracts, leases, and subscriptions payable	-	-	-	-	52,044	-	52,044
Total current liabilities	543,803	461,221	265,794	7,580,358	323,684	40,263	9,215,123
Noncurrent liabilities:							
Compensated absences	21,385	163,794	103,894	39,975	316,886	33,092	679,026
Claims payable	-	-	-	1,377,389	-	-	1,377,389
Net pension liability	586,862	3,886,524	1,936,324	1,017,207	6,056,650	1,391,951	14,875,518
Net OPEB liability	21,949	143,738	71,766	37,291	223,679	52,027	550,450
Bonds, contracts, and leases payable	-	-	-	-	55,704	-	55,704
Total noncurrent liabilities	630,196	4,194,056	2,111,984	2,471,862	6,652,919	1,477,070	17,538,087
Total liabilities	1,173,999	4,655,277	2,377,778	10,052,220	6,976,603	1,517,333	26,753,210
Deferred Inflows of Resources - Deferred inflows related to OPEB							
	56,488	369,929	184,699	95,973	575,669	133,900	1,416,658
Net Position (Deficit)							
Net investment in capital assets	1,401,576	22,213,997	803,242	-	60,897	-	24,479,712
Unrestricted	12,401,579	21,563,960	8,919,331	33,773,518	(835,826)	(1,139,767)	74,682,795
Total net position (deficit)	<u>\$ 13,803,155</u>	<u>\$ 43,777,957</u>	<u>\$ 9,722,573</u>	<u>\$ 33,773,518</u>	<u>\$ (774,929)</u>	<u>\$ (1,139,767)</u>	<u>\$ 99,162,507</u>

City of Grand Rapids, Michigan

Supplementary Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2024

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Operating Revenue							
Sales	\$ -	\$ 58,900	\$ -	\$ -	\$ -	\$ -	\$ 58,900
Charges for services	7,234,896	17,619,641	7,647,811	34,357,951	6,047,010	1,703,041	74,610,350
Miscellaneous	-	338,424	4,630	1,825,603	-	-	2,168,657
Total operating revenue	7,234,896	18,016,965	7,652,441	36,183,554	6,047,010	1,703,041	76,837,907
Operating Expenses							
Utilities	-	50,561	1,475,078	-	-	-	1,525,639
Supplies and materials	582	3,774,312	268,271	45,450	74,844	11,020	4,174,479
Personal services	442,292	3,363,483	1,551,075	752,483	5,296,622	1,151,266	12,557,221
Contractual services	1,756,361	102,238	118,899	1,724,215	12,777	158,057	3,872,547
Other services and charges	3,868,654	1,465,650	2,942,167	33,774,861	1,391,150	377,080	43,819,562
Depreciation and amortization	919,953	4,225,068	77,494	-	47,333	-	5,269,848
Total operating expenses	6,987,842	12,981,312	6,432,984	36,297,009	6,822,726	1,697,423	71,219,296
Operating Income (Loss)	247,054	5,035,653	1,219,457	(113,455)	(775,716)	5,618	5,618,611
Nonoperating Revenue (Expense)							
Investment income	276,227	1,106,630	515,457	2,478,622	198,898	10,365	4,586,199
Interest expense	(22,152)	(193)	-	-	-	-	(22,345)
Gain (loss) on sale of assets	-	364,041	-	-	-	-	364,041
Other nonoperating revenue	-	23,373	-	-	-	-	23,373
Total nonoperating revenue	254,075	1,493,851	515,457	2,478,622	198,898	10,365	4,951,268
Income (Loss) - Before capital contributions	501,129	6,529,504	1,734,914	2,365,167	(576,818)	15,983	10,569,879
Capital Contributions	-	1,779,433	-	-	-	-	1,779,433
Transfers In	7,000,000	338,695	-	-	-	-	7,338,695
Transfers Out	-	(4,142,000)	(2,255,383)	(30,000)	(1,733)	-	(6,429,116)
Change in Net Position	7,501,129	4,505,632	(520,469)	2,335,167	(578,551)	15,983	13,258,891
Net Position (Deficit) - Beginning of year	6,302,026	39,272,325	10,243,042	31,438,351	(196,378)	(1,155,750)	85,903,616
Net Position (Deficit) - End of year	<u>\$ 13,803,155</u>	<u>\$ 43,777,957</u>	<u>\$ 9,722,573</u>	<u>\$ 33,773,518</u>	<u>\$ (774,929)</u>	<u>\$ (1,139,767)</u>	<u>\$ 99,162,507</u>

Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2024

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Cash Flows from Operating Activities							
Receipts from customers	\$ 7,234,896	\$ 18,015,469	\$ 7,677,825	\$ 34,367,089	\$ 6,018,636	\$ 1,703,041	\$ 75,016,956
Payments to suppliers	(8,493,278)	(5,540,703)	(4,789,653)	(29,791,752)	(1,466,013)	(542,753)	(50,624,152)
Payments to employees	(304,591)	(2,237,964)	(1,011,231)	(689,377)	(3,241,952)	(727,769)	(8,212,884)
Payments for payroll taxes and benefits	(139,757)	(1,144,754)	(599,288)	(3,709,306)	(1,599,950)	(450,971)	(7,644,026)
Net cash (used in) provided by operating activities	(1,702,730)	9,092,048	1,277,653	176,654	(289,279)	(18,452)	8,535,894
Cash Flows from Noncapital Financing Activities							
Transfers from other funds	7,000,000	338,695	-	-	-	-	7,338,695
Transfers to other funds	-	(4,142,000)	(2,255,383)	(30,000)	(1,733)	-	(6,429,116)
Net cash provided by (used in) noncapital financing activities	7,000,000	(3,803,305)	(2,255,383)	(30,000)	(1,733)	-	909,579
Cash Flows from Capital and Related Financing Activities							
Proceeds from sale of capital assets	-	387,414	-	-	-	-	387,414
Purchase of capital assets	(408,155)	(3,805,814)	-	-	-	-	(4,213,969)
Principal and interest paid on capital debt	(1,036,302)	(5,305)	-	-	(56,101)	-	(1,097,708)
Net cash used in capital and related financing activities	(1,444,457)	(3,423,705)	-	-	(56,101)	-	(4,924,263)
Cash Flows Provided by Investing Activities - Interest received on investments							
	270,217	1,117,398	518,669	2,498,075	200,212	10,710	4,615,281
Net Increase (Decrease) in Cash	4,123,030	2,982,436	(459,061)	2,644,729	(146,901)	(7,742)	9,136,491
Cash - Beginning of year	5,904,827	21,816,516	11,493,823	40,020,232	5,487,856	255,565	84,978,819
Cash - End of year	<u>\$ 10,027,857</u>	<u>\$ 24,798,952</u>	<u>\$ 11,034,762</u>	<u>\$ 42,664,961</u>	<u>\$ 5,340,955</u>	<u>\$ 247,823</u>	<u>\$ 94,115,310</u>
Classification of Cash							
Cash and investments	\$ 10,027,857	\$ 24,798,952	\$ 11,034,762	\$ 36,548,428	\$ 5,340,955	\$ 247,823	\$ 87,998,777
Restricted cash	-	-	-	6,116,533	-	-	6,116,533
Total cash	<u>\$ 10,027,857</u>	<u>\$ 24,798,952</u>	<u>\$ 11,034,762</u>	<u>\$ 42,664,961</u>	<u>\$ 5,340,955</u>	<u>\$ 247,823</u>	<u>\$ 94,115,310</u>

City of Grand Rapids, Michigan

Supplementary Information Combining Statement of Cash Flows (Continued) Internal Service Funds

Year Ended June 30, 2024

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities							
Operating income (loss)	\$ 247,054	\$ 5,035,653	\$ 1,219,457	\$ (113,455)	\$ (775,716)	\$ 5,618	\$ 5,618,611
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	919,953	4,225,068	77,494	-	47,333	-	5,269,848
Changes in assets and liabilities:							
Receivables	-	(1,496)	25,384	(417,987)	(28,374)	-	(422,473)
Inventories	-	271,915	-	-	-	-	271,915
Prepaid and other assets	(3,093,099)	-	-	-	-	-	(3,093,099)
Accounts payable	225,418	(481,546)	(24,413)	834,352	14,504	3,404	571,719
Net pension or OPEB liability	(17,760)	(14,251)	(101,579)	(118,793)	374,532	(67,847)	54,302
Deferrals related to pension or OPEB	13,184	72,497	46,708	30,603	69,671	33,896	266,559
Accrued and other liabilities	2,520	(15,792)	34,602	(38,066)	8,771	6,477	(1,488)
Total adjustments	(1,949,784)	4,056,395	58,196	290,109	486,437	(24,070)	2,917,283
Net cash (used in) provided by operating activities	<u>\$ (1,702,730)</u>	<u>\$ 9,092,048</u>	<u>\$ 1,277,653</u>	<u>\$ 176,654</u>	<u>\$ (289,279)</u>	<u>\$ (18,452)</u>	<u>\$ 8,535,894</u>
Significant Noncash Transactions							
Contributions of capital assets	\$ -	\$ 1,779,433	\$ -	\$ -	\$ -	\$ -	\$ 1,779,433
New subscriptions entered into	-	-	-	-	168,849	-	168,849

City of Grand Rapids, Michigan

Combining Statement of Net Position

Corridor Improvement Authorities - Component Units

June 30, 2024

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Assets:							
Equity in pooled cash and investments	\$ 616,636	\$ 121,737	\$ 71,958	\$ 803,476	\$ 591,445	\$ 354,758	\$2,560,010
Receivables, net	2,247	476	900	2,805	2,008	1,217	9,653
Capital assets subject to depreciation, net	-	-	61	-	-	-	61
Total assets	\$ 618,883	\$ 122,213	\$ 72,919	\$ 806,281	\$ 593,453	\$ 355,975	\$2,569,724
Liabilities:							
Vouchers payable and accruals	\$ -	\$ -	\$ 16,496	\$ -	\$ -	\$ 1,333	\$ 17,829
Net position:							
Net investment in capital assets	-	-	61	-	-	-	61
Restricted - Urban and community development	618,883	122,213	56,362	806,281	593,453	354,642	2,551,834
Total net position	618,883	122,213	56,423	806,281	593,453	354,642	2,551,895
Total liabilities and net position	\$ 618,883	\$ 122,213	\$ 72,919	\$ 806,281	\$ 593,453	\$ 355,975	\$2,569,724

Combining Statement of Activities

Corridor Improvement Authorities - Component Units

Year Ended June 30, 2024

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Revenues:							
Property taxes	\$ 429,295	\$ 79,113	\$ 380,086	\$ 480,597	\$ 245,659	\$ 242,935	\$1,857,685
Other grants and contributions	-	1,458	-	-	-	-	1,458
Interest income	21,253	4,506	8,578	26,536	18,975	11,519	91,367
Unrealized gain on investments	(25,822)	(5,319)	(10,249)	(32,536)	(22,728)	(14,144)	(110,798)
Total revenues	<u>424,726</u>	<u>79,758</u>	<u>378,415</u>	<u>474,597</u>	<u>241,906</u>	<u>240,310</u>	<u>1,839,712</u>
Expenses:							
Urban and community development	<u>209,891</u>	<u>64,164</u>	<u>419,401</u>	<u>175,380</u>	<u>93,121</u>	<u>100,163</u>	<u>1,062,120</u>
Change in net position	214,835	15,594	(40,986)	299,217	148,785	140,147	777,592
Net Position - beginning	<u>404,048</u>	<u>106,619</u>	<u>97,409</u>	<u>507,064</u>	<u>444,668</u>	<u>214,495</u>	<u>1,774,303</u>
Net Position - ending	<u>\$ 618,883</u>	<u>\$ 122,213</u>	<u>\$ 56,423</u>	<u>\$ 806,281</u>	<u>\$ 593,453</u>	<u>\$ 354,642</u>	<u>\$2,551,895</u>

Supplementary Information
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds

June 30, 2024

	Pension Trust Funds		Retiree Health Care Trust Funds			Total Pension and Other Employee Benefit Trust Funds
	Police and Fire	General	General	Police	Fire	
Assets						
Equity in pooled cash and investments	\$ -	\$ -	\$ 675,448	\$ 190,575	\$ 631,597	\$ 1,497,620
Investments held by trustee:						
Cash and money market funds	4,579,643	51,309,754	308,291	1,047,397	575,702	57,820,787
U.S. government securities	51,563,534	36,804,913	-	-	-	88,368,447
Other	54,407,190	51,814,464	-	-	-	106,221,654
State and municipal bonds	534,201	495,913	-	-	-	1,030,114
Corporate bonds and fixed-income commingled funds	75,562,060	82,198,091	6,514,262	18,201,836	9,665,788	192,142,037
Common stocks and equity mutual funds	247,958,299	210,736,107	7,756,661	21,664,732	11,535,024	499,650,823
Asset-backed securities	7,960,720	7,112,244	-	-	-	15,072,964
Real estate securities	24,732,801	22,550,281	-	-	-	47,283,082
Commodities	23,469,681	22,173,494	-	-	-	45,643,175
Collateral held by broker under securities lending - Short-term fixed income	30,732,658	34,852,254	-	-	-	65,584,912
Receivables:						
Contributions	1,442,296	965,389	-	-	-	2,407,685
Accrued interest receivable	736,440	797,053	25,098	68,489	37,212	1,664,292
Pending trades - Sales	1,372,732	47,628,520	-	-	-	49,001,252
Total assets	525,052,255	569,438,477	15,279,760	41,173,029	22,445,323	1,173,388,844
Liabilities						
Vouchers and accounts payable	370,902	312,142	220,083	158,889	81,419	1,143,435
Pending trades - Purchases and other payables	431,301	75,288,650	-	-	-	75,719,951
Obligations under securities lending agreements	30,732,658	34,852,254	-	-	-	65,584,912
Total liabilities	31,534,861	110,453,046	220,083	158,889	81,419	142,448,298
Net Position - Restricted						
Pension	493,517,394	458,985,431	-	-	-	952,502,825
Postemployment benefits other than pension	-	-	15,059,677	41,014,140	22,363,904	78,437,721
Total net position	<u>\$ 493,517,394</u>	<u>\$ 458,985,431</u>	<u>\$ 15,059,677</u>	<u>\$ 41,014,140</u>	<u>\$ 22,363,904</u>	<u>\$ 1,030,940,546</u>

Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds

Year Ended June 30, 2024

	Pension Trust Funds		Retiree Health Care Trust Funds			Total Pension and Other Employee Benefit Trust Funds
	Police and Fire	General	General	Police	Fire	
Additions						
Investment income:						
Interest and dividends	\$ 7,780,022	\$ 7,431,139	\$ 453,630	\$ 1,146,869	\$ 623,152	\$ 17,434,812
Net increase in fair value of investments	43,254,024	36,125,666	950,040	2,578,745	1,385,505	84,293,980
Investment costs	(1,046,172)	(969,211)	-	-	-	(2,015,383)
Net investment income	49,987,874	42,587,594	1,403,670	3,725,614	2,008,657	99,713,409
Securities lending income	149,094	159,974	-	-	-	309,068
Contributions:						
Employer contributions	16,366,549	15,712,437	1,044,879	109,568	496,508	33,729,941
Plan member contributions	6,062,639	2,251,542	-	-	-	8,314,181
Total contributions	22,429,188	17,963,979	1,044,879	109,568	496,508	42,044,122
Total additions	72,566,156	60,711,547	2,448,549	3,835,182	2,505,165	142,066,599
Deductions						
Benefit payments	38,032,984	38,103,889	3,653,520	2,783,080	1,716,500	84,289,973
Administrative expenses	645,899	638,155	190,760	205,280	142,918	1,823,012
Total deductions	38,678,883	38,742,044	3,844,280	2,988,360	1,859,418	86,112,985
Net Increase (Decrease) in Fiduciary Net Position	33,887,273	21,969,503	(1,395,731)	846,822	645,747	55,953,614
Net Position - Beginning of year	459,630,121	437,015,928	16,455,408	40,167,318	21,718,157	974,986,932
Net Position - End of year	\$ 493,517,394	\$ 458,985,431	\$ 15,059,677	\$ 41,014,140	\$ 22,363,904	\$ 1,030,940,546

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2024

Function and Activity	Land	Easements/ Right of way	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office Furniture and Equipment	Infrastructures	Construction in Progress	Totals
General government:	\$ 3,079,618	\$ -	\$ 966,349	\$ 50,958,596	\$ 12,980,153	\$ -	\$ -	\$ -	\$ 18,109,702	\$ 86,094,418
Public safety:										
Police	1,455,462	-	-	23,754,085	2,415,526	1,046,191	54,195	-	75,781	28,801,240
Fire	2,047,646	-	13,150	6,475,854	3,395,143	14,135,526	29,741	-	1,568,793	27,665,853
Total public safety	3,503,108	-	13,150	30,229,939	5,810,669	15,181,717	83,936	-	1,644,574	56,467,093
Public works:										
Public works	6,566,744	1,663,319	18,516,021	624,539	1,116,761	33,265	-	569,553,574	24,969,609	623,043,832
Street lighting	-	1,972	-	450,372	52,821	-	-	33,516,223	1,491,831	35,513,219
Traffic safety	-	4,323	16,951	3,132,061	546,288	-	66,669	8,885,878	87,086	12,739,256
Total public works	6,566,744	1,669,614	18,532,972	4,206,972	1,715,870	33,265	66,669	611,955,675	26,548,526	671,296,307
Culture and recreation:										
Libraries	2,284,018	-	72,997	37,952,648	2,586,368	248,081	2,018,539	-	-	45,162,651
Museum	2,736,700	-	-	42,532,333	114,709	1	530,787	-	-	45,914,530
Parks	12,812,121	39,922	53,218,383	15,366,128	1,646,419	101,561	-	-	6,960,086	90,144,620
Total culture and recreation	17,832,839	39,922	53,291,380	95,851,109	4,347,496	349,643	2,549,326	-	6,960,086	181,221,801
Urban and community development:										
Community and economic development	-	-	-	-	-	30,713	-	-	-	30,713
Total urban and community development	-	-	-	-	-	30,713	-	-	-	30,713
Total governmental funds capital assets	\$ 30,982,309	\$ 1,709,536	\$ 72,803,851	\$ 181,246,616	\$ 24,854,188	\$ 15,595,338	\$ 2,699,931	\$ 611,955,675	\$ 53,262,888	\$ 995,110,332

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

Year Ended June 30, 2024

Function and Activity	June 30, 2023	Reclassification	Additions	Deletions	June 30, 2024
General government	\$ 70,166,820	\$ -	\$ 17,947,112	\$ 2,019,513	\$ 86,094,419
Public safety:					
Police	28,568,166	-	466,080	233,006	28,801,240
Fire	25,405,196	-	2,793,561	532,904	27,665,853
Total public safety	53,973,362	-	3,259,641	765,910	56,467,093
Public works:					
Public works	613,572,340	-	9,517,141	45,650	623,043,831
Street lighting	30,666,837	-	4,846,382	-	35,513,219
Traffic safety	12,653,060	-	327,099	240,903	12,739,256
Total public works	656,892,237	-	14,690,622	286,553	671,296,306
Culture and recreation:					
Libraries	44,572,877	-	589,774	-	45,162,651
Museum	46,259,031	-	-	344,501	45,914,530
Parks	87,023,643	-	3,207,264	86,287	90,144,620
Total culture and recreation	177,855,551	-	3,797,038	430,788	181,221,801
Urban and community development:					
Community and economic development	30,713	-	-	-	30,713
Total urban and community development	30,713	-	-	-	30,713
Total governmental funds capital assets	\$ 958,918,683	\$ -	\$ 39,694,413	\$ 3,502,764	\$ 995,110,332

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as *governmental activities* in the statement of net position.

Statistical Section

This part of the City of Grand Rapid's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

These schedules contain information to help the reader assess two locally levied taxes, the property tax collected by the City Treasurer which is the largest locally levied tax and the income tax collected by the City's Income Tax Department which is the city's most significant revenue source.

Debt capacity

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

Demographics and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

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

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

Net Position by Component (Unaudited)

Last Ten Fiscal Years

June 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental Activities:										
Net investment in capital assets	\$ 228,176,623	\$ 202,004,329	\$ 178,448,878	\$ 201,008,554	\$ 211,201,069	\$ 229,721,640	\$ 257,859,021	\$ 254,278,896	\$ 267,551,294	\$ 277,970,021
Restricted	16,462,828	28,568,423	31,118,311	25,235,721	35,893,928	32,130,138	24,647,736	29,285,971	42,092,769	53,228,965
Unrestricted	<u>83,771,482</u>	<u>69,438,666</u>	<u>51,058,700</u>	<u>(53,962,764)</u>	<u>(73,562,866)</u>	<u>(81,583,684)</u>	<u>(77,340,309)</u>	<u>(23,153,754)</u>	<u>(17,435,230)</u>	<u>15,093,631</u>
Total net position	<u>\$ 328,410,933</u>	<u>\$ 300,011,418</u>	<u>\$ 260,625,889</u>	<u>\$ 172,281,511</u>	<u>\$ 173,532,131</u>	<u>\$ 180,268,094</u>	<u>\$ 205,166,448</u>	<u>\$ 260,411,113</u>	<u>\$ 292,208,833</u>	<u>\$ 346,292,617</u>
Business-type Activities:										
Net investment in capital assets	\$ 374,185,834	\$ 392,979,402	\$ 400,784,184	\$ 417,402,970	\$ 426,225,161	\$ 441,758,325	\$ 440,122,469	\$ 460,567,972	\$ 479,521,033	\$ 487,844,587
Restricted	33,589,225	32,359,186	33,335,807	32,078,561	37,902,922	36,073,946	37,775,435	33,752,511	34,186,978	34,411,977
Unrestricted	<u>76,022,631</u>	<u>80,686,568</u>	<u>89,651,460</u>	<u>96,236,519</u>	<u>99,265,616</u>	<u>102,529,284</u>	<u>115,595,990</u>	<u>112,027,789</u>	<u>111,878,935</u>	<u>152,420,475</u>
Total net position	<u>\$ 483,797,690</u>	<u>\$ 506,025,156</u>	<u>\$ 523,771,451</u>	<u>\$ 545,718,050</u>	<u>\$ 563,393,699</u>	<u>\$ 580,361,555</u>	<u>\$ 593,493,894</u>	<u>\$ 606,348,272</u>	<u>\$ 625,586,946</u>	<u>\$ 674,677,039</u>
Primary government in total:										
Net investment in capital assets	\$ 602,362,457	\$ 594,983,731	\$ 579,233,062	\$ 618,411,524	\$ 637,426,230	\$ 671,479,965	\$ 697,981,490	\$ 714,846,868	\$ 747,072,327	\$ 765,814,608
Restricted	50,052,053	60,927,609	64,454,118	57,314,282	73,796,850	68,204,084	62,423,171	63,038,482	76,279,747	87,640,942
Unrestricted	<u>159,794,113</u>	<u>150,125,234</u>	<u>140,710,160</u>	<u>42,273,755</u>	<u>25,702,750</u>	<u>20,945,600</u>	<u>38,255,681</u>	<u>88,874,035</u>	<u>94,443,705</u>	<u>167,514,106</u>
Total net position	<u>\$ 812,208,623</u>	<u>\$ 806,036,574</u>	<u>\$ 784,397,340</u>	<u>\$ 717,999,561</u>	<u>\$ 736,925,830</u>	<u>\$ 760,629,649</u>	<u>\$ 798,660,342</u>	<u>\$ 866,759,385</u>	<u>\$ 917,795,779</u>	<u>\$ 1,020,969,656</u>

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government	\$ 27,158,278	\$ 31,370,052	\$ 32,918,016	\$ 36,888,060	\$ 35,996,997	\$ 40,282,684	\$ 39,126,873	\$ 37,635,497	\$ 44,296,211	\$ 45,553,732
Public safety	76,336,144	101,714,766	111,566,878	109,576,349	121,743,341	106,538,215	97,300,350	90,373,298	122,775,160	124,984,242
Public works	63,819,694	72,032,052	73,773,068	65,283,661	56,037,610	61,821,864	60,070,801	57,265,534	63,939,716	79,704,901
Culture and Recreation	19,718,462	17,714,262	18,038,363	14,263,996	22,132,872	19,476,730	25,427,655	23,410,355	26,201,737	32,296,821
Urban & Community Development	14,719,552	17,361,430	19,611,904	21,061,730	20,378,186	21,167,228	23,972,817	22,386,293	23,498,676	27,533,282
Health and Welfare	-	-	-	-	-	-	-	-	-	7,161
Interest on long-term debt	3,936,941	3,892,373	4,600,305	4,166,106	3,650,427	1,440,151	2,295,664	2,392,755	2,046,625	3,138,069
Total governmental activities expenses	\$ 205,689,071	\$ 244,084,935	\$ 260,508,534	\$ 251,239,902	\$ 259,939,433	\$ 250,726,872	\$ 248,194,160	\$ 233,463,732	\$ 282,758,125	\$ 313,218,208
Business-type activities:										
Water Supply System	33,302,278	36,197,215	39,206,129	35,258,241	43,032,854	43,039,468	44,905,277	44,569,577	54,207,809	52,065,052
Sewage Disposal System	45,184,106	47,691,862	50,334,631	48,601,656	55,587,737	59,197,195	63,941,043	61,507,678	62,304,794	65,516,041
Auto Parking System	11,594,252	14,249,852	15,902,942	16,949,252	22,154,543	19,019,579	20,070,059	-	20,854,865	20,862,013
Other Enterprises	2,411,202	1,950,213	2,513,612	2,162,706	2,675,817	2,895,949	2,481,452	20,615,392	3,371,820	3,628,531
Total business-type activities expenses	92,491,838	100,089,142	107,957,314	102,971,855	123,450,951	124,152,191	131,397,831	126,692,647	140,739,288	142,071,637
Total primary government expenses	\$ 298,180,909	\$ 344,174,077	\$ 368,465,848	\$ 354,211,757	\$ 383,390,384	\$ 374,879,063	\$ 379,591,991	\$ 360,156,379	\$ 423,497,413	\$ 455,289,845
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 8,920,866	\$ 8,828,209	\$ 9,099,565	\$ 8,562,555	\$ 14,488,163	\$ 10,143,095	\$ 10,657,737	\$ 11,462,872	\$ 17,560,448	\$ 16,376,758
Public safety	2,151,757	1,752,816	1,764,425	2,758,010	2,416,008	2,006,107	1,500,363	2,903,802	2,206,905	2,254,150
Public works	11,231,351	11,708,111	11,372,907	12,088,820	13,621,327	14,239,342	16,382,361	14,156,378	16,640,731	15,955,799
Culture and recreation	807,855	765,030	882,614	1,203,052	1,105,798	750,288	412,030	597,944	785,995	836,785
Urban & community development	8,785,932	10,836,002	9,961,856	10,243,176	12,270,634	11,040,627	9,790,125	11,462,240	10,901,994	9,846,235
Total Charges for services:	31,897,761	33,890,168	33,081,367	34,855,613	43,901,930	38,179,459	38,742,616	40,583,236	48,096,073	45,269,727
Operating grants and contributions:	15,145,783	15,432,226	13,056,796	36,120,086	39,313,771	37,619,348	58,468,438	60,795,884	50,836,979	72,089,096
Capital grants and contributions	1,778,543	1,376,082	992,780	4,717,120	3,520,635	2,171,218	1,250,844	2,074,808	1,980,334	7,092,543
Total governmental activities program revenues	48,822,087	50,698,476	47,130,943	75,692,819	86,736,336	77,970,025	98,461,898	103,453,928	100,913,386	124,451,366
Business-type activities:										
Charges for services:										
Water Supply System	40,014,365	41,968,413	43,536,557	45,852,294	46,044,222	48,756,354	51,237,955	50,986,717	54,846,203	59,046,684
Sewage Disposal System	51,991,509	54,119,246	54,751,997	55,657,384	57,505,735	60,065,463	60,694,116	67,532,053	68,788,313	70,457,770
Auto Parking System	15,712,638	15,361,175	20,120,530	20,307,490	20,458,374	16,096,227	11,676,256	-	19,480,204	22,498,913
Other Enterprise	2,090,739	1,940,424	1,939,830	2,100,249	2,102,458	2,042,445	2,166,540	20,992,178	2,978,799	3,067,329
Total Charges for services:	109,809,251	113,389,258	120,348,914	123,917,417	126,110,789	126,960,489	126,024,867	139,510,948	146,093,519	155,070,696
Operating grants and contributions:	630,374	623,218	653,864	629,035	631,994	616,323	684,887	1,372,361	6,894,900	4,334,265
Capital grants and contributions:	4,593,227	6,216,877	5,274,555	7,236,180	5,156,169	5,244,502	15,310,402	3,003,774	2,924,861	23,255,989
Total business-type activities program revenues	115,032,852	120,229,353	126,277,333	131,782,632	131,898,952	132,821,314	142,020,156	143,887,083	155,913,280	182,660,950
Total primary government program revenues	\$ 163,854,939	\$ 170,927,829	\$ 173,408,276	\$ 207,475,451	\$ 218,635,288	\$ 210,791,339	\$ 240,482,054	\$ 247,341,011	\$ 256,826,666	\$ 307,112,316
Net (expense)/revenue										
Governmental activities	\$ (156,866,984)	\$ (193,386,459)	\$ (213,377,591)	\$ (175,547,083)	\$ (173,203,097)	\$ (172,756,847)	\$ (149,732,262)	\$ (130,009,804)	\$ (181,844,739)	\$ (188,766,842)
Business-type activities	22,541,014	20,140,211	18,320,019	28,810,777	8,448,001	8,669,123	10,622,325	17,194,436	15,173,992	40,589,313
Total primary government net expense	\$ (134,325,970)	\$ (173,246,248)	\$ (195,057,572)	\$ (146,736,306)	\$ (164,755,096)	\$ (164,087,724)	\$ (139,109,937)	\$ (112,815,368)	\$ (166,670,747)	\$ (148,177,529)

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 37,716,877	\$ 38,976,376	\$ 39,505,377	\$ 39,913,281	\$ 41,591,480	\$ 43,167,224	\$ 44,952,942	\$ 47,728,580	\$ 50,293,292	\$ 55,401,179
Income taxes	81,968,457	88,174,251	94,038,914	98,558,635	105,064,760	104,590,639	101,814,872	122,928,335	132,473,827	136,795,880
Intergovernmental, unrestricted	34,254,030	34,437,232	37,443,494	20,977,402	21,709,793	20,853,440	24,077,656	28,259,417	28,470,105	29,658,114
Unrestricted investment earnings	2,104,705	3,592,965	217,143	3,364,427	7,762,294	10,265,778	3,722,329	(13,814,112)	1,938,943	18,385,277
Miscellaneous	494,106	626,056	1,070,668	816,860	842,188	206,916	514,763	984,977	1,330,882	2,202,361
Gain on sale of capital assets	-	-	-	209,777	172,522	-	206,001	53,308	21,662	-
Transfers	1,252,086	(819,936)	1,716,466	1,678,354	(2,689,320)	(1,096,255)	(657,947)	(886,036)	(886,252)	407,815
Total governmental activities:	157,790,261	164,986,944	173,992,062	165,518,736	174,453,717	177,987,742	174,630,616	185,254,469	213,642,459	242,850,626
Business- type activities:										
Unrestricted investment earnings	697,150	1,107,815	10,638	1,670,570	5,974,331	6,566,634	987,174	(6,465,998)	2,000,298	8,272,973
Miscellaneous	161,301	159,504	1,128,510	3,642,538	564,224	635,844	876,428	1,239,904	1,178,132	635,622
Gain on sale of capital assets	-	-	3,594	250,456	(227)	-	(11,535)	-	-	-
Transfers	(1,252,086)	819,936	(1,716,466)	(1,678,354)	2,689,320	1,096,255	657,947	886,036	886,252	(407,815)
Special Item- Refund Water Bonds	-	-	-	-	-	-	-	-	-	-
Total business- type activities	(393,635)	2,087,255	(573,724)	3,885,210	9,227,648	8,298,733	2,510,014	(4,340,058)	4,064,682	8,500,780
Total primary government	\$ 157,396,626	\$ 167,074,199	\$ 173,418,338	\$ 169,403,946	\$ 183,681,365	\$ 186,286,475	\$ 177,140,630	\$ 180,914,411	\$ 217,707,141	\$ 251,351,406
Change in Net Position										
Governmental activities	\$ 923,277	\$ (28,399,515)	\$ (39,385,529)	\$ (10,028,347)	\$ 1,250,620	\$ 5,230,895	\$ 24,898,354	\$ 55,244,665	\$ 31,797,720	\$ 54,083,784
Business- type activities	22,147,379	22,227,466	17,746,295	32,695,987	17,675,649	16,967,856	13,132,339	12,854,378	19,238,674	49,090,093
Total primary government	\$ 23,070,656	\$ (6,172,049)	\$ (21,639,234)	\$ 22,667,640	\$ 18,926,269	\$ 22,198,751	\$ 38,030,693	\$ 68,099,043	\$ 51,036,394	\$ 103,173,877

Note: Gas and Weight Taxes were reclassified from intergovernmental to operating grants and contributions in 2018

Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

June 30, 2024

(modified accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Nonspendable	\$ 6,370,712	\$ 5,021,173	\$ 3,372,266	\$ 3,426,797	\$ 3,393,029	\$ 1,776,654	\$ 416,721	\$ 524,238	\$ 826,882	\$ 913,595
Restricted	-	-	-	-	-	-	-	39,000	-	2,464,177
Committed	8,948,835	12,948,835	12,948,835	14,298,835	14,298,835	14,686,521	14,521,837	16,521,837	24,919,327	22,453,735
Assigned	9,183,103	8,304,141	7,369,018	7,684,988	7,146,167	10,670,002	13,884,680	13,036,833	15,775,839	13,179,661
Unassigned	<u>15,101,671</u>	<u>22,388,202</u>	<u>27,289,147</u>	<u>30,434,665</u>	<u>38,134,167</u>	<u>37,037,796</u>	<u>45,055,336</u>	<u>68,232,832</u>	<u>66,765,634</u>	<u>78,361,443</u>
Total general fund	<u>\$ 39,604,321</u>	<u>\$ 48,662,351</u>	<u>\$ 50,979,266</u>	<u>\$ 55,845,285</u>	<u>\$ 62,972,198</u>	<u>\$ 64,170,973</u>	<u>\$ 73,878,574</u>	<u>\$ 98,354,740</u>	<u>\$ 108,287,682</u>	<u>\$ 117,372,611</u>
All other governmental funds										
Nonspendable	\$ 3,904,986	\$ 3,872,045	\$ 3,610,387	\$ 3,853,221	\$ 3,997,733	\$ 4,102,153	\$ 4,147,210	\$ 4,332,276	\$ 4,221,600	\$ 4,595,676
Restricted	17,846,513	38,001,238	28,234,961	21,399,994	31,913,641	33,242,576	20,165,368	29,931,004	36,784,253	119,374,501
Committed	41,781,471	28,609,072	29,681,306	25,957,401	21,452,159	19,465,646	20,200,333	28,790,066	45,435,829	63,991,587
Assigned	12,436,480	20,334,463	25,645,492	24,248,331	29,863,370	31,258,990	28,195,215	28,584,061	28,218,051	32,966,841
Unassigned	<u>(377,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,116,991)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 75,592,035</u>	<u>\$ 90,816,818</u>	<u>\$ 87,172,146</u>	<u>\$ 75,458,947</u>	<u>\$ 87,226,903</u>	<u>\$ 88,069,365</u>	<u>\$ 72,708,126</u>	<u>\$ 90,520,416</u>	<u>\$ 114,659,733</u>	<u>\$ 220,928,605</u>

Changes in Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years										
June 30, 2024										
(modified accrual basis of accounting)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Property taxes	\$ 37,716,877	\$ 38,990,487	\$ 39,543,379	\$ 39,931,447	\$ 41,609,555	\$ 43,167,224	\$ 44,952,942	\$ 47,728,580	\$ 50,293,292	\$ 55,401,179
City income taxes	81,970,412	88,174,251	94,021,662	98,540,469	105,064,760	104,590,639	101,814,872	122,928,335	132,473,827	136,795,880
State shared taxes	34,252,075	34,440,574	37,422,744	41,065,069	43,201,166	43,323,050	48,795,289	54,383,847	56,434,687	57,193,228
Licenses and permits	3,751,887	7,699,250	7,360,290	7,533,264	7,511,388	6,617,788	5,544,233	7,661,786	8,185,148	8,270,929
Federal grants	8,480,882	8,335,065	8,718,422	7,922,886	9,211,600	8,369,510	24,638,578	26,201,078	11,583,599	31,269,609
State grants	4,276,576	3,118,910	900,182	5,923,695	6,072,025	2,622,484	2,187,355	2,598,310	3,615,064	6,258,250
Other grants & contributions	4,166,868	5,354,333	4,430,972	6,902,958	6,041,334	6,328,962	6,907,467	5,848,762	9,118,877	12,782,031
Charges for services	26,073,539	24,075,616	23,371,878	23,866,290	32,548,906	29,380,544	32,199,363	31,614,039	35,384,456	32,699,636
Fines and forfeitures	2,072,303	2,115,302	2,349,199	2,320,994	1,998,581	1,863,246	1,937,442	1,937,246	2,037,203	2,032,468
Investment earnings (loss)	1,005,208	1,812,434	(282,270)	1,684,235	5,112,136	6,865,356	1,300,570	(10,047,857)	411,948	13,799,078
Miscellaneous	491,350	626,056	1,066,531	878,678	806,836	386,319	776,406	905,092	1,338,501	2,199,917
Total revenues	\$ 204,257,977	\$ 214,742,278	\$ 218,902,989	\$ 236,569,985	\$ 259,178,287	\$ 253,515,122	\$ 271,054,517	\$ 291,759,218	\$ 310,876,602	\$ 358,702,205
Expenditures:										
Current:										
General government	\$ 27,018,056	\$ 28,696,169	\$ 30,130,282	\$ 30,704,431	\$ 32,938,959	\$ 35,468,553	\$ 35,650,857	\$ 35,779,427	\$ 39,406,261	\$ 43,400,441
Public safety	81,072,054	83,471,722	85,419,851	86,486,306	91,996,757	93,737,136	97,589,907	101,522,434	107,830,507	118,110,493
Public works	31,291,362	31,432,079	32,215,909	35,243,966	37,245,428	41,012,527	40,180,852	41,244,131	43,789,680	45,868,427
Culture and recreation	18,390,409	17,791,041	17,775,381	19,868,500	20,438,421	21,961,324	22,063,780	23,921,682	27,878,025	26,923,654
Health and welfare	-	-	-	-	-	-	-	-	-	7,161
Urban and community development	16,506,585	15,763,012	17,892,513	18,025,781	20,361,511	20,059,146	22,674,048	23,177,134	22,868,389	27,142,618
Debt service:										
Principal	8,508,124	7,437,220	7,349,646	26,774,209	7,136,903	7,441,207	22,794,037	5,804,775	7,427,481	7,791,169
Interest, fees, and bond issue costs	3,700,435	3,908,361	4,363,449	4,079,345	3,854,184	3,773,874	2,790,521	2,616,268	2,349,151	2,807,355
Capital outlay	29,024,143	35,497,277	39,899,156	23,046,687	32,693,966	28,271,228	32,423,403	27,096,690	26,750,600	61,406,876
Total expenditures	215,511,168	223,996,881	235,046,187	244,229,225	246,666,129	251,724,995	276,167,405	261,162,541	278,300,094	333,458,194
Excess (deficit) of revenues over expenditures	\$ (11,253,191)	\$ (9,254,603)	\$ (16,143,198)	\$ (7,659,240)	\$ 12,512,158	\$ 1,790,127	\$ (5,112,888)	\$ 30,596,677	\$ 32,576,508	\$ 25,244,011
Other financing sources (uses):										
Transfers in	\$ 39,501,511	\$ 43,939,163	\$ 43,338,957	\$ 44,955,233	\$ 40,841,556	\$ 29,581,778	\$ 35,941,506	\$ 23,186,647	\$ 31,942,819	\$ 43,177,504
Transfers out	(41,363,356)	(43,674,269)	(40,473,207)	(44,420,279)	(43,528,888)	(31,110,743)	(36,557,144)	(24,097,285)	(30,856,627)	(43,679,268)
Sale of capital assets	1,571,243	120,109	304,079	5,480	-	1,329,280	2,670	107,997	2,620	25,857
Face value of bonds and contracts issued	21,550,000	37,840,000	12,045,000	-	8,210,000	18,735,000	3,867,238	11,790,000	-	81,900,000
Premium on bonds issued	-	3,886,102	-	-	785,507	1,492,494	265,029	630,889	-	8,226,410
Leases and SBITAs entered into	-	-	-	-	-	-	-	73,531	406,939	459,287
Payment to refunded bond escrow agent	-	(8,635,029)	-	-	-	(19,867,377)	(4,060,049)	-	-	-
Total other financing sources (uses)	21,259,398	33,476,076	15,214,829	540,434	6,308,175	160,432	(540,750)	11,691,779	1,495,751	90,109,790
Net change in fund balances	10,006,207	24,221,473	(928,369)	(7,118,806)	18,820,333	1,950,559	(5,653,638)	42,288,456	34,072,259	115,353,801
Fund balances, beginning	105,024,652	115,196,356	139,479,169	138,151,412	131,304,232	150,199,101	152,240,338	146,586,700	188,875,156	222,947,415
Current year change in inventory levels	165,497	61,340	(399,388)	271,626	74,536	90,678	-	-	-	-
Fund balances, ending	\$ 115,196,356	\$ 139,479,169	\$ 138,151,412	\$ 131,304,232	\$ 150,199,101	\$ 152,240,338	\$ 146,586,700	\$ 188,875,156	\$ 222,947,415	\$ 338,301,216
Debt Service as a percentage of non-capital expenditures	6.08%	5.27%	5.29%	13.59%	4.79%	4.46%	10.55%	3.60%	3.88%	3.65%

Note: Beginning in 2021, the City included the current year change in inventory levels with expenditures

Tax Revenue by Source - All Funds (Unaudited)

Last Ten Fiscal Years
June 30, 2024

City Taxes		State Shared Taxes					Total Tax Revenues, All Funds
Fiscal Year	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other	
2015	81,970,412	37,716,877	14,288,969	13,842,559	5,387,594	732,953	\$ 153,939,364
2016	88,174,251	38,990,487	14,275,240	14,633,980	5,289,078	242,276	161,605,312
2017	94,021,662	39,543,379	15,097,998	16,827,013	5,289,078	208,655	170,987,785
2018	98,540,469	39,931,447	15,623,672	20,087,667	5,314,458	39,272	179,536,985
2019	105,064,760	41,609,555	16,355,038	21,509,447	5,289,078	47,603	189,875,481
2020	104,590,639	43,167,224	16,187,769	22,469,610	4,638,106	27,565	191,080,913
2021	101,814,872	44,952,942	18,355,161	24,717,633	5,565,728	156,797	195,563,133
2022	122,928,335	47,728,580	24,564,154	26,801,871	2,838,521	179,301	225,040,762
2023	132,473,827	50,293,292	24,380,460	28,846,810	3,008,834	198,583	239,201,806
2024	136,795,880	55,401,179	24,980,285	28,901,627	3,109,600	201,716	249,390,287
Percent to Total Tax Sources							% Increase (Decrease)
2015	53.2	24.5	9.3	9.0	3.5	0.5	5.6
2016	54.6	24.1	8.8	9.1	3.3	0.1	5.0
2017	55.0	23.1	8.8	9.8	3.1	0.1	5.8
2018	54.9	22.2	8.7	11.2	3.0	0.0	5.0
2019	55.3	21.9	8.6	11.3	2.8	0.0	5.8
2020	54.7	22.6	8.5	11.8	2.4	0.0	0.6
2021	52.1	23.0	9.4	12.6	2.8	0.1	2.3
2022	54.6	21.2	10.9	11.9	1.3	0.1	15.1
2023	55.4	21.0	10.2	12.1	1.3	0.1	6.3
2024	54.9	22.2	10.0	11.6	1.2	0.1	4.3

Note: (1) Excludes the discretely presented Component Units and special assessments.

(2) Starting 2013, the City, Village, and Township Revenue Sharing (CVTRS), previously Economic Vitality Incentive Program (EVIP) was a replacement for the former statutory State Shared Revenue program, which had been distributed according to a formula. The CVTRS program is not distributed by formula, but rather awards are determined based on grant project ranking.

Segmented Data on Local Income Tax Filers, Rates and Liability (Unaudited)

Current Year and Nine Years Previous

June 30, 2024

Taxable Income per Return	Calendar Year 2024					Calendar Year 2015				
	No. of Returns	% of Total Returns	Total Taxable Income	Tax Dollars	% of Total Tax Dollars	No. of Returns	% of Total Returns	Total Taxable Income	Tax Dollars	% of Total Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$32 or less	6,282	5%	\$ -	\$ -	0%	3,565	3%	\$ -	\$ -	0%
33 - 12,500	9,127	7%	55,000,000	820,000	1%	13,733	11%	80,500,000	1,210,000	2%
12,501 - 25,000	7,859	6%	147,200,000	2,210,000	2%	10,505	8%	194,600,000	2,920,000	5%
25,001 - 50,000	15,965	12%	591,900,000	8,880,000	10%	14,404	11%	521,200,000	7,820,000	13%
50,001 - 100,000	15,003	11%	1,056,200,000	15,840,000	18%	10,945	9%	759,600,000	11,390,000	19%
More than \$ 100,000	8,986	7%	1,744,000,000	26,160,000	29%	4,079	3%	721,700,000	10,830,000	18%
Subtotal	63,222	48%	\$ 3,594,300,000	\$ 53,910,000	60%	57,231	45%	\$ 2,277,600,000	\$ 34,170,000	56%
Non-Resident Taxpayers:										
\$66 or less	8,472	6%	\$ -	\$ -	0%	6,670	5%	\$ -	\$ -	0%
67 - 12,500	13,357	10%	70,400,000	530,000	1%	16,235	13%	83,100,000	620,000	1%
12,501 - 25,000	7,465	6%	137,300,000	1,030,000	1%	9,215	7%	171,000,000	1,280,000	2%
25,001 - 50,000	13,514	10%	503,200,000	3,770,000	4%	15,706	12%	577,200,000	4,330,000	7%
50,001 - 100,000	13,267	10%	921,100,000	6,910,000	8%	11,987	9%	814,200,000	6,110,000	10%
More than \$100,000	6,566	5%	1,517,400,000	11,380,000	13%	4,737	4%	980,100,000	7,350,000	12%
Subtotal	62,641	48%	\$ 3,149,400,000	\$ 23,620,000	26%	64,550	51%	\$ 2,625,600,000	\$ 19,690,000	33%
All Other Returns										
Subtotal	5,438	4%	\$ 779,500,000	\$ 11,680,000	13%	4,826	4%	\$ 350,500,000	\$ 6,680,000	11%
Total	131,301	100%	\$ 7,523,200,000	\$ 89,210,000	100%	126,607	100%	\$ 5,253,700,000	\$ 60,540,000	100%

Source: City Income Tax Department

Note: Information is taken from returns filed during the calendar year. Tax rates applicable through June 30, 2010, were established by the City's electorate in 1995. In 2010, the City's electorate approved an increase in the tax rates effective July 1, 2010 for a five year period, which was extended by the voters in May 2014 to continue until June 30, 2030. The 2010/post-2010 tax rates are described in the following:

- City resident income, after exemptions, exclusions and deductions, are taxed at a flat rate of 1.3%/1.5% .

- Non- residents and trusts pay at a rate of 0.65%/ .75% on all City source income.

- Other taxpayers are corporations, which pay 1.3%/1.5% on all City source income, and partnerships, which may be filing information returns or remit the tax at a rate based on the partner's residence status.

The income tax is the most significant local revenue source.

Numbers may not total due to rounding.

Assessed and Estimated Actual Value of Taxable Property (Unaudited)

Last Ten Fiscal Years
June 30, 2024

Taxable Values

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Renaissance Zone Property	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable to Estimated Actual Value	Percent Increase (Decrease) in Estimated Actual Value Over Prior Year
2015	\$ 2,552,663,996	\$ 1,183,191,836	\$ 171,814,930	\$ 456,984,100	\$ 4,364,654,862	\$ (85,385,420)	9.1518	\$ 9,234,667,900	47	1.84
2016	2,606,974,602	1,197,154,599	174,669,827	476,934,700	4,455,733,728	(66,582,151)	9.1515	9,719,837,200	46	5.25
2017	2,659,890,604	1,228,972,004	172,032,774	392,802,400	4,453,697,782	(34,038,291)	9.1166	10,194,198,000	44	4.88
2018	2,759,511,596	1,301,686,385	172,823,262	395,426,000	4,629,447,243	(19,937,510)	9.0258	11,156,632,000	41	9.44
2019	2,888,475,740	1,399,351,973	175,721,947	396,575,400	4,860,125,060	(705,496)	8.9710	11,793,073,400	41	5.70
2020	3,048,959,434	1,535,994,302	181,686,636	398,935,600	5,165,575,972	(436,126)	8.9011	13,158,496,000	39	11.58
2021	3,230,848,336	1,652,945,913	188,732,942	414,690,100	5,487,217,291	(161,751)	8.8070	14,741,476,200	37	12.03
2022	3,392,051,552	1,721,254,932	199,560,788	428,796,800	5,741,664,072	(269,130)	8.9950	15,875,207,800	36	7.69
2023	3,651,249,357	1,860,347,490	219,027,166	440,049,100	6,170,673,113	(8,847,173)	8.8331	17,426,849,900	35	9.77
2024	3,971,917,185	2,044,507,568	243,332,824	455,121,600	6,714,879,177	(4,558,543)	9.0325	19,555,985,400	34	12.22

Note: State statute requires all property subject to ad valorem taxation be assessed at 50 percent of market value. Estimated actual value as shown is calculated by doubling the assessed value. Since 1994, any increase in the taxable value of existing property has been limited each year to the lower of 5% or the rate of inflation, until the property ownership is transferred. Only the taxable portion of the assessed value is presented above under the Taxable Value headings. Property located in designated Renaissance Zones is assessed on the ad valorem roll, but taxes due, other than school debt millages, are abated for 15 years.

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years
June 30, 2024

			Collected within the Fiscal Year of the Levy			Total Collections to Date		
Fiscal Year						Collections in		
Ended June 30	Tax Year	Original Tax Levy	Amount	Percentage of Levy		Subsequent Years (net of adjustments)	Amount	Percentage of Original Levy
2015	2014	\$ 31,685,204	\$ 31,502,619	99.42		\$ (132,167)	\$ 31,370,452	99.01
2016	2015	36,360,029	36,281,099	99.78		(83,003)	36,198,095	99.55
2017	2016	36,345,588	36,317,720	99.92		(206,072)	36,111,648	99.36
2018	2017	37,127,348	37,069,247	99.84		(437,785)	36,631,463	98.66
2019	2018	38,644,162	38,545,648	99.75		(390,351)	38,155,297	98.73
2020	2019	40,095,650	40,073,330	99.94		-	40,073,330	99.94
2021	2020	41,645,373	41,641,041	99.99		-	41,641,041	99.99
2022	2021	44,528,779	44,445,230	99.81		-	44,445,230	99.81
2023	2022	46,399,770	46,251,187	99.68		-	46,251,187	99.68
2024	2023	51,315,804	51,068,491	99.52		-	51,068,491	99.52

Note: The tax levies and collections shown above are ad valorem taxes only and exclude amounts payable to discretely presented Component Units.

Property Tax Rates: Direct and Overlapping Governments (Unaudited)

Last Ten Fiscal Years
June 30, 2024

City of Grand Rapids Direct Tax Rates ¹

Fiscal Year	Tax Year	General Operating	Promotional and Advertising	Library ²	Refuse Collection	Parks ⁵	Total City	Total School ³	Total State Education	Total Intermodal Transit	Total County ⁶	Combined Total
Tax Rates: ⁴												
2015	2014	4.1070	0.0115	2.4533	1.6000	0.9800	9.1518	28.0768	6.0000	1.4700	5.6196	50.3182
2016	2015	4.1070	0.0112	2.4533	1.6000	0.9800	9.1515	28.3768	6.0000	1.4700	5.6196	50.6179
2017	2016	4.0881	0.0112	2.4419	1.6000	0.9754	9.1166	30.3217	6.0000	1.4688	6.0596	52.9667
2018	2017	4.0390	0.0107	2.4125	1.6000	0.9636	9.0258	29.6982	6.0000	1.4632	6.0518	52.2390
2019	2018	4.0095	0.0102	2.3948	1.6000	0.9565	8.9710	29.7181	6.0000	1.4658	6.2947	52.4496
2020	2019	3.9718	0.0096	2.3722	1.6000	0.9475	8.9011	30.2219	6.0000	1.4556	6.2584	52.8370
2021	2020	3.9221	0.0090	2.3406	1.6000	0.9353	8.8070	30.1656	6.0000	1.4457	6.2100	52.6283
2022	2021	3.8644	0.0087	2.3061	1.6000	1.2158	8.9950	29.0835	6.0000	1.4308	6.2474	51.7567
2023	2022	3.7801	0.0080	2.2558	1.6000	1.1892	8.8331	29.0032	6.0000	1.4074	6.2464	51.4901
2024	2023	3.7801	0.0074	2.2558	1.8000	1.1892	9.0325	29.0032	6.0000	1.4074	6.2464	51.6895

Note: (1) All rates are ad valorem rates. City includes amounts payable to discretely presented component units.

Due: July 1 Past Due: August 1 Penalties: 1% per month until paid; after February 14, a total of 4% (3% penalty and 1% collection fee) is added.

(2) Library includes Library Capital Improvement millages (for fiscal years 2015 through 2018) and portion of General Operating millage dedicated to Library Operations.

Starting fiscal year 2019, Library includes the Library millage and a portion of the General Operating millage dedicated to Library Operations.

(3) Rate includes Grand Rapids Public School non- homestead rate, Kent Intermediate School District, and Grand Rapids Community College.

Property occupied as the owner's principal residence may have an 18 mill reduction in the school tax millage.

(4) Property tax rates: per \$ 1,000 of Taxable Value.

(5) The voters approved this millage in November 2013, from which the first receipts were in July 2015.

(6) The voters approved a new millage for the zoo and museum in November 2015, from which the first receipts were in December 2016.

Principal Property Tax Taxpayers (Unaudited)

Current Year and Nine Years Previous
June 30, 2024

Taxpayer	Type of Business	Fiscal Year 2024			Fiscal Year 2015		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric Utility	\$ 123,451,142	1	1.98%	\$ 62,619,018	1	1.42%
DTE Gas Company	Gas Utility	58,086,400	2	0.93%	20,221,249	8	0.46%
Amway Hotel Corporation	Hospitality	48,348,176	3	0.78%	36,873,411	3	0.84%
Spectrum Health	Healthcare	35,387,859	4	0.57%	18,883,839	9	0.43%
G&I X Centerpoint LLC	Retail Shopping Center	32,327,354	5	0.52%	22,164,300	6	0.50%
Steelcase Inc	Office systems design/ manufacturing	31,413,313	6	0.50%	18,115,047	10	0.41%
HP3 LLC	Lodging, dining, retail	28,744,804	7	0.46%	24,103,500	4	0.55%
Grip Medical Properties I LLC	Medical Office Building & Research	27,878,112	8	0.45%			
Brix Grand Rapids Holdings LLC	Real Estate	22,278,585	9	0.36%			
Michigan Christian Home	Retirement Home	21,712,098	10	0.35%			
Kellogg/ Keebler Company	Bakery Products				39,929,300	2	0.91%
Fifth Third Bank, Michigan	Banking / Real Estate				23,453,456	5	0.53%
Michigan Street Development	Medical Office Building Development				22,052,404	7	0.50%
		<u>\$ 429,627,843</u>		<u>0.07%</u>	<u>\$ 288,415,524</u>		<u>0.07%</u>

Note: The principal taxpayers and taxable values were determined from the July 1, 2024, and July 1, 2015, tax bills and include qualified real and personal properties exempted from ad valorem property taxes but subject to a specific Industrial Facilities Tax under Public Act 198 of 1974.

The percentage calculation is based on the Total Taxable Values of \$6,236,450,833 in 2023 and \$4,357,727,544 in 2014 on the ad valorem tax roll and property granted tax abatements.

* Keebler Company, a division of Kellogg USA, property was eligible through 2017 for property exemption under the Michigan Renaissance Zone Act, Public Act 376 of 1996.

City of Grand Rapids, Michigan

Computation of Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2024

Name of Governmental Unit	Gross	City Share as Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 259,065,000	100.00%	\$ 259,065,000
Caledonia Community Schools	\$187,626,971	0.06%	112,576
Forest Hills Public Schools	\$116,070,000	2.38%	2,762,466
Godwin Heights Public Schools	\$19,925,000	8.96%	1,785,280
Kenowa Hills Public Schools	\$122,905,000	0.65%	798,883
Kentwood Public Schools	\$142,010,000	8.62%	12,241,262
Kent County	\$67,750,000	22.49%	15,236,975
Grand Rapids Community College	\$18,675,000	21.73%	4,058,078
Total overlapping debt	<u>\$ 934,026,971</u>		<u>\$ 296,060,520</u>
City direct debt			<u>145,355,158</u>
Total City direct and overlapping debt			<u>\$ 441,415,678</u>

Note: The City of Grand Rapids does not carry debt supported by special assessment billing and collections. The following statistical schedules are not relevant to the City of Grand Rapids and therefore have not been included in the statistical presentation:

- Special assessments billings and collections
- Computation of legal debt margin for special improvements

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

June 30, 2024

Fiscal Year	Governmental Activities							Total Governmental Activities
	General Bonded Debt			Other Debt				
	General Obligation	Percentage of Personal		Revenue Bonds	State Loans	Leases	SBITAs	
	Limited Tax Bonds	Income ²	Per Capita ¹					
2015	\$63,131,172	1.44	326	\$27,267,913	-	-	-	\$90,399,085
2016	89,536,548	2.23	459	25,917,111	-	-	-	115,453,659
2017	95,121,080	2.20	478	24,496,310	-	-	-	119,617,390
2018	69,183,773	1.60	348	22,995,508	-	-	-	92,179,281
2019	71,210,367	1.53	356	22,183,481	-	-	-	93,393,848
2020	65,608,041	1.31	332	20,112,680	-	-	-	85,720,721
2021	45,248,041	0.86	227	19,045,068	-	-	-	64,293,109
2022	52,327,373	0.998	265	16,018,260	-	48,488	-	68,394,121
2023	47,541,132	0.831	241	13,916,050	-	23,888	2,640,272	64,121,342
2024	132,656,729	2.08	675	11,748,840	-	74,612	874,977	145,355,158
Business-Type Activities								
Fiscal Year	General Obligation	Revenue Bonds	Leases & SBITAs	Total Business-Type Activities	Total Primary Government	Percentage of Personal		
	Limited Tax Bonds					Income ²	Per Capita ¹	
2015	\$32,266,225	\$393,340,181	-	\$425,606,406	\$516,005,491	11.76	2,663	
2016	32,126,772	381,577,159	-	413,703,931	529,157,590	12.30	2,750	
2017	30,655,329	376,691,837	-	407,347,166	526,964,556	12.20	2,650	
2018	30,336,807	415,259,149	-	445,595,956	537,775,237	12.45	2,705	
2019	27,555,565	434,450,540	-	462,006,105	555,399,953	11.94	2,774	
2020	25,956,520	490,811,032	-	516,767,552	602,488,273	12.06	2,997	
2021	24,113,418	477,523,677	-	501,637,095	565,930,204	11.33	2,815	
2022	22,935,028	449,178,638	2,690,387	474,804,053	543,198,174	10.36	2,752	
2023	21,064,677	428,409,916	2,112,559	451,587,152	515,708,494	9.01	2,619	
2024	19,144,324	420,704,927	4,525,579	444,374,830	589,729,988	9.27	3,000	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Population Source: U.S. Census Bureau - American Fact Finder- City of Grand Rapids

(2) Income Source: U.S. Census Bureau - American Fact Finder - City of Grand Rapids

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years
June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 469,029,515	\$ 493,728,270	\$ 518,584,180	\$ 568,082,080	\$ 600,863,210	\$ 669,287,870	\$ 749,474,220	\$ 806,470,270	\$ 877,920,267	\$ 993,862,900
Total net debt applicable to limit	154,636,585	174,316,401	177,217,841	144,338,519	137,831,956	121,161,614	89,856,259	87,280,964	78,943,199	152,194,999
Legal debt margin	\$ 314,392,930	\$ 319,411,869	\$ 341,366,339	\$ 423,743,561	\$ 463,031,254	\$ 548,126,256	\$ 659,617,961	\$ 719,189,306	\$ 798,977,068	\$ 841,667,901
Total net debt applicable to the limit (as a percentage of debt limit)	32.97%	35.31%	34.17%	25.41%	22.94%	18.10%	11.99%	10.82%	8.99%	15.31%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed Value	\$ 9,777,992,700
Add back: exempt property	160,636,300
Total Assessed Value	9,938,629,000
Debt limit (10% of total AV)	993,862,900
Debt applicable to limit:	
Total debt outstanding	535,385,208
Less: exempt debt	383,190,209
Total net debt applicable to limit	152,194,999
Legal debt margin	\$ 841,667,901

Note: Under authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have to ten percent of total state equalized assessed property value. However, significant exceptions to the limitations are permitted for certain types of indebtedness which include: State transportation bonds, Water and Sewer revenue bonds, and Tax Increment Revenue Bonds. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Pledged Revenue Coverage (Unaudited)

Last Ten Fiscal Years

June 30, 2024

Fiscal Year					Available for Debt	Debt Service Requirements			
						Principal	Interest	Total	Coverage
Gross Revenue ¹	Direct Operating Expenses ²	Service							
<u>Water Supply System Fund:</u>									
2015	\$ 42,329,577	\$ 21,233,153	\$ 21,096,424	\$ 9,975,593	\$ 4,364,828	\$ 14,340,421	1.47		
2016	44,354,200	24,195,366	20,158,834	10,520,000	4,207,769	14,727,769	1.37		
2017	46,783,375	27,503,944	19,279,431	11,235,750	4,409,744	15,645,494	1.23		
2018	49,579,416	24,307,415	25,272,001	6,575,000	3,915,535	10,490,535	2.41		
2019	51,335,340	29,291,516	22,043,824	7,060,000	5,233,955	12,293,955	1.79		
2020	51,668,051	28,367,378	23,300,673	3,775,000	5,649,846	9,424,846	2.47		
2021	52,404,308	28,545,746	23,858,562	4,355,000	6,139,754	10,494,754	2.27		
2022	53,200,453	27,514,934	25,685,519	4,560,000	5,952,217	10,512,217	2.44		
2023	57,088,867	37,473,427	19,615,440	4,770,000	5,755,329	10,525,329	1.86		
2024	64,360,275	35,931,474	28,428,801	5,647,500	5,739,627	11,387,127	2.50		
<u>Sewage Disposal System Fund:</u>									
2015	\$ 52,306,225	\$ 22,549,030	\$ 29,757,195	\$ 7,464,372	\$ 12,571,402	\$ 20,035,774	1.49		
2016	54,728,599	25,256,696	29,471,903	7,614,704	11,529,417	19,144,121	1.54		
2017	54,599,465	28,365,449	26,234,016	7,730,000	11,625,970	19,355,970	1.36		
2018	56,810,453	27,647,714	29,162,739	9,475,000	12,450,620	21,925,620	1.33		
2019	60,801,802	31,090,579	29,711,223	8,935,000	12,977,195	21,912,195	1.36		
2020	63,371,023	30,778,153	32,592,870	9,310,000	13,872,244	23,182,244	1.41		
2021	61,680,756	31,998,573	29,682,183	11,175,000	13,591,619	24,766,619	1.20		
2022	68,003,331	31,845,879	36,157,452	13,025,000	10,211,658	23,236,658	1.56		
2023	70,387,939	34,051,696	36,336,243	13,935,000	9,732,525	23,667,525	1.54		
2024	74,152,893	37,984,972	36,167,921	14,410,000	9,213,134	23,623,134	1.53		

Note: (1) Gross revenue includes operating revenues, interest revenue and miscellaneous revenue. The Water Supply System Fund also includes transfers in from the Sewage Disposal System Fund for fiscal years 2015-2019. Fiscal year 2020 transfers are included in operating revenue.

(2) Operating expenses are total operating expenses less depreciation expense. The Sewer Disposal System Fund operating expenses also include transfers out to the Water Supply System Fund for fiscal years 2015-2019. Fiscal year 2020 transfers are included in operating expenses.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Demographic Statistics (Unaudited)

Last Ten Fiscal Years

June 30, 2024

Fiscal Year	Population ¹	Personal Income	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment ⁴
2015	193,793	\$ 4,386,504,555	\$ 22,635	30.4	16,852	5.5
2016	195,099	4,007,723,658	20,542	32.1	16,692	4.2
2017	192,416	4,300,690,016	22,351	31.1	16,827	4.3
2018	198,829	4,320,554,170	21,730	31.1	16,587	4.7
2019	200,217	4,650,039,825	23,225	31.1	16,157	3.8
2020	201,013	4,995,575,076	24,852	31	15,313	8.1
2021	198,917	5,251,209,883	26,399	31.4	14,497	7.2
2022	197,416	5,242,579,296	26,556	31.2	14,352	5.0
2023	196,908	5,722,146,480	29,060	31.5	13,633	4.5
2024	196,608	6,364,397,568	32,371	33.1	13,689	3.9

Notes:

¹ 2015-2024: U.S. Census Bureau - American Fact Finder-City of Grand Rapids
2023-2024: U.S. Census Bureau Population Estimates- actual data not available due to COVID-19

² 2015-2024: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

³ 2015: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data
2015-2024: Michigan Student Data System (cepi.state.mi.us)

⁴ Michigan Department of Technology, Management & Budget: Labor Market Information (www.milmi.org) - City of Grand Rapids-average percent by fiscal year.

Principal Local Employers (Unaudited)

Current Year and Nine Years Previous
June 30, 2024

Employer	Type of Business	2024			2015		
		West Michigan	Rank	Total City	West Michigan	Rank	Total City
		Employees		Employment	Employees		Employment
Corewell Health	Healthcare	25,000	1	21.1 %	19,100	1	16.2 %
Trinity Health Grand Rapids	Healthcare	8,500	2	7.2 %			0.0 %
Meritage Hospitality Group Inc	Food & Beverage	7,000	3	5.9 %			
Gordon Food Services Inc.	Wholesale/Distribution	5,000	4	4.2 %			0.0 %
Meijer Inc	Retailer	5,000	5	4.2 %	7,725	3	6.6 %
Gentex Corporation	Mfg- Computer/Electronic	4,500	6	3.8 %			0.0 %
Millerknoll	Mfg- Furniture	3,600	7	3.0 %			
Perrigo-HQ	Mfg- Chemicals	3,500	8	3.0 %			
Farmers Insurance Group	Insurance	3,500	9	3.0 %	0		0.0 %
Steelcase Inc	Mfg- Furniture	3,400	10	2.9 %	3,227	8	2.7 %
Axios Incorporated	Human resources and employment service				8,000	2	6.8 %
Grand Valley State University	Education				3,991	5	3.4 %
Johnson Controls	Automotive components				3,900	6	3.3 %
Spartan Stores Inc	Food distributor and retailer				3,608	7	3.1 %
Grand Rapids Public Schools	Education				2,907	9	2.5 %
Fifth Third Bank	Banking / Real estate				2,729	10	2.3 %
		<u>69,000</u>		<u>58.30%</u>	<u>55,187</u>		<u>46.90%</u>

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of self- reported employment by the largest employers in West Michigan. The complete list of employers is available at www.rightplace.org/data-center/workforce. As principal local employer information was not available for 2023 from the Right Place, Inc., the figures above reflect 2020 data.

Full-Time Equivalent City Government Employees by Department (Unaudited)

Last Ten Fiscal Years

June 30, 2024

Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessor	14.2	14.2	13.9	15.2	15.2	15.2	15.2	15.2	15.2	15.0
Attorney	15.0	17.0	17.0	17.0	17.0	18.0	18.0	18.0	18.0	19.0
City Clerk	9.0	9.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Community Development	14.6	14.6	14.9	15.4	15.4	15.4	15.9	22.7	22.3	24.0
Comptroller	16.3	17.0	17.0	15.0	15.0	15.0	16.0	16.0	16.0	16.0
311 Customer Service	12.0	13.0	13.0	14.0	14.0	14.1	14.1	14.1	13.1	11.0
Dispatch	53.5	53.5	44.0	42.8	42.8	46.0	44.0	47.0	47.0	49.0
61st District Court ¹	85.8	87.3	92.0	92.0	93.0	90.0	94.0	89.0	91.0	85.0
Economic Development	1.2	1.2	1.2	2.2	2.2	2.2	2.4	2.2	2.4	9.0
Engineering	29.4	35.4	36.3	39.1	39.1	40.0	39.3	38.3	38.4	44.0
Environmental Services/Sewage	114.9	117.4	118.2	118.2	119.3	137.3	136.7	136.6	141.7	123.0
Equal Opportunity (Admin Services)	3.3	4.3	4.3	4.3	4.3	4.0	7.0	7.0	8.0	6.0
Executive	11.0	12.8	12.2	18.1	22.2	18.3	19.2	15.7	18.7	26.0
Facilities Management	12.1	12.1	13.7	13.6	13.6	14.6	14.6	14.9	14.9	16.0
Fire	189.5	198.5	198.0	199.0	198.8	199.3	199.3	199.3	199.3	223.0
Fiscal Services	9.5	9.5	9.5	11.3	9.3	8.8	9.8	13.0	14.0	20.0
Human Resources	15.0	19.4	20.2	20.2	20.2	20.8	20.8	20.8	21.6	23.0
Income Tax	14.2	15.2	15.2	16.2	16.2	17.2	17.2	17.2	17.2	17.0
Information Technology	3.4	4.4	3.3	3.3	2.3	3.3	2.3	2.2	2.1	2.0
Motor Equipment	33.7	34.7	33.3	33.4	33.4	34.7	33.8	32.4	32.4	31.0
Neighborhood Improvement (Building Inspections)	44.3	49.2	50.9	56.4	57.4	59.5	59.7	60.2	60.9	63.0
Parking Services	25.1	36.5	38.3	40.3	43.5	45.8	47.3	47.3	47.3	47.0
Parks and Recreation	27.2	31.2	35.2	36.9	37.1	41.6	38.8	41.1	43.6	49.0
Planning	12.3	14.3	13.9	13.4	11.0	13.7	13.4	13.2	13.0	15.0
Police	369.5	321.0	320.0	325.0	325.0	334.0	335.0	328.0	330.0	339.0
Public Library ¹	149.0	150.0	152.0	153.0	156.5	156.5	157.0	159.0	163.0	160.0
Streets & Sanitation	63.8	73.5	75.5	77.4	76.9	123.5	123.5	84.1	87.5	85.0
Traffic Safety	36.4	38.4	37.7	38.1	37.5	23.8	22.7	22.7	22.7	24.0
Treasurer	18.0	18.0	18.0	17.0	17.0	17.0	18.0	18.0	16.0	17.0
Water	128.0	110.3	112.1	112.1	115.0	117.0	117.1	117.0	116.7	134.0
Seasonal and Other FTEs ¹	80.0	97.0	114.2	112.0	116.6	64.3	74.6	83.9	95.0	86.9
	1,611	1,629	1,655	1,682	1,698	1,721	1,738	1,707	1,740	1,790

Note: Information provided by the list of authorized positions in the City's Annual Fiscal Plan.
 (1) Part- time positions for Library and District Court are included within the respective departments.

Operating Indicators by Function/Program (Unaudited)

Function/Program ¹	Last Ten Fiscal Years									
	June 30, 2024									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Archives										
Requests ²	1,300	1,340	1,728	1,501	1,835	3,488	1,410	2,181	1,970	1,790
Boxes Stored ⁵	14,147	14,147	14,147	14,147	14,147	-	18,883	341	18,268	18,673
Cubic Feet of Records Stored ⁵	-	-	-	-	-	17,102	21,122	335	21,589	22,089
Clerk										
Voters in November Election										
Public Safety	49,153	20,085	85,483	16,114	77,286	28,625	98,095	15,079	77,711	22,867
Fire										
Total Calls ²	21,885	22,256	23,166	24,020	22,395	24,124	23,120	24,543	24,958	25,908
Civilian Fire Deaths ²	2	1	2	3	3	2	9	1	1	2
Police										
Major Crimes ²	6,948	6,288	5,760	5,432	5,405	5,121	5,503	3,852	5,435	5,415
Physical Arrests ²	14,477	14,756	15,142	13,174	13,094	10,869	4,612	5,105	4,279	6,429
Public Works										
Refuse										
Tons of Refuse Picked Up	24,613	26,305	26,683	28,154	31,873	35,708	36,745	36,909	36,007	36,850
Tons of Recycling Removed	10,647	10,118	10,042	9,852	7,244	6,501	8,171	7,573	7,817	7,436
Culture and Recreation										
Parks and Recreation										
Open Swim Participants	51,515	52,432	51,663	39,709	46,585	31,564	8,249	49,515	40,902	40,646
Swimming Lesson Participants	537	357	345	413	388	223	132	952	1,008	929
Softball League Teams	120	104	95	86	87	34	41	21	-	-
Public Library										
Library Card Holders	70,079	69,481	66,966	66,799	66,073	70,855	64,247	45,654	46,594	52,547
Total User Count	912,354	782,899	747,582	683,574	697,626	450,502	92,686	310,520	423,829	495,245
Local History Collection Users	36,356	35,663	35,524	34,819	40,138	25,127	4,879	n/a ⁶	20,077	28,503
Total Circulation of Materials	1,604,614	1,598,076	1,372,104	1,407,132	1,423,581	1,171,695	961,739	1,207,512	1,299,371	1,389,275
Urban and Community Development										
Building Permits Issued	2,552	2,662	2,900	2,884	2,938	2,640	2,529	2,893	2,568	2,700
Construction Value	\$ 245,710,000	\$ 459,870,000	\$ 411,570,000	\$ 497,580,000	\$ 495,340,000	\$ 437,700,000	\$ 572,912,000	\$ 502,075,000	\$ 445,857,366	\$ 543,080,360
Business-Type Activities										
Cemeteries										
Burials	436	394	408	378	366	385	466	460	380	252
Parking System										
Event and Visitor Parking	1,090,636	1,108,270	1,108,799	1,437,848	1,630,032	1,176,953	570,974	1,232,169	1,413,869	1,148,440
Sewage Disposal System										
Number of Retail Customers	74,415	74,628	74,805	75,052	75,241	75,524	75,728	75,955	76,177	76,444
New Connections	330	303	259	282	306	288	328	297	292	365
Billions of Gallons Treated ³	14.753	18.819	15.367	14.705	16.005	16.968	12,844.000	14.294	14.982	14.702
Peak Daily Flow (millions of gal.)	87.65	76.30	80.10	88.30	80.00	87.70	85.70	73.20	87.80	78.10
Average Daily Flow (millions of gal.)	40.53	40.60	42.10	40.37	43.89	46.33	35.18	39.17	41.09	40.17
Water Supply System										
Number of Retail Customers ⁴	82,163	83,340	85,103	86,418	79,875	80,242	80,504	80,787	81,188	81,655
New Connections	326	315	273	305	389	310	315	273	414	488
Billions of Gallons Produced	12.364	12.623	12.565	13.525	12.911	12.735	13.381	13.365	13.651	12.899
Peak Daily Flow (millions of gal.)	63.02	64.02	69.77	66.39	77.14	63.14	75.10	68.80	70.20	64.52
Average Daily Flow (millions of gal.)	33.84	34.68	34.39	37.01	35.31	34.77	36.60	36.60	37.40	35.22

Notes: (1) Information provided by the responsible departments.
(2) Calendar information for the previous calendar year.
(3) Effective FY14, number of gallons treated changed to fiscal year
(4) In FY 2019, customers adjusted due to updated meter count.
(5) In FY20, we determined cubic feet of records stored as a more accurate metric to track activity in our Archives program as opposed to boxes stored.
(6) In FY22, GRPL experienced equipment failure and the data for local history collection users was lost
(7) After FY21 The State of Michigan (MICR) and the federal government (NIBRS) changed their reporting methodology to eliminate UCR Part I (major) and Part II (minor) crime distinctions. The FY2022 figure includes 2021 Crimes Against Person, per Captain Collard's recommendation.

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years
June 30, 2024

<u>Function/Program</u> ¹	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Streetlights	20,178	19,307	18,539	18,037	18,037	18,037	18,037	18,037	18,037	18,037
Streets										
Miles of paved streets- major	206	206	206	206	211	207	211	211	211	211
Miles of paved streets- local	387	387	387	387	393	387	394	394	394	394
Culture and Recreation										
Parks and Recreation										
Number of major parks	71	71	71	71	71	71	71	74	74	74
Number of swimming pools	9	3	3	3	3	3	3	3	3	3
Number of ball diamonds	74	74	74	74	74	74	74	74	74	74
Supervised playgrounds	0	0	1	1	1	0	4	4	4	4
Public Library										
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Business-type Activities										
Parking System										
Parking garages	8	8	8	8	8	8	8	8	8	8
DASH buses	8	8	10	10	10	14	14	14	14	14
Sewage Disposal System										
Miles of sanitary sewers	910	913	913	915	920	921	925	928	931	936
Water Supply System										
Miles of water mains	1,167	1,169	1,175	1,178	1,185	1,187	1,188	1,192	1,194	1,196

Note: (1) Information is provided by the responsible departments



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**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***

Independent Auditor's Report

To Management and the Honorable Members
of the City Commission
City of Grand Rapids, Michigan

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2024. Our report includes a reference to other auditors who audited the financial statements of the City of Grand Rapids General Retirement System as of and for the year ended June 30, 2024 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2023, as described in our report on the City of Grand Rapids, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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 City'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 have not been identified.

Report on Compliance and Other Matters

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

To Management and the Honorable Members
of the City Commission
City of Grand Rapids, Michigan

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 12, 2024



City of Grand Rapids, Michigan

End of Audit Communications

Year ended June 30, 2024



Contents

01 *Cover Letter*

02 *Required Communications with Those Charged with Governance*

05 *Legislative and Informational Items*

December 12, 2024

To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

We have audited the financial statements of the City of Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2024 and have issued our report thereon dated December 12, 2024. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and Informational Items

Section I includes information that we are required to communicate to those individuals charged with governance of the City. This section communicates significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Section II contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

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

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



William Brickey, CPA



Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 31, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the City's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the City, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated December 12, 2024 regarding 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated September 23, 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2024.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.



**Section I - Required Communications with Those Charged with Governance
(Continued)**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the estimates of income tax refunds payable, the net pension liability and related disclosures, and the net other postemployment benefits (OPEB) liability (asset) and related disclosures.

Management's estimates of the net pension liability and related disclosures and the net OPEB liability (asset) and related disclosures are based on historical information, financial data, and assumptions included in the pension and OPEB actuarial valuations. Management's estimate of the income tax refunds payable is based on historical trends for residents and expectations surrounding nonresidents not able to work in the City due to the pandemic and related restrictions on in-person work. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of our audit.

As discussed above, estimates are used in the calculation of the net OPEB liability (asset), as well as the income tax refunds. For the net OPEB liability (asset), the long-term rate of return is a significant assumption. While the assumption used by the City for the long-term rate of return produces a materially accurate calculation of the net OPEB liability (asset), external data on long-term rates of return suggest the rate used by the City may be on the lower end of the spectrum based on the investment allocation policy. This could cause the net OPEB liability (asset) to be overstated. The estimated potential overstatement of the net OPEB liability (asset), based on sensitivity analysis provided by the actuary, is \$2.4 million in governmental activities and \$129,000 in discretely presented component units, with the offset being \$1.9 million and \$103,000, respectively, to deferred outflows of resources and the remaining being expense.



**Section I - Required Communications with Those Charged with Governance
(Continued)**

For the income tax refunds, an estimate is made of the percentage of withholdings and payments that will ultimately be refunded. This assumption has become more difficult to determine since the COVID-19 pandemic, given various work-from-home arrangements becoming more prevalent. Given that there are now several years of post-COVID data, we recommend that the City revisit the estimated refund percentage to ensure this estimate is supported, as the data appears to indicate the estimate may be on the higher end of the range.

Management has determined that the effects of any differences are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. However, uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 12, 2024.

Management Consultations with Other Independent Accountants

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

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections of the Annual Comprehensive Financial Report, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.



Section II - Legislative and Informational Items

Inflation Reduction Act (IRA)

Significant legislation was enacted in 2022 that has dramatically expanded the available tax credits, tax incentives, and other funding opportunities related to the green energy sector. Several of these are built on previously existing programs, but many are new and widely applicable. Additionally, new monetization options expand the benefits of tax credits for qualifying activities to public sector organizations like the City. The breadth of qualifying activities is significant, including, in most cases, the production of electricity; production of solar, wind, and energy equipment; installation of energy-efficient upgrades to businesses and homes; and the acquisition of electric vehicles (EVs) and charging equipment. We are happy to discuss any questions or potential tax credit opportunities with you, and please also feel free to visit our IRA tax credits articles and webinars at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/inflation-reduction-act-tax-credits>.

Monitoring Lease, SBITA, and PPP Activity

GASB Statements No. 87, *Leases*; No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs); and No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements*, were effective in fiscal years 2022 and 2023. Although significant analyses were performed to determine the applicability of the new standards and record any necessary adjustments, we want to stress the importance of implementing ongoing monitoring procedures over lease, SBITA, and PPP activity. When the City enters into new leases, SBITAs, or PPPs; existing agreements are modified; or other facts and circumstances change, consideration must be given to the impact those changes will have on lease, SBITA, and PPP accounting. In order to do so, the City must ensure there is a process in place to identify and appropriately account for new leases, SBITAs, or PPPs or changes to existing agreements on an ongoing basis or at least at the end of each year.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients



Section II - Legislative and Informational Items (Continued)

- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

Capitalization Thresholds

The April 2024 Uniform Grants Guidance 2024 Revision described above resulted in the equipment threshold increasing from \$5,000 to \$10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency. In addition to considering this Uniform Guidance threshold related to federal grants compliance, it may be a good time for the City to reevaluate the capitalization thresholds. We are happy to assist you in thinking through considerations in evaluating these thresholds.

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the City. In addition to the summaries below and to stay up to date, Plante Moran issues a biannual GASB accounting standard update. The most recent update and a link to previous fall and spring updates are available [here](#).

GASB Statement No. 101 - Compensated Absences

GASB statement No. 101 is effective for the year ending June 30, 2025. The standard requires all compensated absences to be reported under a new unified model that provides recognition and measurement guidance for all compensated absences that meet certain criteria. This is a major shift from the prior standards that provided different recognition and measurement guidance for vacation leave versus sick leave. Under the new standard, all compensated absences (with some exceptions like parental leave and military leave) that meet three criteria are to be recognized (accrued). The three criteria are (1) the absence accumulates, (2) the absence is attributed to services already performed, and (3) the absence is more likely than not to be either paid or settled through other means.

A few of the more significant changes from prior guidance include the elimination of specific recognition criteria for sick leave (GASB 16's termination payment method and vesting method) in lieu of standard recognition criteria for all types of compensated absences that meet the criteria. In addition, the prior standards used the probable criteria as a measurement stick for recognition; GASB 101 lowers that threshold to more likely than not. More likely than not means a likelihood of more than 50 percent. Because GASB 101 does not prescribe the manner in which these leave liabilities are estimated once the criteria is met, organizations will have significant latitude in how these estimates are determined. Because of this, there may be additional reporting and additional disaggregation of historical employee leave usage information that may be required in order to come up with an accurate estimate of these liabilities. We strongly suggest the City start thinking about these changes now, brainstorm estimation methodologies and begin gathering the necessary information in order to successfully adopt this new standard.



Section II - Legislative and Informational Items (Continued)

GASB Statement No. 102 - Certain Risk Disclosures

This new accounting pronouncement will be effective for the fiscal year ending June 30, 2025. This statement requires a government to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements.

GASB Statement No. 103 - Financial Reporting Model Improvements

This new accounting pronouncement will be effective for the fiscal year ending June 30, 2026. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section.

GASB Statement No. 104 - Disclosure of Certain Capital Assets

This new accounting pronouncement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale and will be effective for the fiscal year ending June 30, 2026.

Significant GASB Proposals Worth Watching

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2025.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and recently testified to the GASB about our feedback. We strongly encourage the City to monitor developments with this standard, as the potential impact is quite broad.

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APPENDIX C

FORM OF APPROVING OPINION

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[CLOSING DATE], 2025

City of Grand Rapids
Grand Rapids, Michigan

Re: \$[PAR AMOUNT] City of Grand Rapids, Michigan, Sanitary
 Sewer System Revenue Refunding Bonds, Series 2025

We have examined Ordinance No. 90-06 of the City of Grand Rapids, Michigan (the “City”), adopted by the City Commission on January 9, 1990, as amended (the “Bond Ordinance”), and Ordinance No. 2025-37 (the “Series Ordinance”) of the City adopted by the City Commission on October 21, 2025, along with other documents included in the transcript of proceedings for the issue by the City of bonds in the aggregate principal sum of \$[PAR AMOUNT] and designated the “City of Grand Rapids, Michigan, Sanitary Sewer System Revenue Refunding Bonds, Series 2025” (the “Bonds”) in anticipation of the collection of certain revenues of the City’s Sanitary Sewer System (the “Revenues”) pursuant to the Revenue Bond Act, Act 94 of the Public Acts of Michigan of 1933, as amended (“Act 94”), and the Bond Ordinance and Series Ordinance for the purpose of refunding a portion of certain outstanding sanitary sewer system revenue bonds of the City.

We have examined the law, a specimen of the bond certificate, and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and legally binding obligations of the City payable solely from the net revenues of the sewage disposal system of the City. The payment of the principal of and interest on the Bonds, and on any additional bonds of equal standing with the Bonds that have been or may be issued in accordance with the provisions of the resolution authorizing the issuance of the Bonds, is secured by a statutory first lien on such net revenues.
2. The Bonds and the interest thereon are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment, or other disposition thereof.
3. The interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds is not an item of tax preference for purposes of the federal

City of Grand Rapids
[CLOSING DATE], 2025
Page 2

alternative minimum tax imposed on individuals; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the federal corporate alternative minimum tax under Section 55 of the Code. The opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the holders of the Bonds and the enforceability of thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

**CITY OF GRAND RAPIDS
(Kent County, Michigan)**

[\$[PAR AMOUNT] SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Grand Rapids, Kent County, Michigan (the “Issuer”) in connection with the issuance of its Sanitary Sewer System Revenue Refunding Bonds, Series 2025, in the aggregate principal amount of \$[PAR AMOUNT] (the “Bonds”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Annual Report” shall mean any Annual Report of the Issuer provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bondholder” shall mean the registered owner of any Bonds.

“Dissemination Agent” shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005
Tel: (202) 838-1500
Fax: (202) 898-1500

“Official Statement” shall mean the final Official Statement for the Bonds dated _____, 2025.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than the date six (6) months after the end of the Issuer's fiscal year, commencing with the Issuer's Annual Report for its fiscal year ending June 30, 2025, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). Currently, the Issuer's fiscal year commences on July 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Issuer shall be included in the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report of the Issuer by the date required in subsection (a), the Issuer shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer's fiscal year changes, the Issuer shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the tables under the following headings in the front portion of the Official Statement or in Appendix A attached to the Official Statement, as applicable: "Debt Service Requirement", "Wastewater Volumes," "Wastewater Characteristics," "Retail Billings and Collections," "10 Largest Retail Customers," "Comparative Analysis of Rates,"

“Revenue Requirements and Percentage Rate Increases - Historical,” Revenue Requirements and Percentage Rate Increases - Projected,” “Statement of Operations - Historical,” “Statement of Operations - Projected,” “Debt Service and Coverage Ratio - Historical,” “Debt Service and Coverage Ratio - Projected,” “Population,” “Total Taxable Value,” “Total Taxable Value by Use and Class,” “Percent of Total Taxable Value by Use and Class,” “Total State Equalized Valuation,” “Total SEV by Use and Class,” “Percent of Total SEV by Use and Class,” “Property Tax Rates,” “PRE/Homestead Property Tax Rates per \$1,000 of Taxable Value by Governmental Unit,” “Non-PRE/Non-Homestead Property Tax Rate per \$1,000 of Taxable Value by Governmental Unit,” “Property Tax Collections,” “Top Ten Largest Valuations,” “Income Tax Collections,” “General Operating Fund Revenues from the State of Michigan,” “Legal Debt Margin,” “Debt Statement,” “Schedule of Remaining Bond Maturities,” “Other Post-Employment Benefits,” “Police and Fire Retirement System Membership,” “General Retirement System Membership,” and “Labor Contracts.”

(c) The Issuer’s financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB’s Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;

- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (16) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security holders, if material; and
- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), or (16), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12), (13) or (17) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), or (16), would be material under applicable federal securities laws, the Issuer shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the

notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the “rating changes” referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Issuer’s obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer

or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CITY OF GRAND RAPIDS

Dated: [CLOSING DATE], 2025

By: _____
By:
Its:

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Grand Rapids, Kent County, Michigan (the “Issuer”)

Name of Bond Issue: \$[PAR AMOUNT] Sanitary Sewer System Revenue Refunding
Bonds, Series 2025

Date of Bonds [CLOSING DATE], 2025

NOTICE IS HEREBY GIVEN that the City of Grand Rapids has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The City of Grand Rapids anticipates that the Annual Report will be filed by _____, ____.

CITY OF GRAND RAPIDS

By: _____

Its: _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Obligated Person: City of Grand Rapids, Kent County, Michigan (the "Issuer")

Name of Bond Issue: \$[PAR AMOUNT] Sanitary Sewer System Revenue Refunding
Bonds, Series 2025

Date of Bonds [CLOSING DATE], 2025

NOTICE IS HEREBY GIVEN that the City of Grand Rapids fiscal year has changed. Previously, the City of Grand Rapids fiscal year ended on _____. It now ends on _____.

CITY OF GRAND RAPIDS, KENT COUNTY

By: _____

Dated: _____

Its: _____

EXHIBIT C

ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's /Other Obligated Person's Name: City of Grand Rapids

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: [\$[PAR AMOUNT] Sanitary Sewer System Revenue Refunding Bonds, Series 2025

Date of such Bonds: [CLOSING DATE], 2025

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: _____
Name: _____
Title: _____
Employer: _____
Address: _____
City, State, Zip Code: _____
Voice Telephone Number: _____

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Grand Rapids

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

- | | | |
|-----|-------|--|
| 1. | _____ | Principal and interest payment delinquencies |
| 2. | _____ | Non-Payment related defaults |
| 3. | _____ | Unscheduled draws on debt service reserves reflecting financial difficulties |
| 4. | _____ | Unscheduled draws on credit enhancements reflecting financial difficulties |
| 5. | _____ | Substitution of credit or liquidity providers, or their failure to perform |
| 6. | _____ | Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _____ | Modifications to rights of securities holders |
| 8. | _____ | Bond calls |
| 9. | _____ | Defeasances |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _____ | Rating changes |
| 12. | _____ | Tender offers |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _____ | Incurrence of a Financial Obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an obligated person, any of which affect security holders, if material |
| 17. | _____ | Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of an obligated person, any of which reflect financial difficulties |
| 18. | _____ | Failure to provide annual financial information as required |
| 19. | _____ | Other material event notice (specify) _____ |

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

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APPENDIX E

BONDS TO BE PURCHASED

The table below describes the Targeted Bonds that have been accepted for purchase by the City, subject to the conditions set forth in the Tender Offer.

**City of Grand Rapids, County of Kent, State of Michigan
Sanitary Sewer System Revenue Refunding Bonds, Series 2021 (Federally Taxable)**

CUSIP ⁴	Maturity		Outstanding		Benchmark	Indicative
<u>(386289)</u>	<u>(January 1)</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Par Call Date</u>	<u>Treasury</u>	<u>Fixed</u>
			<u>Amount</u>	<u>(January 1)</u>	<u>Security</u>⁵	<u>Spread</u>
						<u>(basis</u>
						<u>points)</u>⁶

⁴ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Target Bonds. None of the District, the Dealer Manager, the Information Agent and Tender Agent or their agents or counsel assume responsibility for the accuracy of such numbers.

⁵ Indicative Fixed Spreads (as defined herein) are preliminary and subject to change. The Fixed Spread corresponding to each maturity and CUSIP number will appear in the Pricing Notice. Each Benchmark Treasury Security will be the most recently auctioned “on-the-run” United States Treasury Security for the maturity indicated as of date and time that the Purchase Price for the Taxable Bonds is set, currently expected to be 10:00AM on November 18, 2025. The Offer Purchase Prices for the Taxable Bonds derived from the fixed spreads (when finalized) to be paid on the Settlement Date exclude Accrued Interest on the Taxable Bonds tendered and accepted for purchase, which Accrued Interest will be paid by the City to but not including the Settlement Date in addition to the applicable Purchase Price.

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CITY OF
GRAND
RAPIDS



Mixed Sources
Product group from well managed
forests, controlled sources and
recycled wood or fibres.

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APPENDIX B

FORM OF PRICING NOTICE

Relating to the

INVITATION TO TENDER

made by

**CITY OF GRAND RAPIDS
MICHIGAN**

to the Bondholders of

City of Grand Rapids

County of Kent, State of Michigan

**Sanitary Sewer System Revenue Refunding Bonds, Series 2021
(Federally Taxable)**

The purpose of this Pricing Notice, dated November 6, 2025 (the “Pricing Notice”), is to confirm the Fixed Spreads for the Target Bonds as listed in the Invitation. All other terms of the Invitation remain unchanged.

Pursuant to the Invitation to Tender, dated October 30, 2025 (as it may be amended or supplemented, the “Invitation”), the City of Grand Rapids, County of Kent, State of Michigan (the “City”), invited offers to tender bonds for cash at the applicable Purchase Prices based on the Fixed Spreads set forth in this Pricing Notice to be added to the yields on certain United States Treasury Securities, plus Accrued Interest on the purchased Target Bonds. All terms used herein and not otherwise defined are used as defined in the Invitation.

The Fixed Spreads for the Target Bonds as listed in the table on the following page *are changed/unchanged from the Invitation.*

As set forth in the Invitation, the City retains the right to extend the Invitation, or amend the terms of the Invitation (including a waiver of any term) in any material respect, provided, that the City shall provide notice thereof at such time and in such manner to allow reasonable time for dissemination to Bondholders and for Bondholders to respond. In such event, any offers submitted with respect to the Target Bonds prior to such change in the Fixed Spreads for such Target Bonds pursuant to the Invitation will remain in full force and effect and any Bondholder of such affected Target Bonds as applicable, wishing to revoke their offer to tender such Target Bonds for purchase must affirmatively withdraw such offer prior to the Expiration Time, as extended.

The Invitation is available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system website, currently located at www.emma.msrb.org, using the CUSIP numbers for the Target Bonds, and (ii) on the website of the Information Agent at www.globic.com/grandrapids.

Any questions are to be directed to the Information Agent via phone at (212) 227-9622 or via email at rstevens@globic.com.

TARGET BONDS

**CITY OF GRAND RAPIDS, MICHIGAN
SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021
(FEDERALLY TAXABLE)**

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