



CITY OF
GRAND
RAPIDS

FY 2025

Annual Comprehensive Financial Report

City of Grand Rapids, Michigan | Year Ended June 30, 2025

About the cover:

Downtown Grand Rapids, Michigan at Sunset on a Cloudy Fall Day in November

Photo by Davslens Photography

This rooftop photograph of downtown Grand Rapids, Michigan captures the city's skyline looking west toward a warm fall sunset. Iconic historic structures blend seamlessly with the modern towers that continue to shape the city's evolving silhouette. **McKay Tower**—an anchor of the city for more than a century—marks the start of **Monroe Center**, the lively hub of downtown events and activity. Just beyond, **Rosa Parks Circle** sits at the heart of the action, hosting everything from summer concerts to the city's cherished winter ice skating rink. Nearby stand several of the city's signature hotels, including **Hyatt Place**, the **JW Marriott**, and the **Amway Grand Plaza**. Businesses, cultural institutions, and higher-education facilities fill the surrounding blocks, many repurposing early-1900s buildings while others add cutting-edge architecture to the skyline. Together, these elements depict Grand Rapids as a city where history, innovation, and community meet.

City of Grand Rapids, Michigan

**Annual Comprehensive Financial Report
Year Ended June 30, 2025**

**Submitted by:
Comptroller's Office
Charles M. Frantz
Comptroller**

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December 29, 2025

Honorable Mayor David LaGrand, 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, 2025 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.

Plante & Moran, PLLC, independent auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2025. 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.

Midway through the fiscal year changes were made to the City's Auditing Department. These changes resulted in deviations in the fiscal duties of city officers and departments. On January 6th, 2025,

responsibilities previously assigned to the City Comptroller were delegated to an administrative finance officer (CFO) and chief administrative officer (City Manager). In contrast to prior years, during the 2nd half of this fiscal year the CFO and City Manager carried out city accounting functions through a department referred to as the Fiscal Services Department Accounting Services Division.

ACCOUNTING OF CITY FUNDS

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 82,000 water and 76,711 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 3,000 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)
- Grand Rapids Land Bank Authority (GRLBA)
- 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, GRLBA, 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 \$574 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 streets, public service buildings, a new fire station, 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 50 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 2025 increased 11.8 percent from fiscal year 2024 to \$152.9 million; and revenue from property taxes increased 8.2 percent to \$59.9 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.

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. During the fiscal year primary government revenues exceed expenditures and the City's overall net position experienced an increase. Outstanding debt increased during the fiscal year driven in part by bonds issued to support construction efforts related to the downtown Amphitheater and Soccer Stadium. 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 198,917, 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.

People are at the center of the City's growth, with the population increasing year after year and becoming more educated and diverse. While labor force participation declined slightly and unemployment edged upward, the region added 1,300 new technology jobs in 2025, supporting a prosperous future for the region.

Greater Grand Rapids is ranked the No. 1 City on the Rise, one of the best locations to grow a career, and the most entrepreneurial city in the Midwest. Building permit requests have increased over the past year, prompting the City to evaluate staffing needs to ensure efficient permitting processes for developers and residents. Assessment values continue to rise steadily year over year across real, commercial, and residential properties. New construction and redevelopment efforts remain strong downtown, in parks, and throughout neighborhoods as the City continues its revitalization efforts.

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, 2025, the City has reported total expenditures since acceptance of award of \$77.9 million with the remaining portion being obligated. 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.

The Grand Rapids Police Department achieved its staffing goals, allowing the department to meet the request of citizens and city leaders to reinstate the community officer program. The department has five full-time community officers, each assigned to one of the five service areas. The department continued its Data Informed Community Engagement (DICE) Initiative to focus on crime prevention and implemented a new domestic violence assessment to ensure victims receive the support they need. Additionally, the efforts of the Co-Response Mental Health team resulted in 315 emergency department diversions, 439 EMS diversions, and 44 jail diversions. Since Co-Response started in July of 2022, they have deployed their services on 4,201 calls and have connected 3,415 people to mental health and/or substance abuse resources. The Grand Rapids Fire Department maintained their Insurance Services Office Class 1 rating, the only department in the State of Michigan to have achieved this, by demonstrating its continued commitment to advancing fire protection efforts in the city. Additionally, the EMS division worked closely with GRPD and Community Development to refresh the city's Homeless Outreach Team to better serve the unhoused and business communities.

The City continues to work towards its renewable energy and carbon reduction for municipal operations: 100% renewable energy by 2025, 85% carbon reduction by 2030 and net-zero by 2040. The City reached its 100% renewable energy by 2025 through investments in renewable energy and renewable energy credits. 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 has also received the Michigan Green Communities Network platinum certification for funding its environmental sustainability projects including the Vital Streets Initiative, DART EV Carshare and recycling education program.

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 operate within its financial 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 2025. The unassigned fund balance of the General Fund ended the current year at 44.1 percent and the Budget Stabilization Fund ended at 9.4 percent of fiscal year 2025 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. 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 continues, and has been a key driver increasing system safety, reliability and decreasing operational costs paid by the General Fund.

Major public-private construction projects including the Amphitheater and Soccer stadium are currently being developed and were supported through a combination of publicly backed bonds and private donations. These projects are anticipated to be completed in 2026 and 2027.

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, 2024; 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, 2024. The receipt of this award marks the thirty-fifth consecutive year the City has been honored by the GFOA for distinguished budget presentation.

ACKNOWLEDGEMENTS

The timely and accurate preparation of this report is made possible through the dedication and professionalism of team members across many city departments including the Comptroller's office, Treasurer's office, Fiscal Services department and many other city departments. I appreciate the exceptional commitment and contributions of City of Grand Rapids employees and departments who support this effort.

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, 2024

Christopher P. Morill

Executive Director/CEO

**Principal Officials of the City of Grand Rapids, Michigan
As of June 30, 2025**

Elected Officials

Mayor	David LaGrand
Commissioners	AliciaMarie Belchak Drew Robbins Milinda Ysasi Lisa Knight Marshall Kilgore 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



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, 2025 and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Michigan'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 of Grand Rapids, Michigan as of June 30, 2025 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, 2025 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2024, which represent 93 percent of the assets, 93 percent of the net position, and 38 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, 2025 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2024, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted new accounting guidance related to compensated absences contained in GASB Statement No. 101. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 and other required supplementary information, as identified in the table of contents, 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 of Grand Rapids, Michigan'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 29, 2025 on our consideration of the City of Grand Rapids, Michigan'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 of Grand Rapids, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Rapids, Michigan's internal control over financial reporting and compliance.



December 29, 2025

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, 2025. 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, 2025, net position totalled \$1,117,554,847. The unrestricted portion of this amount, \$184,943,408, 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 \$19,603,117 and the net OPEB liability increased by \$1,709,386. The net pension liability decrease is primarily related to the positive return on investments as of the June 30, 2024 and December 31, 2024 measurement dates for the plans used in the liability determination as of June 30, 2025. The OPEB liability increase 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 \$96,585,191 during the fiscal year. Governmental activities increased net position by \$52,259,140 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 \$44,326,051 driven by positive operating results in Water Supply System, Sewer Disposal System and Parking System funds.
- At June 30, 2025, the City's governmental funds reported combined fund balances of \$419,324,385, an increase of \$81,023,169 from the previous year. A total of \$5,028,403 of the fund balance for governmental funds is *nonspendable*, and the fund balance of \$160,725,334 is *restricted* as to purpose by an outside party, which means \$253,570,648 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 \$88,200,548 at June 30, 2025, 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 \$88,367,762 at year-end; an increase of \$10,006,319 from the previous year and 44% of 2025 General Fund expenditures. The unassigned fund balance at the end of the year was \$58.3 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 9.4% of current General Fund expenditures is presented as \$18,798,835 in committed fund balance within the General Fund.
- The total debt of the City and its component units increased by \$147,591,200 as a result of new debt issued to provide funding for the amphitheater and soccer stadium projects. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements. A portion of these debt issuances are funded by contractual agreements with Kent County and the Grand Rapids-Kent County Convention/Arena Authority (CAA).

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 eleven 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, a Land Bank Authority, and the 6^{1st} 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 8-29 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-four 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 128-131.

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 125 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 132.

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 133-138.

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 141-142.

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 42-105 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 106-123 following the notes to financial statements.

At the end of the report, on pages 145-165 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 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total Primary Government 2025	Total Primary Government 2024
Current and other assets	\$ 697,005,247	\$ 546,060,808	\$ 262,174,874	\$ 247,413,010	\$ 959,180,121	\$ 793,473,818
Capital assets, net of accumulated depreciation	453,802,926	347,898,721	948,326,024	931,192,888	1,402,128,950	1,279,091,609
Total Assets	<u>1,150,808,173</u>	<u>893,959,529</u>	<u>1,210,500,898</u>	<u>1,178,605,898</u>	<u>2,361,309,071</u>	<u>2,072,565,427</u>
Deferred outflows of resources	<u>48,609,293</u>	<u>77,072,289</u>	<u>9,883,640</u>	<u>13,183,661</u>	<u>58,492,933</u>	<u>90,255,950</u>
Current liabilities	123,481,263	110,606,735	21,183,607	17,111,012	144,664,870	127,717,747
Non-current liabilities	<u>642,309,054</u>	<u>468,969,383</u>	<u>465,454,277</u>	<u>485,651,967</u>	<u>1,107,763,331</u>	<u>954,621,350</u>
Total Liabilities	<u>765,790,317</u>	<u>579,576,118</u>	<u>486,637,884</u>	<u>502,762,979</u>	<u>1,252,428,201</u>	<u>1,082,339,097</u>
Deferred inflows of resources	<u>35,075,392</u>	<u>45,163,083</u>	<u>14,743,564</u>	<u>14,349,542</u>	<u>49,818,956</u>	<u>59,512,625</u>
Net investment in capital assets	325,063,166	289,662,775	520,734,755	487,844,587	845,797,921	777,507,362
Restricted net position	51,896,691	41,536,211	34,916,827	34,411,977	86,813,518	75,948,188
Unrestricted net position	<u>21,591,900</u>	<u>15,093,631</u>	<u>163,351,508</u>	<u>152,420,475</u>	<u>184,943,408</u>	<u>167,514,106</u>
Total Net Position	<u>\$ 398,551,757</u>	<u>\$ 346,292,617</u>	<u>\$ 719,003,090</u>	<u>\$ 674,677,039</u>	<u>\$ 1,117,554,847</u>	<u>\$ 1,020,969,656</u>

Total net position at June 30, 2025 was \$1,117,554,847, an increase of \$102,669,761 from the net position at June 30, 2024 of \$1,020,969,656. As described in Note 1, GASB 101, *Compensated Absences*, was implemented in fiscal year 2025. The effects of this standard are not reflected in the 2024 columns above.

The City’s current and other assets increased by \$165,706,303 or 20.88%. Governmental activities saw a \$150,944,439 increase in current and other assets attributable to increase in equity in pooled cash and investments due to unspent bond proceeds and increase in receivables from Kent County and the CAA for contractual agreements associated with new debt issuances. Business type activities saw a \$14,761,864 increase in current and other assets primarily due to the increase in equity in pooled cash and investments due to unspent bond proceeds.

Total deferred outflows of resources decreased by \$31,763,017 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 78-85 for additional information.

The total liabilities of the primary government increased 15.71% or \$170,089,104. Current liabilities increased \$16,947,123 or 13.27%. Non-current liabilities increased \$153,141,981 or 16.04%. The non-current liabilities increase was primarily related to an increase in long-term debt due to new debt issuances to fund portions of the amphitheater and soccer stadium projects as of June 30, 2025. See Note 6 Long-term Debt on pages 73-78 for additional information.

Total deferred inflows of resources decreased by \$9,693,669 during the year primarily due to the net difference between projected and actual earnings on pension plan investments for the General, Police & Fire OPEB Plans. These differences are amortized over 5 years and over a closed period equal to the average of the expected remaining period of service for all system members respectively.

By far, the largest portion of the City’s net position (75.7%) 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* \$184,943,408, 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 \$88.4 million of the General Fund’s *unassigned* fund balance shown on page 25 is freely available or transferable to support the operations of

Management’s Discussion and Analysis (Continued)

the General Fund or of any other fund. As noted on page 4, the ending unassigned fund balance is \$58.3 million more than the target goal in the fund balance policy.

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets (net of depreciation)						
	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
Land	\$ 30,982,309	\$ 30,982,310	\$ 15,198,826	\$ 15,198,826	\$ 46,181,135	\$ 46,181,136
Easements/Right of Way	1,790,500	1,709,536	4,351,396	4,019,175	6,141,896	5,728,711
Land improvements	35,617,611	29,942,344	9,316,413	10,408,136	44,934,024	40,350,480
Buildings and structures	50,974,285	53,621,388	94,857,854	95,704,251	145,832,139	149,325,639
Storage tanks	-	-	9,758,917	10,309,275	9,758,917	10,309,275
Machinery and equipment	19,436,508	19,550,466	148,338,302	146,196,228	167,774,810	165,746,694
Motor vehicles	27,574,877	25,530,087	2,529,300	1,301,426	30,104,177	26,831,513
Furniture	203,331	545	6,212	6,446	209,543	6,991
Software	-	-	-	-	-	-
Water and sewer mains	-	-	626,026,735	627,826,925	626,026,735	627,826,925
Infrastructure	146,139,408	129,838,318	-	-	146,139,408	129,838,318
Lease assets	91,739	78,275	2,509,951	3,140,455	2,601,690	3,218,730
Subscription assets	9,539,714	1,860,089	876,297	1,395,293	10,416,011	3,255,382
Construction in progress	131,452,645	54,785,363	34,555,819	15,686,452	166,008,464	70,471,815
Total	\$ 453,802,927	\$ 347,898,721	\$ 948,326,022	\$ 931,192,888	\$ 1,402,128,949	\$ 1,279,091,609

Capital assets: The City’s investment in capital assets for its governmental and business type activities as of June 30, 2025 amounts to \$1,402,128,949 (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 \$193.5 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 \$17,420,828 during the year ended June 30, 2025. Construction in progress on additional projects not completed as of June 30, 2025 totalled \$21,601,405.
- Various Sewage Disposal System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$15,250,441 during the year ended June 30, 2025. Construction in progress on additional projects not completed as of June 30, 2025 totalled \$8,788,239.
- Rehabilitation or reconstruction of major and local streets were completed at a cost of \$31,228,349.
- 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, 2025 amounts to \$2,601,690
- 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, 2025 amounts to \$10,416,011

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 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Total 2025	Total 2024
Limited tax pledge bonds	\$ 271,385,000	\$ 112,855,000	\$ 16,110,000	\$ 685,000	\$ 287,495,000	\$ 113,540,000
Revenue bonds	9,000,000	11,060,000	359,434,292	387,925,223	368,434,292	398,985,223
Long-term contracts	8,555,000	9,135,000	10,102,114	10,102,114	18,657,114	19,237,114
Total	<u>\$ 288,940,000</u>	<u>\$ 133,050,000</u>	<u>\$ 385,646,406</u>	<u>\$ 398,712,337</u>	<u>\$ 674,586,406</u>	<u>\$ 531,762,337</u>

Long-term debt: At June 30, 2025 the City had total long-term debt outstanding of \$674,586,406. Of this amount, \$287,495,000 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 \$171.4 million associated with the Acrisure Amphitheatre project, Soccer Stadium project, 1500 Scribner construction, street lighting, Belknap chiller, and 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, 2025 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$15,804,356 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 2025. 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	Governmental	Business-Type	Business-Type	Total Primary	Total Primary
	Activities	Activities	Activities	Activities	Government	Government
	2025	2024	2025	2024	2025	2024
Revenue:						
Program Revenue:						
Charges for services	\$ 48,081,706	\$ 45,269,727	\$ 161,142,544	\$ 155,070,696	\$ 209,224,250	\$ 200,340,423
Operating grants and contributions	153,648,209	72,089,096	2,524,586	4,334,265	156,172,795	76,423,361
Capital grants and contributions	6,862,829	7,092,543	17,519,930	23,255,989	24,382,759	30,348,532
General Revenue:						
Property taxes	59,943,721	55,401,179	-	-	59,943,721	55,401,179
City Income taxes	152,895,087	136,795,880	-	-	152,895,087	136,795,880
Unrestricted state-shared revenue	32,528,567	29,658,114	-	-	32,528,567	29,658,114
Unrestricted investment income	29,487,914	18,385,277	9,207,792	8,272,973	38,695,706	26,658,250
Miscellaneous	1,706,308	2,202,361	1,507,170	635,622	3,213,478	2,837,983
Total Revenue	<u>485,154,341</u>	<u>366,894,177</u>	<u>191,902,022</u>	<u>191,569,545</u>	<u>677,056,363</u>	<u>558,463,722</u>
Expenses:						
General government	54,726,576	45,553,732	-	-	54,726,576	44,296,211
Public safety	138,578,274	124,984,242	-	-	138,578,274	122,775,160
Public works	81,662,833	79,704,901	-	-	81,662,833	63,939,716
Health and Welfare	833,393	7,161	-	-	833,393	-
Recreation and Culture	107,850,925	32,296,821	-	-	107,850,925	26,201,737
Urban & Community Development	36,806,621	27,533,282	-	-	36,806,621	23,498,676
Interest on long-term debt	6,189,474	3,138,069	-	-	6,189,474	2,046,625
Water Supply System	-	-	50,660,288	52,065,052	50,660,288	54,207,809
Sewage Disposal System	-	-	70,454,577	65,516,041	70,454,577	62,304,794
Parking System	-	-	22,511,655	20,862,013	22,511,655	20,854,865
Other Enterprises	-	-	4,081,986	3,628,531	4,081,986	3,371,820
Total Expenses	<u>426,648,096</u>	<u>313,218,208</u>	<u>147,708,506</u>	<u>142,071,637</u>	<u>574,356,602</u>	<u>423,497,413</u>
Change in Net Position before Transfers	58,506,245	53,675,969	44,193,516	49,497,908	102,699,761	103,173,877
Transfers	(949,411)	407,815	949,411	(407,815)	-	-
Change in Net Position	57,556,834	54,083,784	45,142,927	49,090,093	102,699,761	103,173,877
Net Position - beginning, as previously reported	346,292,617	292,208,833	674,677,039	625,586,946	1,020,969,656	917,795,779
Change in accounting	(5,297,694)	-	(816,876)	-	(6,114,570)	-
Net Position - beginning, as restated	<u>340,994,923</u>	<u>-</u>	<u>673,860,163</u>	<u>-</u>	<u>1,014,855,086</u>	<u>-</u>
Net Position - ending	<u>\$ 398,551,757</u>	<u>\$ 346,292,617</u>	<u>\$ 719,003,090</u>	<u>\$ 674,677,039</u>	<u>\$ 1,117,554,847</u>	<u>\$ 1,020,969,656</u>

As described in Note 1, GASB 101, *Compensated Absences*, was implemented in fiscal year 2025. The effects of this standard are not reflected in the 2024 columns above.

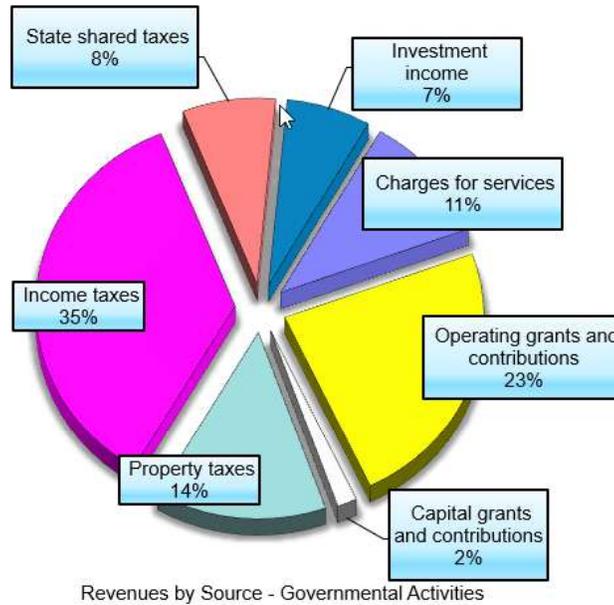
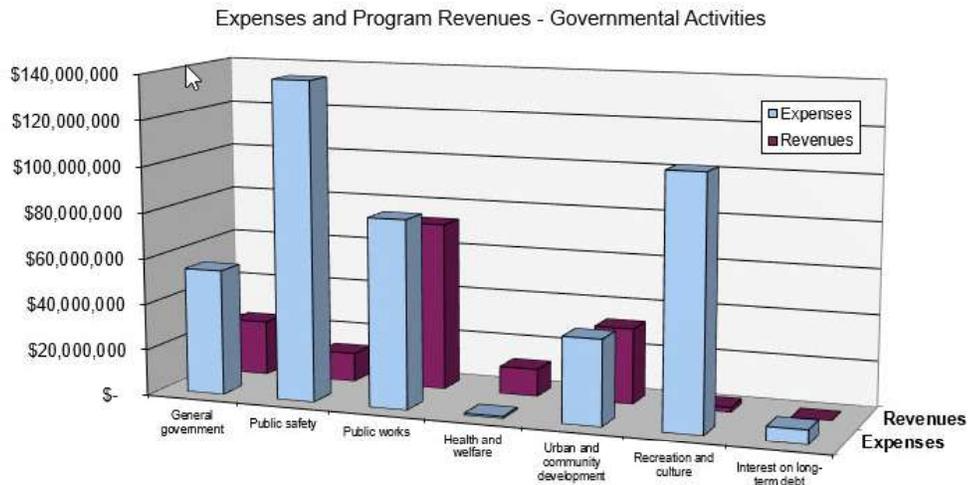
Governmental activities: Governmental activities increased the City’s net position by \$57,556,834. Key elements within this change are as follows:

- Tax revenues increased by \$20.6 million in FY25 due primarily to \$16.1 million increase in income taxes and \$4.5 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 \$13.7 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 \$10.1 million from the prior year, primarily due to increase in personnel costs driven by negotiated contracts.
- Recreation and Culture expenses increased \$75.6 million. This increase was due to expenditures associated with the amphitheater and soccer stadium projects that are not capital assets of the City. These expenditures

Management’s Discussion and Analysis (Continued)

were funded by debt issuances that will be reimbursed through contractual agreements with Kent County and the CAA. Increase due in part to increase 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 increase in capital improvements and upgrades.

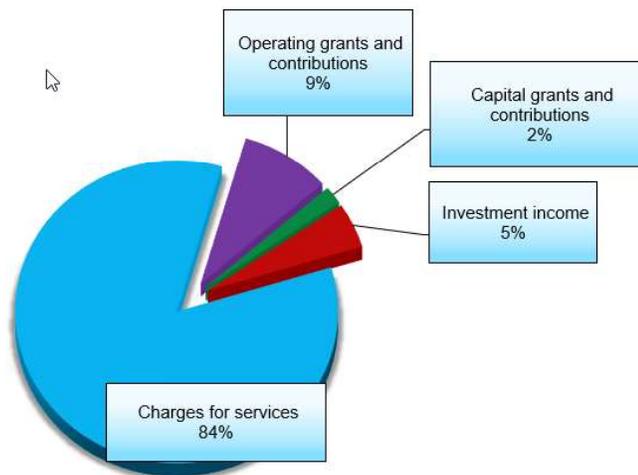
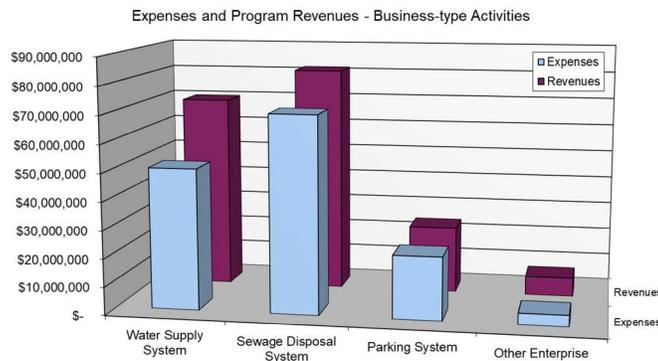
- Unrestricted investment earnings in 2025 were up \$11.1 million from the prior year. Rate of returns increased throughout the year in reaction to overall market performance. Governmental accounting standards require the City to adjust the portfolio to market values. Market value gains or losses are only realized when portfolio securities are sold.



Management’s Discussion and Analysis (Continued)

Business-type activities: Business-type activities increased the City’s net position by \$45,142,927 in FY25. The key elements of this increase are as follows:

- The Water System had an increase in operating income before capital contributions of \$16.8 million during the year, representing an increase of \$5 million over FY2024. This was driven in part by the calendar year 2025 rate increase of 2.8%, as well as growth in connection fees and the receipt of significant grant funding. 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 \$8.3 million during the year, consistent with changes to revenue in the prior year. 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 \$3.58 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.



Revenues by Source - Business-type Activities

Management's Discussion and Analysis (Continued)

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, 2025, the City's governmental funds reported combined ending fund balances of \$419,324,385. Of this total, all but \$88,200,548 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 pages 102-103.

The General Fund is the primary operating fund of the City. At June 30, 2025, the fund had an unassigned fund balance of \$88,367,762. 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 44.1% and 68.3%, respectively, of total fiscal year 2025 General Fund expenditures, compared to the unassigned and total fund balance representing 42.4% and 63.5% of fund expenditures a year earlier. The fund's fund balance increased \$19,370,352 during fiscal year 2025. On the revenue side, income tax collection again outperformed expectations due to 8.9% 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 \$3,202,154. There are two primary factors comprising the approximately \$16.2 million difference with FY 2025 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 \$6.1 million whereas none were recognized during fiscal year 2025.

The Major Street Fund saw a decrease of \$2,609,760 in fund balance. This is mainly due to an increase in expenditures related to street maintenance projects.

The Local Street Fund saw an increase of \$793,038 in fund balance which is more than anticipated from original budget. This is mainly due to an increase in state shared taxes.

The fund balance of the General Capital Construction Fund saw an increase in fund balance of \$38,925,563. This is due primarily to \$155.1 million increase in new debt issued and \$4.2 million increase in transfers in from general fund to support ongoing projects.

The City's no-major governmental funds saw an increase of \$24.5 million in fund balance. This increase is due primarily to \$8.5 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 \$150,237,070. The total net position for enterprise funds is \$705,888,652 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.

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

During the year the general operating fund (GOF) budget increased by \$11,571,704. The changes were:

- \$92,187 was appropriated to reflect the substitution of an Emergency Communications Supervisor for a police officer to meet critical needs and reduce overtime in the Emergency Communications Center.
- \$2,400,000 was appropriated for training, integrations, and extended cloud services in association with the purchase of the City's new Enterprise Resource Planning software, Oracle Fusion.
- \$125,000 was appropriated from American Rescue Plan Act (ARPA) funding for the Stormwater portion of the Comprehensive Master Plan and Asset Management Plan Update (transferred to the General Fund – Stormwater Department).
- \$382,650 was appropriated from American Rescue Plan Act (ARPA) funding for the Fairfax Imaging Project (transferred to the General Fund - Income Tax and Treasurer Departments).
- \$61,525 was appropriated to add a Financial Analyst I to support the increased volume and complexity of activities required to manage the City's capital assets.
- \$1,000,000 was appropriated to the Budget Stabilization Fund, the City's savings account to stabilize revenues and protect critical programs during periods of economic recession, in an effort to maintain the 10 percent fund balance goal.
- \$434,400 was appropriated from American Rescue Plan Act (ARPA) funding for the purchase of a demo fire engine.
- \$1,776,113 was reappropriated for various Participatory Budgeting projects and evaluation.
- \$750,000 was reappropriated for Third Ward Equity projects to reduce disparities and increase equity in the City's Third Ward.
- \$89,270 was appropriated from the State of Michigan for election reimbursement.
- \$133,000 was appropriated to the Grand Rapids Children's Fund for expanded programming, equipment and supplies provided by the Parks & Recreation Department.
- \$1,475,000 was appropriated for the construction of a Fire Training Center project (transferred to the Capital Projects fund). This is anticipated to be reimbursed with future bond issuance.
- \$1,630,000 was appropriated for the extension of the City's expiring CGI, Inc. A360 cloud services due to the extension of the go-live date of the City's new Enterprise Resource Planning software, Oracle Fusion.
- \$66,700 was appropriated for design phase services for the Butterworth Landfill Solar Array (transferred to the Capital Improvement Fund).
- \$166,312 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.
- \$2,100,000 was appropriated 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. \$1,500,000 was appropriated from the contingency budget (see below).
- \$40,000 was appropriated to support a pilot initiative designed to enhance administrative and engagement support for City Commission members.
- \$349,547 was re-appropriated to allow several departments to complete efforts begun in the prior fiscal year.

The adopted contingency budget was \$1,500,000, of which the following amounts were allocated:

- \$1,500,000 for the Police Department 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.

Actual departmental and other expenditures and transfers-out in the General Fund were \$1.3 million under amended appropriations, which included a budgeted appropriation lapse of \$6.1 million. 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.

Management's Discussion and Analysis (Continued)

Budgetary basis revenues for the year ended June 30, 2025, were approximately \$23.3 million higher than the amended budget. There were several drivers of this increase including:

- Income Tax Revenue exceeded the amended budget by approximately \$13.6 million or 12%. This was primarily due to a change in the methodology utilized to estimate income tax refunds, resulting in an adjustment which decreased refunds by \$5.4 million. Additionally, revenue growth in the base outperformed assumptions by 6.8% or \$7.6 million (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, FY2025 compliance exceeded the figure in the amended budget by 71.6% or \$5.9 million (partly generated by addressing a backlog of income tax compliance work).
- ARPA grant revenue totaling \$6,206,822 million was greater than the amended budget by approximately \$3.1 million or 101.8%. The adopted budget included \$2.1 million, almost the entirety of which was allocated for activities related to the transition to a new Enterprise Resource Planning (ERP) system. The additional \$3.1 million was attributable to additional funding being allocated to implementation of the ERP system (\$5.4 million total), \$54,616 for activities associated with administration of ARPA funding, \$239,780 to streamline information received by the Income Tax department and the Treasurer's Office from payments and returns received by mail, \$50,998.70 for updates to the Comprehensive Master Plan and Asset Management Plan for the Stormwater Department, and \$434,400 for apparatus for the Fire Department.
- Investment income exceeded the amended budget by approximately \$6.3 million or 156% due primarily to unbudgeted investment gains of \$4.8 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.

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, 2025, reflected obligations and expenditures of approximately \$92.2 million and \$77.9 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.

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 6% in FY 2025 (vs. FY 2024 Actual) with compliance receipts totaling approximately \$14 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 2025 base revenue actually grew at 12.2% (vs. FY 2024 Actual) with compliance receipts of approximately \$14.2 million for an overall increase of \$13.1 million or 11.6% in the GOF compared to FY 2024 results. The increase in the base is partly attributable to a one-time \$4.6 million adjustment which resulted from a change in the methodology utilized to estimate future income tax refunds. The FY 2025 budget assumed a 3.5% base income tax revenue increase in FY 2024 (actual FY 2024 base increase was 2%) followed by a 3.3% increase in FY 2025 (forecast later revised upward to 6%). The budget

Management's Discussion and Analysis (Continued)

was not amended to reflect the more positive, revised forecast. Income tax revenue exceeded the initial base forecast in FY 2025 (3.3%) for the following reasons:

- Strong growth in wages and other taxable income driven by inflation and other economic conditions.
- Withholding was up 5.77%.
- Assessment collection was up 1.86%.
- Net receipts were up 10.89%

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 \$15.8 million and \$6.4 million in FY 2024 and FY 2025, respectively. As noted above, the notable decrease in refunds from FY 2024 to FY 2025 is due to a one-time \$4.6 million adjustment which resulted from a change in the methodology utilized to estimate future income tax refunds.

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.

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 2026 (FY 2026) 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 2026 is the twentieth 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 \$735 million Fiscal Plan for FY 2026 is aligned with the City's Strategic Plan and consistent with the City Commission's policy direction. The FY 2026 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 2026 GOF budget achieves these objectives while growing by approximately 5.4% over the FY 2025 adopted budget.

The FY 2026 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.

Management's Discussion and Analysis (Continued)

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 2026 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 costs continue to rise. Only 4 positions were added to enhance key services and outcomes during fiscal year 2025. The cost of these positions is included in the FY2026 budget. The FY 2026 budget accommodates 24 staffing additions to achieve strategic plan outcomes for a total of 1,776 authorized positions. This is approximately 180 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 2026 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, 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 \$10.0 million in FY2026 but by FY 2030 the total GOF contribution will rise to \$11.9M. This represents approximately 72% of the cost of operating the District Court in FY 2026, increasing to approximately 82% by FY 2030 (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 \$8.4 million in FY 2026, and the Vital Streets Fund will receive \$850,000 of General Fund support annually through FY 2031.

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 past 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

Management's Discussion and Analysis (Continued)

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 and the City went live on the new system in May 2025. System stabilization efforts remain across the various modules of the new ERP system thus far in FY 2026.

Income taxes fund the General Operating Fund, Capital Reserve Fund, Sidewalk Repair Fund, and Vital Streets Fund. The adopted budget for FY 2026 forecasts a 3.5% increase in base local income tax collections above the FY 2025 estimated revenue (approximately 1.7% below actual FY 2025 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 3.0% annually in FY 2027-30. 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 2026 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 2024 (tax year 2025) but much of the new value is captured by Brownfields and tax capture districts. The residential class of property continued to see a large increase in value for the third year in a row. The assessed value of the residential class of ad valorem property increased 10.65% for 2025. The total assessed value on the ad valorem role is over \$11.8 billion for 2025. The inflation rate multiplier has come down to 3.1% in 2025 after being maxed out at 5% in both 2023 and 2024 and a Headlee Millage Reduction Fraction of .9867 is applied to the maximum millage rates for 2025. The overall increase of taxable value on the ad valorem role for 2025 is 4.85%. 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 2025 General Fund property tax revenue increased approximately 7.7% over FY2024 actual results. FY 2026 is forecast relatively flat and FY 2027 and beyond is forecast to grow at a more conservative average of 2.8% annually. The FY 2026 Fiscal Plan proposes a property tax millage rate decrease from 8.9544 to 8.8587 (0.0957 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 2026 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 2025, 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.

Management's Discussion and Analysis (Continued)

The City remains a partner in many transformational projects including the Grand River Greenway, the Amphitheater and 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 2025, current authorized revenue sources were utilized for 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 construction of the Kendall Fire Station and the Fire Training Center. A voter approved fire safety millage would meet this need. In Michigan's FY 2024 budget, 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 FY 2026 to provide the remaining funding necessary for the Fire Training Center.

The Fiscal Plan recommends capital investments of \$188.8 million in FY 2026 and \$582.1 million across all five years (FY2026-30). 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 capital set-aside had only been increased to 4.25% by FY 2023, which was insufficient to maintain all City asset classes over the long-term horizon. As a result, the decision was made to gradually increase the set-aside by 0.25% per year beginning in FY 2024. The 5% target has been achieved in FY 2026 and is maintained throughout the five-year forecast. 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 2026 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, 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.



June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Equity in pooled cash and investments (Note 2)	\$ 420,715,766	\$ 167,312,522	\$ 588,028,288	\$ 31,892,656
Receivables:				
Receivables - Net	36,513,698	27,115,203	63,628,901	1,832,395
Leases receivable	-	504,493	504,493	-
Due from other governments	14,062,847	15,856	14,078,703	182,097
Due from component units	574,165	-	574,165	-
Internal balances	(13,114,438)	13,114,438	-	-
Inventory	2,788,285	3,974,636	6,762,921	470,000
Prepaid expenses and other assets	-	136,386	136,386	24
Restricted assets (Note 4)	175,274,803	35,734,460	211,009,263	-
Due from fiduciary funds	1,399,329	-	1,399,329	-
Investment in joint ventures (Note 1)	-	2,472,900	2,472,900	-
Net OPEB asset (Note 10)	6,019,675	-	6,019,675	-
Capital assets: (Note 5)				
Assets not subject to depreciation	164,225,453	54,106,043	218,331,496	11,313,680
Assets subject to depreciation - Net	289,577,473	894,219,981	1,183,797,454	4,434,631
Other assets	-	205,826	205,826	-
Lease receivable (Note 15)	99,954	11,588,154	11,688,108	-
Long-term receivable from the County and CAA	52,671,163	-	52,671,163	-
Total assets	1,150,808,173	1,210,500,898	2,361,309,071	50,125,483
Deferred Outflows of Resources				
Deferred charges on bond refunding	1,065,672	5,692,777	6,758,449	-
Deferred outflows related to pensions (Notes 7 and 8)	38,395,400	3,212,490	41,607,890	778,778
Deferred outflows related to OPEB (Notes 10 and 11)	9,148,221	978,373	10,126,594	1,827,332
Total deferred outflows of resources	48,609,293	9,883,640	58,492,933	2,606,110
Liabilities				
Vouchers and accounts payable	79,790,849	12,847,481	92,638,330	6,840,923
Due to other governmental units	232,859	-	232,859	-
Due to primary government	-	-	-	574,165
Accrued liabilities and other	2,216,786	7,403,159	9,619,945	3,270
Due to participants	-	-	-	1,829,179
Unearned revenue	37,896,652	932,967	38,829,619	32,596
Customer deposits	3,344,117	-	3,344,117	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Payable from restricted assets	-	20,815,000	20,815,000	-
Current portion of compensated absences	12,110,942	2,343,516	14,454,458	512,311
Current portion of claims payable	13,013,468	-	13,013,468	-
Current portion of bonds, contracts, and leases payable	11,906,843	3,093,747	15,000,590	229,378
Due in more than one year: (Note 6)				
Compensated absences	15,141,406	2,929,920	18,071,326	640,499
Provision for claims	230,291	-	230,291	-
Net pension liability (Notes 7 and 8)	279,224,942	32,750,113	311,975,055	9,625,928
Net OPEB liability (Notes 9 and 10)	6,703,781	1,800,423	8,504,204	1,475,616
Bonds, contracts, notes, and leases payable	303,977,381	401,721,558	705,698,939	1,152,151
Total liabilities	765,790,317	486,637,884	1,252,428,201	22,916,016
Deferred Inflows of Resources				
Deferred inflows related to pensions (Notes 7 and 8)	284,718	26,741	311,459	23,820
Deferred inflows related to OPEB (Notes 9 and 10)	34,557,040	2,887,562	37,444,602	2,184,262
Deferred inflows related to leases	233,634	11,829,261	12,062,895	-
Total deferred inflows of resources	35,075,392	14,743,564	49,818,956	2,208,082

City of Grand Rapids, Michigan

Statement of Net Position (Continued)

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 325,063,166	\$ 520,734,755	\$ 845,797,921	\$ 15,436,782
Restricted:				
Streets and highways	27,140,776	-	27,140,776	-
Debt service	-	34,916,827	34,916,827	-
Public safety	3,224,341	-	3,224,341	-
Authorized projects	-	-	-	20,271,084
Culture and recreation	610,933	-	610,933	-
Urban and community development	745,702	-	745,702	-
Grants	3,822,024	-	3,822,024	-
Opioid settlement	7,081,526	-	7,081,526	-
Net OPEB asset	6,019,675	-	6,019,675	-
Nonexpendable - Perpetual care	3,237,444	-	3,237,444	-
Nonexpendable - Culture and recreation	14,270	-	14,270	-
Unrestricted	21,591,900	163,351,508	184,943,408	(8,100,371)
Total net position	\$ 398,551,757	\$ 719,003,090	\$ 1,117,554,847	\$ 27,607,495

City of Grand Rapids, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 54,726,576	\$ 14,062,390	\$ 9,743,691	\$ -
Public safety	138,578,274	3,237,285	9,288,392	-
Public works	81,662,833	18,827,915	47,305,145	6,862,829
Health and welfare	833,393	-	11,844,143	-
Urban and community development	36,806,621	11,073,307	21,642,681	-
Recreation and culture	107,850,925	880,809	53,824,157	-
Interest on long-term debt	6,189,474	-	-	-
Total governmental activities	426,648,096	48,081,706	153,648,209	6,862,829
Business-type activities:				
Water Supply System	50,660,288	61,536,474	935,270	7,354,478
Sewer Disposal System	70,454,577	72,998,450	984,763	6,582,018
Parking System	22,511,655	23,425,977	604,553	-
Other Enterprise	4,081,986	3,181,643	-	3,583,434
Total business-type activities	147,708,506	161,142,544	2,524,586	17,519,930
Total primary government	\$ 574,356,602	\$ 209,224,250	\$ 156,172,795	\$ 24,382,759
Component units:				
Downtown Development Authority	\$ 16,819,305	\$ 1,281,761	\$ 167,849	\$ -
Tax Increment Financing Authority	326,035	-	156,729	-
SmartZone Local Development Financing Authority	2,246,041	-	431,622	-
Brownfield Redevelopment Authority	18,635,016	194,837	231,463	-
Corridor Improvement Authority	1,303,193	-	200,000	-
61st District Court	11,622,594	3,288,265	12,018,796	-
Land Bank Authority	23,903	-	32,000	470,000
Total component units	\$ 50,976,087	\$ 4,764,863	\$ 13,238,459	\$ 470,000
General revenue:				
Taxes:				
Property taxes				
Income taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year, as previously reported				
Change in Accounting (Note 1)				
Net Position - Beginning of year, as restated				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2025

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Component Units
\$ (30,920,495)	\$ -	\$ (30,920,495)	\$ -
(126,052,597)	-	(126,052,597)	-
(8,666,944)	-	(8,666,944)	-
11,010,750	-	11,010,750	-
(4,090,633)	-	(4,090,633)	-
(53,145,959)	-	(53,145,959)	-
(6,189,474)	-	(6,189,474)	-
(218,055,352)	-	(218,055,352)	-
-	19,165,934	19,165,934	-
-	10,110,654	10,110,654	-
-	1,518,875	1,518,875	-
-	2,683,091	2,683,091	-
-	33,478,554	33,478,554	-
(218,055,352)	33,478,554	(184,576,798)	-
-	-	-	(15,369,695)
-	-	-	(169,306)
-	-	-	(1,814,419)
-	-	-	(18,208,716)
-	-	-	(1,103,193)
-	-	-	3,684,467
-	-	-	478,097
-	-	-	(32,502,765)
59,943,721	-	59,943,721	30,670,716
152,895,087	-	152,895,087	-
32,528,567	-	32,528,567	-
29,487,914	9,207,792	38,695,706	2,281,117
1,706,308	1,507,170	3,213,478	123,795
276,561,597	10,714,962	287,276,559	33,075,628
(949,411)	949,411	-	-
57,556,834	45,142,927	102,699,761	572,863
346,292,617	674,677,039	1,020,969,656	27,274,851
(5,297,694)	(816,876)	(6,114,570)	(240,219)
340,994,923	673,860,163	1,014,855,086	27,034,632
\$ 398,551,757	\$ 719,003,090	\$ 1,117,554,847	\$ 27,607,495

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Assets				
Equity in pooled cash and investments (Note 2)	\$ 145,280,688	\$ 16,999,613	\$ 4,499,709	\$ 48,066,062
Receivables:				
Receivables - Net	21,586,701	2,461,945	28,711	1,935,164
Due from other governments	4,361,410	3,910,501	1,020,572	1,586,162
Due from component units	-	-	-	574,165
Inventory	855,947	920,742	-	-
Restricted assets	-	-	-	156,984,592
Due from fiduciary funds	1,399,329	-	-	-
Lease receivable	-	55,123	-	-
Long-term receivable from the County and CAA	-	-	-	-
Total assets	\$ 173,484,075	\$ 24,347,924	\$ 5,548,992	\$ 209,146,145
Liabilities				
Vouchers and accounts payable	\$ 19,181,729	\$ 2,459,788	\$ 110,628	\$ 41,209,918
Due to other governmental units	144,887	-	-	-
Unearned revenue	13,493,285	-	-	5,377,534
Customer deposits	357,708	-	-	1,695,792
Total liabilities	33,177,609	2,459,788	110,628	48,283,244
Deferred Inflows of Resources				
Unavailable revenue	3,563,503	152,661	-	1,278,189
Deferred inflows related to leases	-	185,724	-	-
Total deferred inflows of resources	3,563,503	338,385	-	1,278,189
Total liabilities and deferred inflows of resources	36,741,112	2,798,173	110,628	49,561,433
Fund Balances				
Nonspendable:				
Inventory	855,947	920,742	-	-
Nonexpendable/Endowment	-	-	-	-
Restricted: (Note 18)				
Authorized projects	2,975,239	-	-	122,429,308
Opioid settlement	-	-	-	-
Public safety	-	-	-	-
Urban and community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	20,629,009	5,438,364	-
Committed: (Note 18)				
Authorized projects	4,643,069	-	-	37,155,404
Other purposes	18,798,835	-	-	-
Assigned: (Note 18)				
Culture and recreation	-	-	-	-
Urban and community development	-	-	-	-
Public works	-	-	-	-
Compensated absences	20,381,409	-	-	-
Other purposes	720,702	-	-	-
Unassigned	88,367,762	-	-	-
Total fund balances	136,742,963	21,549,751	5,438,364	159,584,712
Total liabilities, deferred inflows of resources, and fund balances	\$ 173,484,075	\$ 24,347,924	\$ 5,548,992	\$ 209,146,145

Governmental Funds Balance Sheet

June 30, 2025

	<u>Nonmajor Governmental Funds</u>		<u>Total Governmental Funds</u>
\$	112,562,736	\$	327,408,808
	8,301,696		34,314,217
	3,184,202		14,062,847
	-		574,165
	-		1,776,689
	12,423,070		169,407,662
	-		1,399,329
	44,831		99,954
	<u>52,671,163</u>		<u>52,671,163</u>
\$	<u>189,187,698</u>	\$	<u>601,714,834</u>
\$	11,906,524	\$	74,868,587
	-		144,887
	18,796,702		37,667,521
	<u>1,290,617</u>		<u>3,344,117</u>
	31,993,843		116,025,112
	61,137,350		66,131,703
	<u>47,910</u>		<u>233,634</u>
	<u>61,185,260</u>		<u>66,365,337</u>
	93,179,103		182,390,449
	-		1,776,689
	3,251,714		3,251,714
	-		125,404,547
	2,056,816		2,056,816
	3,224,341		3,224,341
	3,361,324		3,361,324
	610,933		610,933
	-		26,067,373
	41,992,945		83,791,418
	2,019,372		20,818,207
	11,898,223		11,898,223
	8,287,634		8,287,634
	14,209,905		14,209,905
	3,437,231		23,818,640
	1,825,371		2,546,073
	<u>(167,214)</u>		<u>88,200,548</u>
	<u>96,008,595</u>		<u>419,324,385</u>
\$	<u>189,187,698</u>	\$	<u>601,714,834</u>

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 419,324,385
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	1,120,684,495
Accumulated depreciation	<u>(700,146,664)</u>
Net capital assets used in governmental activities	420,537,831
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	66,131,703
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	45,891,909
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	(33,689,907)
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	(314,571,046)
Accrued interest is not due and payable in the current period and is not reported in the funds	(2,216,786)
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	(25,167,946)
Net pension liability	(266,328,667)
Net OPEB asset/liability	27,518
Deferred charges related to bond refunding are not due and payable in the current period and are not reported in the funds	1,065,672
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>87,547,091</u>
Net Position of Governmental Activities	<u><u>\$ 398,551,757</u></u>

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Revenue				
Taxes:				
Property taxes	\$ 19,063,041	\$ -	\$ -	\$ 7,875,410
Income taxes	126,305,953	17,125,289	-	6,202,395
Intergovernmental:				
Federal grants	6,206,822	418,617	-	21,242,561
State sources:				
State-shared taxes	25,348,553	23,819,300	6,433,481	3,090,272
State grants	1,157,130	-	-	6,372,943
Other grants and contributions	3,163,738	25,000	-	6,639,953
Charges for services	14,673,681	3,261,090	775,764	14,150
Fines and forfeitures	1,692,925	-	-	-
Licenses and permits	3,609,432	-	-	-
Investment income	10,244,154	1,183,255	253,879	7,187,545
Other revenue:				
Miscellaneous	582,395	52,085	14,427	165,397
Property sales	-	-	-	-
Total revenue	212,047,824	45,884,636	7,477,551	58,790,626
Expenditures				
Current services:				
General government	44,556,712	-	-	140,037
Public safety	118,735,022	-	-	1,191,164
Public works	5,379,283	15,717,061	5,550,333	-
Health and welfare	-	-	-	-
Urban and community development	7,043,360	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	5,939,066	5,374,071	6,270,232	177,155,998
Debt service:				
Principal	1,626,443	2,581,371	11,371	4,258,261
Interest and fiscal charges	139,650	292,225	368	5,010,331
Total expenditures	183,419,536	23,964,728	11,832,304	187,755,791
Excess of Revenue Over (Under) Expenditures	28,628,288	21,919,908	(4,354,753)	(128,965,165)
Other Financing Sources (Uses)				
Transfers in (Note 12)	1,690,876	1,939,662	5,147,791	4,227,461
Transfers out (Note 12)	(16,887,878)	(26,469,330)	-	(745,446)
New debt issued	-	-	-	155,170,000
Leases and SBITAs entered into	5,939,066	-	-	-
Debt premium	-	-	-	9,238,713
Total other financing (uses) sources	(9,257,936)	(24,529,668)	5,147,791	167,890,728
Net Change in Fund Balances	19,370,352	(2,609,760)	793,038	38,925,563
Fund Balances - Beginning of year	117,372,611	24,159,511	4,645,326	120,659,149
Fund Balances - End of year	\$ 136,742,963	\$ 21,549,751	\$ 5,438,364	\$ 159,584,712

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	<u>Nonmajor Governmental Funds</u>		<u>Total Governmental Funds</u>
\$	33,005,270	\$	59,943,721
	3,261,450		152,895,087
	25,078,767		52,946,767
	209,534		58,901,140
	5,893,532		13,423,605
	2,372,158		12,200,849
	18,116,387		36,841,072
	30,963		1,723,888
	5,836,495		9,445,927
	5,612,006		24,480,839
	895,215		1,709,519
	36,500		36,500
	<u>100,348,277</u>		<u>424,548,914</u>
	4,559,907		49,256,656
	3,996,949		123,923,135
	21,189,934		47,836,611
	833,393		833,393
	29,465,364		36,508,724
	28,389,237		28,389,237
	22,253,507		216,992,874
	2,510,827		10,988,273
	461,050		5,903,624
	<u>113,660,168</u>		<u>520,632,527</u>
	(13,311,891)		(96,083,613)
	34,787,669		47,793,459
	(8,034,021)		(52,136,675)
	9,810,000		164,980,000
	-		5,939,066
	1,292,219		10,530,932
	<u>37,855,867</u>		<u>177,106,782</u>
	24,543,976		81,023,169
	<u>71,464,619</u>		<u>338,301,216</u>
\$	<u>96,008,595</u>	\$	<u>419,324,385</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 81,023,169
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	121,465,537
Depreciation expense	(23,226,775)
Net book value of assets disposed of	(1,012,192)
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	55,613,352
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(181,449,998)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	11,022,775
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	(1,098,361)
Changes in unamortized premiums on bonds are not reported in governmental funds	1,103,587
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	(8,440,912)
Internal service funds are included as part of governmental activities	2,904,070
Change in Net Position of Governmental Activities	\$ 57,556,834

Proprietary Funds
Statement of Net Position

June 30, 2025

	Enterprise Funds				Total Enterprise Funds	Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise		Internal Service Funds
Assets						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 64,449,349	\$ 69,190,351	\$ 28,575,210	\$ 5,097,612	\$ 167,312,522	\$ 93,306,958
Receivables:						
Receivables - Net	11,185,660	15,040,806	704,736	184,001	27,115,203	2,199,481
Leases receivable	230,185	-	174,824	99,484	504,493	-
Due from other governments	-	15,856	-	-	15,856	-
Inventory	2,530,094	1,393,489	-	51,053	3,974,636	1,011,596
Prepaid expenses and other assets	-	-	136,386	-	136,386	-
Restricted assets (Note 4)	5,900,490	9,018,970	-	-	14,919,460	5,867,141
Total current assets	84,295,778	94,659,472	29,591,156	5,432,150	213,978,556	102,385,176
Noncurrent assets:						
Restricted assets (Note 4)	5,885,000	14,930,000	-	-	20,815,000	-
Investment in joint ventures (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Assets not subject to depreciation	28,464,672	14,827,867	7,224,815	3,588,689	54,106,043	3,594,032
Assets subject to depreciation - Net	409,823,288	444,770,186	37,182,302	2,444,205	894,219,981	29,671,063
Other assets	-	-	-	205,826	205,826	-
Lease receivable	7,857,635	-	3,730,519	-	11,588,154	-
Total noncurrent assets	452,030,595	477,000,953	48,137,636	6,238,720	983,407,904	33,265,095
Total assets	536,326,373	571,660,425	77,728,792	11,670,870	1,197,386,460	135,650,271
Deferred Outflows of Resources						
Deferred charges on bond refunding	2,387,072	2,619,556	686,149	-	5,692,777	-
Deferred outflows related to pensions (Notes 7 and 8)	1,273,918	1,356,812	511,003	70,757	3,212,490	1,265,007
Deferred outflows related to OPEB (Notes 10 and 11)	387,304	413,271	156,404	21,394	978,373	386,705
Total deferred outflows of resources	4,048,294	4,389,639	1,353,556	92,151	9,883,640	1,651,712
Liabilities						
Current liabilities:						
Vouchers and accounts payable	6,417,575	4,348,313	1,919,457	162,136	12,847,481	4,922,262
Due to other governmental units	-	-	-	-	-	87,972
Accrued interest payable	2,656,239	4,624,769	122,151	-	7,403,159	-
Unearned revenue	174,537	616,238	121,919	20,273	932,967	229,131
Current portion of compensated absences	1,071,233	920,615	291,495	60,173	2,343,516	926,307
Current portion of claims payable	-	-	-	-	-	13,013,468
Current portion of bonds, contracts, and leases payable (Note 6)	68,318	-	3,025,429	-	3,093,747	728,982
Total current liabilities	10,387,902	10,509,935	5,480,451	242,582	26,620,870	19,908,122
Noncurrent liabilities:						
Payable from restricted assets - Principal payable from restricted assets	5,885,000	14,930,000	-	-	20,815,000	-
Compensated absences	1,339,282	1,150,973	364,435	75,230	2,929,920	1,158,095
Provision for claims	-	-	-	-	-	230,291
Net pension liability (Notes 7 and 8)	12,987,111	13,832,180	5,209,483	721,339	32,750,113	12,896,275
Net OPEB liability (Notes 10 and 11)	712,727	760,510	287,818	39,368	1,800,423	711,624
Bonds, contracts, notes, and leases payable (Note 6)	142,919,403	242,818,382	15,983,773	-	401,721,558	584,196
Total noncurrent liabilities	163,843,523	273,492,045	21,845,509	835,937	460,017,014	15,580,481
Total liabilities	174,231,425	284,001,980	27,325,960	1,078,519	486,637,884	35,488,603

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2025

	Enterprise Funds				Total Enterprise Funds	Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise		Internal Service Funds
Deferred Inflows of Resources						
Deferred inflows related to pensions (Notes 7 and 8)	\$ 10,604	\$ 11,294	\$ 4,254	\$ 589	\$ 26,741	\$ 10,530
Deferred inflows related to OPEB (Notes 10 and 11)	1,143,089	1,219,725	461,610	63,138	2,887,562	1,141,321
Deferred inflows related to leases	7,914,185	-	3,806,668	108,408	11,829,261	-
Total deferred inflows of resources	9,067,878	1,231,019	4,272,532	172,135	14,743,564	1,151,851
Net Position						
Net investment in capital assets	286,799,256	202,281,165	25,621,440	6,032,894	520,734,755	31,951,917
Restricted - Debt service	11,153,185	23,763,642	-	-	34,916,827	-
Unrestricted	59,122,923	64,772,258	21,862,416	4,479,473	150,237,070	68,709,612
Total net position	\$ 357,075,364	\$ 290,817,065	\$ 47,483,856	\$ 10,512,367	705,888,652	\$ 100,661,529
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					13,114,438	
Total Net Position - Business-type Activities					\$ 719,003,090	

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

	Enterprise Funds				Total Enterprise Funds	Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise		Internal Service Funds
Operating Revenue						
Sales	\$ 56,717,364	\$ 3,285,513	\$ -	\$ 682,621	\$ 60,685,498	\$ 18,067
Charges for services	4,416,275	68,707,584	23,365,710	2,497,911	98,987,480	81,707,869
Miscellaneous	402,835	1,005,353	60,267	1,111	1,469,566	1,202,360
Total operating revenue	61,536,474	72,998,450	23,425,977	3,181,643	161,142,544	82,928,296
Operating Expenses						
Utilities	3,929,504	3,000,394	471,802	337,193	7,738,893	1,726,021
Supplies and materials	2,168,105	7,205,015	3,967,334	242,975	13,583,429	7,069,594
Personal services	12,983,062	13,897,920	5,498,592	1,422,443	33,802,017	12,382,857
Contractual services	5,935,927	10,166,730	5,481,970	746,454	22,331,081	9,941,461
Other services and charges	6,719,202	7,018,993	2,509,573	996,969	17,244,737	53,414,977
Depreciation and amortization	13,272,317	19,729,264	3,856,277	295,961	37,153,819	5,620,659
Total operating expenses	45,008,117	61,018,316	21,785,548	4,041,995	131,853,976	90,155,569
Operating Income (Loss)	16,528,357	11,980,134	1,640,429	(860,352)	29,288,568	(7,227,273)
Nonoperating Revenue (Expense)						
Investment income	3,430,094	4,144,480	1,391,318	241,900	9,207,792	5,007,075
Interest expense	(4,990,768)	(8,728,845)	(503,793)	-	(14,223,406)	-
Loss on sale of assets	(142,642)	(83,434)	-	-	(226,076)	(125,177)
Operating grants	935,270	984,763	604,553	-	2,524,586	-
Other nonoperating revenue	1,060,956	(202)	446,416	-	1,507,170	625,991
Total nonoperating revenue (expense)	292,910	(3,683,238)	1,938,494	241,900	(1,209,934)	5,507,889
Income (Loss) - Before capital contributions	16,821,267	8,296,896	3,578,923	(618,452)	28,078,634	(1,719,384)
Capital Contributions						
Capital grants	7,354,478	6,582,018	-	-	13,936,496	-
Other capital contributions	-	-	-	3,583,434	3,583,434	211,419
Total capital contributions	7,354,478	6,582,018	-	3,583,434	17,519,930	211,419
Transfers In (Note 12)	193,075	-	-	1,324,540	1,517,615	4,381,220
Transfers Out (Note 12)	(38,469)	(255,466)	(152,904)	(121,365)	(568,204)	(987,415)
Change in Net Position	24,330,351	14,623,448	3,426,019	4,168,157	46,547,975	1,885,840
Net Position - Beginning of year, as previously reported	333,155,489	276,491,866	44,135,552	6,374,646	660,157,553	99,162,507
Change in Accounting Principle (Note 1)	(410,476)	(298,249)	(77,715)	(30,436)	(816,876)	(386,818)
Net Position - Beginning of year, as restated	332,745,013	276,193,617	44,057,837	6,344,210	659,340,677	98,775,689
Net Position - End of year	\$ 357,075,364	\$ 290,817,065	\$ 47,483,856	\$ 10,512,367	\$ 705,888,652	\$ 100,661,529
Net Change in Net Position - Total enterprise funds					\$ 46,547,975	
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					(1,405,048)	
Change in Net Position of Business-type Activities					\$ 45,142,927	

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2025

	Enterprise Funds				Total Enterprise Funds	Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise		Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers	\$ 68,780,240	\$ 73,563,394	\$ 23,351,701	\$ 3,150,882	\$ 168,846,217	\$ 80,881,554
Payments to suppliers	(15,713,300)	(26,192,026)	(11,758,228)	(2,321,504)	(55,985,058)	(59,854,448)
Payments to employees	(8,230,114)	(8,682,819)	(3,170,053)	(1,075,104)	(21,158,090)	(8,043,378)
Other operating receipts	1,060,956	3,675	438,525	-	1,503,156	-
Payments for payroll taxes and benefits	(5,176,442)	(5,205,271)	(2,114,665)	(357,671)	(12,854,049)	(7,111,374)
Net cash provided by (used in) operating activities	40,721,340	33,486,953	6,747,280	(603,397)	80,352,176	5,872,354
Cash Flows from Noncapital Financing Activities						
Operating grants and subsidies	935,270	980,886	604,553	-	2,520,709	-
Transfers from other funds	193,075	-	-	1,349,540	1,542,615	4,381,220
Transfers to other funds	(38,469)	(255,466)	(152,904)	(146,365)	(593,204)	(987,415)
Net cash provided by noncapital financing activities	1,089,876	725,420	451,649	1,203,175	3,470,120	3,393,805
Cash Flows from Capital and Related Financing Activities						
Issuance of bonds	2,290,034	4,113,663	-	-	6,403,697	-
Receipt of capital grants	7,354,478	6,582,018	-	-	13,936,496	-
Proceeds from sale of capital assets	271,186	493,288	8,651	-	773,125	630,514
Purchase of capital assets	(33,932,311)	(15,122,772)	(2,638,990)	-	(51,694,073)	(9,530,869)
Principal and interest paid on capital debt	(11,539,504)	(24,149,366)	(3,488,771)	-	(39,177,641)	(242,629)
Net cash used in capital and related financing activities	(35,556,117)	(28,083,169)	(6,119,110)	-	(69,758,396)	(9,142,984)
Cash Flows Provided by Investing Activities - Interest received on investments	3,394,073	4,387,841	1,373,938	241,902	9,397,754	4,935,614
Net Increase in Equity in Pooled Cash and Investments	9,649,172	10,517,045	2,453,757	841,680	23,461,654	5,058,789
Equity in Pooled Cash and Investments - Beginning of year	65,946,381	82,436,948	26,121,453	4,255,932	178,760,714	94,115,310
Equity in Pooled Cash and Investments - End of year	<u>\$ 75,595,553</u>	<u>\$ 92,953,993</u>	<u>\$ 28,575,210</u>	<u>\$ 5,097,612</u>	<u>\$ 202,222,368</u>	<u>\$ 99,174,099</u>
Classification of Cash						
Cash and investments	\$ 64,449,349	\$ 69,190,351	\$ 28,575,210	\$ 5,097,612	\$ 167,312,522	\$ 93,306,958
Restricted cash	11,146,204	23,763,642	-	-	34,909,846	5,867,141
Total cash	<u>\$ 75,595,553</u>	<u>\$ 92,953,993</u>	<u>\$ 28,575,210</u>	<u>\$ 5,097,612</u>	<u>\$ 202,222,368</u>	<u>\$ 99,174,099</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2025

	Enterprise Funds				Total Enterprise Funds	Governmental
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 16,528,357	\$ 11,980,134	\$ 1,640,429	\$ (860,352)	\$ 29,288,568	\$ (7,227,273)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	13,272,317	19,729,264	3,856,277	295,961	37,153,819	5,620,659
Changes in assets and liabilities:						
Receivables	8,313,744	578,498	364,249	(30,761)	9,225,730	(899,438)
Inventories	391,375	(75,267)	-	(13,885)	302,223	(114,853)
Restricted assets	-	-	-	-	-	225,451
Accounts payable and other liabilities	2,545,170	1,239,364	669,665	15,972	4,470,171	8,695,321
Net pension or OPEB liability	(1,802,358)	(1,514,901)	(292,587)	(83,428)	(3,693,274)	(1,818,069)
Deferrals related to pension or OPEB	896,689	917,814	319,278	47,925	2,181,706	894,551
Compensated absences	576,046	632,047	189,969	25,171	1,423,233	496,005
Total adjustments	24,192,983	21,506,819	5,106,851	256,955	51,063,608	13,099,627
Net cash provided by (used in) operating activities	<u>\$ 40,721,340</u>	<u>\$ 33,486,953</u>	<u>\$ 6,747,280</u>	<u>\$ (603,397)</u>	<u>\$ 80,352,176</u>	<u>\$ 5,872,354</u>
Significant Noncash Transactions -						
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 3,583,434	\$ 3,583,434	\$ 211,419

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Assets		
Equity in pooled cash and investments (Note 2)	\$ 557,448	\$ 2,049,349
Investments: (Note 2)		
Cash and money market funds	24,217,056	-
U.S. government securities	211,506,613	-
Other	95,255,658	-
State and municipal bonds	989,188	-
Corporate bonds and fixed-income commingled funds	85,926,036	-
Common stocks and equity mutual funds	583,242,903	-
Asset-backed securities	17,503,088	-
Real estate securities	51,124,752	-
Commodities	25,280,933	-
Collateral held by broker under securities lending - Short-term fixed income	77,332,290	-
Receivables:		
Receivables - Net	1,705,768	741,599
Accrued interest receivable	1,946,245	-
Other receivables	161,935	-
Pending trades - Sales	2,775,202	-
Total assets	1,179,525,115	2,790,948
Liabilities		
Vouchers and accounts payable	1,145,336	-
Due to General Fund	1,399,329	-
Due to other governmental units	-	2,790,948
Pending trades - Purchases and other payables	3,823,461	-
Obligations under securities lending agreements	77,332,290	-
Total liabilities	83,700,416	2,790,948
Net Position - Restricted		
Pension	1,015,928,257	-
Postemployment benefits other than pension	79,896,442	-
Total net position	\$ 1,095,824,699	\$ -

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Additions		
Investment income:		
Interest and dividends	\$ 19,567,764	\$ -
Net increase in fair value of investments	91,385,935	-
Investment costs	(2,223,707)	-
Net investment income	108,729,992	-
Securities lending income - Interest and dividends	387,538	-
Contributions:		
Employer contributions	33,211,937	-
Employee contributions	8,103,205	-
Total contributions	41,315,142	-
Property tax collections for other governments	-	220,404,325
Total additions	150,432,672	220,404,325
Deductions		
Benefit payments	83,625,846	-
Administrative expenses	1,922,673	-
Property tax distributions to other governments	-	220,404,325
Total deductions	85,548,519	220,404,325
Net Increase in Fiduciary Net Position	64,884,153	-
Net Position - Beginning of year	1,030,940,546	-
Net Position - End of year	\$ 1,095,824,699	\$ -

City of Grand Rapids, Michigan

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority
Assets				
Equity in pooled cash and investments (Note 2)	\$ 3,823,981	\$ 3,786,390	\$ 1,254,361	\$ 13,312,170
Receivables:				
Receivables - Net	1,721,545	14,360	10,617	54,023
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses and other assets	-	-	-	-
Capital assets: (Note 5)				
Assets not subject to depreciation	11,313,680	-	-	-
Assets subject to depreciation - Net	4,285,544	3,831	-	-
Total assets	21,144,750	3,804,581	1,264,978	13,366,193
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	1,677,957	771	381,918	2,858,983
Due to primary government	574,165	-	-	-
Accrued interest payable	-	-	-	3,270
Due to participants	-	-	-	1,512,912
Unearned revenue	1,000	-	-	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Current portion of compensated absences	54,729	784	8,682	33,646
Current portion of bonds, contracts, and leases payable	93,417	961	-	135,000
Due in more than one year:				
Compensated absences	68,417	982	10,854	42,066
Net pension liability (Notes 7 and 8)	-	-	-	-
Net OPEB liability (Notes 10 and 11)	-	-	-	-
Bonds, contracts, notes, and leases payable (Note 6)	214,225	2,926	-	935,000
Total liabilities	2,683,910	6,424	401,454	5,520,877
Deferred Inflows of Resources				
Deferred inflows related to pensions (Notes 7 and 8)	-	-	-	-
Deferred inflows related to OPEB (Notes 10 and 11)	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Net Position (Deficit)				
Net investment in capital assets	15,291,582	(56)	-	-
Restricted for authorized projects	3,169,258	3,798,213	863,524	7,845,316
Unrestricted	-	-	-	-
Total net position (deficit)	\$ 18,460,840	\$ 3,798,157	\$ 863,524	\$ 7,845,316

Component Units Statement of Net Position

June 30, 2025

Corridor Improvement Authority	61st District Court	Land Bank Authority	Total
\$ 4,260,547	\$ 5,387,664	\$ 67,543	\$ 31,892,656
16,471	14,443	936	1,832,395
-	182,097	-	182,097
-	-	470,000	470,000
-	24	-	24
-	-	-	11,313,680
-	145,256	-	4,434,631
<u>4,277,018</u>	<u>5,729,484</u>	<u>538,479</u>	<u>50,125,483</u>
-	778,778	-	778,778
-	1,827,332	-	1,827,332
-	2,606,110	-	2,606,110
197,039	1,701,320	22,935	6,840,923
-	-	-	574,165
-	-	-	3,270
-	316,267	-	1,829,179
-	30,846	750	32,596
-	414,470	-	512,311
-	-	-	229,378
-	518,180	-	640,499
-	9,625,928	-	9,625,928
-	1,475,616	-	1,475,616
-	-	-	1,152,151
<u>197,039</u>	<u>14,082,627</u>	<u>23,685</u>	<u>22,916,016</u>
-	23,820	-	23,820
-	2,184,262	-	2,184,262
-	2,208,082	-	2,208,082
-	145,256	-	15,436,782
4,079,979	-	514,794	20,271,084
-	(8,100,371)	-	(8,100,371)
<u><u>\$ 4,079,979</u></u>	<u><u>\$ (7,955,115)</u></u>	<u><u>\$ 514,794</u></u>	<u><u>\$ 27,607,495</u></u>

City of Grand Rapids, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority - Urban and community development	\$ 16,819,305	\$ 1,281,761	\$ 167,849	\$ -
Tax Increment Financing Authority - Urban and community development	326,035	-	156,729	-
SmartZone Local Development Financing Authority - Urban and community development	2,246,041	-	431,622	-
Brownfield Redevelopment Authority - Urban and community development	18,635,016	194,837	231,463	-
Corridor Improvement Authority - Urban and community development	1,303,193	-	200,000	-
61st District Court - Public safety	11,622,594	3,288,265	12,018,796	-
Land Bank Authority - Urban and community development	23,903	-	32,000	470,000
Total component units	\$ 50,976,087	\$ 4,764,863	\$ 13,238,459	\$ 470,000

General revenue (expense):
 Property taxes
 Unrestricted investment income (loss)
 Other miscellaneous income
 Total general revenue (expense)

Change in Net Position

Net Position (Deficit) - Beginning of year, as previously reported

Accounting Change (Note 1)

Net Position (Deficit) - Beginning of year, as restated

Net Position (Deficit) - End of year

Component Units
Statement of Activities

Year Ended June 30, 2025

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	Land Bank Authority	Total
\$ (15,369,695)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,369,695)
-	(169,306)	-	-	-	-	-	(169,306)
-	-	(1,814,419)	-	-	-	-	(1,814,419)
-	-	-	(18,208,716)	-	-	-	(18,208,716)
-	-	-	-	(1,103,193)	-	-	(1,103,193)
-	-	-	-	-	3,684,467	-	3,684,467
-	-	-	-	-	-	478,097	478,097
(15,369,695)	(169,306)	(1,814,419)	(18,208,716)	(1,103,193)	3,684,467	478,097	(32,502,765)
9,009,813	537,678	1,675,825	17,017,771	2,429,629	-	-	30,670,716
616,378	197,564	136,794	952,885	193,169	184,986	(659)	2,281,117
2,960	-	-	75,000	8,479	-	37,356	123,795
9,629,151	735,242	1,812,619	18,045,656	2,631,277	184,986	36,697	33,075,628
(5,740,544)	565,936	(1,800)	(163,060)	1,528,084	3,869,453	514,794	572,863
24,204,330	3,232,595	869,026	8,028,442	2,551,895	(11,611,437)	-	27,274,851
(2,946)	(374)	(3,702)	(20,066)	-	(213,131)	-	(240,219)
24,201,384	3,232,221	865,324	8,008,376	2,551,895	(11,824,568)	-	27,034,632
\$ 18,460,840	\$ 3,798,157	\$ 863,524	\$ 7,845,316	\$ 4,079,979	\$ (7,955,115)	\$ 514,794	\$ 27,607,495

As of and for the Year Ended June 30, 2025

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, 2025

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, 2025

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.

The Grand Rapids Land Bank Authority was created under the State of Michigan's Land Bank Fast Track Act (Public Act 258 of 2003, as amended) to acquire, hold, manage, and redevelop vacant, abandoned, foreclosed, or blighted properties. The authority is under the supervision and control of a seven-member board appointed by the mayor and confirmed by the City Commission.

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, 2025 is as follows: total assets of \$138,737,246, total liabilities of \$57,908,387, total net position of \$80,828,859, revenue of \$8,575,000, and expenses of \$7,402,995.

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, 2025 is as follows: total assets of \$246,637,588, total liabilities of \$97,670,920, total net position of \$148,966,668, revenue of \$131,727,000, and expenses of \$25,347,740.

As of and for the Year Ended June 30, 2025

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, 2025 is as follows: total assets of \$23,913,119, total liabilities of \$8,903,747, total net position of \$15,009,372, revenue of \$9,752,733, and expenses of \$9,196,531.

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, 2025

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, 2025

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, 2025

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.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Long-term Receivable from the County and CAA

The long-term receivable represents amounts due from Kent County and the Grand Rapids-Kent County Convention/Arena Authority (CAA) pursuant to a contractual agreement to fund debt service for the amphitheater, amphitheater parking garage, and soccer stadium projects. The amount recorded at year end represents debt proceeds expended through June 30, 2025.

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.

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 four items that qualify for reporting in this category, deferred resources due to time restrictions related to special assessments, certain grant receivables, funds receivable from the national opioid settlement, and funds receivable from Kent County and the CAA (recorded in the governmental funds only); deferred resources related to pensions and 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.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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.

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.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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.

At July 2024, the total assessed value of all real and personal property in the City subject to ad valorem taxation was \$7,283,603,702 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 \$3,806,546,648 by this limitation, reducing city tax revenue by approximately \$34,085,341 for fiscal year 2025.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2025 was based on the following rates:

Purpose	Millage Rate	Revenue
General operating	3.7396 \$	22,783,680
Promotional and advertising	0.0068	41,097
Refuse collection	1.8000	10,955,395
Library operating and capital	2.2316	13,836,586
Parks	1.1764	7,193,640

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 2025.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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.

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. The compensated absence liabilities are reported in the government-wide and proprietary fund financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than note to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. In governmental funds, the vested portion of compensated absences is reported as part of assigned fund balance.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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.

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.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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.

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.

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the government-wide and proprietary statements of net position has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement are shown in the table below.

As of and for the Year Ended June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Restatements of Beginning Balances

The changes noted above resulted in restatements of beginning net position and fund net position as follows:

	June 30, 2024		June 30, 2024
	As Previously Reported	Adoption of New Accounting Pronouncement	As Restated
Government-wide:			
Governmental activities	\$ 346,292,617	\$ (5,297,694)	\$ 340,994,923
Business-type activities	674,677,039	(816,876)	673,860,163
Total primary government	\$ 1,020,969,656	\$ (6,114,570)	\$ 1,014,855,086
Proprietary funds:			
Major funds:			
Water Supply System	\$ 333,155,489	\$ (410,476)	\$ 332,745,013
Sewage Disposal System	276,491,866	(298,249)	276,193,617
Parking System	44,135,552	(77,715)	44,057,837
Nonmajor funds	6,374,646	(30,436)	6,344,210
Total proprietary funds	\$ 660,157,553	\$ (816,876)	\$ 659,340,677
Internal service funds	\$ 99,162,507	\$ (386,818)	\$ 98,775,689
Discretely presented component units:			
Downtown Development Authority	\$ 24,204,330	\$ (2,946)	\$ 24,201,384
Tax Increment Financing Authority	3,232,595	(374)	3,232,221
SmartZone Local Development Financing Authority	869,026	(3,702)	865,324
Brownfield Redevelopment Authority	8,028,442	(20,066)	8,008,376
Corridor Improvement Authority	2,551,895	-	2,551,895
61st District Court	(11,611,437)	(213,131)	(11,824,568)
Total discretely presented component units	\$ 27,274,851	\$ (240,219)	\$ 27,034,632

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

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

- Debentures, discount notes, step-up and callable securities, mortgage pass-throughs, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits, and other obligations that are explicitly guaranteed as to timely repayment of principal by the United States
- Debentures, discount notes, step-up and callable securities, mortgage pass-throughs, collateralized mortgage obligations, real estate mortgage investment conduits, and other obligations issued by entities chartered by the United States such as Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Home Loan Banks (FHLB)
- 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 with a termination date of 90 days or less collateralized 102 percent by U.S. Treasury obligations and federal instrumentality securities with maturities not exceeding 10 years 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
- 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.

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

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 %
Federal instrumentalities securities	100.00	100.00
Government-sponsored entity agency securities	50.00	30.00
Repurchase agreements	25.00	5.00
Certificates of deposit in excess of NCUA or FDIC coverage limits	25.00	5.00
Certificates of deposit within NCUA or FDIC coverage limits	100.00	100.00
Michigan municipal securities*	50.00	50.00
Prime commercial paper	25.00	5.00
Eligible bankers acceptances	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
Local government investment pools	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.

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 \$231,551,273 and the associated bank balances totaled \$245,439,309. Of these bank balances, \$130,018,969 was maintained in multiple Insured Cash Sweep (ICS) accounts and were fully covered by FDIC insurance through the ICS program. Of the remaining bank balances of \$115,420,340, \$1,703,443 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$113,716,897 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.

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

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, 2025, 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, 2024, no investments of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2025, 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).

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					1.49
U.S. Treasury inflation-protected securities					0.60
U.S. agency bonds					7.05
Michigan municipal bonds					3.93
Police and Fire Retirement System at December 31, 2024	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 104,764,518	\$ -	\$ 7,268,816	\$ 3,512,514	\$ 93,983,188
State and municipal bonds	514,373	-	246,210	-	268,163
Corporate bonds and fixed-income commingled funds	24,183,216	497,429	13,604,189	4,785,998	5,295,600
Asset-backed securities	9,009,276	-	1,176,549	128,811	7,703,916
Cash and money market mutual funds	9,931,213	9,931,213	-	-	-
Investments held as collateral for securities lending	38,073,451	38,073,451	-	-	-
Total	\$ 186,476,047	\$ 48,502,093	\$ 22,295,764	\$ 8,427,323	\$ 107,250,867

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

General Retirement System at June 30, 2025	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 106,742,095	\$ -	\$ 8,654,888	\$ 2,865,592	\$ 95,221,615
State and municipal bonds	474,815	-	248,894	-	225,921
Corporate bonds and fixed-income commingled funds	24,684,240	224,582	13,472,902	6,099,933	4,886,823
Asset-backed securities	8,493,812	-	984,969	431,529	7,077,314
Cash and money market mutual funds	7,970,128	7,970,128	-	-	-
Investments held as collateral for securities lending	39,258,839	39,258,839	-	-	-
Total	\$ 187,623,929	\$ 47,453,549	\$ 23,361,653	\$ 9,397,054	\$ 107,411,673

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				
	Total	AAA/A-1	AA/A-2	A/A-3	Not Available
U.S. Treasury obligations	\$ 212,496,006	\$ -	\$ 212,496,006	\$ -	\$ -
U.S. government agencies	125,840,576	1,476,013	49,696,871	-	74,667,692
Michigan municipal securities	196,403,564	5,125,068	170,023,006	4,990,967	16,264,523
Money market mutual funds	61,017,784	-	-	-	61,017,784
Total	\$ 595,757,930	\$ 6,601,081	\$ 432,215,883	\$ 4,990,967	\$ 151,949,999

Rating	Police and Fire Retirement System at December 31, 2024		General Retirement System at June 30, 2025		OPEB Plans at June 30, 2025
	S&P AAA	\$ 2,093,978	\$ 1,791,998	\$ -	\$ -
S&P AA	1,152,138	1,338,662	-	-	-
S&P A	7,921,470	6,893,703	-	-	-
S&P BBB	15,296,343	16,302,456	-	-	-
S&P BB	101,667	295,949	-	-	-
S&P D	188,656	183,831	-	-	-
Not subject to credit risk	104,688,593	106,662,595	-	-	-
Unrated	7,028,536	6,925,768	-	-	6,315,715
Total	\$ 138,471,381	\$ 140,394,962	\$ 6,315,715	\$ 6,315,715	\$ 6,315,715

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

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.

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, 2024	General Retirement System at June 30, 2025
Common and preferred stocks and equity mutual funds	\$ 108,030,176	\$ 111,500,392
Private equity partnerships	11,711,065	11,208,561
Private credit partnerships	17,888,499	17,529,052
Government obligations	75,924	79,500
Corporate bonds and fixed-income commingled funds	7,059,154	6,668,338
Total fair value	\$ 144,764,818	\$ 146,985,843

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 and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

As of December 31, 2024, 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	\$ 7,712,887	\$ 7,884,219
U.S. equities	19,322,842	19,777,232
U.S. government fixed income	10,200,597	10,412,000
Total	<u>\$ 37,236,326</u>	<u>\$ 38,073,451</u>

As of June 30, 2025, 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	\$ 6,572,686	\$ 6,689,942
U.S. equities	23,681,070	24,280,979
U.S. government fixed income	6,667,563	6,759,438
Global equities	1,481,193	1,528,480
Total	<u>\$ 38,402,512</u>	<u>\$ 39,258,839</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.

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

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.

The value of the City's investment portfolio at June 30, 2025 was developed using the following inputs:

	Primary Government Fair Value Measurements			Balance at June 30, 2025
	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	\$ 142,452,017	\$ 70,043,990	\$ -	\$ 212,496,007
U.S. government agency	54,343,919	71,496,657	-	125,840,576
Michigan municipal securities	-	196,403,564	-	196,403,564
Total measured at fair value	<u>\$ 196,795,936</u>	<u>\$ 337,944,211</u>	<u>\$ -</u>	<u>\$ 534,740,147</u>

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

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, 2024
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
U.S. government obligations	\$ 34,473,462	\$ 70,291,056	\$ -	\$ 104,764,518
State and municipal bonds	514,373	-	-	514,373
Corporate bonds	24,183,216	-	-	24,183,216
Common and preferred stocks and equity mutual funds	82,877,499	193,014,403	-	275,891,902
Asset-backed securities	9,009,276	-	-	9,009,276
Investments held as collateral for securities lending	38,073,451	-	-	38,073,451
Total measured at fair value	<u>\$ 189,131,277</u>	<u>\$ 263,305,459</u>	<u>\$ -</u>	452,436,736
Investments Measured at Net Asset Value (NAV)				
Money market mutual funds:				
Real estate				27,672,004
Private equity partnerships				31,122,753
Private credit partnerships				18,904,896
Commodities				25,280,933
Total investments				<u>\$ 555,417,322</u>

As of and for the Year Ended June 30, 2025

Note 2 - Deposits and Investments (Continued)

	General Retirement System Fair Value Measurements			Balance at June 30, 2025
	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	\$ 35,748,200	\$ 70,993,895	\$ -	\$ 106,742,095
State and municipal bonds	474,815	-	-	474,815
Corporate bonds	24,684,240	-	-	24,684,240
Common and preferred stocks and equity mutual funds	78,106,715	191,694,776	-	269,801,491
Asset-backed securities	8,493,812	-	-	8,493,812
Investments held as collateral for securities lending	39,258,839	-	-	39,258,839
Total measured at fair value	<u>\$ 186,766,621</u>	<u>\$ 262,688,671</u>	<u>\$ -</u>	449,455,292
Investments Measured at Net Asset Value				
Money market mutual funds:				
Real estate				23,452,748
Private equity partnerships				27,698,957
Private credit partnerships				<u>17,529,052</u>
Total investments				<u>\$ 518,136,049</u>

The value of the City's OPEB plans investment portfolios was developed using the following inputs:

	OPEB Plans Fair Value Measurements			Balance at June 30, 2025
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets - Exchange-traded funds	<u>\$ 74,608,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,608,090</u>

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. 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.

As of and for the Year Ended June 30, 2025

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.

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, 2025, 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 capital outlay, which required an entry to gross up expenditures and other financing sources for a new subscription IT arrangement, and the Local Streets Fund, which incurred unexpected street rehabilitation projects that exceeded the capital outlay budget.

Fund Deficits

The Michigan Indigent Defense Commission Fund, a nonmajor governmental fund that is a state-required fund created to establish and enforce new standards for indigent legal services, ended the year with a deficit of \$167,214. The deficit relates to spending that will be funded by next year's state funding.

As of and for the Year Ended June 30, 2025

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The 311 Program Fund, an internal service fund that provides centralized customer services to other city funds, ended the year with a deficit of \$1,310,045. 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 \$1,545,143. 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 \$7,955,115 at June 30, 2025. 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. 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 and nonmajor funds. Unspent bond proceeds are held in the General Capital Construction Fund.

At June 30, 2025, restricted assets are composed of the following:

	Proprietary Funds			Governmental Funds	
	Water Supply System	Sewage Disposal System	Internal Service	General Capital Construction	Nonmajor Funds
Funds held by trustee	\$ 11,146,204	\$ 23,763,642	\$ 5,867,141	\$ -	\$ 12,423,070
Unspent bond proceeds	-	-	-	156,984,592	-
Loans receivable	639,286	185,328	-	-	-
Total	\$ 11,785,490	\$ 23,948,970	\$ 5,867,141	\$ 156,984,592	\$ 12,423,070

As of and for the Year Ended June 30, 2025

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities is as follows:

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Deletions and Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 30,982,310	\$ -	\$ -	\$ (1)	\$ 30,982,309
Construction in progress	54,785,363	(26,912,195)	105,588,756	(2,009,279)	131,452,645
Easement/Right of way	1,709,536	-	80,963	-	1,790,499
Subtotal	87,477,209	(26,912,195)	105,669,719	(2,009,280)	164,225,453
Capital assets being depreciated:					
Lease assets	157,833	-	28,580	-	186,413
Subscription assets	5,446,508	-	8,551,271	-	13,997,779
Buildings and structures	182,763,196	-	963,859	-	183,727,055
Furniture and equipment	2,639,031	-	240,025	-	2,879,056
Vehicles	66,340,731	2,617,030	4,722,535	(2,463,078)	71,217,218
Machinery and equipment	33,535,590	1,024,063	903,930	(352,373)	35,111,210
Land improvements	72,998,387	1,822,364	7,178,047	(1,274,495)	80,724,303
Software	142,900	-	-	-	142,900
Infrastructure	611,955,675	21,448,738	9,866,698	-	643,271,111
Subtotal	975,979,851	26,912,195	32,454,945	(4,089,946)	1,031,257,045
Accumulated depreciation:					
Lease assets	79,558	-	15,116	-	94,674
Subscription assets	3,586,419	-	871,646	-	4,458,065
Buildings and structures	129,141,808	-	3,610,962	-	132,752,770
Furniture and equipment	2,638,486	-	37,239	-	2,675,725
Vehicles	40,810,644	-	5,085,287	(2,253,590)	43,642,341
Machinery and equipment	13,985,124	-	1,974,845	(285,267)	15,674,702
Land improvements	43,056,043	-	2,380,059	(329,410)	45,106,692
Software	142,900	-	-	-	142,900
Infrastructure	482,117,357	-	15,014,346	-	497,131,703
Subtotal	715,558,339	-	28,989,500	(2,868,267)	741,679,572
Net capital assets being depreciated	260,421,512	26,912,195	3,465,445	(1,221,679)	289,577,473
Net governmental activities capital assets	\$ 347,898,721	\$ -	\$ 109,135,164	\$ (3,230,959)	\$ 453,802,926

As of and for the Year Ended June 30, 2025

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2024	Reclassifications	Additions	Deletions and Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 15,198,826	\$ -	\$ -	\$ -	\$ 15,198,826
Construction in progress	15,686,452	(12,148,221)	31,042,804	(25,216)	34,555,819
Easement/Right of way	4,019,175	-	332,223	-	4,351,398
Subtotal	34,904,453	(12,148,221)	31,375,027	(25,216)	54,106,043
Capital assets being depreciated:					
Storage tanks	26,526,771	-	5,651	-	26,532,422
Buildings and structures	239,619,187	1,896,948	2,765,285	(1,251,402)	243,030,018
Furniture	288,930	-	-	(26,918)	262,012
Motor vehicles	6,505,544	86,971	1,600,698	(697,276)	7,495,937
Machinery and equipment	284,674,444	8,069,329	5,929,187	(770,956)	297,902,004
Sewer service mains	562,341,259	399,497	4,351,341	(270,295)	566,821,802
Land improvements	36,936,706	7,747	15,000	-	36,959,453
Water mains	420,986,996	1,802,399	9,298,972	(814,785)	431,273,582
Software	190,958	-	-	-	190,958
Lease assets	4,934,196	-	26,916	-	4,961,112
Subscription assets	1,532,297	-	-	-	1,532,297
Subtotal	1,584,537,288	12,262,891	23,993,050	(3,831,632)	1,616,961,597
Accumulated depreciation:					
Storage tanks	16,217,496	-	556,009	-	16,773,505
Buildings and structures	143,914,936	-	5,432,144	(1,174,916)	148,172,164
Furniture	282,484	-	235	(26,919)	255,800
Motor vehicles	5,204,118	-	372,824	(610,305)	4,966,637
Machinery and equipment	138,478,216	-	11,533,444	(447,958)	149,563,702
Sewer service mains	239,026,405	-	10,940,713	-	249,967,118
Land improvements	26,528,570	-	1,114,470	-	27,643,040
Water mains	116,474,925	-	6,027,564	(400,958)	122,101,531
Software	190,958	-	-	-	190,958
Lease assets	1,793,741	-	657,420	-	2,451,161
Subscription assets	137,004	-	518,996	-	656,000
Subtotal	688,248,853	-	37,153,819	(2,661,056)	722,741,616
Net capital assets being depreciated	896,288,435	12,262,891	(13,160,769)	(1,170,576)	894,219,981
Net business-type activities capital assets	\$ 931,192,888	\$ 114,670	\$ 18,214,258	\$ (1,195,792)	\$ 948,326,024

As of and for the Year Ended June 30, 2025

Note 5 - Capital Assets (Continued)

Component Units

Capital asset activity of the 61st District Court for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated - Construction in progress	\$ 114,048	\$ -	\$ (114,048)	\$ -
Capital assets being depreciated:				
Motor vehicles	72,145	-	(26,892)	45,253
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	30,730	102,073	-	132,803
Subtotal	253,655	102,073	(26,892)	328,836
Accumulated depreciation:				
Motor vehicles	36,891	4,636	(24,572)	16,955
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	915	14,930	-	15,845
Subtotal	188,586	19,566	(24,572)	183,580
Net capital assets being depreciated	65,069	82,507	(2,320)	145,256
Net 61st District Court capital assets	<u>\$ 179,117</u>	<u>\$ 82,507</u>	<u>\$ (116,368)</u>	<u>\$ 145,256</u>

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As of and for the Year Ended June 30, 2025

Note 5 - Capital Assets (Continued)

Capital asset activity of the Downtown Development Authority for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 11,008,005	\$ -	\$ -	\$ 11,008,005
Construction in progress	305,675	-	-	305,675
Subtotal	11,313,680	-	-	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	6,058,684	10,950	-	6,069,634
Furniture	2,842,539	-	-	2,842,539
Land improvements	7,046,193	-	-	7,046,193
Infrastructure	267,779	-	-	267,779
Lease asset	498,992	110,561	-	609,553
Subtotal	76,890,312	121,511	-	77,011,823
Accumulated depreciation:				
Motor vehicles	7,308	5,000	-	12,308
Buildings and structures	54,944,645	2,008,921	-	56,953,566
Machinery and equipment	5,693,574	168,438	-	5,862,012
Furniture	2,624,815	99,251	-	2,724,066
Land improvements	6,535,351	106,096	-	6,641,447
Infrastructure	220,174	5,950	-	226,124
Lease asset	214,725	92,031	-	306,756
Subtotal	70,240,592	2,485,687	-	72,726,279
Net capital assets being depreciated	6,649,720	(2,364,176)	-	4,285,544
Net Downtown Development Authority capital assets	\$ 17,963,400	\$ (2,364,176)	\$ -	\$ 15,599,224

As of and for the Year Ended June 30, 2025

Note 5 - Capital Assets (Continued)

Capital asset activity of the Tax Increment Financing Authority for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets being depreciated:				
Land improvements	\$ 1,486,800	\$ -	\$ -	\$ 1,486,800
Lease asset	5,951	1,688	-	7,639
Subtotal	1,492,751	1,688	-	1,494,439
Accumulated depreciation:				
Land improvements	1,486,800	-	-	1,486,800
Lease asset	2,850	958	-	3,808
Subtotal	1,489,650	958	-	1,490,608
Net Tax Increment Financing Authority capital assets	<u>\$ 3,101</u>	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ 3,831</u>

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

Governmental activities:	
General government	\$ 2,200,391
Public safety	1,971,506
Public works	16,053,526
Recreation and culture	3,143,418
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>5,620,659</u>
Total governmental activities	<u>\$ 28,989,500</u>
Business-type activities:	
Water	\$ 13,272,317
Sewer	19,729,264
Auto parking	3,856,277
Other	<u>295,961</u>
Total business-type activities	<u>\$ 37,153,819</u>
Component unit activities:	
61st District Court	\$ 19,566
Downtown Development Authority	2,485,687
Tax Increment Finance Authority	<u>958</u>
Total component unit activities	<u>\$ 2,506,211</u>

As of and for the Year Ended June 30, 2025

Note 5 - Capital Assets (Continued)

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	\$ 30,790,381	\$ 464,007
Sewer Disposal System - Various sewer mains and system construction projects	19,583,143	-
Streets Capital Construction - Various street construction projects	553,293	2,683
Vital Streets Capital Construction - Various vital street construction projects	<u>17,294,914</u>	<u>61,802</u>
Total	<u>\$ 68,221,731</u>	<u>\$ 528,492</u>

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As of and for the Year Ended June 30, 2025

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2025 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	2.35-2.65%	2-21 to 2-27	\$ 1,145,000	\$ -	\$ (375,000)	\$ 770,000	\$ 380,000
2013 Capital Improvement Bonds Kent County Drain Commission Contract payable (2016 Floodwalls)	2.98%	8-20 to 8-29	790,000	-	(120,000)	670,000	120,000
Kent County Drain Commission Contract payable (2014 Floodwalls)	5%	11-20 to 11-36	6,280,000	-	(355,000)	5,925,000	370,000
	3-4%	11-20 to 11-34	2,855,000	-	(225,000)	2,630,000	230,000
Total direct borrowings and direct placements			11,070,000	-	(1,075,000)	9,995,000	1,100,000
Other debt:							
2025 LTGO CIB Soccer/Amphitheater Funding Gap	5%	4-30 to 4-55	-	122,270,000	-	122,270,000	-
2024 LTGO Capital Improvement (Amphitheater Parking)	5%	10-29 to 10-54	-	21,970,000	-	21,970,000	-
2024 Parks Improvement Bonds (ELC & Chiller)	5%	10-25 to 10-44	-	10,930,000	-	10,930,000	325,000
2024 Parks Improvement Bonds (Parks)	5%	10-25 to 10-44	-	9,810,000	-	9,810,000	295,000
2024 LTGO Capital Improvement (Amphitheater)	5.00%	4-24 to 4-44	18,265,000	-	(715,000)	17,550,000	575,000
2024 LTGO Capital Improvement (Scribner)	5.00%	4-24 to 4-45	54,505,000	-	(1,315,000)	53,190,000	855,000
2023 LTGO Capital Improvement (Lyon Square)	5.00%	4-24 to 4-54	9,130,000	-	(275,000)	8,855,000	290,000
2021 LTGO Capital Improvement (street lighting)	1.25%-4.00%	10-22 to 10-41	10,870,000	-	(485,000)	10,385,000	495,000
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	1,495,000	-	(160,000)	1,335,000	160,000
2019A Grand Rapids Building Authority (Condo II-taxable)	5.00%	10-20 to 10-28	5,270,000	-	(950,000)	4,320,000	1,005,000
2019B Grand Rapids Building Authority (Condo II)	1.9-2.51%	10-20 to 10-28	5,790,000	-	(1,110,000)	4,680,000	1,130,000
2018 LTGO Capital Improvement (street lighting)	3-5%	10-22 to 10-41	7,690,000	-	(275,000)	7,415,000	285,000
2016 LTGO Refunding Bonds	3-5%	10-20 to 10-27	3,455,000	-	(805,000)	2,650,000	855,000
2016 Capital Improvement Bonds Vital Streets	4-5%	4-21 to 4-26	3,950,000	-	(1,925,000)	2,025,000	2,025,000
Total other debt			121,980,000	164,980,000	(8,015,000)	278,945,000	8,295,000
Unamortized bond premiums			11,355,569	10,530,932	(1,103,587)	20,782,914	-
Total bonds and contracts payable			144,405,569	175,510,932	(10,193,587)	309,722,914	9,395,000
Leases			74,612	28,581	(15,028)	88,165	15,487
SBITAs			874,977	7,358,423	(2,160,255)	6,073,145	2,496,356
Compensated absences*			21,631,218	5,621,130	-	27,252,348	12,110,942
Insurance claims			7,151,522	47,549,858	(41,457,621)	13,243,759	13,013,468
Total governmental activities			\$ 174,137,898	\$ 236,068,924	\$ (53,826,491)	\$ 356,380,331	\$ 37,031,253

*The beginning balance of compensated absences has been restated for the implementation of GASB 101. See Note 1 for further details. The change in compensated absences is presented on a net basis.

As of and for the Year Ended June 30, 2025

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:							
2024A Water Supply System Junior Lien Revenue Bonds	2.5%	10/24 to 10/43	\$ -	\$ 387,259	\$ -	\$ 387,259	\$ -
2024B Water Supply System Junior Lien Revenue Bonds	2%	10/24 to 10/43	-	1,087,161	-	1,087,161	-
2022 Water Supply System Junior Lien Revenue Bonds	1.875%	10-24 to 10-43	10,102,114	26,836	(480,000)	9,648,950	490,000
2022A Water Supply System Junior Lien Revenue Bonds	1.875%	10-24 to 10-43	3,388,615	788,778	(192,500)	3,984,893	195,000
2016 Water Supply System Junior Lien Revenue Bonds	2.5%	4-24 to 4-36	1,423,008	-	(105,000)	1,318,008	105,000
2015 Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-36	6,533,063	-	(430,000)	6,103,063	440,000
2014 Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-34	1,747,840	-	(140,000)	1,607,840	145,000
2012 Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-33	1,830,930	-	(165,000)	1,665,930	165,000
2012A Water Supply System Junior Lien Revenue Bonds	2%	4-24 to 4-32	343,514	-	(35,000)	308,514	35,000
2011A Water Supply System Junior Lien Revenue Bonds	2.5%	10-24 to 10-31	399,752	-	(45,000)	354,752	45,000
2011B Water Supply System Junior Lien Revenue Bonds	2.5%	4-24 to 4-32	356,549	-	(40,000)	316,549	40,000
2011C Water Supply System Junior Lien Revenue Bonds	2.5%	4-24 to 4-33	1,406,024	-	(140,000)	1,266,024	145,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.0%	4-24 to 4-34	609,125	-	(55,000)	554,125	55,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-24 to 4-32	2,134,305	-	(245,000)	1,889,305	250,000
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-24 to 4-33	835,370	-	(85,000)	750,370	85,000
2023 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	1.875%	10/25 to 10/45	-	4,113,663	-	4,113,663	-
Total direct borrowings and direct placements			31,110,209	6,403,697	(2,157,500)	35,356,406	2,195,000
Other debt:							
2020 Water Supply System Revenue Refunding Bonds	5%	1-24 to 1-50	25,105,000	-	(490,000)	24,615,000	515,000
2018 Water Supply System Revenue Refunding Bonds	4-5%	1-24 to 1-48	28,980,000	-	(665,000)	28,315,000	700,000
2016 Water Supply System Revenue Refunding Bonds	4-5%	1-24 to 1-46	31,320,000	-	(1,185,000)	30,135,000	1,240,000
2015 Water Supply System Revenue Refunding Bonds	5%	1-24 to 1-28	18,690,000	-	(1,315,000)	17,375,000	1,385,000
2013 Water Supply System Revenue Refunding Bonds	2-4%	1-24 to 1-28	995,000	-	(220,000)	775,000	240,000
2021 Sanitary Sewer System Revenue Refunding Bonds	0.30-2.8%	1-24 to 1-42	94,375,000	-	(6,125,000)	88,250,000	6,190,000
2020 Sanitary Sewer System Revenue Bonds	4-5%	1-24 to 1-50	34,020,000	-	(285,000)	33,735,000	25,000
2018 Sanitary Sewer System Revenue Bonds	5%	1-24 to 1-48	38,120,000	-	(855,000)	37,265,000	900,000
2016 Sanitary Sewer System Revenue Refunding Bonds	5%	1-24 to 1-38	38,450,000	-	(1,960,000)	36,490,000	2,055,000
2010A Sanitary Sewer System Revenue Bonds (BABs)	6.62-6.72%	1-26 to 1-41	21,330,000	-	-	21,330,000	325,000

As of and for the Year Ended June 30, 2025

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2010 Sanitary Sewer System Revenue Refunding Bonds	5%	1-24 to 1-28	\$ 20,695,000	\$ -	\$ (4,800,000)	\$ 15,895,000	\$ 5,045,000
2016 Limited Tax General Obligation Refunding Bonds	3.5%	10-24 to 10-36	7,935,000	-	(830,000)	7,105,000	870,000
2020A Grand Rapids Building Authority Bonds	4.0-5.0%	10-24 to 10-35	3,590,000	-	(235,000)	3,355,000	240,000
2020B Grand Rapids Building Authority Bonds	0.35-2.05%	10-24 to 10-35	6,415,000	-	(765,000)	5,650,000	770,000
Total other debt			370,020,000	-	(19,730,000)	350,290,000	20,500,000
Unamortized bond premiums			38,719,042	-	(2,107,385)	36,611,657	-
Total bonds and contracts payable			439,849,251	6,403,697	(23,994,885)	422,258,063	22,695,000
Leases			3,116,704	-	(665,513)	2,451,191	673,409
SBITAs			1,408,875	-	(487,824)	921,051	540,338
Compensated absences*			3,739,971	1,533,465	-	5,273,436	2,343,516
Total business-type activities			\$ 448,114,801	\$ 7,937,162	\$ (25,148,222)	\$ 430,903,741	\$ 26,252,263

*The beginning balance of compensated absences has been restated for the implementation of GASB 101. See Note 1 for further details. The change in compensated absences is presented on a net basis.

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	3-3.75%	6/25 to 6/32	\$ 1,205,000	\$ -	\$ (135,000)	\$ 1,070,000	\$ 135,000
Leases			286,757	112,487	(87,715)	311,529	94,378
Compensated absences*			994,315	158,495	-	1,152,810	512,311
Total component units			\$ 2,486,072	\$ 270,982	\$ (222,715)	\$ 2,534,339	\$ 741,689

*The beginning balance of compensated absences has been restated for the implementation of GASB 101. See Note 1 for further details. The change in compensated absences is presented on a net basis.

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 are 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 6 - Long-term Debt (Continued)

On December 11, 2024, the City issued Limited Tax General Obligation Bonds (Parking Structure) Series 2024 bonds in the amount of \$21,970,000, with a 5 percent interest rate, maturing in October 2054. The net proceeds of \$23,945,856 (including premium of \$2,069,668 less underwriter's discount of \$93,812) were used to partially fund the construction of a parking structure at the amphitheater. The GR-KC Convention Arena Authority will pay the City the debt service payments based on an agreement between the City, the County, and the Convention Arena Authority.

On May 21, 2025, the City issued Limited Tax General Obligation Bonds Series 2025 in the amount of \$122,270,000 with a 5 percent interest rate, maturing in April 2055. The net proceeds of \$127,570,937 (including premium of \$5,728,882 less underwriter's discount of \$427,945) were used to partly fund the construction of a soccer stadium (\$96 million), as well as the amphitheater (\$26.27 million). Kent County will pay the City the debt service payments based on an agreement between the City and the County.

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 \$15,804,356. 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.

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As of and for the Year Ended June 30, 2025

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				Total
	Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Principal	Interest	
2026	\$ 1,100,000	\$ 414,459	\$ 8,295,000	\$ 12,818,384	\$ 22,627,843
2027	1,140,000	374,158	6,510,000	12,977,244	21,001,402
2028	785,000	330,450	6,780,000	12,713,728	20,609,178
2029	825,000	295,477	6,120,000	12,445,415	19,685,892
2030	850,000	260,172	6,030,000	12,220,704	19,360,876
2031-2035	4,045,000	780,090	35,030,000	56,556,971	96,412,061
2036-2040	1,250,000	63,250	49,155,000	46,875,816	97,344,066
2041-2045	-	-	55,240,000	34,116,985	89,356,985
2046-2050	-	-	47,995,000	21,750,500	69,745,500
2051-2055	-	-	57,790,000	8,449,625	66,239,625
Total	\$ 9,995,000	\$ 2,518,056	\$ 278,945,000	\$ 230,925,372	\$ 522,383,428

Years Ending June 30	Business-type Activities				Total
	Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Principal	Interest	
2026	\$ 2,195,000	\$ 732,756	\$ 20,500,000	\$ 14,152,345	\$ 37,580,101
2027	3,180,000	686,461	21,275,000	13,415,314	38,556,775
2028	2,937,259	618,278	22,070,000	12,637,105	38,262,642
2029	2,960,000	553,179	17,875,000	11,809,629	33,197,808
2030	3,017,161	487,035	19,425,000	11,205,301	34,134,497
2031-2035	12,488,409	1,508,729	102,490,000	45,496,656	161,983,794
2036-2040	6,644,734	446,412	69,025,000	27,260,092	103,376,238
2041-2045	1,933,843	39,939	44,840,000	13,713,374	60,527,156
2046-2050	-	-	28,735,000	3,745,100	32,480,100
2051-2055	-	-	4,055,000	178,850	4,233,850
Total	\$ 35,356,406	\$ 5,072,789	\$ 350,290,000	\$ 153,613,766	\$ 544,332,961

Years Ending June 30	Component Unit Activities		
	Other Debt		Total
	Principal	Interest	
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	160,000	18,563	178,563
2031-2035	335,000	18,937	353,937
2036-2040	-	-	-
2041-2045	-	-	-
2046-2050	-	-	-
2051-2055	-	-	-
Total	\$ 1,070,000	\$ 164,869	\$ 1,234,869

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.

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, 2025

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 2025, those adjustments were 21.6 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, 2025 were 5.9 and 39.5 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.

Note 7 - Pension Plans (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Date of member count (measurement date)	December 31, 2024	June 30, 2025
Retirees and beneficiaries receiving pension benefits	815	1,225
Terminated plan members entitled to but not yet receiving benefits	11	88
Active plan members	<u>469</u>	<u>245</u>
Total employees covered by the plan	<u><u>1,295</u></u>	<u><u>1,558</u></u>

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 2025, the contribution rates for the Police and Fire Retirement System were 6.86 to 17.10 percent for plan members and 39.25 percent for the City (employer). For fiscal year 2025, the contribution rates for the General Retirement System were 3.00 to 11.54 percent for plan members and 60.10 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, 2024 for the Police and Fire Retirement System and June 30, 2024 for the General Retirement System based on actuarial valuations as of those dates.

As of and for the Year Ended June 30, 2025

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, 2023	\$ 684,582,165	\$ 493,517,394	\$ 191,064,771
Changes for the year:			
Service cost	13,626,432	-	13,626,432
Interest	45,400,297	-	45,400,297
Differences between expected and actual experience	8,327,564	-	8,327,564
Contributions - Employer	-	17,988,543	(17,988,543)
Contributions - Employee	-	6,134,487	(6,134,487)
Net investment income	-	48,816,267	(48,816,267)
Benefit payments, including refunds	(36,806,622)	(36,806,622)	-
Administrative expenses	-	(632,135)	632,135
Miscellaneous other charges	(790,166)	(790,166)	-
Net changes	29,757,505	34,710,374	(4,952,869)
Balance at December 31, 2024	<u>\$ 714,339,670</u>	<u>\$ 528,227,768</u>	<u>\$ 186,111,902</u>

General Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 591,068,353	\$ 437,015,928	\$ 154,052,425
Changes for the year:			
Service cost	3,802,636	-	3,802,636
Interest	38,739,447	-	38,739,447
Differences between expected and actual experience	(1,032,035)	-	(1,032,035)
Contributions - Employer	-	15,712,437	(15,712,437)
Contributions - Employee	-	2,251,542	(2,251,542)
Net investment income	-	42,833,664	(42,833,664)
Benefit payments, including refunds	(38,103,889)	(38,103,889)	-
Administrative expenses	-	(638,155)	638,155
Miscellaneous other charges	-	(86,096)	86,096
Net changes	3,406,159	21,969,503	(18,563,344)
Balance at June 30, 2024	<u>\$ 594,474,512</u>	<u>\$ 458,985,431</u>	<u>\$ 135,489,081</u>

As of and for the Year Ended June 30, 2025

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, 2025, the City recognized pension expense of \$44,551,890. At June 30, 2025, 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	\$ 13,810,817	\$ -	\$ -	\$ (172,006)	\$ 13,810,817	\$ (172,006)
Changes in assumptions	819,854	-	-	-	819,854	-
Net difference between projected and actual earnings on pension plan investments	4,856,914	-	-	(163,273)	4,856,914	(163,273)
Employer contributions to the plan subsequent to the measurement date	9,565,579	-	13,333,504	-	22,899,083	-
Total	\$ 29,053,164	\$ -	\$ 13,333,504	\$ (335,279)	\$ 42,386,668	\$ (335,279)

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 4.7 years for the Police and Fire System and 1.2 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
2026	\$ 10,604,802	\$ (5,958,017)	\$ 4,646,785
2027	15,906,163	10,302,130	26,208,293
2028	(5,067,671)	(1,871,542)	(6,939,213)
2029	(1,955,709)	(2,807,850)	(4,763,559)
Total	\$ 19,487,585	\$ (335,279)	\$ 19,152,306

As of and for the Year Ended June 30, 2025

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, 2024	June 30, 2024
Project salary increases	4.00 percent - 20.00 percent	3.00 percent - 8.00 percent
Inflation assumptions	3.00 percent - Wage, 2.25 percent - Price	3.00 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.

As of and for the Year Ended June 30, 2025

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, 2024 and June 30, 2024 is shown below:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return December 31, 2024
U.S. cash	1.00 %	3.10 %
U.S. aggregate bonds	28.50	4.70
U.S. large cap	24.00	7.91
U.S. small cap	4.75	8.82
EAFE equity	15.25	9.49
Emerging markets	6.50	9.18
U.S. REITS	5.00	9.33
Private equity	5.00	11.59
Direct lending	5.00	9.04
MLPS	5.00	7.07

General Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2024
U.S. cash	1.00 %	3.10 %
U.S. aggregate bonds	28.50	4.70
U.S. large cap	24.00	7.91
U.S. small cap	4.75	8.82
EAFE equity	15.25	9.49
Emerging markets	6.50	9.18
U.S. REITS	5.00	9.33
Private equity	5.00	11.59
Direct lending	5.00	9.04
MLPS	5.00	7.07

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	\$ 275,846,333	\$ 186,111,902	\$ 112,650,424
Net pension liability of the General Retirement System	199,262,214	135,489,081	81,554,412

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 sale 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, 2025

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	\$ 279,224,942	\$ 32,750,113	\$ 9,625,928	\$ 321,600,983
Pension expense	42,277,692	2,575,812	(301,614)	44,551,890
Deferred outflows of resources representing contributions subsequent to the measurement date	18,907,815	3,212,490	778,778	22,899,083
Deferred outflows of resources representing the differences between expected and actual experience	13,810,817	-	-	13,810,817
Deferred outflows of resources representing assumption changes	819,854	-	-	819,854
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	4,856,914	-	-	4,856,914
Deferred inflows of resources representing the differences between expected and actual experience	(146,066)	(13,720)	(12,220)	(172,006)
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	(138,652)	(13,021)	(11,600)	(163,273)
Amortization of deferred amounts:				
2026	\$ 6,455,933	\$ (1,385,856)	\$ (423,292)	\$ 4,646,785
2027	22,986,163	2,490,207	731,923	26,208,293
2028	(6,353,863)	(452,385)	(132,965)	(6,939,213)
2029	(3,885,366)	(678,707)	(199,486)	(4,763,559)
Total	\$ 19,202,867	\$ (26,741)	\$ (23,820)	\$ 19,152,306
Sensitivity analysis:				
General Retirement System net pension liability at 5.75 percent discount rate	\$ 136,940,264	\$ 48,165,209	\$ 14,156,741	\$ 199,262,214
General Retirement System net pension liability at 7.75 percent discount rate	56,047,168	19,713,147	5,794,097	81,554,412

As of and for the Year Ended June 30, 2025

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, 2025:

	Retiree Health Care Trust Funds			Total
	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan	
Statement of Net Position				
Assets:				
Equity in pooled cash and investments	\$ 557,448	\$ -	\$ -	\$ 557,448
Investments held by trustee:				
Cash and money market funds	845,336	3,221,803	2,248,576	6,315,715
Corporate bonds and fixed-income commingled funds	7,251,663	19,596,837	10,210,080	37,058,580
Common stocks and equity mutual funds	7,302,370	19,740,149	10,506,991	37,549,510
Accrued interest receivable	72,735	106,827	56,490	236,052
Total assets	16,029,552	42,665,616	23,022,137	81,717,305
Liabilities - Vouchers and accounts payable and due to General Fund	(116,605)	(680,457)	(1,023,801)	(1,820,863)
Net position	\$ 15,912,947	\$ 41,985,159	\$ 21,998,336	\$ 79,896,442
Statement of Changes in Net Position				
Additions:				
Investment income:				
Interest and dividends	\$ 522,631	\$ 1,395,070	\$ 753,026	\$ 2,670,727
Net increase in fair value of investments	808,876	2,234,473	1,198,473	4,241,822
Net investment income	1,331,507	3,629,543	1,951,499	6,912,549
Employer contributions	1,290,621	86,188	478,092	1,854,901
Total additions	2,622,128	3,715,731	2,429,591	8,767,450
Deductions:				
Benefit payments	1,537,746	2,518,756	2,592,552	6,649,054
Administrative expenses	231,112	225,956	202,607	659,675
Total deductions	1,768,858	2,744,712	2,795,169	7,308,739
Net increase (decrease) in fiduciary net position	853,270	971,019	(365,568)	1,458,721
Net position - Beginning of year	15,059,677	41,014,140	22,363,904	78,437,721
Net position - End of year	\$ 15,912,947	\$ 41,985,159	\$ 21,998,336	\$ 79,896,442

As of and for the Year Ended June 30, 2025

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 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, 2024, while the actuarial valuation date to determine required contributions was June 30, 2023.

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, 2024	June 30, 2024	June 30, 2024
Retirees and beneficiaries receiving benefit payments	147	146	97
Inactive plan members entitled to but not yet receiving benefit payments	-	12	4
Active plan members	953	292	214
Total plan members	1,100	450	315

As of and for the Year Ended June 30, 2025

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 2025, the City contributed \$1,854,901 to the three plans. Retiree premium payments of \$1,890,110 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 3.5 percent for firefighters, 1.93 percent for police officers, and 3.59 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, 2024. Changes in the City's net OPEB liability (asset) resulting from the operation of the three plans during the measurement year ended June 30, 2024 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, 2023	\$ 24,046,518	\$ 16,455,408	\$ 7,591,110
Changes for the year:			
Service cost	391,934	-	391,934
Interest	1,120,785	-	1,120,785
Differences between expected and actual experience	2,389,601	-	2,389,601
Changes in assumptions	744,179	-	744,179
Contributions - Employer	-	1,044,879	(1,044,879)
Net investment income	-	1,403,668	(1,403,668)
Benefit payments, including refunds	(3,653,520)	(3,653,520)	-
Administrative expenses	-	(190,758)	190,758
Net changes	992,979	(1,395,731)	2,388,710
Balance at June 30, 2024	\$ 25,039,497	\$ 15,059,677	\$ 9,979,820

As of and for the Year Ended June 30, 2025

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, 2023	\$ 35,060,334	\$ 40,167,319	\$ (5,106,985)
Changes for the year:			
Service cost	447,799	-	447,799
Interest	1,694,635	-	1,694,635
Differences between expected and actual experience	(288,082)	-	(288,082)
Changes in assumptions	958,947	-	958,947
Contributions - Employer	-	109,568	(109,568)
Net investment income	-	3,725,613	(3,725,613)
Benefit payments, including refunds	(2,783,080)	(2,783,080)	-
Administrative expenses	-	(205,280)	205,280
Net changes	30,219	846,821	(816,602)
Balance at June 30, 2024	\$ 35,090,553	\$ 41,014,140	\$ (5,923,587)

Fire Retiree Plan

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2023	\$ 21,857,849	\$ 21,718,157	\$ 139,692
Changes for the year:			
Service cost	701,716	-	701,716
Interest	1,067,523	-	1,067,523
Differences between expected and actual experience	(293,709)	-	(293,709)
Changes in assumptions	650,937	-	650,937
Contributions - Employer	-	496,508	(496,508)
Net investment income	-	2,008,658	(2,008,658)
Benefit payments, including refunds	(1,716,500)	(1,716,500)	-
Administrative expenses	-	(142,919)	142,919
Net changes	409,967	645,747	(235,780)
Balance at June 30, 2024	\$ 22,267,816	\$ 22,363,904	\$ (96,088)

The components of the net OPEB liability (asset) of the City of Grand Rapids, Michigan at June 30, 2025 were as follows:

	General	Police	Fire	Total
Total OPEB liability	\$ 26,327,826	\$ 37,159,565	\$ 24,224,085	\$ 87,711,476
Less plan fiduciary net position	(15,912,947)	(41,985,159)	(21,998,336)	(79,896,442)
Net OPEB liability (asset)	\$ 10,414,879	\$ (4,825,594)	\$ 2,225,749	\$ 7,815,034

The plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2025 is 60.44 percent for the General Plan, 112.99 percent for the Police Plan, and 90.81 percent for the Fire Plan.

As of and for the Year Ended June 30, 2025

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, 2025, the City recognized OPEB recovery of \$10,215,609 from all plans.

At June 30, 2025, 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	\$ 2,097,394	\$ 13,801,074	\$ -	\$ 13,602,360	\$ 21,042	\$ 8,477,738	\$ 2,118,436	\$ 35,881,172
Changes in assumptions	2,028,252	883,227	2,893,251	572,614	2,024,883	426,760	6,946,386	1,882,601
Net difference between projected and actual earnings on OPEB plan investments	-	88,196	-	488,232	-	237,641	-	814,069
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	1,051,022	1,051,022	-	-	-	-	1,051,022	1,051,022
Employer contributions to the plan subsequent to the measurement date	1,271,956	-	86,188	-	479,938	-	1,838,082	-
Total	\$ 6,448,624	\$ 15,823,519	\$ 2,979,439	\$ 14,663,206	\$ 2,525,863	\$ 9,142,139	\$ 11,953,926	\$ 39,628,864

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 7.2 years for the Police Plan, 8.3 years for the Fire Plan, and 8.2 years for the General Plan. The differences between projected and actual investment earnings are amortized over 5 years. The \$1,838,082 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, 2026. 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
2026	\$ (3,586,397)	\$ (5,302,884)	\$ (3,014,160)	\$ (11,903,441)
2027	(2,954,914)	(2,168,209)	(1,370,638)	(6,493,761)
2028	(2,478,652)	(1,877,495)	(1,219,834)	(5,575,981)
2029	(1,438,651)	(1,748,926)	(906,932)	(4,094,509)
2030	(608,700)	(643,814)	(490,396)	(1,742,910)
Thereafter	420,463	(28,627)	(94,254)	297,582
Total	\$ (10,646,851)	\$ (11,769,955)	\$ (7,096,214)	\$ (29,513,020)

As of and for the Year Ended June 30, 2025

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, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
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 2039	7.25% grading to 3.5% in 2038	7.25% grading to 3.5% in 2039	7.25% grading to 3.5% in 2038	7.5% grading to 3.5% in 2038	7.25% grading to 3.5% in 2038
Health care inflation rate - Dental and vision	3.5% in all years	3.5% in all years	3.5% in all years			

The actuarial assumptions used in the June 30, 2023 and 2024 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, 2024 and June 30, 2025. 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	3.02 %	35.00 %
U.S. core bonds	2.38	18.00
High yield/emerging market bonds	3.83	2.00
Short-term fixed income	1.38	5.00
U.S. large-cap equity	4.41	19.00
U.S. mid-cap equity	4.94	4.00
U.S. small-cap equity	4.94	3.50
U.S. developed international equity	4.96	3.50
Emerging market equity	5.66	5.00
Liquid alternatives	2.45	5.00

As of and for the Year Ended June 30, 2025

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 liability (asset) of the Police and Fire plans is allocated to the primary government, and 14.8 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, 2025 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	\$ 11,959,267	\$ 10,414,879	\$ 8,985,305
Net OPEB asset of the Police Retiree Plan	(2,748,303)	(4,825,594)	(6,739,990)
Net OPEB liability of the Fire Retiree Plan	3,573,937	2,225,749	962,571
Total	\$ 12,784,901	\$ 7,815,034	\$ 3,207,886

	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)

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 14.8 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, 2025 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	\$ 8,673,125	\$ 10,414,879	\$ 12,328,136
Net OPEB asset of the Police Retiree Plan	(7,022,481)	(4,825,594)	(2,454,646)
Net OPEB liability of the Fire Retiree Plan	468,408	2,225,749	4,188,927
Total	\$ 1,119,052	\$ 7,815,034	\$ 14,062,417

	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

As of and for the Year Ended June 30, 2025

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 2025, resetting of the health care trend rates with an initial rate of 7.25 percent was reflected in the net OPEB liability (asset).

Rate of Return

For the year ended June 30, 2025, the City calculated the aggregate annual money-weighted rate of return on investments, net of investment expense, as 9.17, 9.10, and 9.03 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.

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As of and for the Year Ended June 30, 2025

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	\$ 6,703,781	\$ 1,800,423	\$ 1,475,616	\$ 9,979,820
Net OPEB asset	(6,019,675)	-	-	(6,019,675)
OPEB recovery	(9,354,958)	(472,991)	(387,660)	(10,215,609)
Deferred outflows of resources representing contributions subsequent to the measurement date	1,437,710	234,080	166,292	1,838,082
Deferred outflows of resources representing change in proportionate share	-	-	1,051,022	1,051,022
Deferred outflows of resources representing the differences between expected and actual experience	1,429,932	378,383	310,121	2,118,436
Deferred outflows of resources representing assumption changes	6,280,579	365,910	299,897	6,946,386
Deferred inflows of resources representing the net difference between projected and actual earnings on OPEB plan investments	(785,117)	(15,911)	(13,041)	(814,069)
Deferred inflows of resources representing the differences between expected and actual experience	(31,350,745)	(2,489,800)	(2,040,627)	(35,881,172)
Deferred inflows of resources representing assumption changes	(1,592,667)	(159,340)	(130,594)	(1,882,601)
Deferred inflows of resources representing change in proportionate share	(828,511)	(222,511)	-	(1,051,022)
Amortization of deferred amounts:				
2026	\$ (10,726,148)	\$ (819,103)	\$ (358,190)	\$ (11,903,441)
2027	(5,523,762)	(705,176)	(264,823)	(6,493,761)
2028	(4,762,323)	(619,256)	(194,402)	(5,575,981)
2029	(3,622,248)	(431,630)	(40,631)	(4,094,509)
2030	(1,543,094)	(269,990)	70,174	(1,742,910)
Thereafter	(668,954)	701,886	264,650	297,582
Total	\$ (26,846,529)	\$ (2,143,269)	\$ (523,222)	\$ (29,513,020)

Sensitivity analysis:

General Retiree Plan net OPEB liability at 4.00 percent discount rate (June 30, 2024 measurement date)	\$ 7,364,883	\$ 2,434,641	\$ 1,700,375	\$ 11,499,899
General Retiree Plan net OPEB liability at 6.00 percent discount rate (June 30, 2024 measurement date)	5,490,644	1,815,065	1,267,658	8,573,367
General Retiree Plan net OPEB liability with 1 percentage point decrease in health care cost trend rate (June 30, 2024 measurement date)	5,285,878	1,747,376	1,220,383	8,253,637
General Retiree Plan net OPEB liability with 1 percentage point increase in health care cost trend rate (June 30, 2024 measurement date)	7,608,725	2,515,249	1,756,672	11,880,646

Note 12 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2025 is as follows:

	Fund Due To	Fund Due From Fiduciary Fund
General Fund		\$ 1,399,329

The primary reason for the payable from the Fiduciary Fund to the General Fund is unreimbursed payroll for fiduciary fund employees.

As of and for the Year Ended June 30, 2025

Note 12 - Interfund Receivables, Payables, and Transfers (Continued)

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, 2025 were as follows:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Major Streets Fund	\$ 850,000
	General Capital Construction Fund	1,541,700
	Nonmajor governmental funds	9,620,153
	Water Supply System Fund	193,075
	Nonmajor enterprise funds	608,000
	Internal service funds	4,074,950
	Total General Fund	16,887,878
Major Streets Fund	Local Streets Fund	3,861,401
	General Capital Construction Fund	1,084,695
	Nonmajor governmental funds	21,523,234
Total Major Streets Fund	26,469,330	
General Capital Construction Fund	Nonmajor governmental funds	245,446
	Nonmajor enterprise funds	500,000
Total General Capital Construction Fund	745,446	
Nonmajor governmental funds	General Fund	1,550,876
	Major Streets Fund	1,089,662
	Local Streets Fund	1,286,390
	General Capital Construction Fund	629,053
	Nonmajor governmental funds	3,251,000
	Nonmajor enterprise funds	216,540
	Internal service funds	10,500
Total nonmajor governmental funds	8,034,021	
Water Supply System Fund	Nonmajor governmental funds	23,069
	Internal service funds	15,400
Total Water Supply System Fund	38,469	
Sewage Disposal System Fund	Internal service funds	255,466
Parking System Fund	General Fund	140,000
	Internal service funds	12,904
Total Parking System Fund	152,904	
Nonmajor enterprise funds	Nonmajor governmental funds	121,365
Internal service funds	General Capital Construction Fund	972,013
	Nonmajor governmental funds	3,402
	Internal service funds	12,000
Total internal service funds	987,415	
Total	\$ 53,692,294	

As of and for the Year Ended June 30, 2025

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, General Capital Construction, 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.

Note 13 - Tax Abatements

As of June 30, 2025, 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 by either (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 as either (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 2025, the City abated \$216,648 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 2025, the City abated \$269,927 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, 2025

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 2025, the City abated \$84,979 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 as either (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 2025, the City abated \$223,316 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 2025, the City abated \$2,642,198 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, 2025

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 \$1,482 for fiscal year 2025. 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. A total of 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 2025, the City abated \$1,350,457 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. A total of 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 \$9,912 for fiscal year 2025. 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, 2025, employee contributions were \$3,097,898 and employer contributions were \$3,291,588 to this plan. At June 30, 2025, the plan had 728 active and 247 terminated participants. The fair value of plan assets was \$49,380,993.

As of and for the Year Ended June 30, 2025

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, 2025, there were 14 active and 26 terminated plan participants with a total fair value of plan assets for both active and retired participants of \$13,750,521. Contributions made by employees and the City totaled \$116,244 and \$157,039, respectively, for the fiscal year ended June 30, 2025.

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, 2025, the total fair value of plan assets was \$122,356,576. Net of the effect of employee contributions, withdrawals, and earnings, the fair value of plan assets increased by \$8,438,990 for the year ended June 30, 2025. 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, 2025, 1,285 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2025, regular contributions made by employees and the employer totaled \$1,348,429 and \$2,175,357, 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, 2025

Note 15 - Leases (Continued)

Future principal and interest payment requirements related to the City's lease liability at June 30, 2025 are as follows:

Years Ending	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 15,487	\$ 863	\$ 673,409	\$ 56,170	\$ 94,378	\$ 2,889	\$ 843,196
2027	15,563	285	115,908	49,478	90,182	1,532	272,948
2028	15,563	173	119,901	46,877	63,243	719	246,476
2029	41,552	61	124,024	44,186	63,726	258	273,807
2030	-	-	128,284	41,403	-	-	169,687
2031-2035	-	-	556,524	162,569	-	-	719,093
2036-2040	-	-	512,573	82,452	-	-	595,025
2041-2042	-	-	220,568	7,525	-	-	228,093
Total	\$ 88,165	\$ 1,382	\$ 2,451,191	\$ 490,660	\$ 311,529	\$ 5,398	\$ 3,348,325

The City leases certain assets, primary among which are cellular communication towers and office buildings, to various third parties. Payments are generally fixed monthly.

During the year ended June 30, 2025, the City recognized the following related to its lessor agreements:

	Governmental Activities	Business-type Activities
Lease revenue	\$ 5,000	\$ 736,318

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, 2025 are as follows:

Years	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 2,496,356	\$ 136,862	\$ 540,338	\$ 17,736	\$ 3,191,292
2027	2,089,002	77,953	380,713	4,394	2,552,062
2028	1,487,787	34,321	-	-	1,522,108
Total	\$ 6,073,145	\$ 249,136	\$ 921,051	\$ 22,130	\$ 7,265,462

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, 2025

**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, 2025, the outstanding liability was \$7,995,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2025, the City's portion of the liability was 60.50 percent. For fiscal year 2026, it is budgeted at 67.8 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, 2025 was \$154,457,487.
- **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 \$50,309 and \$12,725, respectively, at June 30, 2025. 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	\$ 1,776,689
Nonexpendable/Endowment	3,251,714
	5,028,403
Total nonspendable	5,028,403

As of and for the Year Ended June 30, 2025

Note 18 - Fund Balance Constraints (Continued)

Restricted:		
Public safety - Law enforcement	\$	3,224,341
Urban and community development:		3,361,324
Culture and recreation:		
Library programs		471,656
Parks and recreation		24,800
Statue maintenance		114,477
Public works - Major and local street work		26,067,373
Authorized projects:		
Capital projects-bond proceeds		122,429,308
Other		2,975,239
Opioid settlement		2,056,816
		<u>160,725,334</u>
Total restricted		160,725,334
Committed:		
Authorized projects:		
Streets capital projects		27,919,254
Parks capital projects		14,073,691
Other capital projects		37,155,404
Urban and community development:		
Participatory budgeting		896,277
Affordable housing		651,774
Other		3,095,018
Other purposes:		
Budget stabilization		18,798,835
Perpetual care - Cemetery		2,019,372
		<u>104,609,625</u>
Total committed		104,609,625
Assigned:		
Culture and recreation:		
Library programs		6,772,513
Parks and recreation		5,068,741
General special revenue		56,969
Urban and community development:		
Building inspections		7,481,195
Property management		233,303
Economic development		573,136
Public works:		
Refuse		9,730,408
Sidewalk repair		3,983,427
Vehicle storage		496,070
Compensated absences		23,818,640
Other purposes:		
Debt service		1,825,371
Encumbrances - General Fund		720,702
		<u>60,760,475</u>
Total assigned		60,760,475
Unassigned		<u>88,200,548</u>
Total fund balance	\$	<u><u>419,324,385</u></u>

As of and for the Year Ended June 30, 2025

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:

	2025	2024
Unpaid claims - Beginning of year	\$ 7,151,522	\$ 6,030,751
Incurred claims - Net of changes in estimates	47,549,858	34,895,632
Claim payments	(41,457,621)	(33,774,861)
Unpaid claims - End of year	\$ 13,243,759	\$ 7,151,522

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.

Note 20 - Subsequent Events

On July 17, 2025, the City committed to the issuance of a maximum of \$17,870,000 of Water Supply System Junior Lien Revenue Bonds, Series 2025. The bonds will be issued in draws required to meet project expenditures related to improvements to the City's Water Supply System. The interest rate is 2 percent. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness of \$3,574,000, bringing the total principal owed to \$14,296,000. Principal payments commence in October 2027.

On December 10, 2025, the City issued Sanitary Sewer System Revenue Refunding Bonds, Series 2025, in the amount of \$48,275,000, with an interest rate of 5 percent, maturing in January 2038. The net proceeds of \$54,064,703 (including premium of \$6,008,389 less underwriter's discount of \$218,686) will be placed in an escrow fund to redeem the Series 2016 and Series 2021 refunded bonds.

On December 10, 2025, the City issued Water Supply System Revenue Bonds, Series 2025, in the amount of \$41,220,000, with an interest rate of 5 percent, maturing in January 2046. The net proceeds of \$45,671,708 (including premium of \$4,632,664 less underwriter's discount of \$180,956) will be placed in an escrow fund to redeem the Series 2013, Series 2015, and Series 2016 refunded bonds.

Note 21 - Upcoming Accounting Pronouncements

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.

As of and for the Year Ended June 30, 2025

Note 21 - Upcoming Accounting Pronouncements (Continued)

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which clarifies the requirements for reporting transactions or other events that occur after the financial statement date but before the statements are available to be issued. The provisions of this statement are effective for the City's financial statements for the year ended June 30, 2027.

Required Supplementary Information

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 18,521,977	\$ 18,521,977	\$ 19,063,041	\$ 541,064
Income taxes	112,730,068	112,730,068	126,305,953	13,575,885
Intergovernmental:				
Federal grants	2,133,439	3,075,489	6,206,822	3,131,333
State sources:				
State-shared taxes	25,378,492	25,378,492	25,348,553	(29,939)
State grants	1,120,225	1,120,225	1,157,130	36,905
Other grants and contributions	2,380,730	2,380,730	3,163,738	783,008
Charges for services	17,403,516	17,403,516	14,673,681	(2,729,835)
Fines and forfeitures	-	-	1,692,925	1,692,925
Licenses and permits	3,801,100	3,801,100	3,609,432	(191,668)
Investment earnings	3,953,788	3,953,788	10,244,154	6,290,366
Other revenue	300,775	390,045	582,395	192,350
Total revenue	187,724,110	188,755,430	212,047,824	23,292,394
Expenditures				
Current services:				
General government	44,367,118	47,816,223	44,708,848	3,107,375
Public safety	119,973,072	121,599,659	120,319,693	1,279,966
Public works	7,649,246	7,774,246	5,408,569	2,365,677
Urban and community development	7,510,155	7,676,467	7,043,360	633,107
Capital outlay	-	-	5,939,066	(5,939,066)
Total expenditures	179,499,591	184,866,595	183,419,536	1,447,059
Excess of Revenue Over Expenditures	8,224,519	3,888,835	28,628,288	24,739,453
Other Financing Sources (Uses)				
Transfers in	1,711,470	2,711,470	1,690,876	(1,020,594)
Transfers out	(11,333,835)	(18,729,035)	(16,887,878)	1,841,157
Leases and SBITAs entered into	-	-	5,939,066	5,939,066
Budgeted appropriation lapse	6,100,000	5,100,000	-	(5,100,000)
Contingencies	(1,500,000)	-	-	-
Total other financing uses	(5,022,365)	(10,917,565)	(9,257,936)	1,659,629
Net Change in Fund Balance	3,202,154	(7,028,730)	19,370,352	26,399,082
Fund Balance - Beginning of year	117,372,611	117,372,611	117,372,611	-
Fund Balance - End of year	\$ 120,574,765	\$ 110,343,881	\$ 136,742,963	\$ 26,399,082

City of Grand Rapids, Michigan

Required Supplementary Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Major Streets

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Income taxes	\$ 15,294,745	\$ 15,294,745	\$ 17,125,289	\$ 1,830,544
Intergovernmental:				
Federal grants	534,000	534,000	418,617	(115,383)
State-shared taxes	22,880,906	22,880,906	23,819,300	938,394
Other grants and contributions	-	-	25,000	25,000
Charges for services	2,521,500	2,521,500	3,261,090	739,590
Investment earnings	969,955	969,955	1,183,255	213,300
Other revenue	79,000	79,000	52,085	(26,915)
Total revenue	<u>42,280,106</u>	<u>42,280,106</u>	<u>45,884,636</u>	<u>3,604,530</u>
Expenditures				
Current services - Public works	17,213,456	17,213,456	15,728,622	1,484,834
Capital outlay	4,825,735	5,111,479	5,374,071	(262,592)
Debt service:				
Principal	2,570,000	2,570,000	2,570,000	-
Interest and fiscal charges	292,035	292,035	292,035	-
Total expenditures	<u>24,901,226</u>	<u>25,186,970</u>	<u>23,964,728</u>	<u>1,222,242</u>
Excess of Revenue Over Expenditures	17,378,880	17,093,136	21,919,908	4,826,772
Other Financing Sources (Uses)				
Transfers in	1,649,740	1,649,740	1,939,662	289,922
Transfers out	(19,384,585)	(26,944,330)	(26,469,330)	475,000
Budgeted appropriation lapse	385,000	385,000	-	(385,000)
Total other financing uses	<u>(17,349,845)</u>	<u>(24,909,590)</u>	<u>(24,529,668)</u>	<u>379,922</u>
Net Change in Fund Balance	29,035	(7,816,454)	(2,609,760)	5,206,694
Fund Balance - Beginning of year	<u>24,159,511</u>	<u>24,159,511</u>	<u>24,159,511</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 24,188,546</u></u>	<u><u>\$ 16,343,057</u></u>	<u><u>\$ 21,549,751</u></u>	<u><u>\$ 5,206,694</u></u>

City of Grand Rapids, Michigan

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Local Streets

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental - State-shared taxes	\$ 6,192,673	\$ 6,192,673	\$ 6,433,481	\$ 240,808
Charges for services	810,000	810,000	775,764	(34,236)
Investment earnings	73,813	73,813	253,879	180,066
Other revenue	5,000	5,000	14,427	9,427
Total revenue	7,081,486	7,081,486	7,477,551	396,065
Expenditures				
Current services - Public works	5,915,955	5,915,955	5,562,072	353,883
Capital outlay	5,289,659	5,289,659	6,270,232	(980,573)
Total expenditures	11,205,614	11,205,614	11,832,304	(626,690)
Excess of Expenditures Over Revenue	(4,124,128)	(4,124,128)	(4,354,753)	(230,625)
Other Financing Sources (Uses)				
Transfers in	5,051,401	5,051,401	5,147,791	96,390
Transfers out	(1,125,000)	(1,125,000)	-	1,125,000
Budgeted appropriation lapse	141,000	141,000	-	(141,000)
Total other financing sources	4,067,401	4,067,401	5,147,791	1,080,390
Net Change in Fund Balance	(56,727)	(56,727)	793,038	849,765
Fund Balance - Beginning of year	4,645,326	4,645,326	4,645,326	-
Fund Balance - End of year	<u>\$ 4,588,599</u>	<u>\$ 4,588,599</u>	<u>\$ 5,438,364</u>	<u>\$ 849,765</u>

**Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Police and Fire Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 13,626,432	\$ 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
Interest	45,400,297	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
Changes in benefit terms			109,480						114,084	
Differences between expected and actual experience	8,327,564	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
Changes in assumptions				17,216,930	16,339,734			5,497,995	1,551,086	35,683,769
Benefit payments, including refunds	(37,596,788)	(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)
Net Change in Total Pension Liability	29,757,505	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
Total Pension Liability - Beginning 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
Total Pension Liability - End of year	\$ 714,339,670	\$ 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
Plan Fiduciary Net Position										
Contributions - Employer	\$ 17,988,543	\$ 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
Contributions - Member	6,134,487	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
Net investment income (loss)	48,816,267	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)
Administrative expenses	(632,135)	(645,899)	(622,188)	(550,780)	(576,813)	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)
Benefit payments, including refunds	(37,596,788)	(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)
Other			(52,798)	(46,903)	(56,632)	(44,775)	(45,967)	(2)		
Net Change in Plan Fiduciary Net Position	34,710,374	33,887,273	(63,681,748)	67,808,508	29,675,872	58,271,807	(37,990,353)	42,373,095	7,906,398	(31,559,916)
Plan Fiduciary Net Position - Beginning 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
Plan Fiduciary Net Position - End of year	\$ 528,227,768	\$ 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
City's Net Pension Liability - Ending	\$ 186,111,902	\$ 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
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.95 %	72.09 %	69.67 %	86.18 %	80.91 %	80.85 %	73.03 %	83.61 %	79.51 %	81.39 %
Covered Payroll	\$ 47,336,913	\$ 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
City's Net Pension Liability as a Percentage of Covered Payroll	393.16 %	407.30 %	471.23 %	212.33 %	279.08 %	266.83 %	375.52 %	214.31 %	258.99 %	233.05 %

City of Grand Rapids, Michigan

Required Supplementary Information Schedule of Pension Contributions Police and Fire Retirement System

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 19,038,935	\$ 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
Contributions in relation to the actuarially determined contribution	19,038,935	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
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
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 %

*2025 covered payroll is not available

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, which is 18 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 (23 to 30 years as of December 31, 2022)
Asset valuation method	5-year smoothed market
Inflation	3.00 percent wage - 2.25 percent price inflation
Salary increase	3.00 percent to 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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 3,802,636	\$ 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
Interest	38,739,447	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
Changes in benefit terms										20,882
Differences between expected and actual experience	(1,032,035)	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
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	(38,103,889)	(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)
Net Change in Total Pension Liability	3,406,159	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
Total Pension Liability - Beginning 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
Total Pension Liability - End of year	\$ 594,474,512	\$ 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
Plan Fiduciary Net Position										
Contributions - Employer	\$ 15,712,437	\$ 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
Contributions - Member	2,251,542	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
Net investment income (loss)	42,833,664	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
Administrative expenses	(638,155)	(648,308)	(592,461)	(558,139)	(605,388)	(596,090)	(556,142)	(558,024)	(568,895)	(567,869)
Benefit payments, including refunds	(38,103,889)	(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)
Other	(86,096)	(64,549)	(47,768)	(45,847)	(54,466)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	21,969,503	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)
Plan Fiduciary Net Position - Beginning 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
Plan Fiduciary Net Position - End of year	\$ 458,985,431	\$ 437,015,928	\$ 436,881,613	\$ 489,704,302	\$ 403,408,591	\$ 416,899,911	\$ 416,899,911	\$ 409,168,804	\$ 390,189,761	\$ 414,664,005
City's Net Pension Liability - Ending	\$ 135,489,081	\$ 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
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.21 %	73.94 %	74.72 %	86.90 %	72.35 %	77.74 %	79.12 %	79.14 %	76.46 %	82.90 %
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
City's Net Pension Liability as a Percentage of Covered Payroll	557.46 %	598.50 %	552.29 %	267.01 %	534.03 %	404.27 %	355.59 %	320.58 %	335.95 %	222.23 %

City of Grand Rapids, Michigan

Required Supplementary Information Schedule of Pension Contributions General Retirement System

	Last Ten Fiscal Years									
	Years Ended June 30									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 10,237,538	\$ 10,237,538	\$ 10,673,034	\$ 9,920,265	\$ 10,325,243	\$ 11,284,613	\$ 12,568,944	\$ 11,918,613	\$ 13,497,426	\$ 13,333,504
Contributions in relation to the actuarially determined contribution	10,237,538	10,237,538	10,673,034	12,920,265	11,325,243	11,284,613	12,568,944	11,918,613	13,497,426	13,333,504
Contribution Excess	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 1,000,000	\$ -				
Covered Payroll	\$ 33,647,390	\$ 33,647,390	\$ 30,949,968	\$ 29,695,997	\$ 28,873,053	\$ 27,657,053	\$ 26,760,793	\$ 25,739,793	\$ 24,304,745	\$ 22,198,064
Contributions as a Percentage of Covered Payroll	30.43 %	30.43 %	34.48 %	43.51 %	39.22 %	40.80 %	46.97 %	46.30 %	55.53 %	60.07 %

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, which is one year 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 dollar, closed
Remaining amortization period	22 - 30 years
Asset valuation method	5-year smoothed market
Inflation	No explicit price inflation assumed
Salary increase	3.00 percent to 8.00 percent, plus up to 4.00 percent depending on service, including wage inflation at 3.00 percent
Investment rate of return	6.75 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2014 - 2019
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.

City of Grand Rapids, Michigan

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
General Retiree Health Care Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 416,159	\$ 391,934	\$ 382,721	\$ 462,915	\$ 660,142	\$ 625,532	\$ 902,797	\$ 1,068,634	\$ 1,081,550
Interest	1,223,935	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	772,910	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	413,071	744,179	504,373	385,336	657,341	1,000,494	(3,375,513)	-	-
Benefit payments, including refunds	(1,537,746)	(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	1,288,329	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	25,039,497	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	\$ 26,327,826	\$ 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	\$ 1,290,621	\$ 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)	1,331,507	1,403,668	1,127,292	(2,084,025)	3,526,908	370,640	382,690	604,119	907,367
Administrative expenses	(231,112)	(190,758)	(181,562)	(198,400)	(172,387)	(182,840)	(161,545)	(177,180)	(172,119)
Benefit payments, including refunds	(1,537,746)	(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	853,270	(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	15,059,677	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	\$ 15,912,947	\$ 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	\$ 10,414,879	\$ 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	60.44 %	60.14 %	68.43 %	57.50 %	57.00 %	42.90 %	28.99 %	19.39 %	17.35 %
Covered Payroll	\$ 73,204,251	\$ 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	14.23 %	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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,211,029	\$ 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	1,290,621	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)	\$ 79,592	\$ 21,925	\$ 89,993	\$ 195,797	\$ 265,489	\$ 340,277	\$ 453,706	\$ 181,392	\$ (2,642)
Covered Payroll	\$ 73,204,251	\$ 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	1.76 %	1.49 %	2.37 %	3.58 %	4.14 %	6.64 %	10.56 %	10.77 %	10.47 %

Last Nine Fiscal Years*

Years Ended June 30

*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: 15 years
- Asset valuation method: 5-year smoothed value of assets
- Inflation: No explicit price inflation assumption
- Health care cost trend rates: Medical and drug: 7.25 percent gradually decreasing to 3.5 percent in 2038. Dental and vision: 3.5 percent in all years
- Salary increase: 3.00 percent to 7.16 percent, including inflation
- Investment rate of return: 5.00 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 Preretirement: 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 Postretirement: The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, 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, 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 Nine Fiscal Years*								
	Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	9.17 %	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.

City of Grand Rapids, Michigan

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 432,616	\$ 447,799	\$ 472,567	\$ 595,782	\$ 690,578	\$ 804,671	\$ 1,238,893	\$ 1,486,702	\$ 1,590,303
Interest	1,702,374	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	1,910,877	(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	541,901	958,947	737,276	564,560	1,674,298	1,586,120	(3,931,708)	-	-
Benefit payments, including refunds	(2,518,756)	(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	2,069,012	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	35,090,553	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	\$ 37,159,565	\$ 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	\$ 86,188	\$ 109,569	\$ 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)	3,629,543	3,725,613	2,733,241	(5,348,951)	10,122,593	944,532	1,064,305	2,300,896	3,173,248
Administrative expenses	(225,956)	(205,280)	(193,004)	(236,617)	(199,014)	(173,855)	(142,446)	(143,142)	(123,462)
Benefit payments, including refunds	(2,518,756)	(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	971,019	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	41,014,140	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	\$ 41,985,159	\$ 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	\$ (4,825,594)	\$ (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	112.99 %	116.88 %	114.57 %	102.85 %	102.15 %	84.13 %	64.20 %	52.32 %	45.73 %
Covered Payroll	\$ 32,772,848	\$ 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	(14.72)%	(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.

City of Grand Rapids, Michigan

Required Supplementary Information Schedule of OPEB Contributions - Police Retiree Health Care Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 113,928	\$ 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	86,188	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	\$ (27,740)	\$ 18,314	\$ (47,156)	\$ 56,984	\$ 195,354	\$ 138,546	\$ 257,528	\$ 44,108	\$ 126,382
Covered Payroll	\$ 32,772,848	\$ 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	0.26 %	0.36 %	0.87 %	4.47 %	5.40 %	10.84 %	16.03 %	17.20 %	17.72 %

Last Nine Fiscal Years*
Years Ended June 30

*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	15 years
Asset valuation method	5-year smoothed value of assets
Inflation	No explicit price inflation assumption
Health care cost trend rates	Medical and drug: 7.25 percent gradually decreasing to 3.5 percent in 2038. Dental and vision: 3.5 percent in all years
Salary increase	4.00 percent to 20.00 percent, including inflation
Investment rate of return	5.00 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 Preretirement: 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 Postretirement: The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, 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, a base year of 2010 and future mortality improvements projected using scale MP-2019

See notes to required supplementary information.

City of Grand Rapids, Michigan

Required Supplementary Information
 Schedule of OPEB Investment Returns - Police Retiree Health Care Plan

	Last Nine Fiscal Years*								
	Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	9.10 %	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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 803,282	\$ 701,715	\$ 687,344	\$ 767,927	\$ 784,961	\$ 758,192	\$ 1,105,487	\$ 1,292,792	\$ 1,282,061
Interest	1,068,659	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	2,294,680	(293,708)	(2,775,415)	(3,601,760)	(1,830,266)	(7,774,257)	(4,759,934)	289,730	129,028
Changes in assumptions	382,200	650,937	453,132	328,772	1,407,146	916,082	(2,544,676)	-	-
Benefit payments, including refunds	(2,592,552)	(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	1,956,269	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	22,267,816	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	\$ 24,224,085	\$ 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	\$ 478,092	\$ 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)	1,951,499	2,008,657	1,483,008	(2,883,885)	5,323,922	487,782	586,976	1,327,855	1,864,124
Administrative expenses	(202,607)	(142,918)	(131,173)	(167,778)	(140,797)	(138,589)	(116,428)	(111,952)	(100,096)
Benefit payments - Net of retiree premiums	(2,592,552)	(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	(365,568)	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	22,363,904	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	\$ 21,998,336	\$ 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 Liability (Asset) - Ending	\$ 2,225,749	\$ (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	90.81 %	100.43 %	99.36 %	88.78 %	91.48 %	73.69 %	59.06 %	46.84 %	43.41 %
Covered Payroll	\$ 22,173,472	\$ 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 Liability (Asset) as a Percentage of Covered Payroll	10.04 %	(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 Nine Fiscal Years*								
	Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 706,906	\$ 587,084	\$ 880,770	\$ 1,309,321	\$ 1,250,219	\$ 2,033,496	\$ 2,863,499	\$ 2,907,020	\$ 3,036,781
Actual contribution	478,092	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	\$ (228,814)	\$ (90,576)	\$ (82,118)	\$ 204,660	\$ 200,996	\$ 73,062	\$ 82,370	\$ 92,886	\$ 106,918
Covered Payroll	\$ 22,173,472	\$ 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	2.16 %	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	15 years
Asset valuation method	5-year smoothed value of assets
Inflation	No explicit price inflation assumption
Health care cost trend rates	Medical and drug: 7.25 percent gradually decreasing to 3.5 percent in 2038. Dental and vision: 3.5 percent in all years
Projected salary increase	4.00 percent to 20.00 percent, including inflation
Investment rate of return	5.00 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 Preretirement: 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 Postretirement: The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, 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, 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 - Fire Retiree Health Care Plan

	Last Nine Fiscal Years*								
	Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	9.03 %	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, 2025

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. The health care trend rate was reset in the City's fiscal year 2025.

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. The health care trend rate was reset in the City's fiscal year 2025.

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. The health care trend rate was reset in the City's fiscal year 2025.

Supplementary Information

Budgetary Comparison Schedule, General Operating Fund Expenditures

June 30, 2025

Department	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
General Government - Fiscal and Administrative:				
Executive Office and City Commission	\$ 5,263,864	\$ 7,453,577	\$ 6,282,706	1,170,871
Comptroller's Office	3,163,425	1,907,439	1,756,125	151,314
Fiscal Services	9,268,670	10,818,219	10,715,478	102,741
Clerk's Office	2,993,344	3,082,614	3,030,329	52,285
Treasury	2,687,913	2,838,525	2,648,102	190,423
Attorney's Office	3,662,612	3,662,612	3,418,197	244,415
Human Resources	3,665,058	3,876,005	3,680,318	195,687
Administrative Support	1,343,039	1,343,039	1,122,716	220,323
Other general government	12,319,193	12,834,193	12,054,877	779,316
Total General Government	44,367,118	47,816,223	44,708,848	3,107,375
Public Safety:				
Police	66,564,523	67,664,523	67,589,136	75,387
Dispatch	6,980,087	7,072,274	6,596,421	475,853
Oversight and Public Accountability	2,743,713	2,743,713	2,908,232	(164,519)
Fire	43,684,749	44,119,149	43,225,904	893,245
Total Public Safety	119,973,072	121,599,659	120,319,693	1,279,966
Public Works				
Enterprise Services	7,649,246	7,774,246	5,408,569	2,365,677
Total Public Works	7,649,246	7,774,246	5,408,569	2,365,677
Urban Development:				
Community Development	4,637,662	4,803,974	4,264,988	538,986
Design, Development and Comm. Engagement	2,872,493	2,872,493	2,778,372	94,121
Total Urban Development	7,510,155	7,676,467	7,043,360	633,107
Non-departmental				
Capital outlay	-	-	5,939,066	(5,939,066)
Budgeted appropriation lapse	(6,100,000)	(6,100,000)	-	(6,100,000)
Contingencies	1,500,000	-	-	-
Transfers to other funds	11,333,835	18,729,035	16,887,878	1,841,157
Total non-departmental	6,733,835	12,629,035	22,826,944	(10,197,909)
Total charges to appropriations	\$ 186,233,426	\$ 197,495,630	\$ 200,307,414	\$ (2,811,784)

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 Funds

Grand Rapids Building Authority - Accounts for the financing of the interest and retirement of principal of general long-term debt

2025 Amphitheater - Accounts for the payments of interest and principal related to the bond issuance to finance the construction of the amphitheater

2025 Soccer Stadium - Accounts for the payments of interest and principal related to the bond issuance to finance the construction of the soccer stadium

2025 Amphitheater Parking - Accounts for the payments of interest and principal related to the bond issuance to finance the construction of the amphitheater parking garage

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.

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

	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	Sidewalk Repair	Drug Law Enforcement	General Special Revenue
Assets													
Equity in pooled cash and investments	\$ 8,539,499	\$ 12,176,187	\$ 6,265,390	\$ 1,761,157	\$ 5,234,352	\$ 286,108	\$ 566,652	\$ 233,657	\$ 8,326,987	\$ 100,927	\$ 4,263,596	\$ 2,907,487	\$ 175,747
Receivables:													
Receivables - Net	45,834	335,672	339,575	5,492,346	14,559	1,081	6,975	6,313	1,623,975	711	346,832	35,980	654
Due from other governments	109,433	-	-	-	3,021,384	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease receivable	44,831	-	-	-	-	-	-	-	-	-	-	-	-
Long-term receivable from the County and CAA	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 8,739,597	\$ 12,511,859	\$ 6,604,965	\$ 7,253,503	\$ 8,270,295	\$ 287,189	\$ 573,627	\$ 239,970	\$ 9,950,962	\$ 101,638	\$ 4,610,428	\$ 2,943,467	\$ 176,401
Liabilities													
Vouchers and accounts payable	\$ 286,643	\$ 598,107	\$ 366,871	\$ 171,977	\$ 3,068,639	\$ 1,017	\$ 29,924	\$ 1,658	\$ 220,176	\$ 268,852	\$ 534,858	\$ 5,298	\$ 4,955
Unearned revenue	-	1,280,634	3,983	-	1,373,632	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	6,000	-	-	-	-	-	-	-	-
Total liabilities	286,643	1,878,741	370,854	171,977	4,448,271	1,017	29,924	1,658	220,176	268,852	534,858	5,298	4,955
Deferred Inflows of Resources -													
Unavailable revenue	47,910	249,557	291,720	5,024,710	1,206,402	-	-	5,009	1,583,360	-	13,632	-	-
Total liabilities and deferred inflows of resources	334,553	2,128,298	662,574	5,196,687	5,654,673	1,017	29,924	6,667	1,813,536	268,852	548,490	5,298	4,955
Fund Balances													
Nonspendable - Nonexpendable trust principal	14,270	-	-	-	-	-	-	-	-	-	-	-	-
Restricted:													
Opioid settlement	-	-	-	2,056,816	-	286,172	-	-	-	-	-	2,938,169	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	2,615,622	-	-	-	-	-	-	-	114,477
Culture and recreation	471,656	-	24,800	-	-	-	-	-	-	-	-	-	-
Committed:													
Authorized projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned:													
Culture and recreation	6,772,513	-	5,068,741	-	-	-	-	-	-	-	-	-	56,969
Urban and community development	-	-	-	-	-	-	496,070	233,303	7,481,195	-	3,983,427	-	-
Public works	-	9,730,408	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	1,146,605	653,153	848,850	-	-	-	47,633	-	656,231	-	78,511	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(167,214)	-	-	-
Total fund balances	8,405,044	10,383,561	5,942,391	2,056,816	2,615,622	286,172	543,703	233,303	8,137,426	(167,214)	4,061,938	2,938,169	171,446
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,739,597	\$ 12,511,859	\$ 6,604,965	\$ 7,253,503	\$ 8,270,295	\$ 287,189	\$ 573,627	\$ 239,970	\$ 9,950,962	\$ 101,638	\$ 4,610,428	\$ 2,943,467	\$ 176,401

Supplementary Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds				Debt Service Funds				Capital Project Funds				Permanent Fund
	Economic Development	Downtown Improvement District	Uptown Business Improvement District	Grand Rapids Building Authority	2025 Soccer Stadium	2025 Amphitheater	2025 Amphitheater Parking	Vital Streets Capital Construction	Streets Capital Construction	Parks Capital Projects	Cemetery Perpetual Care	Total	
Assets													
Equity in pooled cash and investments	\$ 577,240	\$ 848,107	\$ 85,338	\$ 1,825,371	\$ -	\$ -	\$ -	\$ 25,336,009	\$ 12,507,082	\$ 15,304,332	\$ 5,241,511	\$ 112,562,736	
Receivables:													
Due from other governments	29,743	3,857	327	-	-	-	-	-	-	1,144	16,118	8,301,696	
Restricted assets	-	-	-	-	9,754,017	2,669,053	-	53,385	-	-	-	3,184,202	
Lease receivable	-	-	-	-	-	-	-	-	-	-	-	12,423,070	
Long-term receivable from the County and CAA	-	-	-	-	16,215,071	24,391,459	12,064,633	-	-	-	-	44,831	
	\$ 606,983	\$ 851,964	\$ 85,665	\$ 1,825,371	\$ 25,969,088	\$ 27,060,512	\$ 12,064,633	\$ 25,389,394	\$ 12,507,082	\$ 15,305,476	\$ 5,257,629	\$ 189,187,698	
Liabilities													
Vouchers and accounts payable	\$ -	\$ 171,658	\$ 20,269	\$ -	\$ -	\$ -	\$ -	\$ 4,736,316	\$ 187,521	\$ 1,231,785	\$ -	\$ 11,906,524	
Unearned revenue	-	-	-	-	9,754,017	2,669,053	-	-	5,000,000	-	-	18,798,702	
Customer deposits	-	-	-	-	-	-	-	-	-	-	-	1,290,617	
	-	171,658	20,269	-	9,754,017	2,669,053	-	4,736,316	5,187,521	1,231,785	-	31,993,843	
Deferred Inflows of Resources -													
Unavailable revenue	27,599	-	-	-	16,215,071	24,391,459	12,064,633	53,385	-	-	813	61,185,260	
	27,599	171,658	20,269	-	25,969,088	27,060,512	12,064,633	4,789,701	5,187,521	1,231,785	813	93,179,103	
Fund Balances													
Nonspendable - Nonexpendable trust principal Restricted:	-	-	-	-	-	-	-	-	-	-	3,237,444	3,251,714	
Optoid settlement	-	-	-	-	-	-	-	-	-	-	-	2,056,816	
Public safety	-	-	-	-	-	-	-	-	-	-	-	3,224,341	
Urban and community development	-	680,306	65,396	-	-	-	-	-	-	-	-	3,361,324	
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	610,933	
Committed:	-	-	-	-	-	-	-	20,599,693	7,319,561	14,073,691	-	41,992,945	
Authorized projects	-	-	-	-	-	-	-	-	-	-	2,019,372	2,019,372	
Other purposes	-	-	-	-	-	-	-	-	-	-	-	11,898,223	
Assigned:	-	-	-	-	-	-	-	-	-	-	-	8,287,634	
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	14,209,905	
Urban and community development	573,136	-	-	-	-	-	-	-	-	-	-	3,437,231	
Public works	6,248	-	-	-	-	-	-	-	-	-	-	1,825,371	
Compensated absences	-	-	-	1,825,371	-	-	-	-	-	-	-	(167,214)	
Other purposes	-	-	-	-	-	-	-	-	-	-	-	-	
Unassigned	579,384	680,306	65,396	1,825,371	-	-	-	20,599,693	7,319,561	14,073,691	5,256,816	96,008,595	
Total fund balances	\$ 606,983	\$ 851,964	\$ 85,665	\$ 1,825,371	\$ 25,969,088	\$ 27,060,512	\$ 12,064,633	\$ 25,389,394	\$ 12,507,082	\$ 15,305,476	\$ 5,257,629	\$ 189,187,698	
Total liabilities, deferred inflows of resources, and fund balances													

**Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds**

Year Ended June 30, 2025

	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	Sidewalk Repair	Drug Law Enforcement	General Special Revenue
Revenue													
Taxes:													
Property taxes	\$ 14,258,723	\$ 11,340,711	\$ 7,405,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,261,450	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:													
Federal grants	-	-	4,047	-	23,697,467	-	-	-	-	-	-	-	-
State grants	574,814	195,946	129,455	-	2,222,442	102,084	-	-	-	2,878,325	-	-	-
Other grants and contributions	329,793	-	88,720	-	1,692,843	-	-	-	-	-	-	-	-
Charges for services	57,404	10,019,797	790,984	-	604,092	-	695,049	1,722	412,159	25,750	6,879	1,409,791	-
Fines and forfeitures	30,963	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	5,817,032	-	19,463	-	-
Investment income	815,887	928,275	517,125	-	1,306	12,652	51,573	8,358	416,401	28,841	171,395	112,926	10,226
Other revenue:													
Miscellaneous	21,600	58,666	28,315	780,463	859	-	-	36,500	1,278	-	-	-	228
Property sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	16,089,184	22,543,395	8,964,482	780,463	28,219,009	114,736	746,622	46,580	6,646,870	2,932,916	3,459,187	1,522,717	10,454
Expenditures													
Current services:													
General government	-	-	-	-	383,847	-	764,523	-	-	3,411,537	-	-	-
Public safety	-	-	-	-	3,561,429	63,968	-	-	-	-	-	371,552	-
Public works	-	18,749,317	-	-	48,251	-	-	-	-	-	2,392,366	-	-
Health and welfare	-	-	-	833,393	-	-	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	22,125,361	-	-	193,737	5,549,523	-	-	-	-
Recreation and culture	14,356,824	78,207	13,475,978	-	121,154	-	-	-	-	-	-	-	9,915
Capital outlay	349,354	-	89,938	-	895,426	-	-	-	304	-	-	-	-
Debt service:													
Principal	5,143	187,132	42,789	-	-	-	14,024	41,739	-	-	-	-	-
Interest and fiscal charges	136	2,710	1,241	-	-	-	976	7,329	-	-	-	-	-
Total expenditures	14,711,657	19,017,366	13,609,946	833,393	27,135,468	63,968	779,523	242,805	5,549,827	3,411,537	2,392,366	371,552	9,915
Excess of Revenue Over (Under)	1,377,527	3,526,029	(4,645,464)	(52,930)	1,083,541	50,768	(32,901)	(196,225)	1,097,043	(478,621)	1,066,821	1,151,165	539
Other Financing Sources (Uses)													
Transfers in	-	-	8,249,981	-	1,241,508	-	-	160,000	61,487	143,648	-	-	-
Transfers out	-	(869,053)	(3,021,500)	-	(1,368,688)	-	(182,188)	-	-	-	(64,740)	-	-
New debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing (uses) sources	-	(869,053)	5,228,481	-	(127,180)	-	(182,188)	160,000	61,487	143,648	(64,740)	-	-
Net Change in Fund Balances	1,377,527	2,656,976	583,017	(52,930)	956,361	50,768	(215,089)	(36,225)	1,158,530	(334,973)	1,002,081	1,151,165	539
Fund Balances - Beginning 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	3,059,857	1,787,004	170,907
Fund Balances - End of year	\$ 8,405,044	\$ 10,383,561	\$ 5,942,391	\$ 2,056,816	\$ 2,615,622	\$ 286,172	\$ 543,703	\$ 233,303	\$ 8,137,426	\$ (167,214)	\$ 4,061,938	\$ 2,938,169	\$ 171,446

City of Grand Rapids, Michigan

Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds

Year Ended June 30, 2025

	Special Revenue Funds				Debt Service Funds				Capital Project Funds				Permanent Fund		
	Uptown		Grand Rapids Building Authority		2025 Stadium		2025 Amphitheater		Vital Streets Capital Construction		Streets Capital Construction			Parks Capital Projects	
	Economic Development	Downtown Improvement District	Business Improvement District	Grand Rapids Building Authority	2025 Stadium	2025 Amphitheater	2025 Amphitheater	2025 Amphitheater Parking	Vital Streets Capital Construction	Streets Capital Construction	Streets Capital Construction	Parks Capital Projects		Cemetery Perpetual Care	Total
Revenue															
Taxes:															
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,005,270	
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	3,261,450	
Intergovernmental:															
Federal grants	-	-	-	-	-	-	-	-	-	-	-	-	-	25,078,767	
State sources	-	-	-	-	-	-	-	-	-	-	-	-	-	6,103,066	
Other grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	2,372,158	
Charges for services	155,376	1,312,506	131,767	2,460,724	-	-	-	-	-	-	-	-	-	18,116,387	
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	30,963	
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	5,836,495	
Investment income	28,594	69,649	7,330	49,756	-	-	-	-	874,253	691,664	579,414	236,381	-	5,612,006	
Other revenue:															
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	895,215	
Property sales	-	-	-	-	-	-	-	-	-	-	3,806	-	-	36,500	
Total revenue	183,970	1,382,155	139,097	2,510,480	-	-	-	-	1,411,649	691,664	1,663,879	268,768	-	100,348,277	
Expenditures															
Current services:															
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	4,559,907	
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	3,996,949	
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	21,189,934	
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	833,393	
Urban and community development	99,465	1,371,576	125,702	-	-	-	-	-	-	-	-	-	-	29,465,364	
Recreation and culture	-	-	-	-	-	-	-	-	-	-	425,366	-	-	28,389,237	
Capital outlay	-	-	-	-	-	-	-	-	14,983,602	553,293	5,303,183	-	-	22,253,507	
Debt service:															
Principal	-	-	-	2,220,000	-	-	-	-	-	-	-	-	-	2,510,827	
Interest and fiscal charges	-	-	-	448,658	-	-	-	-	-	-	-	-	-	461,050	
Total expenditures	99,465	1,371,576	125,702	2,668,658	-	-	-	-	14,983,602	553,293	5,728,549	-	-	113,660,168	
Excess of Revenue Over (Under) Expenditures	84,505	10,579	13,395	(158,178)	-	-	-	-	(13,571,953)	138,371	(4,044,670)	268,768	-	(13,311,891)	
Other Financing Sources (Uses)															
Transfers in	30,000	-	-	245,446	-	-	-	-	19,858,639	1,664,595	3,011,000	121,365	-	34,787,669	
Transfers out	-	-	-	-	-	-	-	-	(2,311,312)	-	-	(216,540)	-	(8,034,021)	
New debt issued	-	-	-	-	-	-	-	-	-	-	9,810,000	-	-	9,810,000	
Debt premium	-	-	-	-	-	-	-	-	-	-	1,292,219	-	-	1,292,219	
Total other financing (uses) sources	30,000	-	-	245,446	-	-	-	-	17,547,327	1,664,595	14,113,219	(95,175)	-	37,855,867	
Net Change in Fund Balances	114,505	10,579	13,395	87,268	-	-	-	-	3,975,374	1,802,966	10,068,549	173,593	-	24,543,976	
Fund Balances - Beginning of year	464,879	669,727	52,001	1,738,103	-	-	-	-	16,624,319	5,516,595	4,005,142	5,083,223	-	71,464,619	
Fund Balances - End of year	\$ 579,384	\$ 680,306	\$ 65,396	\$ 1,825,371	\$ -	\$ -	\$ -	\$ -	\$ 20,599,693	\$ 7,319,561	\$ 14,073,691	\$ 5,256,816	\$ -	\$ 96,008,595	

Supplementary Information
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds-Special Revenue
 June 30, 2025

	Budget (unaudited)				Actual				Net Variance
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	
Library	\$ 14,934,969	\$ 14,885,687	\$ -	\$ 49,272	\$ 16,089,184	\$ 14,711,657	\$ -	\$ 1,377,527	\$ 1,328,255
Refuse Collection	21,245,937	19,769,085	(869,053)	607,799	22,543,395	19,017,366	(869,053)	2,656,976	2,049,177
Parks and Recreation	8,355,034	14,598,706	5,238,981	(1,004,691)	8,964,482	13,609,946	5,228,481	583,017	1,587,708
Opioid Settlement	200,000	1,113,492	-	(913,492)	780,463	833,393	-	(52,930)	860,562
Grants	53,955,830	55,901,111	286,021	(1,659,260)	28,219,009	27,135,468	(127,180)	956,361	2,615,621
Michigan Justice Training	59,482	104,171	-	(44,689)	114,736	63,968	-	50,768	95,457
Vehicle Storage Facility	1,045,622	849,841	(197,782)	(2,001)	746,622	779,523	(182,188)	(215,089)	(213,088)
Property Management	132,637	243,416	160,000	49,221	46,580	242,805	160,000	(36,225)	(85,446)
Building Inspections	6,237,666	6,330,886	56,487	(36,733)	6,646,870	5,549,827	61,487	1,158,530	1,195,263
Michigan Indigent Defense Commission	4,144,137	4,508,842	330,251	(34,454)	2,932,916	3,411,537	143,648	(334,973)	(300,519)
Sidewalk Repair	3,000,987	3,000,665	(64,740)	(64,418)	3,459,187	2,392,366	(64,740)	1,002,081	1,066,499
Drug Law Enforcement	379,847	452,816	-	(72,969)	1,522,717	371,552	-	1,151,165	1,224,134
General Special Revenue	12,645	10,400	-	2,245	10,454	9,915	-	539	(1,706)
Economic Development	236,804	128,775	30,000	138,029	183,970	99,465	30,000	114,505	(23,624)
Downtown Improvement District	1,370,193	1,370,193	-	-	1,382,155	1,371,576	-	10,579	10,579
Uptown Business Improvement District	129,519	144,520	-	(15,001)	139,097	125,702	-	13,395	28,396
Total	\$ 115,441,309	\$ 123,412,616	\$ 4,970,165	\$ (3,001,142)	\$ 93,781,837	\$ 89,726,066	\$ 4,380,455	\$ 8,436,226	\$ 11,437,368

Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2025

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 3,972,876	\$ 1,124,736	\$ 5,097,612
Receivables - Net	81,474	202,011	283,485
Inventory	51,053	-	51,053
Total current assets	4,105,403	1,326,747	5,432,150
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	5,255	3,583,434	3,588,689
Assets subject to depreciation - Net	1,740,635	703,570	2,444,205
Other assets	205,826	-	205,826
Total noncurrent assets	1,951,716	4,287,004	6,238,720
Total assets	6,057,119	5,613,751	11,670,870
Deferred Outflows of Resources			
Deferred outflows related to pensions	70,757	-	70,757
Deferred outflows related to OPEB	21,394	-	21,394
Total deferred outflows of resources	92,151	-	92,151
Liabilities			
Current liabilities:			
Vouchers and accounts payable	80,520	81,616	162,136
Unearned revenue	20,273	-	20,273
Current portion of compensated absences	60,173	-	60,173
Total current liabilities	160,966	81,616	242,582
Noncurrent liabilities:			
Compensated absences	75,230	-	75,230
Net pension liability	721,339	-	721,339
Net OPEB liability	39,368	-	39,368
Total noncurrent liabilities	835,937	-	835,937
Total liabilities	996,903	81,616	1,078,519
Deferred Inflows of Resources			
Deferred inflows related to pensions	589	-	589
Deferred inflows related to OPEB	63,138	-	63,138
Deferred inflows related to leases	-	108,408	108,408
Total deferred inflows of resources	63,727	108,408	172,135
Net Position			
Net investment in capital assets	1,745,890	4,287,004	6,032,894
Unrestricted	3,342,750	1,136,723	4,479,473
Total net position	<u>\$ 5,088,640</u>	<u>\$ 5,423,727</u>	<u>\$ 10,512,367</u>

City of Grand Rapids, Michigan

Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds

Year Ended June 30, 2025

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating Revenue			
Sales	\$ 584,757	\$ 97,864	\$ 682,621
Charges for services	1,504,834	993,077	2,497,911
Miscellaneous	-	1,111	1,111
Total operating revenue	2,089,591	1,092,052	3,181,643
Operating Expenses			
Utilities	179,550	157,643	337,193
Supplies and materials	199,128	43,847	242,975
Personal services	1,116,980	305,463	1,422,443
Contractual services	486,257	260,197	746,454
Other services and charges	662,462	334,507	996,969
Depreciation and amortization	181,445	114,516	295,961
Total operating expenses	2,825,822	1,216,173	4,041,995
Operating Loss	(736,231)	(124,121)	(860,352)
Nonoperating Revenue - Investment income	194,466	47,434	241,900
Loss - Before capital contributions	(541,765)	(76,687)	(618,452)
Capital Contributions	-	3,583,434	3,583,434
(Loss) Income - Before transfers	(541,765)	3,506,747	2,964,982
Transfers In	1,324,540	-	1,324,540
Transfers Out	(121,365)	-	(121,365)
Change in Net Position	661,410	3,506,747	4,168,157
Net Position - Beginning of year, as previously reported	4,457,666	1,916,980	6,374,646
Change in Accounting Principle (Note 1)	(30,436)	-	(30,436)
Net Position - Beginning of year	4,427,230	1,916,980	6,344,210
Net Position - End of year	<u>\$ 5,088,640</u>	<u>\$ 5,423,727</u>	<u>\$ 10,512,367</u>

Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2025

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,062,941	\$ 1,087,941	\$ 3,150,882
Payments to suppliers	(1,656,926)	(664,578)	(2,321,504)
Payments to employees	(805,997)	(269,107)	(1,075,104)
Payments for payroll taxes and benefits	(321,315)	(36,356)	(357,671)
Net cash (used in) provided by operating activities	(721,297)	117,900	(603,397)
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	1,349,540	-	1,349,540
Transfers to other funds	(146,365)	-	(146,365)
Net cash provided by noncapital financing activities	1,203,175	-	1,203,175
Cash Flows Provided by Investing Activities - Interest received on investments	194,468	47,434	241,902
Net Increase in Cash	676,346	165,334	841,680
Cash - Beginning of year	3,296,530	959,402	4,255,932
Cash - End of year	\$ 3,972,876	\$ 1,124,736	\$ 5,097,612
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (736,231)	\$ (124,121)	\$ (860,352)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	181,445	114,516	295,961
Changes in assets and liabilities:			
Receivables	(26,650)	(4,111)	(30,761)
Inventories	(13,885)	-	(13,885)
Accounts payable	(115,644)	131,616	15,972
Net pension or OPEB liability	(83,428)	-	(83,428)
Deferrals related to pension or OPEB	47,925	-	47,925
Accrued and other liabilities	25,171	-	25,171
Total adjustments	14,934	242,021	256,955
Net cash (used in) provided by operating activities	\$ (721,297)	\$ 117,900	\$ (603,397)
Significant Noncash Transactions - Capital contributions	\$ -	\$ 3,583,434	\$ 3,583,434

Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2025

	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	\$ 10,682,296	\$ 24,459,374	\$ 12,425,072	\$ 40,749,383	\$ 4,794,261	\$ 196,572	\$ 93,306,958
Receivables - Net	38,196	173,827	441,088	1,438,577	107,543	250	2,199,481
Inventory	-	1,011,596	-	-	-	-	1,011,596
Restricted assets	-	-	-	5,867,141	-	-	5,867,141
Total current assets	10,720,492	25,644,797	12,866,160	48,055,101	4,901,804	196,822	102,385,176
Noncurrent assets - Capital assets:							
Assets not subject to depreciation	-	3,594,032	-	-	-	-	3,594,032
Assets subject to depreciation - Net	5,425,075	23,382,101	815,442	-	48,445	-	29,671,063
Total noncurrent assets	5,425,075	26,976,133	815,442	-	48,445	-	33,265,095
Total assets	16,145,567	52,620,930	13,681,602	48,055,101	4,950,249	196,822	135,650,271
Deferred Outflows of Resources							
Deferred outflows related to pensions	48,028	315,041	165,643	77,972	529,516	128,807	1,265,007
Deferred outflows related to OPEB	14,989	95,159	50,733	23,754	162,476	39,594	386,705
Total deferred outflows of resources	63,017	410,200	216,376	101,726	691,992	168,401	1,651,712
Liabilities							
Current liabilities:							
Vouchers and accounts payable	1,128,789	843,264	1,079,963	1,793,116	19,497	57,633	4,922,262
Due to other governmental units	-	-	-	87,972	-	-	87,972
Unearned revenue	-	59,110	154,402	15,619	-	-	229,131
Current portion of compensated absences	34,445	223,888	130,902	48,037	438,506	50,529	926,307
Current portion of claims payable	-	-	-	13,013,468	-	-	13,013,468
Current portion of bonds, contracts, leases, and subscriptions payable	728,982	-	-	-	-	-	728,982
Total current liabilities	1,892,216	1,126,262	1,365,267	14,958,212	458,003	108,162	19,908,122
Noncurrent liabilities:							
Compensated absences	43,065	279,912	163,658	60,057	548,231	63,172	1,158,095
Claims payable	-	-	-	230,291	-	-	230,291
Net pension liability	489,629	3,211,721	1,688,672	794,894	5,398,216	1,313,143	12,896,275
Net OPEB liability	27,584	175,113	93,360	43,712	298,993	72,862	711,624
Bonds, contracts, and leases payable	584,196	-	-	-	-	-	584,196
Total noncurrent liabilities	1,144,474	3,666,746	1,945,690	1,128,954	6,245,440	1,449,177	15,580,481
Total liabilities	3,036,690	4,793,008	3,310,957	16,087,166	6,703,443	1,557,339	35,488,603
Deferred Inflows of Resources							
Deferred inflows related to pensions	400	2,622	1,379	649	4,408	1,072	10,530
Deferred inflows related to OPEB	44,240	280,851	149,733	70,107	479,533	116,857	1,141,321
Total deferred inflows of resources	44,640	283,473	151,112	70,756	483,941	117,929	1,151,851
Net Position (Deficit)							
Net investment in capital assets	4,111,897	26,976,133	815,442	-	48,445	-	31,951,917
Unrestricted	9,015,357	20,978,516	9,620,467	31,998,905	(1,593,588)	(1,310,045)	68,709,612
Total net position (deficit)	\$ 13,127,254	\$ 47,954,649	\$ 10,435,909	\$ 31,998,905	\$ (1,545,143)	\$ (1,310,045)	\$ 100,661,529

City of Grand Rapids, Michigan

Supplementary Information

Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2025

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Operating Revenue							
Sales	\$ -	\$ 18,067	\$ -	\$ -	\$ -	\$ -	\$ 18,067
Charges for services	7,800,103	18,434,179	8,191,567	39,425,362	5,964,672	1,891,986	81,707,869
Miscellaneous	-	461,266	5,296	735,798	-	-	1,202,360
Total operating revenue	7,800,103	18,913,512	8,196,863	40,161,160	5,964,672	1,891,986	82,928,296
Operating Expenses							
Utilities	-	44,283	1,681,738	-	-	-	1,726,021
Supplies and materials	2,692	6,734,715	197,365	45,973	81,596	7,253	7,069,594
Personal services	435,058	2,991,756	1,622,019	761,037	5,169,004	1,403,983	12,382,857
Contractual services	7,887,017	48,267	45,370	1,743,434	107,755	109,618	9,941,461
Other services and charges	3,729,022	1,863,656	4,464,646	41,457,621	1,367,312	532,720	53,414,977
Depreciation and amortization	1,009,981	4,511,364	79,863	-	19,451	-	5,620,659
Total operating expenses	13,063,770	16,194,041	8,091,001	44,008,065	6,745,118	2,053,574	90,155,569
Operating (Loss) Income	(5,263,667)	2,719,471	105,862	(3,846,905)	(780,446)	(161,588)	(7,227,273)
Nonoperating Revenue (Expense)							
Investment income	557,766	1,420,272	659,113	2,084,445	279,010	6,469	5,007,075
Loss on sale of assets	-	(125,177)	-	-	-	-	(125,177)
Other nonoperating revenue	-	625,991	-	-	-	-	625,991
Total nonoperating revenue	557,766	1,921,086	659,113	2,084,445	279,010	6,469	5,507,889
(Loss) Income - Before capital contributions	(4,705,901)	4,640,557	764,975	(1,762,460)	(501,436)	(155,119)	(1,719,384)
Capital Contributions	-	211,419	-	-	-	-	211,419
Transfers In	4,030,000	351,220	-	-	-	-	4,381,220
Transfers Out	-	(972,013)	(12,000)	-	(3,402)	-	(987,415)
Change in Net Position	(675,901)	4,231,183	752,975	(1,762,460)	(504,838)	(155,119)	1,885,840
Net Position (Deficit) - Beginning of year, as previously reported	13,803,155	43,777,957	9,722,573	33,773,518	(774,929)	(1,139,767)	99,162,507
Change in Accounting Principle (Note 1)	-	(54,491)	(39,639)	(12,153)	(265,376)	(15,159)	(386,818)
Net Position (Deficit) - Beginning of year, as restated	13,803,155	43,723,466	9,682,934	33,761,365	(1,040,305)	(1,154,926)	98,775,689
Net Position (Deficit) - End of year	\$ 13,127,254	\$ 47,954,649	\$ 10,435,909	\$ 31,998,905	\$ (1,545,143)	\$ (1,310,045)	\$100,661,529

Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2025

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Cash Flows from Operating Activities							
Receipts from customers	\$ 7,800,103	\$ 18,936,852	\$ 7,998,012	\$ 38,274,932	\$ 5,979,669	\$ 1,891,986	\$ 80,881,554
Payments to suppliers	(10,791,251)	(8,244,281)	(5,436,588)	(33,220,208)	(1,556,271)	(605,849)	(59,854,448)
Payments to employees	(272,038)	(1,960,802)	(1,040,852)	(604,173)	(3,369,636)	(795,877)	(8,043,378)
Payments for payroll taxes and benefits	(179,404)	(1,286,933)	(678,563)	(2,548,451)	(1,869,908)	(548,115)	(7,111,374)
Net cash (used in) provided by operating activities	(3,442,590)	7,444,836	842,009	1,902,100	(816,146)	(57,855)	5,872,354
Cash Flows from Noncapital Financing Activities							
Transfers from other funds	4,030,000	351,220	-	-	-	-	4,381,220
Transfers to other funds	-	(972,013)	(12,000)	-	(3,402)	-	(987,415)
Net cash provided by (used in) noncapital financing activities	4,030,000	(620,793)	(12,000)	-	(3,402)	-	3,393,805
Cash Flows from Capital and Related Financing Activities							
Proceeds from sale of capital assets	-	630,514	-	-	-	-	630,514
Purchase of capital assets	(240,025)	(9,191,781)	(92,063)	-	(7,000)	-	(9,530,869)
Principal and interest paid on capital debt	(242,629)	-	-	-	-	-	(242,629)
Net cash used in capital and related financing activities	(482,654)	(8,561,267)	(92,063)	-	(7,000)	-	(9,142,984)
Cash Flows Provided by Investing Activities - Interest received on investments							
	549,683	1,397,646	652,364	2,049,463	279,854	6,604	4,935,614
Net Increase (Decrease) in Cash	654,439	(339,578)	1,390,310	3,951,563	(546,694)	(51,251)	5,058,789
Cash - Beginning of year	10,027,857	24,798,952	11,034,762	42,664,961	5,340,955	247,823	94,115,310
Cash - End of year	\$ 10,682,296	\$ 24,459,374	\$ 12,425,072	\$ 46,616,524	\$ 4,794,261	\$ 196,572	\$ 99,174,099
Classification of Cash							
Cash and investments	\$ 10,682,296	\$ 24,459,374	\$ 12,425,072	\$ 40,749,383	\$ 4,794,261	\$ 196,572	\$ 93,306,958
Restricted cash	-	-	-	5,867,141	-	-	5,867,141
Total cash	\$ 10,682,296	\$ 24,459,374	\$ 12,425,072	\$ 46,616,524	\$ 4,794,261	\$ 196,572	\$ 99,174,099
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities							
Operating (loss) income	\$ (5,263,667)	\$ 2,719,471	\$ 105,862	\$ (3,846,905)	\$ (780,446)	\$ (161,588)	\$ (7,227,273)
Adjustments to reconcile operating (loss) income to net cash from operating activities:							
Depreciation and amortization	1,009,981	4,511,364	79,863	-	19,451	-	5,620,659
Changes in assets and liabilities:							
Receivables	-	23,340	(198,851)	(738,924)	14,997	-	(899,438)
Inventories	-	(114,853)	-	-	-	-	(114,853)
Prepaid and other assets	225,451	-	-	-	-	-	225,451
Accounts payable	602,029	556,198	896,965	6,595,995	392	43,742	8,695,321
Net pension or OPEB liability	(91,598)	(643,428)	(226,058)	(215,892)	(583,120)	(57,973)	(1,818,069)
Deferrals related to pension or OPEB	36,132	237,760	115,997	65,136	360,640	78,886	894,551
Accrued and other liabilities	39,082	154,984	68,231	42,690	151,940	39,078	496,005
Total adjustments	1,821,077	4,725,365	736,147	5,749,005	(35,700)	103,733	13,099,627
Net cash (used in) provided by operating activities	\$ (3,442,590)	\$ 7,444,836	\$ 842,009	\$ 1,902,100	\$ (816,146)	\$ (57,855)	\$ 5,872,354
Significant Noncash Transactions - Contributions of capital assets							
	\$ -	\$ 211,419	\$ -	\$ -	\$ -	\$ -	\$ 211,419

Combining Statement of Net Position

Corridor Improvement Authorities - Component Units

June 30, 2025

	North		South			Total
	Southtown	Quarter	Uptown	West Side	Michigan Street	
Assets:						
Equity in pooled cash and investments	\$ 1,120,693	\$ 210,718	\$ 182,647	\$ 1,286,858	\$ 854,351	\$ 605,280
Receivables, net	4,295	812	826	5,053	3,173	2,312
Total assets	\$ 1,124,988	\$ 211,530	\$ 183,473	\$ 1,291,911	\$ 857,524	\$ 607,592
Liabilities:						
Vouchers payable and accruals	\$ 28,912	\$ 2,011	\$ 86,877	\$ 47,722	\$ -	\$ 31,517
Net position:						
Restricted - Urban and community development	1,096,076	209,519	96,596	1,244,189	857,524	576,075
Total net position	1,096,076	209,519	96,596	1,244,189	857,524	576,075
Total liabilities and net position	\$ 1,124,988	\$ 211,530	\$ 183,473	\$ 1,291,911	\$ 857,524	\$ 607,592

Combining Statement of Activities

**Corridor Improvement Authorities - Component Units
Year Ended June 30, 2025**

	North		South			Total
	Southtown	Quarter	Uptown	West Side	Michigan Street	
Revenues:						
Property taxes	\$ 548,357	\$ 162,201	\$ 463,854	\$ 589,743	\$ 332,750	\$ 332,724
Other grants and contributions	200,000	-	-	-	-	-
Investment earnings	44,972	9,543	16,693	57,424	39,305	25,232
Miscellaneous	-	8,479	-	-	-	-
Total revenues	<u>793,329</u>	<u>180,223</u>	<u>480,547</u>	<u>647,167</u>	<u>372,055</u>	<u>357,956</u>
Expenses:						
Urban and community development	316,136	92,917	440,374	209,259	107,984	136,523
Change in net position	477,193	87,306	40,173	437,908	264,071	221,433
Net Position - beginning	618,883	122,213	56,423	806,281	593,453	354,642
Net Position - ending	<u>\$1,096,076</u>	<u>\$ 209,519</u>	<u>\$ 96,596</u>	<u>\$1,244,189</u>	<u>\$ 857,524</u>	<u>\$ 576,075</u>

Supplementary Information
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds

June 30, 2025

	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	\$ -	\$ -	\$ 557,448	\$ -	\$ -	\$ 557,448
Investments held by trustee:						
Cash and money market funds	9,931,213	7,970,128	845,336	3,221,803	2,248,576	24,217,056
U.S. government securities	104,764,518	106,742,095	-	-	-	211,506,613
Other	50,027,649	45,228,009	-	-	-	95,255,658
State and municipal bonds	514,373	474,815	-	-	-	989,188
Corporate bonds and fixed-income commingled funds	24,183,216	24,684,240	7,251,663	19,596,837	10,210,080	85,926,036
Common stocks and equity mutual funds	275,891,902	269,801,491	7,302,370	19,740,149	10,506,991	583,242,903
Asset-backed securities	9,009,276	8,493,812	-	-	-	17,503,088
Real estate securities	27,672,004	23,452,748	-	-	-	51,124,752
Commodities	25,280,933	-	-	-	-	25,280,933
Collateral held by broker under securities lending - Short-term fixed income	38,073,451	39,258,839	-	-	-	77,332,290
Receivables:						
Contributions	768,303	937,465	-	-	-	1,705,768
Accrued interest receivable	1,070,143	801,985	15,546	38,418	20,153	1,946,245
Other	-	-	57,189	68,409	36,337	161,935
Pending trades - Sales	2,571,005	204,197	-	-	-	2,775,202
Total assets	569,757,986	528,049,824	16,029,552	42,665,616	23,022,137	1,179,525,115
Liabilities						
Vouchers and accounts payable	407,443	316,359	116,605	143,827	161,102	1,145,336
Due to General Fund	-	-	-	536,630	862,699	1,399,329
Pending trades - Purchases and other payables	3,049,324	774,137	-	-	-	3,823,461
Obligations under securities lending agreements	38,073,451	39,258,839	-	-	-	77,332,290
Total liabilities	41,530,218	40,349,335	116,605	680,457	1,023,801	83,700,416
Net Position - Restricted						
Pension	528,227,768	487,700,489	-	-	-	1,015,928,257
Postemployment benefits other than pension	-	-	15,912,947	41,985,159	21,998,336	79,896,442
Total net position	<u>\$ 528,227,768</u>	<u>\$ 487,700,489</u>	<u>\$ 15,912,947</u>	<u>\$ 41,985,159</u>	<u>\$ 21,998,336</u>	<u>\$ 1,095,824,699</u>

Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds

Year Ended June 30, 2025

	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	\$ 8,851,842	\$ 8,045,195	\$ 522,631	\$ 1,395,070	\$ 753,026	\$ 19,567,764
Net increase in fair value of investments	40,960,098	46,184,015	808,876	2,234,473	1,198,473	91,385,935
Investment costs	(1,199,297)	(1,024,410)	-	-	-	(2,223,707)
Net investment income	48,612,643	53,204,800	1,331,507	3,629,543	1,951,499	108,729,992
Securities lending income	203,624	183,914	-	-	-	387,538
Contributions:						
Employer contributions	17,988,543	13,368,493	1,290,621	86,188	478,092	33,211,937
Plan member contributions	6,134,487	1,968,718	-	-	-	8,103,205
Total contributions	24,123,030	15,337,211	1,290,621	86,188	478,092	41,315,142
Total additions	72,939,297	68,725,925	2,622,128	3,715,731	2,429,591	150,432,672
Deductions						
Benefit payments	37,596,788	39,380,004	1,537,746	2,518,756	2,592,552	83,625,846
Administrative expenses	632,135	630,863	231,112	225,956	202,607	1,922,673
Total deductions	38,228,923	40,010,867	1,768,858	2,744,712	2,795,159	85,548,519
Net Increase (Decrease) in Fiduciary Net Position	34,710,374	28,715,058	853,270	971,019	(365,568)	64,884,153
Net Position - Beginning of year	493,517,394	458,985,431	15,059,677	41,014,140	22,363,904	1,030,940,546
Net Position - End of year	\$ 528,227,768	\$ 487,700,489	\$ 15,912,947	\$ 41,985,159	\$ 21,998,336	\$ 1,095,824,699

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
June 30, 2025

Function and Activity	Land	Easements/ Right of way	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office		Construction in Progress	Totals
							Furniture and Equipment	Infrastructures		
General government:	\$ 3,079,618	\$ -	\$ 1,362,246	\$ 51,163,473	\$ 12,980,154	\$ -	\$ -	\$ -	\$ 77,934,930	\$ 146,520,421
Public safety:										
Police	1,455,462	-	-	23,845,777	2,547,672	1,028,956	54,195	-	75,781	29,007,843
Fire	2,047,646	-	13,150	6,475,853	4,531,124	14,135,529	29,741	-	13,084,812	40,317,855
Total public safety	3,503,108	-	13,150	30,321,630	7,078,796	15,164,485	83,936	-	13,160,593	69,325,698
Public works:										
Public works	6,566,744	1,742,990	18,516,021	624,539	1,116,761	109,943	-	600,293,596	14,421,107	643,391,701
Street lighting	-	2,618	-	450,372	40,121	-	-	34,091,628	4,792,381	39,377,120
Traffic safety	-	4,970	16,965	3,132,054	546,287	-	66,669	8,885,887	39,083	12,691,915
Total public works	6,566,744	1,750,578	18,532,986	4,206,965	1,703,169	109,943	66,669	643,271,111	19,252,571	695,460,736
Culture and recreation:										
Libraries	2,284,018	-	72,998	37,952,647	2,605,668	248,081	2,018,539	-	-	45,181,951
Museum	2,736,700	-	-	42,532,333	114,709	-	530,787	-	-	45,914,529
Parks	12,812,120	39,922	60,548,387	16,033,429	1,675,176	240,158	-	-	17,510,517	108,859,709
Total culture and recreation	17,832,838	39,922	60,621,385	96,518,409	4,395,553	488,239	2,549,326	-	17,510,517	199,956,189
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	\$ 30,982,308	\$ 1,790,500	\$ 80,529,767	\$ 182,210,477	\$ 26,157,672	\$ 15,793,380	\$ 2,699,931	\$ 643,271,111	\$ 127,858,611	\$ 1,111,293,757

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, 2025

Function and Activity	June 30, 2024	Reclassification	Additions	Deletions	June 30, 2025
General government	\$ 86,094,419	\$ 590,531	\$ 59,835,471	\$ -	\$ 146,520,421
Public safety:					
Police	28,801,240	-	331,106	124,503	29,007,843
Fire	27,665,853	-	12,820,322	168,320	40,317,855
Total public safety	56,467,093	-	13,151,428	292,823	69,325,698
Public works:					
Public works	623,043,831	40,336	20,307,534	-	643,391,701
Street lighting	35,513,219	-	3,876,601	12,700	39,377,120
Traffic safety	12,739,256	14	647	48,002	12,691,915
Total public works	671,296,306	40,350	24,184,782	60,702	695,460,736
Culture and recreation:					
Libraries	45,162,651	-	19,300	-	45,181,951
Museum	45,914,530	-	-	1	45,914,529
Parks	90,144,620	(630,881)	20,620,466	1,274,496	108,859,709
Total culture and recreation	181,221,801	(630,881)	20,639,766	1,274,497	199,956,189
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	\$ 995,110,332	\$ -	\$ 117,811,447	\$ 1,628,022	\$ 1,111,293,757

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 Rapids' 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, 2025

	<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>	<u>2025</u>
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 325,063,166
Restricted	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	51,896,691
Unrestricted	69,438,666	51,058,700	(53,962,764)	(73,562,866)	(81,583,684)	(77,340,309)	(23,153,754)	(17,435,230)	15,093,631	21,591,900
Total net position	\$ 300,011,418	\$ 260,625,889	\$ 172,281,511	\$ 173,532,131	\$ 180,268,094	\$ 205,166,448	\$ 260,411,113	\$ 292,208,833	\$ 346,292,617	\$ 398,551,757
Business-type Activities:										
Net investment in capital assets	\$ 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	\$ 520,734,755
Restricted	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	34,916,827
Unrestricted	80,686,568	89,651,460	96,236,519	99,265,616	102,529,284	115,595,990	112,027,789	111,878,935	152,420,475	163,351,508
Total net position	\$ 506,025,156	\$ 523,771,451	\$ 545,718,050	\$ 563,393,699	\$ 580,361,555	\$ 593,493,894	\$ 606,348,272	\$ 625,586,946	\$ 674,677,039	\$ 719,003,090
Primary government in total:										
Net investment in capital assets	\$ 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	\$ 845,797,921
Restricted	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	86,813,518
Unrestricted	150,125,234	140,710,160	42,273,755	25,702,750	20,945,600	38,255,681	88,874,035	94,443,705	167,514,106	184,943,408
Total net position	\$ 806,036,574	\$ 784,397,340	\$ 717,999,561	\$ 736,925,830	\$ 760,629,649	\$ 798,660,342	\$ 866,759,385	\$ 917,795,779	\$ 1,020,969,656	\$ 1,117,554,847

Note: GASB 101, Compensated Absences, was implemented in FY25. Prior years do not reflect the impact of this new standard.

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 54,726,576
Public safety	101,714,766	111,566,878	109,576,349	121,743,341	106,533,215	97,300,350	90,373,298	122,775,160	124,984,242	138,578,274
Public works	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	81,662,833
Culture and Recreation	17,714,262	18,038,363	14,263,996	22,132,872	19,477,730	25,427,655	23,410,355	26,201,737	32,296,821	107,850,925
Urban & Community Development	17,361,430	19,611,904	21,061,730	20,378,186	21,167,228	23,972,817	22,386,293	23,499,676	27,533,282	36,906,621
Health and Welfare	-	-	-	-	-	-	-	-	7,161	833,393
Interest on long-term debt	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	6,189,474
Total governmental activities expenses	\$ 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	\$ 426,648,096
Business-type activities:										
Water Supply System	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	50,660,288
Sewage Disposal System	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	70,454,577
Auto Parking System	14,249,852	15,902,942	16,949,252	22,154,543	19,019,579	20,070,059	-	20,854,865	20,862,013	22,511,655
Other Enterprises	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	4,081,986
Total business-type activities expenses	100,089,142	107,957,314	102,971,855	123,450,951	124,152,191	131,397,831	126,692,647	140,739,288	142,071,327	147,708,506
Total primary government expenses	\$ 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	\$ 574,356,602
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 14,062,390
Public safety	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	3,237,285
Public works	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	18,827,915
Culture and recreation	765,030	882,614	1,203,052	1,105,788	750,288	412,030	597,944	785,995	836,785	880,809
Urban & community development	10,836,002	9,961,856	10,243,176	12,270,634	11,040,627	9,790,125	11,462,240	10,901,994	9,848,235	11,073,307
Total Charges for services:	33,801,168	33,081,367	34,855,613	43,901,930	38,179,459	38,742,616	40,583,236	48,096,073	45,269,727	48,081,706
Operating grants and contributions:	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	153,646,209
Capital grants and contributions	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	6,862,829
Total governmental activities program revenues	\$ 50,698,476	\$ 47,130,943	\$ 75,692,819	\$ 86,736,336	\$ 77,970,025	\$ 98,461,898	\$ 103,455,928	\$ 100,913,386	\$ 124,451,366	\$ 208,592,744
Business-type activities:										
Charges for services:										
Water Supply System	41,968,413	43,536,557	45,852,294	48,044,222	48,756,354	51,237,955	50,986,717	54,848,203	59,048,684	61,536,474
Sewage Disposal System	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	72,998,450
Auto Parking System	15,361,175	20,120,530	20,307,490	20,458,374	16,096,277	11,676,256	-	19,480,204	22,498,913	23,425,977
Other Enterprise	1,940,424	1,939,830	2,100,249	2,102,458	2,042,445	2,418,540	20,992,178	2,978,799	3,067,329	3,181,643
Total Charges for services:	113,389,258	120,348,914	123,917,417	128,110,789	128,960,489	128,024,867	139,510,948	146,093,519	155,070,696	161,142,544
Operating grants and contributions:	623,218	653,864	629,035	631,994	616,323	684,887	1,372,361	6,894,900	4,334,265	2,524,586
Capital grants and contributions:	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	17,519,930
Total business-type activities program revenues	120,229,353	126,277,333	131,882,632	131,898,952	132,821,314	142,020,156	143,887,083	155,913,280	182,660,950	181,187,060
Total primary government program revenues	\$ 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	\$ 389,779,804
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (218,055,352)
Business-type activities	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	33,478,554
Total primary government net expense	\$ (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)	\$ (184,576,798)

Note: GASB 101, Compensated Absences, was implemented in FY25. Prior years do not reflect the impact of this new standard.

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2025

General Revenues and Other Changes in Net Position

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 59,943,721
Income taxes	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	152,895,087
Intergovernmental, unrestricted	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	32,528,567
Unrestricted investment earnings	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	29,487,914
Miscellaneous	626,056	1,070,668	816,860	842,188	206,916	514,763	984,977	1,330,882	2,202,361	1,706,308
Gain on sale of capital assets	-	-	209,777	172,522	-	206,001	53,308	21,662	-	-
Transfers	(819,936)	1,716,466	1,678,354	(2,689,320)	(1,096,255)	(657,947)	(886,036)	(886,252)	407,815	(949,411)
Total governmental activities:	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	275,612,186
Business- type activities:										
Unrestricted investment earnings	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	9,207,792
Miscellaneous	159,504	1,128,510	3,642,538	564,224	635,844	876,428	1,239,904	1,178,132	635,622	1,507,170
Gain on sale of capital assets	-	3,594	250,456	(227)	-	(11,535)	-	-	-	-
Transfers	819,936	(1,716,466)	(1,678,354)	2,689,320	1,096,255	657,947	886,036	886,252	(407,815)	949,411
Special Item- Refund Water Bonds	-	-	-	-	-	-	-	-	-	-
Total business- type activities	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	11,664,373
Total primary government	\$ 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	\$ 287,276,559
Change in Net Position										
Governmental activities	\$ (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	\$ 57,556,834
Business- type activities	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	45,142,927
Total primary government	\$ (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	\$ 102,699,761

Note: Gas and Weight Taxes were reclassified from intergovernmental to operating grants and contributions in 2018

Note: GASB 101, Compensated Absences, was implemented in FY25. Prior years do not reflect the impact of this new standard.

Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years
 June 30, 2025
 (modified accrual basis of accounting)

	<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>	<u>2025</u>
General Fund										
Nonspendable	\$ 5,021,173	\$ 3,372,266	\$ 3,426,797	\$ 3,393,029	\$ 1,776,654	\$ 416,721	\$ 524,238	\$ 826,882	\$ 913,595	\$ 855,947
Restricted	-	-	-	-	-	-	39,000	-	2,464,177	2,975,239
Committed	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	23,441,904
Assigned	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	21,102,111
Unassigned	22,388,202	27,289,147	30,434,665	38,134,167	37,037,796	45,055,336	68,232,832	66,765,634	78,361,443	88,367,762
Total general fund	<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>	<u>\$ 136,742,963</u>
All other governmental funds										
Nonspendable	\$ 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	\$ 4,172,456
Restricted	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	157,750,095
Committed	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	81,167,721
Assigned	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	39,658,364
Unassigned	-	-	-	-	-	-	(1,116,991)	-	-	(167,214)
Total all other governmental funds	<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>	<u>\$ 282,581,422</u>

Changes in Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years
June 30, 2025
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Property taxes	\$ 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	\$ 59,943,721
City income taxes	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	152,895,087
State shared taxes	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	58,901,140
Licenses and permits	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	9,445,927
Federal grants	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	52,946,767
State grants	3,118,910	900,182	5,923,895	6,072,025	2,622,484	2,187,355	2,598,310	3,615,064	6,258,250	13,423,805
Other grants & contributions	5,354,333	4,430,972	6,354,333	6,041,334	6,328,962	6,907,467	5,848,762	9,118,877	12,782,031	12,200,849
Charges for services	24,075,616	23,371,878	23,866,290	32,548,906	29,380,544	32,199,363	31,614,039	35,384,456	36,841,072	32,699,636
Fines and forfeitures	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	1,723,888
Investment earnings (loss)	1,812,434	(292,270)	1,684,235	5,112,136	6,865,356	1,300,570	(10,047,857)	411,948	13,799,078	24,480,839
Miscellaneous	626,056	1,066,531	878,678	806,836	386,319	776,406	905,092	1,338,501	2,199,917	1,746,019
Total revenues	\$ 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	\$ 424,548,914
Expenditures:										
Current:										
General government	\$ 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	\$ 49,256,656
Public safety	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	123,923,135
Public works	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	47,836,611
Culture and recreation	17,791,041	17,775,381	19,868,500	20,438,421	21,961,324	22,063,780	23,921,682	27,876,025	26,923,654	28,389,237
Health and welfare	-	-	-	-	-	-	-	-	7,161	833,393
Urban and community development	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	36,508,724
Debt service:										
Principal	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	10,988,273
Interest, fees, and bond issue costs	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	5,903,624
Capital outlay	35,497,277	39,899,156	23,046,887	32,893,966	28,271,228	32,423,403	27,096,680	26,750,600	61,406,876	216,992,874
Total expenditures	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	520,632,527
Excess (deficit) of revenues over expenditures	\$ (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	\$ (96,083,613)
Other financing sources (uses):										
Transfers in	\$ 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	\$ 47,793,459
Transfers out	(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)	(52,136,675)
Sale of capital assets	120,109	304,079	5,480	-	1,329,280	2,670	107,997	2,620	25,857	-
Face value of bonds and contracts issued	37,840,000	12,045,000	-	8,210,000	18,735,000	3,867,238	11,790,000	-	81,900,000	164,980,000
Premium on bonds issued	3,886,102	-	-	785,507	1,492,494	265,029	630,889	-	8,226,410	10,530,932
Leases and SBITAs entered into	-	-	-	-	-	-	73,531	406,939	459,287	5,939,066
Payment to refunded bond escrow agent	(8,635,029)	-	-	-	(19,867,377)	(4,060,049)	-	-	-	-
Total other financing sources (uses)	33,476,076	15,214,829	540,434	6,308,175	160,432	11,691,779	1,495,751	-	90,109,790	177,106,782
Net change in fund balances	24,221,473	(928,369)	(7,118,806)	18,820,333	1,950,569	(5,653,638)	42,288,456	34,072,259	115,353,801	81,023,169
Fund balances, beginning	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
Current year change in inventory levels	61,340	(399,388)	271,626	74,536	90,678	-	-	-	-	-
Fund balances, ending	\$ 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	\$ 419,324,385
Debt Service as a percentage of non-capital expenditures	5.27%	5.29%	13.59%	4.79%	4.46%	10.55%	3.60%	3.88%	3.65%	5.82%

Note: Beginning in 2021, the City included the current year change in inventory levels with expenditures

City of Grand Rapids, Michigan

Tax Revenue by Source - All Funds (Unaudited)

Last Ten Fiscal Years
June 30, 2025

Fiscal Year	City Taxes					State Shared Taxes				Total Tax Revenues, All Funds
	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other				
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
2025	152,895,087	59,943,721	25,348,553	30,252,781	3,090,272	209,534				271,739,948

	Percent to Total Tax Sources				% Increase (Decrease)			
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
2025	56.3	22.1	9.3	11.1	1.1	0.1		9.0

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, 2025

Taxable Income per Return	Calendar Year 2025						Calendar Year 2016								
	No. of Returns	% of Total Returns	Total Taxable Income	Tax Dollars	% of Total Dollars	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
\$32 or less	6,431	5%	\$ -	-	0%	3,214	3%	\$ -	-	0%	3,214	3%	\$ -	-	0%
33 - 12,500	8,950	7%	53,600,000	800,000	1%	11,459	10%	67,700,000	1,020,000	1%	11,459	10%	67,700,000	1,020,000	2%
12,501 - 25,000	7,764	6%	145,300,000	2,180,000	2%	9,174	8%	170,800,000	2,560,000	2%	9,174	8%	170,800,000	2,560,000	5%
25,001 - 50,000	15,809	12%	589,700,000	8,850,000	8%	12,869	11%	467,300,000	7,010,000	4%	14,775	13%	544,200,000	4,080,000	7%
50,001 - 100,000	15,882	12%	1,117,300,000	16,760,000	16%	10,022	9%	696,900,000	10,450,000	7%	11,511	10%	781,600,000	5,860,000	10%
More than \$ 100,000	10,384	8%	2,218,000,000	33,270,000	32%	3,967	3%	698,800,000	10,480,000	12%	4,720	4%	960,700,000	7,210,000	13%
Subtotal	65,220	48%	\$ 4,123,900,000	\$ 61,860,000	59%	50,705	44%	\$ 2,101,500,000	\$ 31,520,000	24%	61,161	53%	\$ 2,530,100,000	\$ 18,980,000	34%
Non-Resident Taxpayers:	8,935	7%	\$ -	-	0%	5,815	5%	\$ -	-	0%	5,815	5%	\$ -	-	0%
\$66 or less	13,207	10%	70,300,000	530,000	1%	15,540	13%	79,800,000	600,000	1%	15,540	13%	79,800,000	600,000	1%
67 - 12,500	7,325	5%	134,500,000	1,010,000	1%	8,800	8%	163,800,000	1,230,000	1%	8,800	8%	163,800,000	1,230,000	2%
12,501 - 25,000	13,497	10%	504,500,000	3,780,000	4%	14,775	13%	544,200,000	4,080,000	4%	14,775	13%	544,200,000	4,080,000	7%
25,001 - 50,000	14,141	10%	989,000,000	7,420,000	7%	11,511	10%	781,600,000	5,860,000	7%	11,511	10%	781,600,000	5,860,000	10%
50,001 - 100,000	7,435	5%	1,675,800,000	12,570,000	12%	4,720	4%	960,700,000	7,210,000	12%	4,720	4%	960,700,000	7,210,000	13%
More than \$100,000	64,540	48%	\$ 3,374,100,000	\$ 25,310,000	24%	61,161	53%	\$ 2,530,100,000	\$ 18,980,000	24%	61,161	53%	\$ 2,530,100,000	\$ 18,980,000	34%
Subtotal	5,748	4%	\$ 1,194,200,000	\$ 17,910,000	17%	4,178	4%	\$ 399,800,000	\$ 6,000,000	17%	4,178	4%	\$ 399,800,000	\$ 6,000,000	11%
All Other Returns	135,508	100%	\$ 8,692,200,000	\$ 105,080,000	100%	116,044	100%	\$ 5,031,400,000	\$ 56,500,000	100%	116,044	100%	\$ 5,031,400,000	\$ 56,500,000	100%
Subtotal	City Income Tax Department														

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, 2025

Taxable Values

Fiscal Year	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
	Residential Property	Commercial Property	Industrial Property	Personal Property				Estimated Actual Value	Estimated Actual Value		
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	
2025	4,328,436,819	2,254,895,904	240,677,685	479,122,100	7,303,132,508	(96,920)	8.9544	22,180,300,700	33	13.42	

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, 2025**

Fiscal Year Ended June 30	Tax Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in		Total Collections to Date	
			Amount	Percentage of Levy	Subsequent Years (net of adjustments)	Amount		
2016	2015	\$ 36,360,029	\$ 36,281,099	99.78	\$	(83,003)	\$ 36,198,096	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
2025	2024	54,688,034	54,612,269	99.86		-	54,612,269	99.86

Note: The tax levies and collections shown above are ad valorem taxes only and exclude amounts payable to discretely presented Component Units.

City of Grand Rapids, Michigan

Property Tax Rates: Direct and Overlapping Governments (Unaudited)

**Last Ten Fiscal Years
June 30, 2025**

Fiscal Year	Tax Year	City of Grand Rapids Direct Tax Rates ¹										Total Intermodal Transit	Total State Education	Total County ⁶	Combined Total
		General Operating	Promotional and Advertising	Library ²	Collection	Refuse	Parks ⁵	Total City	Total School ³	Total State Education	Total Intermodal Transit				
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			
2025	2024	3.7396	0.0068	2.2316	1.8000	1.1764	8.9544	28.9471	6.0000	1.3950	6.2310	51.5275			

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, 2025

Taxpayer	Type of Business	Fiscal Year 2025				Fiscal Year 2016			
		Taxable		Percentage of Total		Taxable		Percentage of Total	
		Valuation	Rank	Taxable Valuation	Rank	Valuation	Rank	Taxable Valuation	Rank
Consumers Energy	Electric Utility	\$ 127,590,381	1	2.05%	1	\$ 77,222,176	1	1.72%	
Spectrum Health	Healthcare	86,770,405	2	1.39%	2	22,426,653	6	0.05%	
DTE Gas Company	Gas Utility	68,346,700	3	1.10%	3	20,048,400	7	0.45%	
Amway Hotel Corporation	Hospitality	50,031,313	4	0.80%	4	38,139,639	3	0.43%	
G&I X Centerpoint LLC	Retail Shopping Center	33,922,616	5	0.54%	5				
Steelcase Inc	Office systems design/ manufacturing	31,301,053	6	0.50%	6	18,291,867	9	0.41%	
Grip Medical Properties I LLC	Medical Office Building & Research	30,222,077	7	0.48%	7				
HP3 LLC	Lodging, dining, retail	29,894,728	8	0.48%	8	24,166,021	5		
Studio Park Lofts LLC	Real Estate	24,346,360	9	0.39%	9				
Brix Grand Rapids Holdings LLC	Real Estate	23,392,513	10	0.38%	10				
Kellogg Company	Bakery Products					38,173,828	2	0.85%	
Centerpoint Owner LLC	Retail Shopping center					31,646,900	4	0.70%	
Fifth Third Bank,	Banking/Real estate					18,426,895	8	0.50%	
Pridgeon and Clay Inc	Automotive components Manufacturer					16,597,222	10	0.37%	
		<u>\$ 505,818,146</u>		<u>0.08%</u>		<u>\$ 305,129,601</u>		<u>0.05%</u>	

Note: The principal taxpayers and taxable values were determined from the July 1, 2023, and July 1, 2014, 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, 2025

Name of Governmental Unit	Gross	City Share as Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 230,875,000	100.00%	\$ 230,875,000
Caledonia Community Schools	\$197,704,262	0.06%	118,623
Forest Hills Public Schools	\$263,465,000	2.38%	6,270,467
Godwin Heights Public Schools	\$18,375,000	8.96%	1,646,400
Kenowa Hills Public Schools	\$119,520,000	0.65%	776,880
Kentwood Public Schools	\$163,450,000	8.62%	14,089,390
Kent County	\$57,090,000	22.49%	12,839,541
Grand Rapids Community College	\$16,175,000	21.73%	3,514,828
Total overlapping debt	<u>\$ 1,066,654,262</u>		<u>\$ 270,131,129</u>
City direct debt			<u>\$ 315,884,224</u>
Total City direct and overlapping debt			<u>\$ 586,015,353</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, 2025

Fiscal Year	Governmental Activities										Total Governmental Activities	
	General Bonded Debt					Other Debt						
	General Obligation Limited Tax Bonds	Percentage of Personal Income ²	Per Capita ¹	Revenue Bonds	State Loans	Leases	SBITAs	Revenue Bonds	State Loans	Leases		
2016	\$89,536,548	2.234	459	\$25,917,111	-	-	-	-	-	-	-	\$115,453,659
2017	95,121,080	2.202	478	24,496,310	-	-	-	-	-	-	-	119,617,390
2018	69,183,773	1.601	348	22,995,508	-	-	-	-	-	-	-	92,179,281
2019	71,210,367	1.531	356	22,183,481	-	-	-	-	-	-	-	93,393,848
2020	65,608,041	1.310	332	20,112,680	-	-	-	-	-	-	-	85,720,721
2021	45,248,041	0.860	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	2.080	675	11,748,840	-	74,612	-	-	874,977	-	-	145,355,158
2025	300,206,284	4.418	1500	9,516,630	-	88,165	-	-	6,073,145	-	-	315,884,224

Fiscal Year	Business-Type Activities					Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Limited Tax Bonds	Revenue Bonds	Leases & SBITAs	Revenue Bonds	Leases & SBITAs				
	Revenue Bonds	Leases & SBITAs	Revenue Bonds	Leases & SBITAs	Percentage of Personal Income ²				
2016	\$32,126,772	381,577,159	-	\$413,703,931	12.30	\$529,157,590	12.30	2,750	
2017	30,655,329	376,691,837	-	407,347,166	12.20	526,964,556	12.20	2,650	
2018	30,336,807	415,259,149	-	445,595,956	12.45	537,775,237	12.45	2,705	
2019	27,555,565	434,450,540	-	462,006,105	11.94	555,399,953	11.94	2,774	
2020	25,956,520	490,811,032	-	516,767,552	12.06	602,488,273	12.06	2,997	
2021	24,113,418	477,523,677	-	501,637,095	11.33	565,930,204	11.33	2,815	
2022	22,935,028	449,178,638	2,690,387	474,804,053	10.36	543,198,174	10.36	2,752	
2023	21,064,677	428,409,916	2,112,559	451,587,152	9.01	515,708,494	9.01	2,619	
2024	19,144,324	420,704,927	4,525,579	444,374,830	9.27	589,729,988	9.27	3,000	
2025	17,168,972	405,089,091	3,372,242	425,630,305	10.91	741,514,529	10.91	3,705	

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, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 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	\$ 1,125,992,885
Total net debt applicable to limit	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	306,119,999
Legal debt margin	\$ 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	\$ 819,872,886

Total net debt applicable to the limit (as a percentage of debt limit)	35.31%	34.17%	25.41%	22.94%	18.10%	11.99%	10.82%	8.99%	15.31%	27.19%
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Legal Debt Margin Calculation for Fiscal Year 2025

Assessed Value	\$ 11,090,150,350
Add back: exempt property	169,778,500
Total Assessed Value	11,259,928,850
Debt limit (10% of total AV)	1,125,992,885
Debt applicable to limit:	
Total debt outstanding	675,656,405
Less: exempt debt	369,536,406
Total net debt applicable to limit	306,119,999
Legal debt margin	\$ 819,872,886

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, 2025

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses ²	Available for Debt Service			Debt Service Requirements			Coverage
			Service	Principal	Interest	Total	Total	Coverage	
<u>Water Supply System Fund:</u>									
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		
2025	74,317,272	31,735,800	42,581,472	5,885,000	5,600,635	11,485,635	3.71		
<u>Sewage Disposal System Fund:</u>									
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		
2025	84,626,075	41,289,052	43,337,023	14,930,000	8,826,342	23,756,342	1.82		

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 2016-2019. 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 2016-2019. 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, 2025**

Fiscal Year	Population ¹	Personal Income	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment ⁴
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
2025	200,117	6,794,572,501	33,953	32.3	13,405	4.9

Notes:
¹ 2016-2022: U.S. Census Bureau - American Fact Finder-City of Grand Rapids
 2023-2025: U.S. Census Bureau Population Estimates

² 2016-2025: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

³ 2016-2025: 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, 2025

Employer	Type of Business	2025			2016		
		West Michigan	Total City	Rank	West Michigan	Total City	Rank
		Employees	Employment		Employees	Employment	
Corewell Health	Healthcare	25,000	21.1 %	1	22,000	18.7 %	1
Trinity Health Grand Rapids	Healthcare	8,500	7.2 %	2		0.0 %	
Meritage Hospitality Group Inc	Food & Beverage	7,000	5.9 %	3			
Gordon Food Services Inc.	Wholesale/Distribution	5,000	4.2 %	4		0.0 %	
Meijer Inc	Retailer	5,000	4.2 %	5	10,343	8.8 %	2
Gentex Corporation	Mfg- Computer/Electronic	4,500	3.8 %	6	3,900	3.3 %	5
Millerknoll	Mfg- Furniture	4,000	3.4 %	7			
Perrigo-HQ	Mfg- Chemicals	3,500	3.0 %	8	3,800		6
Farmers Insurance Group	Insurance	3,500	3.0 %	9		0.0 %	
Steelcase Inc	Mfg- Furniture	3,400	2.9 %	10	3,500	3.0 %	8
Mercy Health	Healthcare				6,500	5.5 %	3
Grand Valley State University	Education				3,306	2.8 %	9
Amway Corp	Consumer products manufacturing				4,000	3.4 %	4
Herman Miller	Furniture manufacturing				3,621	3.1 %	7
Magna International Inc	Glass products manufacturing for autos				2,950	2.5 %	10
Fifth Third Bank	Banking / Real estate						
		69,400	58.64%		63,920	51.11%	

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 https://rightplace.nyc3.cdn.digitaloceanspaces.com/production/uploads/downloads/public-resources/GGR-Overview_2025-Update.pdf (page 7).

Full-Time Equivalent City Government Employees by Department (Unaudited)

Last Ten Fiscal Years
June 30, 2025

Department	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessor	14.2	13.9	15.2	15.2	15.2	15.2	15.2	15.2	15.0	15.2
Attorney	17.0	17.0	17.0	17.0	18.0	18.0	18.0	18.0	19.0	19.0
City Clerk	9.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Community Development	14.6	14.9	15.4	15.4	15.4	15.9	22.7	22.3	24.0	23.3
Comptroller	17.0	17.0	15.0	15.0	15.0	16.0	16.0	16.0	16.0	4.0
311 Customer Service	13.0	13.0	14.0	14.0	14.1	14.1	14.1	13.1	11.0	14.1
Dispatch	53.5	44.0	42.8	42.8	46.0	44.0	47.0	47.0	49.0	51.0
61st District Court ¹	87.3	92.0	92.0	93.0	90.0	94.0	89.0	91.0	85.0	81.0
Economic Development	1.2	1.2	2.2	2.2	2.2	2.4	2.2	2.4	9.0	3.0
Engineering	35.4	36.3	39.1	39.1	40.0	39.3	38.3	38.4	44.0	45.4
Environmental Services/Sewage	117.4	118.2	118.2	119.3	137.3	136.7	136.6	141.7	123.0	121.3
Equal Opportunity (Admin Services)	4.3	4.3	4.3	4.3	4.0	7.0	7.0	8.0	6.0	5.0
Executive	12.8	12.2	18.1	22.2	18.3	19.2	15.7	18.7	26.0	19.9
Facilities Management	12.1	13.7	13.6	13.6	14.6	14.6	14.9	14.9	16.0	15.2
Fire	198.5	198.0	199.0	198.8	199.3	199.3	199.3	199.3	223.0	223.6
Fiscal Services	9.5	9.5	11.3	9.3	8.8	9.8	13.0	14.0	20.0	25.7
Human Resources	19.4	20.2	20.2	20.2	20.8	20.8	20.8	21.6	23.0	21.6
Income Tax	15.2	15.2	16.2	16.2	17.2	17.2	17.2	17.2	17.0	17.2
Information Technology	4.4	3.3	3.3	2.3	3.3	2.3	2.2	2.1	2.0	2.1
Motor Equipment	34.7	33.3	33.4	33.4	34.7	33.8	32.4	32.4	31.0	32.2
Neighborhood Improvement (Building Inspections)	49.2	50.9	56.4	57.4	59.5	59.7	60.2	60.9	63.0	66.0
Parking Services	36.5	38.3	40.3	43.5	45.8	47.3	47.3	47.3	47.0	50.3
Parks and Recreation	31.2	35.2	36.9	37.1	41.6	38.8	41.1	43.6	49.0	41.9
Planning	14.3	13.9	13.4	11.0	13.7	13.4	13.2	13.0	15.0	13.1
Police	321.0	320.0	325.0	325.0	334.0	335.0	328.0	330.0	339.0	339.8
Public Library ¹	150.0	152.0	153.0	156.5	156.5	157.0	159.0	163.0	160.0	110.0
Streets & Sanitation	73.5	75.5	77.4	76.9	123.5	123.5	84.1	87.5	85.0	96.2
Traffic Safety	38.4	37.7	38.1	37.5	23.8	22.7	22.7	22.7	24.0	25.5
Treasurer	18.0	18.0	17.0	17.0	17.0	18.0	18.0	16.0	17.0	17.0
Water	110.3	112.1	112.1	115.0	117.0	117.1	117.0	116.7	134.0	120.2
Seasonal and Other FTEs ¹	97.0	114.2	112.0	116.6	64.3	74.6	83.9	95.0	86.9	88.6
	1,629	1,655	1,682	1,698	1,721	1,738	1,707	1,740	1,790	1,719

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)

Last Ten Fiscal Years
June 30, 2025

Function/Program ¹	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Archives										
Requests ²	1,340	1,728	1,501	1,835	3,488	1,410	2,181	1,970	1,790	1,942
Boxes Stored ⁵	14,147	14,147	14,147	14,147	-	18,883	341	18,268	18,673	19,961
Cubic Feet of Records Stored ⁵	-	-	-	-	17,102	21,122	335	21,589	22,089	22,893
Clerk										
Voters in November Election	20,085	85,483	16,114	77,286	28,625	98,095	15,079	77,711	22,867	97,677
Public Safety										
Fire										
Total Calls ²	22,256	23,166	24,020	22,395	24,124	23,120	24,543	24,958	25,908	24,895
Civilian Fire Deaths ²	1	2	3	3	2	9	1	1	2	2
Police										
Major Crimes ²	6,288	5,760	5,432	5,405	5,121	5,503	3,852	5,435	5,415	5,476
Physical Arrests ²	14,756	15,142	13,174	13,094	10,869	4,612	5,105	4,279	6,429	7,074
Public Works										
Refuse										
Tons of Refuse Picked Up	26,305	26,683	28,154	31,873	35,708	36,745	36,909	36,007	36,850	39,871
Tons of Recycling Removed	10,118	10,042	9,852	7,244	6,501	8,171	7,573	7,817	7,436	8,162
Culture and Recreation										
Parks and Recreation										
Open Swim Participants	52,432	51,663	39,709	46,585	31,564	8,249	49,515	40,302	40,646	44,474
Swimming Lesson Participants	357	345	413	388	223	132	952	1,008	929	517
Softball League Teams	104	95	86	87	34	41	21	-	-	-
Public Library										
Library Card Holders	69,481	66,966	66,799	66,073	70,855	64,247	45,654	46,594	52,547	53,844
Total User Count	782,899	747,582	683,574	697,626	450,502	92,686	310,520	423,929	495,245	535,775
Local History Collection Users										
Total Circulation of Materials	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	1,433,292
Urban and Community Development										
Building Permits Issued	2,862	2,900	2,884	2,938	2,640	2,529	2,893	2,568	2,700	2,822
Construction Value	\$ 459,870,000	\$ 411,570,000	\$ 497,560,000	\$ 485,340,000	\$ 437,700,000	\$ 572,912,000	\$ 502,075,000	\$ 445,857,366	\$ 543,080,360	\$ 1,017,227,247
Business-Type Activities										
Cemeteries										
Burials	394	408	378	366	385	466	460	380	252	201
Parking System										
Event and Visitor Parking	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	1,101,060
Sewage Disposal System										
Number of Retail Customers	74,628	74,805	75,052	75,241	75,524	75,728	75,955	76,177	76,444	76,711
New Connections	303	259	282	306	328	297	297	292	365	334
Billions of Gallons Treated ³	18,819	15,367	14,705	16,005	16,968	12,844,000	14,294	14,982	14,702	13,666
Peak Daily Flow (millions of gal.)	76.30	80.10	88.30	80.00	87.70	85.70	73.20	87.80	78.10	81.90
Average Daily Flow (millions of gal.)	40.60	42.10	40.37	43.89	46.33	35.18	39.17	41.09	40.17	37.42
Water Supply System										
Number of Retail Customers ⁴	83,340	85,103	86,418	79,875	80,242	80,504	80,787	81,188	81,655	82,069
New Connections	315	273	305	389	310	315	273	414	488	466
Billions of Gallons Produced	12,623	12,565	13,525	12,911	12,735	13,381	13,365	12,899	13,368	13,368
Peak Daily Flow (millions of gal.)	64.02	69.77	66.39	77.14	63.14	75.10	68.80	70.20	64.52	68.30
Average Daily Flow (millions of gal.)	34.68	34.39	37.01	35.31	34.77	36.60	36.60	37.40	35.22	36.60

Notes:
 (1) Information provided by the responsible departments.
 (2) Calendar information for the previous calendar year.
 (3) In FY 2019, customers adjusted due to updated meter count.
 (4) 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.
 (5) In FY22, GRPL experienced equipment failure and the data for local history collection users was lost.
 (6) 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, 2025

Function/Program ¹	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Streetslights	19,307	18,539	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,323
Streets										
Miles of paved streets- major	206	206	206	211	207	211	211	211	211	210.82
Miles of paved streets- local	387	387	387	393	387	394	394	394	394	394
Culture and Recreation										
Parks and Recreation										
Number of major parks	71	71	71	71	71	71	74	74	74	74
Number of swimming pools	3	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	1	1	1	0	4	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	10	10	10	14	14	14	14	14	14
Sewage Disposal System										
Miles of sanitary sewers	913	913	915	920	921	925	928	931	936	941
Water Supply System										
Miles of water mains	1,169	1,175	1,178	1,185	1,187	1,188	1,192	1,194	1,196	1,204

Note: (1) Information is provided by the responsible departments