

City of Grand Blanc,
Michigan



Year Ended
May 31, 2023

Annual
Comprehensive
Financial Report

Prepared by: Finance Department

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CITY OF GRAND BLANC, MICHIGAN

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INTRODUCTORY SECTION

CITY OF GRAND BLANC, MICHIGAN

ELECTED AND APPOINTED OFFICERS

For the Year Ended May 31, 2023

Susan Soderstrom

Mayor

CITY COUNCIL

Norman Williams

John Creasey

Chris Douglas

Andrew Nyquist

Julie Nielsen

Christopher Carr

ADMINISTRATIVE OFFICIALS

Wendy Jean-Buhrer

City Manager

Dianne Waterworth

***Finance Director/
Treasurer***

Mary Hopkins

City Clerk

Steve Hill

Code Enforcement

Tonya Lall

Jennifer Zaagman

City Assessor

Brian Lipe

Police Chief

Ted Sczepanski

Building Inspector

Dan Harrett

Heritage Museum Director

Don Schreiber II

Fire Chief

Matthew S. Wurtz

Public Works Director



October 10, 2023

To the Mayor, City Council, and Citizens of the City of Grand Blanc:

The Annual Comprehensive Financial Report (ACFR) of the City of Grand Blanc for the fiscal year ending May 31, 2023, is hereby submitted. The responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The Administration believes that the data, as presented, is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial status have been included.

The City of Grand Blanc's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Grand Blanc for the fiscal year ending May 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Grand Blanc's financial statements for the fiscal year ending May 31, 2023, are fairly presented in conformity with GAAP.

Since the report consists of management's representations concerning the finances of the City of Grand Blanc, a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of the City of Grand Blanc's financial statements is used. However, due to the fact that the internal control systems should be cost effective, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

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. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Grand Blanc was founded in 1930. The City is a 3.71 square mile community located in southern Genesee County, Michigan in an ideal location; minutes from three major expressways that connect the City to cultural and industrial centers of Michigan. The City is located five miles south of Flint, sixty miles north of Detroit, and three miles north of Automation Alley in Oakland County. The City is enhanced by exemplary parks, recreation, and educational opportunities for kindergarten through 12th grade via both public and private schools and a premier library system. Quality health care is provided by Genesys Hospital, located just outside the City limits.

203 East Grand Blanc Road • Grand Blanc, Michigan 48439 • Phone 810-694-1118 • Fax 810-694-9517
www.cityofgrandblanc.com

The City operates under the council/manager form of government with seven elected officials, a mayor and six city council members representing the residents of the City of Grand Blanc. Policy making and legislative authority are vested with the Mayor and Council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The City Manager is responsible for carrying out the policies of the governing council, and for overseeing the day to day operation of the city. The Mayor and City Council members are elected on a non-partisan basis. The Mayor is directly elected by the electorate for a four year term. The City Council members are elected on a staggered four year term on an at large basis, with three members being elected every two years. The City Manager is appointed by, and serves at, the pleasure of the City Council.

The City of Grand Blanc provides various municipal services to its citizens. Among these are police protection, fire protection, parks operations, garbage collection, building protection and inspection, electrical, plumbing and mechanical inspection, water and sewer operations, street construction, maintenance and snow removal, leaf removal and branch chipping in the spring and summer, planning and zoning and general administrative services. The City also participates in a joint venture, the Grand Blanc District Library Commission, with the Charter Township of Grand Blanc.

The City's annual budget provides the foundation for the financial planning and control. All departments and funds funded by the City of Grand Blanc are required to submit requests for appropriations to the City Manager. The City Manager utilizes these requests as the basis for developing the proposed budget submitted to the City's Finance Committee. The Finance Committee is comprised of the Mayor and three City Council members, which meet on an as needed monthly basis to review the budget to actual numbers, prepare the budget, review accounts payable and to address all financial requests/concerns of the City of Grand Blanc. The Finance Committee presents the proposed budget to the full City Council by the first Monday in May each year. The City Council amends current year, amends next year and adopts an original budget for two years out.

Major Initiatives

In FY 2023, the City focused on capital improvements throughout the City. Buildings, improvements, roads, vehicles, and equipment have noted deferred maintenance or deferred replacement which could no longer be delayed. City Council began a systematic approach to capital improvements during the 2020 Strategic Plan and prioritized maintenance and/or replacements. This process is ongoing and has been key to the selection of capital improvements.

The City expended over \$245,500 in ARPA funds in FY 2023. Of that amount, all was utilized in Water Fund projects. These projects were planned projects. The usage of ARPA funds reduced the impact to resident and business charges, as these projects were needed and budgeted in previous years. These projects included water well #8 panel, water panel upgrade #7, Water towers exterior wash, Water plant #7 and #8 compressor purchase, and Center Road water main replacement. The remaining ARPA funds will fund Water Fund and Sewer Fund in FY 24.

The City completed important capital projects that lagged over several years due to COVID. The Grand Blanc McFarlen Library ADA improvements were completed in this fiscal year. The DPW Garage's failure of the overhang on the garage door caused an emergency expenditure. The City's Police Department instituted the Body Worn Camera policy as well as purchased Body Worn Cameras for all police officers.

Local Street projects investments this year included numerous streets for an investment of \$1,497,600. These streets include: Arileen, Croftshire Drive, Kings Fairway Court, Kings Fairway Lane, Kings Carriage, Kings Knight Circle, Perry Circle, Pleasantview Drive, Shell Bark Lane, and Shell Bark Court. Construction began in the summer of 2022 and were completed by fall of 2023.

The City purchased a Fire Ladder truck valued at \$900,000. The Fire Ladder truck will allow the Fire Department to conduct fire response activities for buildings and residents in the City more safely for floors above second level. Due to the efficiency of the Fire department, this was a goal realized by planning and careful selection of the elements on the Fire Ladder truck.

The City purchased three (3) DPW vehicles and (2) police vehicles. These vehicles replaced years old vehicles. These purchases improved the efficiency and effectiveness of the departments. These vehicles were also purchased through the State of Michigan MIDeal, which gave the City a discount on the purchase.

The City was able to capture grant dollars for a mobility grant, Help America Vote Again, Fire Department tools and supplies, and the Patronicity campaign for the new Dennis S. Smith Park. The City also received a grant for the Library's ADA improvements.

The City received the Patronicity grant for the National Fitness Court. The City has installed lights and an AED at the site. New entrance signs were installed at Rust Park and Physicians Park. The City submitted a grant for the Michigan Sparks Grant and received a grant for the Physicians Park playground structure replacement. The City installed doggie bags in City's Parks to encourage cleaning up after one's dogs. The City's General Fund also invested in the City's parks approximately \$120,000 for maintenance and capital items.

The City also had several small projects start and finish in FY 2023. Continued maintenance is a goal and important to the overall success of City's departmental land, buildings, equipment and vehicles. The Fire and Police Departments received several grants to cover departmental expenses and needed tools and supplies. The Police Department received a substantial grant from Congressman Kildee's Community Projects and will be recognized in the next fiscal year.

The City did not fund the annual required contribution for other postemployment benefits in the General Fund during the current fiscal year. The City did not make contributions to the Water and Sewer Funds, but will do so in October 2023. The City also made the contributions required for the normal cost for the employees that were hired after June 30, 2018. Concessions were made by employees in 2012 to discontinue post age 65 health care coverage and provide post age 65 retirees a monthly stipend in lieu of Medicare supplemental health insurance. The City has negotiated the removal of other post employment benefits from the Department of Public Works Laborer, Administrative Support, Administrative Supervisory, Non-Union, and Police Command groups and will continue to bargain with employees to reduce the other postemployment benefits liability as union negotiations are happening in the near future.

The City continued service consolidation of the Assessing Department with the City of Fenton. This increases the likelihood of having a long term continuity of staff over a period of time. The contract for the City of Fenton automatically renews every year unless either party decides differently. It is the goal of the Assessing department to present fair and accurate property assessments. Annually, 20% of the City's real property is evaluated to determine property values. The reassessment is currently in the Riverbend East and West areas and is the last area of the reassessment. After this assessment, 100% of the City will have been reassessed as required by law.

The City continues to update its BS&A computer software that includes general ledger, utility billing, payroll, accounts payable, tax, building and permitting, assessing, delinquent personal property, miscellaneous receivables, and cash receipting. The BS&A software allows all financial operations to communicate effectively and efficiently with services provided by the City through cash receipting, utility billing, assessing and taxation. Reporting from the computer software is improved and is utilized to its maximum potential with upgrades constantly being added from the computer software company to do so. During the current fiscal year, ACH payments were accepted by the City through the BS&A utility billing software, then through Invoice Cloud. In FY 2016, the City invested in the Building and Code Enforcement software from BS&A. In FY 2023, the City invested in the Fixed Assets program, at the advice of the auditors and incorporated the uploads into the financials.

In FY 2018, the City was granted the ability to administer and enforce the electrical, mechanical and plumbing codes. The City purchased the software, aligned the contracts with licensed individuals and prepared to administer and enforce by training a current employee to properly record the permits in the software which communicates with all of the other City software. The City hired two (2) individuals contractually to inspect electrical, plumbing and mechanical systems. This has been received well in our community. This has been an added benefit to our residents and our businesses.

Policy Implementation and Planning

The City instituted a Fund Balance Policy, amended on May 13, 2020, as a guide to administration for budgeting of usage of fund balance and for designation and computation for nonspendable, restricted, committed, assigned and unassigned fund balance. The Fund Balance Policy also addresses utilization of fund balance, minimum and maximum fund balance and maintenance and administrative responsibilities. The Fund Balance Policy is an implementation tool that guides expenditure and capital purchases.

The City complies with Public Act 20 of 1943 (as amended) of the State of Michigan in its cash management activities. Cash temporarily idle during the year was invested in demand and time deposits ranging from seven to 93 days. At the present time, the Council's investment policy is to invest in only Genesee and Oakland County institutions. The City invests in all available institutions in the Grand Blanc area. The City instituted a level of investment security by investing in more banks utilizing the Certificate of Deposit Account Registry Service (CDARS) system. A minimal amount of cash in current bank accounts is uninsured and available purely for expenses within the funds for the next fiscal year.

Long-term Financial Planning/Financial Policies

The City Council and department heads convene annually to develop and update the City's strategic plan for improvements to the infrastructure. Highlights of the current program include:

- Increasing economic and community development.
- Continuing upgrade of computer technology throughout the City departments, including installation of upgrades and utilization of program features.
- Securing sustainable funding for public safety services, particularly maintaining the presence of police patrol in the neighborhoods and on school campuses.
- Focusing on innovation and technology for the purposes of utilization of scarce resources.
- Continuing improvements to sanitary and storm water management system.
- Continuing to make improvements to our water supply system and the quality of the water.
- Continuing the process to invest for postemployment benefits.

The City Council established a Downtown Development Authority (DDA) and a Brownfield Redevelopment Authority (BRA). This fiscal year, due to prior fiscal year Michigan Tax Tribunal settlements, the DDA has experienced negative capture. The DDA updated their plan and began capturing in FY 2021. Brownfield Authority generated revenue and transfers from the General Fund and the DDA cover the bond expenses for the current fiscal year. The DDA contributed to the mobility study. The DDA paid \$30,197, the second of the installment, to Arkan Jonna for the Brownfield activities. The DDA owes approximately \$282,000 with a planned payoff in FY 2028.

The Brownfield Redevelopment Authority Fund was created to pay the bond payments from the tax increment financing proceeds. The proceeds do not cover the bond payments. The City Council and Brownfield Redevelopment Authority have agreed to split the balance not funded by the proceeds for the bond payments. This agreement is in place for the next four (4) fiscal years. After 2025 when the bonds are callable, the Brownfield Redevelopment Authority will be looking at other options to lower the interest rate and thus lower the payments.

The DDA focuses on redeveloping the downtown area and promoting economic development. The City had already developed comprehensive downtown design guidelines. These guidelines have already aided in the redevelopment of the downtown area. There have been improvements made to existing businesses and several new businesses developed in the downtown area. Many of these improvements and new businesses were completed before establishing the DDA. The DDA will be used as another tool for continued improvements and to create a unique downtown that will offer our residents and visitors options for entertainment, shopping, and services, all in one package. This year the DDA began reimbursing Jonna Properties under the Brownfield agreement for the 2015 project.

The DDA sponsored the Grand Blanc Chamber of Commerce's Firework presentation at the Grand Blanc Family Fun Fest and Grand Blanc City Concerts in the Park. The DDA sponsored the flower baskets in the downtown this spring and summer. The DDA is working on promoting several events in FY 2023. The DDA is looking to make an impact. The DDA provides advice and guidance to the DDA Events Committee and supports that committee in decision making and financial endeavors.

In 2012, the City of Grand Blanc joined thirty-five other municipalities, in a four county region, to form a Next Michigan Development Corporation (NMDC) designation for the I-69 International Trade Corridor. The purpose of the entity will be to bring strong marketing and business development tools for business and job growth. In December 2010, the state legislature created the Next Michigan program with the aim of leveraging our state's greatest assets – regional airports and highway systems. These regional entities will be able to offer economic incentives to businesses that rely on multimodal commerce to locate near major transportation facilities such as airports. The Next Michigan Development Corporation received several grants to promote the I-69 region.

Michigan's Brownfield Law is designed to encourage and assist developers who want to return property to productive use more quickly and at a lower cost than before, while still protecting human health and natural resources. The City of Grand Blanc has several properties that qualify under the Brownfield Act. The City's goal is to remediate property and to develop the property considered a Brownfield site. The City completed its first project in 2015. The tax revenue is no longer covering the bond payments. The City's General Fund and DDA Fund splits the remainder of uncovered bond payment.

Long range financial planning, of course, is affected by the City's revenue stream. The negative effects of Proposal A of 1994 have become apparent. The City, until recently, has maintained sufficient growth and increase in property values to escape the pitfalls of Proposal A. The full impact of this proposal on local government services in Grand Blanc shows as residential property sales and ultimately assessments declined during the economic downturn years. The current fiscal year brought increasing residential sale values in the City, resulting in uncapping and higher assessments.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the unique environment within which the City of Grand Blanc operates. The City is uniquely situated in the middle of the Grand Blanc Township. A reciprocal economic development relationship exists between the City and Township, what impacts the City, clearly impacts the Township and vice versa. An economic development team was formed to work on region-wide issues and to develop regional marketing materials.

CARES Act and Bipartisan Infrastructure Law Act funds are highly restrictive and have several qualifying factors, that the City does not meet. Infrastructure grants will be available in future fiscal years easing the City's capital improvement plans and budgets.

Local Economy

The City of Grand Blanc is a desirable community and continues to attract new residents and businesses that can produce financing for business ventures. The economic condition of the City is fiscally sound and stable. The future, however, is filled with economic uncertainties, challenges, and new opportunities. With high inflation and high interest, it is always a time of concern for possible recession.

Revenue projections continue to be challenging, but this fiscal year has seen increases and positive indicators are showing a recovery in the City's local economy including building permits, business permits and tax revenue. Property tax revenues have seen an increase this fiscal year due to increase in taxable values. The City is expecting rising property tax revenues as downtown is developed and buildings are constructed.

Many of Grand Blanc's residents work in either the Flint metropolitan area or in Automation Alley, a cluster of technology-driven companies in Oakland County. Genesee County's unemployment rate has decreased. Employment rates increased in durable manufacturing and in the wholesale sectors of the economy, as well as increased in business and health, construction, government, and non-durable manufacturing. Automotive and truck related production makes up the largest share of manufacturing employment in Genesee County. Employment at General Motors and automotive related facilities has decreased significantly in recent years, but has made steady improvements with plant improvements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Blanc for its ACFR for the fiscal year ended May 31, 2022. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded the Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for only one year. We believe that our current ACFR continues to meet the Certificate of Achievement program's requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

We wish to acknowledge the efforts of the department heads and the office staff that make it possible to prepare this ACFR. The commitment of the City Council to fiscal integrity and to financial leadership is also greatly appreciated. The accounting firm of Rehmann Robson also made substantial contributions in the preparation of this document.

Respectfully submitted,



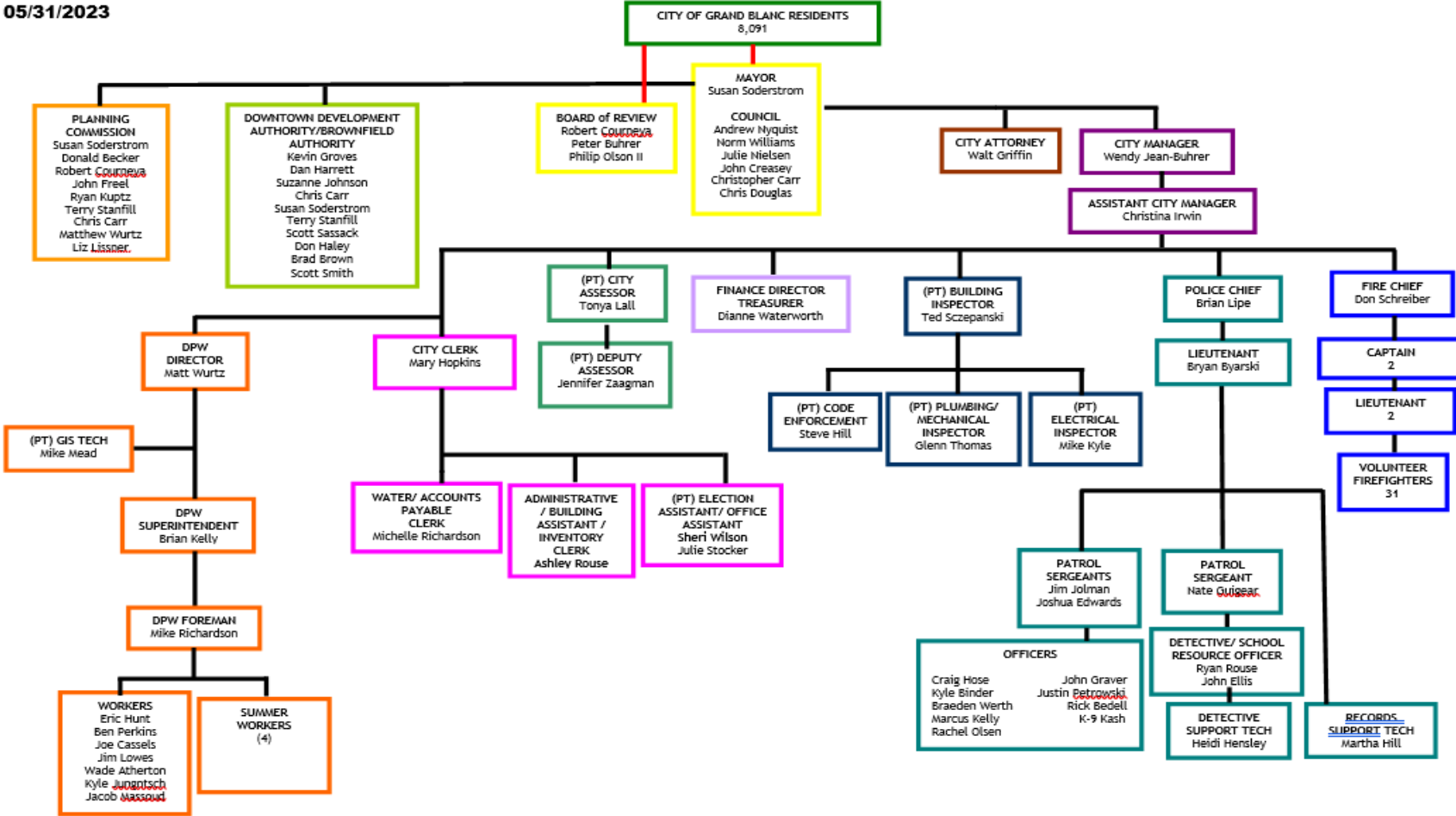
Wendy Jean-Buhrer
City Manager



Dianne Waterworth
Finance Director/Treasurer

TABLE OF ORGANIZATION

05/31/2023



**CITY OF GRAND BLANC, MICHIGAN
GFOA Certificate of Achievement**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Grand Blanc
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

May 31, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

October 10, 2023

Honorable Mayor and
Members of the City Council
of the City of Grand Blanc, Michigan
Grand Blanc, 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 **City of Grand Blanc, Michigan** (the "City"), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors' 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 auditors' 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 the schedules for the pension and other postemployment benefit plans, as listed 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

As management of the City of Grand Blanc, Michigan (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 May 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The total net position for the City of Grand Blanc is \$15,359,733. This includes an unrestricted deficit of \$9,285,144. Total net position increased \$857,307 from fiscal year 2022.
- Combined program and general revenue for the primary government amounted to \$11,389,346. Revenues exceeded expenses of \$10,532,039 by \$857,307.
- The combined fund balance at May 31, 2023 for the City's governmental funds was \$2,589,739. This was a decrease of \$1,099,720 from fiscal year 2022.
- General Fund expenditures and transfers out exceeded revenues and other financing sources by \$337,254. This was a budgeted use of fund balance for several one-time projects including the Police Body Camera project, completion of codification of ordinances, election computer and supplies, the Grand Blanc McFarlen Library ADA updates, and DPW emergency garage building repair.

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 components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of 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 service, public works, parks and recreation, highways and streets, and interest on long-term debt. The business-type activities of the City include water and sewer operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds such as the General Fund, Major Streets Fund, Local Streets Fund, and Capital Improvements Fund which are considered major funds, focus on the financing of these areas in the short-term and what remains for future spending.

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 the Water Fund and Sewer Fund, both of which are considered to be major funds of the City. An internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the vehicles and equipment provided to other departments of the government. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The City's internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

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's fiduciary fund statements provide information regarding the Other Postemployment Benefit Trust Fund and Custodial Fund.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's pension and other postemployment benefits plans.

CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$15,359,733 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 4,068,869	\$ 4,471,576	\$ 1,386,853	\$ 761,658	\$ 5,455,722	\$ 5,233,234
Capital assets, net	17,253,232	14,463,443	9,027,870	9,075,083	26,281,102	23,538,526
	<u>21,322,101</u>	<u>18,935,019</u>	<u>10,414,723</u>	<u>9,836,741</u>	<u>31,736,824</u>	<u>28,771,760</u>
Deferred outflows of resources	<u>1,610,148</u>	<u>914,561</u>	<u>423,380</u>	<u>245,608</u>	<u>2,033,528</u>	<u>1,160,169</u>
Liabilities						
Long-term liabilities	11,175,435	8,688,787	3,824,059	3,665,312	14,999,494	12,354,099
Other liabilities	1,398,131	636,530	356,249	1,132,135	1,754,380	1,768,665
	<u>12,573,566</u>	<u>9,325,317</u>	<u>4,180,308</u>	<u>4,797,447</u>	<u>16,753,874</u>	<u>14,122,764</u>
Deferred inflows of resources	<u>191,454</u>	<u>1,030,103</u>	<u>1,465,291</u>	<u>276,636</u>	<u>1,656,745</u>	<u>1,306,739</u>
Net position						
Net investment in capital assets	15,760,168	13,777,751	7,942,994	7,777,677	23,703,162	21,555,428
Restricted	941,715	1,689,574	-	-	941,715	1,689,574
Unrestricted (deficit)	<u>(6,534,654)</u>	<u>(5,973,165)</u>	<u>(2,750,490)</u>	<u>(2,769,411)</u>	<u>(9,285,144)</u>	<u>(8,742,576)</u>
Total net position	<u>\$ 10,167,229</u>	<u>\$ 9,494,160</u>	<u>\$ 5,192,504</u>	<u>\$ 5,008,266</u>	<u>\$ 15,359,733</u>	<u>\$ 14,502,426</u>

The City's net investment in capital assets of \$23,703,162 exceeds its total net position and reflects its investment in capital assets (e.g., land, building and improvements, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$941,715 (6.1 percent) represents resources that are subject to external restrictions on how they may be used. This leaves the City with a remaining unrestricted net position deficit of \$9,285,144.

At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net position, as there is a deficit in unrestricted net position.

CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 1,451,298	\$ 1,459,622	\$ 3,268,415	\$ 3,045,514	\$ 4,719,713	\$ 4,505,136
Operating grants	1,015,214	1,001,082	-	-	1,015,214	1,001,082
Capital grants	960,193	-	13,000	24,200	973,193	24,200
General revenues						
Property taxes	3,137,139	3,023,733	262,345	250,057	3,399,484	3,273,790
Grants and contributions not restricted to specific programs	1,190,632	925,218	-	-	1,190,632	925,218
Unrestricted investment earnings	22,302	2,906	45,155	7,000	67,457	9,906
Gain on sale of capital assets	23,653	-	-	-	23,653	-
Total revenues	<u>7,800,431</u>	<u>6,412,561</u>	<u>3,588,915</u>	<u>3,326,771</u>	<u>11,389,346</u>	<u>9,739,332</u>
Expenses						
General government	1,685,731	1,023,712	-	-	1,685,731	1,023,712
Public safety	3,077,332	1,922,903	-	-	3,077,332	1,922,903
Public service	438,841	472,053	-	-	438,841	472,053
Public works	296,219	222,495	-	-	296,219	222,495
Highway and streets	986,408	647,123	-	-	986,408	647,123
Parks and recreation	288,388	233,209	-	-	288,388	233,209
Interest on long-term debt	125,925	121,278	-	-	125,925	121,278
Water	-	-	1,865,862	1,309,595	1,865,862	1,309,595
Sewer	-	-	1,767,333	1,427,032	1,767,333	1,427,032
Total expenses	<u>6,898,844</u>	<u>4,642,773</u>	<u>3,633,195</u>	<u>2,736,627</u>	<u>10,532,039</u>	<u>7,379,400</u>
Change in net position, before transfers	901,587	1,769,788	(44,280)	590,144	857,307	2,359,932
Transfers - internal activities	(228,518)	(114,280)	228,518	114,280	-	-
Change in net position	<u>673,069</u>	<u>1,655,508</u>	<u>184,238</u>	<u>704,424</u>	<u>857,307</u>	<u>2,359,932</u>
Net position:						
Beginning of year	9,494,160	7,838,652	5,008,266	4,303,842	14,502,426	12,142,494
End of year	<u>\$ 10,167,229</u>	<u>\$ 9,494,160</u>	<u>\$ 5,192,504</u>	<u>\$ 5,008,266</u>	<u>\$ 15,359,733</u>	<u>\$ 14,502,426</u>

An increase of \$673,069 in net position is reported in the City's governmental activities. Capital grants increased \$960,193 due to Center Road Safety Major Street project from Federal Highway funds through the State of Michigan. General government and public safety expenses increased \$662,019 and \$1,154,429, respectively, due to increase in retiree opeb and increase in pension liability. Highways and streets expenses also increased \$339,285 due to increase in depreciation with approximately \$3 million of asset additions.

An increase of \$184,238 in net position is reported in reference to the City's business-type activities. Water and Sewer expenses increased \$556,267 and \$340,301, respectively, both due to an increase in retiree opeb expenditures and increase in pension liability allocation in the Water fund and treatment charges, and increase in retiree opeb expenditures and increase in pension liability allocation in the Sewer fund.

CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

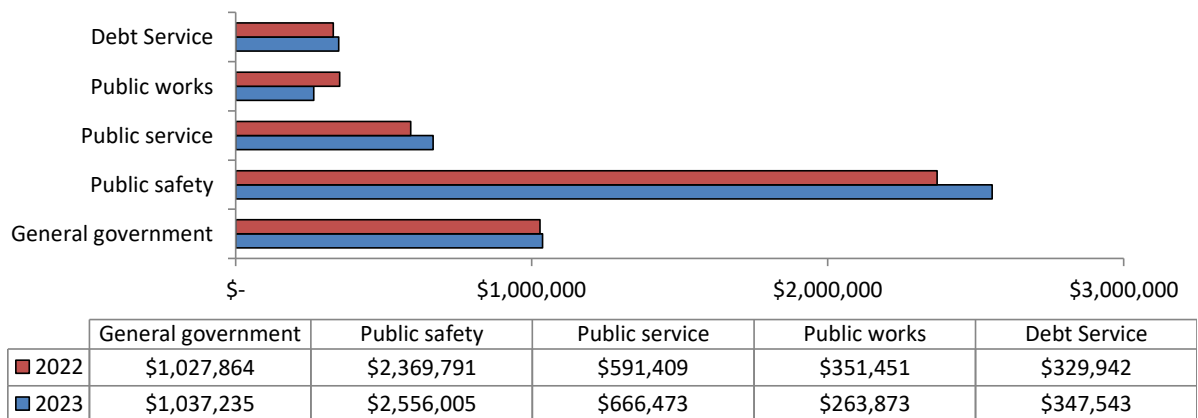
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,589,739, a decrease of \$1,099,720 in comparison with the prior year. Governmental fund balance of \$880,793 constitutes unassigned fund balance, which is available for spending at the government's discretion and needs.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the nonspendable fund balance of the General Fund was \$580,991, while total fund balance is \$1,461,784. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 17.5 percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$337,254 during the current fiscal year. Key factors in this change are as follows:

- Negotiated Lower Property Sale Revenue
- Police Department Body Camera Project
- Grand Blanc McFarlen Library ADA Improvement Project
- Codification of Ordinances
- Election Equipment Purchase
- Computer and Office Equipment Purchase
- DPW Garage Building Repair

General Fund Expenditures



CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

The Major Streets Fund had a decrease in fund balance from the prior year of \$42,114 to the current year ending total of \$899,997. The fund balance was decreased due to not having significant projects in the current fiscal and preparing to fund the Perry Road and Center Road Safety projects.

The Local Streets Fund had a decrease in fund balance from the prior year of \$705,757 to the current year ending total of \$41,269. The fund balance was decreased due to preparing to fund significant local street projects in FY 2022-2023.

The Capital Improvements Fund was created during the year and approved by City Council to accurately account for ARPA funds. These funds will be used for planned water projects and other capital improvements.

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

The proprietary funds of the City are comprised of the Water Fund and Sewer Fund. Similar types of information are found here as compared to the business-type activities in the government-wide statements but with more detail. The Water Fund's net position was increased by \$205,587 to \$3,414,569, which resulted in an ending unrestricted net position deficit of \$2,878,151. This increase in the Water Fund is mostly due to reduction of bond payments and reduction in net other post employment benefits liability. The Sewer Fund's net position was increased by \$12,537 to \$1,853,109, which resulted in an ending unrestricted net position of \$202,835. The increase in the Sewer Fund is mostly due to increase cash and cash equivalents, reduction in bond payments, and reduction in net other postemployment benefits liability.

General Fund Budgetary Highlights

The General Fund accounts for all police, fire, building, electrical, plumbing, public works, planning and zoning, and administrative functions of the City government. The budget is essentially a status quo budget, which means it typically increases modestly from year to year. The budget is monitored closely, and during the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate revised revenue and expenditure estimates. As a result of careful monitoring throughout the year, a practice and a history of conservative budgeting, and cost containment measures taken by all Department Heads, differences between the original and final amended budgets for revenues and expenditures usually result in a relatively minor amount.

The General Fund's final budget was approved by council with a \$201,010 deficit. Significant changes in budgetary variances are as follows:

- Revenues had an overall budget variance of \$117,399 under budget of which the greatest portion related to licenses and permits of \$65,079. This was mainly due to expectation of a large permit was not received in this fiscal year, but next.
- Expenditures had an overall negative budget variance of \$95,070 over budget. This mainly consisted of the police department being over budget by \$46,723 due to unexpected police retirement that created over budget personnel related expenditures, as well as capital outlay being over budget by \$69,861 due to the body worn camera lease not accounted for at the fund level.

During the year, there was a \$536,690 increase in expected revenues between the original and final amended budget mainly consisting of an increase in state revenue, charges for services and other revenue in the amounts of \$118,960, \$118,895, and \$181,945, respectively. These increases are due to revenue sharing increases, tax increases due to the CPI and increases in tax valuations, and charges for services increases.

During the year, there was a \$401,505 increase in appropriations between the original and final amended budget. Following are the main components of the change:

- \$242,900 increase in public safety due to personnel expenditures related to union contract negotiations, prosecutor legal expenses, and health insurance.
- \$96,070 increase in public service due to investment in the Grand Blanc McFarlen Library project, ADA improvements which included paving the parking lot and ADA signs.
- \$99,770 decrease in public works due to funding of the internal service fund.

CITY OF GRAND BLANC, MICHIGAN

Management's Discussion and Analysis

- \$80,875 increase in capital outlay due to projects funded after the original budget was adopted including the body worn camera project and small projects such as computer related purchases and office related purchases.

Capital Asset and Debt Administration

At May 31, 2023, the City's capital assets for the governmental and business-type activities amounted to \$17,253,232 and \$9,027,870, respectively. The capital assets cover a broad variety of land, buildings and improvements, machinery and equipment, roads, highways, and bridges. The capital assets balance increased \$2,742,576.

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

- Local Street projects - \$1.4 million
- Fire Department Ladder Truck - \$900,000 purchase
- Five (5) Vehicles and Associated Equipment
- Gas Light Lane Land
- Center Road Safety Road Reconstruction
- Center Road Water Main
- Police Body Worn Camera System
- DPW Garage Building Reconstruction
- Firefighter Turnout Gear
- McFarlen Library ADA Improvements

See the capital assets Notes to Financial Statement Number 8 for additional information on the City's capital assets.

At May 31, 2023, the City had \$4,417,344 in outstanding bonds, notes payable, and compensated absences for governmental activities and \$2,047,052 in outstanding bonds, notes and compensated absences for business-type activities. Governmental activities and business-type activities long-term debt increased \$258,284 and decreased \$401,789, respectively, from prior year mainly due to the purchase of the Fire Department ladder truck and body worn camera project and the retirement of the 2002 Water System improvement bonds.

See the long-term debt Notes to Financial Statement Number 9 for additional information on the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

- The average annual unemployment rate for the City for May 2023 was 3.7%, which is a decrease of 1.9% a year ago. This is just above the State's average annual unemployment rate of 4.2% for the same time the Nation's rate is 3.5%.
- Property values have experienced sales closer to SEV, which allows for increased revenue when the property is sold. Properties have been selling fast in the City and foreclosures are down to single digits.
- Inflationary trends will be a concern in next year's budget as home sales may decrease based on ability to purchase based on higher rates of interest.
- State of Michigan Revenue Sharing has increased due to increases given by the Michigan budget; however, this is never a guarantee as revenue sharing is a function of sales tax and purchases made.
- Act 51 Revenues will continue to rise in the Major and Local Street funds based on State of Michigan assumptions.

During the current fiscal year, unassigned fund balance in the General Fund was \$880,793. The City has appropriated \$11,594,805 in the FY 2024 budget and has not budgeted a use of fund balance. The City has a balanced budget and has revenues to cover appropriations.

Requests for Information

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors an overview of the City's finances and provide further accountability of the financial transactions that take place. If you have questions about this report or need additional financial information, please contact the City of Grand Blanc Finance Director/Treasurer or Clerk/Assistant City Manager's Office, 203 E. Grand Blanc Road, Grand Blanc, Michigan, 48439, 810-694-1118.

BASIC FINANCIAL STATEMENTS

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CITY OF GRAND BLANC, MICHIGAN

Statement of Net Position

May 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,311,635	\$ 73,960	\$ 1,385,595	\$ 68,245
Restricted cash and cash equivalents	415,712	-	415,712	-
Investments	979,783	-	979,783	25,000
Receivables	469,848	2,149,103	2,618,951	31,620
Internal balances	840,057	(840,057)	-	-
Other assets	51,834	3,847	55,681	-
Capital assets not being depreciated	3,303,735	440,946	3,744,681	-
Capital assets being depreciated, net	13,949,497	8,586,924	22,536,421	-
Total assets	21,322,101	10,414,723	31,736,824	124,865
Deferred outflows of resources				
Deferred pension amounts	1,588,290	417,633	2,005,923	-
Deferred OPEB amounts	21,858	5,747	27,605	-
Total deferred outflows of resources	1,610,148	423,380	2,033,528	-
Liabilities				
Accounts payable and accrued liabilities	646,190	356,249	1,002,439	41,830
Unearned revenue	751,941	-	751,941	-
Long-term debt:				
Due within one year	419,153	174,657	593,810	64,687
Due in more than one year	3,998,191	1,872,395	5,870,586	772,476
Other liabilities due in more than one year:				
Net pension liability	2,901,459	762,925	3,664,384	-
Net other postemployment benefits liability	3,856,632	1,014,082	4,870,714	-
Total liabilities	12,573,566	4,180,308	16,753,874	878,993
Deferred inflows of resources				
Deferred pension amounts	191,454	50,342	241,796	-
Deferred lease amounts	-	1,414,949	1,414,949	-
Total deferred inflows of resources	191,454	1,465,291	1,656,745	-
Net position				
Net investment in capital assets	15,760,168	7,942,994	23,703,162	-
Restricted for highways and streets	941,715	-	941,715	-
Unrestricted (deficit)	(6,534,654)	(2,750,490)	(9,285,144)	(754,128)
Total net position	\$ 10,167,229	\$ 5,192,504	\$ 15,359,733	\$ (754,128)

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Activities

For the Year Ended May 31, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 1,685,731	\$ 403,971	\$ -	\$ -	\$ (1,281,760)
Public safety	3,077,332	465,943	-	-	(2,611,389)
Public service	438,841	526,012	8,297	-	95,468
Public works	296,219	55,372	-	-	(240,847)
Parks and recreation	288,388	-	-	-	(288,388)
Highways and streets	986,408	-	1,006,917	960,193	980,702
Interest on long-term debt	125,925	-	-	-	(125,925)
Total governmental activities	6,898,844	1,451,298	1,015,214	960,193	(3,472,139)
Business-type activities:					
Water	1,865,862	1,511,117	-	6,500	(348,245)
Sewer	1,767,333	1,757,298	-	6,500	(3,535)
Total business-type activities	3,633,195	3,268,415	-	13,000	(351,780)
Total primary government	\$ 10,532,039	\$ 4,719,713	\$ 1,015,214	\$ 973,193	\$ (3,823,919)
Component units					
Brownfield Redevelopment Authority	\$ 28,312	\$ -	\$ -	\$ -	\$ (28,312)
Downtown Development Authority	351,896	-	-	-	(351,896)
Total component units	\$ 380,208	\$ -	\$ -	\$ -	\$ (380,208)

continued...

CITY OF GRAND BLANC, MICHIGAN

Statement of Activities

For the Year Ended May 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (3,472,139)	\$ (351,780)	\$ (3,823,919)	\$ (380,208)
General revenues:				
Property taxes	3,137,139	262,345	3,399,484	99,551
Grants and contributions not restricted to specific programs	1,190,632	-	1,190,632	-
Unrestricted investment earnings	22,302	45,155	67,457	222
Gain on sale of capital assets	23,653	-	23,653	-
Other revenue	-	-	-	24,213
Transfers - internal activities	(228,518)	228,518	-	-
Total general revenues and transfers	4,145,208	536,018	4,681,226	123,986
Change in net position	673,069	184,238	857,307	(256,222)
Net position, beginning of year	9,494,160	5,008,266	14,502,426	(497,906)
Net position, end of year	<u>\$ 10,167,229</u>	<u>\$ 5,192,504</u>	<u>\$ 15,359,733</u>	<u>\$ (754,128)</u>

concluded

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

CITY OF GRAND BLANC, MICHIGAN

Balance Sheet

Governmental Funds

May 31, 2023

		Special Revenue Funds					
	General Fund	Major Streets	Local Streets	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
Assets							
Cash and cash equivalents	\$ 280,376	\$ 583,534	\$ 22,420	\$ 87,398	\$ 337,907	\$ 1,311,635	
Restricted cash and cash equivalents	-	-	-	415,712	-	415,712	
Investments	250,559	729,224	-	-	-	979,783	
Receivables:							
Accounts	251,211	1,125	-	-	12,413	264,749	
Taxes	44,159	-	4,081	-	4,106	52,346	
Due from other governmental units	-	107,293	45,460	-	-	152,753	
Due from other funds	429,942	43,327	-	-	47	473,316	
Advance to other funds	530,000	-	-	-	-	530,000	
Inventories	40,170	-	-	-	-	40,170	
Prepays	10,821	-	-	-	843	11,664	
Total assets	<u>\$ 1,837,238</u>	<u>\$ 1,464,503</u>	<u>\$ 71,961</u>	<u>\$ 503,110</u>	<u>\$ 355,316</u>	<u>\$ 4,232,128</u>	
Liabilities							
Accounts payable	\$ 92,780	\$ 329,552	\$ 243	\$ 3,285	\$ 38,405	\$ 464,265	
Accrued liabilities	155,632	-	-	-	5,917	161,549	
Due to other funds	19,774	-	30,000	84,113	123,875	257,762	
Unearned revenue	101,275	234,954	-	415,712	-	751,941	
Total liabilities	<u>369,461</u>	<u>564,506</u>	<u>30,243</u>	<u>503,110</u>	<u>168,197</u>	<u>1,635,517</u>	
Deferred inflows of resources							
Unavailable revenue - delinquent taxes	5,993	-	449	-	430	6,872	
Fund balances							
Nonspendable:							
Advances	530,000	-	-	-	-	530,000	
Inventories	40,170	-	-	-	-	40,170	
Prepays	10,821	-	-	-	843	11,664	
Restricted for:							
Highways and streets	-	899,997	41,269	-	-	941,266	
Committed:							
Fire services	-	-	-	-	87,375	87,375	
Parks and recreation	-	-	-	-	94,312	94,312	
Police K-9	-	-	-	-	4,159	4,159	
Unassigned	880,793	-	-	-	-	880,793	
Total fund balances	<u>1,461,784</u>	<u>899,997</u>	<u>41,269</u>	<u>-</u>	<u>186,689</u>	<u>2,589,739</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,837,238</u>	<u>\$ 1,464,503</u>	<u>\$ 71,961</u>	<u>\$ 503,110</u>	<u>\$ 355,316</u>	<u>\$ 4,232,128</u>	

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

CITY OF GRAND BLANC, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
May 31, 2023

Fund balances - total governmental funds	\$ 2,589,739
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Capital assets not being depreciated	3,303,735
Capital assets being depreciated, net	11,759,008

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures.

Unavailable revenue - delinquent property taxes	6,872
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Certain pension and other postemployment benefit-related amounts, such as the net pension and the net other postemployment benefit liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(2,901,459)
Deferred outflows related to the net pension liability	1,588,290
Deferred inflows related to the net pension liability	(191,454)
Net other postemployment benefits liability	(3,856,632)
Deferred outflows related to the net OPEB liability	21,858

Internal service funds are used by management to charge the costs of certain activities, such as equipment costs, to individual funds. Assets and liabilities of the internal service funds are included in governmental activities.

Net position of governmental activities accounted for in the internal service fund	1,171,556
Net position allocated to business-type activities from governmental activities internal service fund	75,174

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and notes payable	(3,323,093)
Accrued interest on long-term debt	(4,197)
Compensated absences	(72,168)

Net position of governmental activities	<u>\$ 10,167,229</u>
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The accompanying notes are an integral part of these basic financial statements.

CITY OF GRAND BLANC, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended May 31, 2023

		Special Revenue Funds				
	General Fund	Major Streets	Local Streets	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 2,650,773	\$ -	\$ 235,751	\$ -	\$ 250,727	\$ 3,137,251
Licenses and permits	299,551	-	-	-	-	299,551
Intergovernmental:						
Federal	13,613	-	-	245,720	8,297	267,630
State	944,912	727,375	277,742	-	-	1,950,029
Charges for services	742,369	-	-	-	-	742,369
Fines and forfeitures	4,767	-	-	-	-	4,767
Interest	5,424	16,730	-	-	148	22,302
Other revenue	261,492	1,800	-	-	129,506	392,798
Total revenues	4,922,901	745,905	513,493	245,720	388,678	6,816,697
Expenditures						
Current:						
General government	1,037,235	-	-	-	-	1,037,235
Public safety	2,556,005	-	-	-	376,436	2,932,441
Public service	666,473	-	-	-	2,319	668,792
Public works	263,873	-	-	-	-	263,873
Parks and recreation	-	-	-	-	54,004	54,004
Highways and streets	-	159,271	71,356	-	-	230,627
Debt service:						
Principal	238,845	-	-	-	-	238,845
Interest and fiscal charges	108,698	-	-	-	-	108,698
Capital outlay	174,186	378,748	1,397,894	32,656	216,579	2,200,063
Total expenditures	5,045,315	538,019	1,469,250	32,656	649,338	7,734,578
Revenues over (under) expenditures	(122,414)	207,886	(955,757)	213,064	(260,660)	(917,881)
Other financing sources (uses)						
Transfers in	10,202	-	250,000	32,656	246,065	538,923
Transfers out	(285,721)	(250,000)	-	(245,720)	-	(781,441)
Issuance of long-term debt	60,679	-	-	-	-	60,679
Total other financing sources (uses)	(214,840)	(250,000)	250,000	(213,064)	246,065	(181,839)
Net change in fund balances	(337,254)	(42,114)	(705,757)	-	(14,595)	(1,099,720)
Fund balances, beginning of year	1,799,038	942,111	747,026	-	201,284	3,689,459
Fund balances, end of year	\$ 1,461,784	\$ 899,997	\$ 41,269	\$ -	\$ 186,689	\$ 2,589,739

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

CITY OF GRAND BLANC, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended May 31, 2023

Net change in fund balances - total governmental funds \$ (1,099,720)

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, cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	2,202,572
Donated capital assets	960,193
Depreciation expense	(880,434)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in delinquent property taxes receivable	(112)
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Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds and notes payable	238,845
Issuance of long-term debt	(60,679)

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

Change in accrued interest on long-term debt	279
Change in the accrual for compensated absences	3,701
Change in net other postemployment benefit liability and related deferred amounts	(108,706)
Change in net pension liability and related deferred amounts	(585,422)

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

Change in net position from governmental activities in internal service funds	(31,334)
Change in net position from governmental activities accounted for in internal service fund charged to business-type activities	33,886

Change in net position of governmental activities \$ 673,069

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 2,589,100	\$ 2,662,310	\$ 2,650,773	\$ (11,537)
Licenses and permits	322,500	364,630	299,551	(65,079)
Intergovernmental:				
Federal	-	7,870	13,613	5,743
State	825,000	943,960	944,912	952
Charges for services	661,805	780,700	742,369	(38,331)
Fines and forfeitures	10,000	6,000	4,767	(1,233)
Interest	10,505	8,185	5,424	(2,761)
Other revenue	84,700	266,645	261,492	(5,153)
Total revenues	<u>4,503,610</u>	<u>5,040,300</u>	<u>4,922,901</u>	<u>(117,399)</u>
Expenditures				
Current:				
General government:				
Administration	200,970	208,850	207,625	(1,225)
City manager	287,870	306,095	304,135	(1,960)
Elections	14,500	19,645	19,481	(164)
Finance director	128,560	84,205	84,259	54
Assessor	57,275	58,190	54,455	(3,735)
City clerk	62,650	57,745	56,753	(992)
City hall	57,700	66,200	63,031	(3,169)
Treasurer	-	63,735	63,110	(625)
Retirement benefits	178,200	182,725	184,386	1,661
Total general government	<u>987,725</u>	<u>1,047,390</u>	<u>1,037,235</u>	<u>(10,155)</u>
Public safety:				
Police department	2,171,780	2,399,205	2,445,928	46,723
Building inspection	99,405	114,880	110,077	(4,803)
Total public safety	<u>2,271,185</u>	<u>2,514,085</u>	<u>2,556,005</u>	<u>41,920</u>
Public service	<u>570,205</u>	<u>666,275</u>	<u>666,473</u>	<u>198</u>
Public works	<u>378,075</u>	<u>278,305</u>	<u>263,873</u>	<u>(14,432)</u>

continued...

CITY OF GRAND BLANC, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Debt service:				
Principal	\$ 231,165	\$ 231,165	\$ 238,845	\$ 7,680
Interest and fiscal charges	86,935	108,700	108,698	(2)
	<u>318,100</u>	<u>339,865</u>	<u>347,543</u>	<u>7,678</u>
Total debt service				
	<u>23,450</u>	<u>104,325</u>	<u>174,186</u>	<u>69,861</u>
Total expenditures	<u>4,548,740</u>	<u>4,950,245</u>	<u>5,045,315</u>	<u>95,070</u>
Revenues over (under) expenditures	<u>(45,130)</u>	<u>90,055</u>	<u>(122,414)</u>	<u>(212,469)</u>
Other financing sources (uses)				
Transfers in	-	-	10,202	10,202
Transfers out	(324,870)	(303,065)	(285,721)	(17,344)
Issuance of long-term debt	-	-	60,679	60,679
Proceeds from sale of capital assets	370,000	12,000	-	(12,000)
	<u>45,130</u>	<u>(291,065)</u>	<u>(214,840)</u>	<u>(76,225)</u>
Total other financing sources (uses)				
	<u>-</u>	<u>(201,010)</u>	<u>(337,254)</u>	<u>136,244</u>
Net change in fund balance				
	<u>1,799,038</u>	<u>1,799,038</u>	<u>1,799,038</u>	<u>-</u>
Fund balance, beginning of year				
	<u>\$ 1,799,038</u>	<u>\$ 1,598,028</u>	<u>\$ 1,461,784</u>	<u>\$ 136,244</u>

concluded

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Major Streets Special Revenue Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal	\$ 488,000	\$ 960,200	\$ -	\$ (960,200)
State	716,395	713,585	727,375	13,790
Interest	-	7,495	16,730	9,235
Other revenue	500	2,000	1,800	(200)
Total revenues	<u>1,204,895</u>	<u>1,683,280</u>	<u>745,905</u>	<u>(937,375)</u>
Expenditures				
Current:				
Highways and streets	201,500	170,295	159,271	(11,024)
Capital outlay	600,000	1,311,765	378,748	(933,017)
Total expenditures	<u>801,500</u>	<u>1,482,060</u>	<u>538,019</u>	<u>(944,041)</u>
Revenues over expenditures	403,395	201,220	207,886	(6,666)
Other financing uses				
Transfers out	(250,000)	(250,000)	(250,000)	-
Net change in fund balance	153,395	(48,780)	(42,114)	(6,666)
Fund balance, beginning of year	<u>942,111</u>	<u>942,111</u>	<u>942,111</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,095,506</u>	<u>\$ 893,331</u>	<u>\$ 899,997</u>	<u>\$ (6,666)</u>

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Local Streets Special Revenue Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 230,700	\$ 235,955	\$ 235,751	\$ (204)
Intergovernmental - State	274,800	267,700	277,742	10,042
Total revenues	<u>505,500</u>	<u>503,655</u>	<u>513,493</u>	<u>9,838</u>
Expenditures				
Current:				
Highways and streets	96,505	86,505	71,356	(15,149)
Capital outlay	1,300,000	1,397,895	1,397,894	(1)
Total expenditures	<u>1,396,505</u>	<u>1,484,400</u>	<u>1,469,250</u>	<u>(15,150)</u>
Revenues over (under) expenditures	(891,005)	(980,745)	(955,757)	(24,988)
Other financing sources				
Transfers in	250,000	250,000	250,000	-
Net change in fund balance	(641,005)	(730,745)	(705,757)	(24,988)
Fund balance, beginning of year	747,026	747,026	747,026	-
Fund balance, end of year	<u>\$ 106,021</u>	<u>\$ 16,281</u>	<u>\$ 41,269</u>	<u>\$ (24,988)</u>

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Net Position

Proprietary Funds

May 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 25,433	\$ 48,527	\$ 73,960	\$ -
Accounts receivables	693,296	-	693,296	-
Current portion of leases receivable	92,051	-	92,051	-
Prepays	2,344	1,503	3,847	-
Due from other funds	81,614	476,148	557,762	139,783
Total current assets	894,738	526,178	1,420,916	139,783
Noncurrent assets:				
Leases receivable, net of current portion	1,363,756	-	1,363,756	-
Advance to other funds	-	700,000	700,000	-
Capital assets not being depreciated	171,147	269,799	440,946	-
Capital assets being depreciated, net	6,930,243	1,656,681	8,586,924	2,190,489
Total noncurrent assets	8,465,146	2,626,480	11,091,626	2,190,489
Total assets	9,359,884	3,152,658	12,512,542	2,330,272
Deferred outflows of resources				
Deferred pension amounts	284,640	132,993	417,633	-
Deferred OPEB amounts	3,917	1,830	5,747	-
Total deferred outflows of resources	288,557	134,823	423,380	-
Liabilities				
Current liabilities:				
Accounts payable	132,785	190,082	322,867	9,279
Accrued liabilities	15,930	12,022	27,952	-
Accrued interest on long-term debt	3,967	1,463	5,430	6,900
Due to other funds	682,852	109,793	792,645	120,454
Compensated absences	10,895	6,263	17,158	-
Bonds and notes payable, current portion	104,375	53,124	157,499	94,667
Total current liabilities	950,804	372,747	1,323,551	231,300

continued...

CITY OF GRAND BLANC, MICHIGAN

Statement of Net Position

Proprietary Funds

May 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Noncurrent liabilities:				
Advance from other funds	\$ 1,230,000	\$ -	\$ 1,230,000	\$ -
Bonds and notes payable, net of current portion	1,392,678	479,717	1,872,395	927,416
Net pension liability	519,976	242,949	762,925	-
Net other postemployment benefits liability	691,154	322,928	1,014,082	-
Total noncurrent liabilities	<u>3,833,808</u>	<u>1,045,594</u>	<u>4,879,402</u>	<u>927,416</u>
Total liabilities	<u>4,784,612</u>	<u>1,418,341</u>	<u>6,202,953</u>	<u>1,158,716</u>
Deferred inflows of resources				
Deferred pension amounts	34,311	16,031	50,342	-
Deferred lease amounts	1,414,949	-	1,414,949	-
Total deferred inflows of resources	<u>1,449,260</u>	<u>16,031</u>	<u>1,465,291</u>	<u>-</u>
Net position				
Net investment in capital assets	6,292,720	1,650,274	7,942,994	1,168,406
Unrestricted (deficit)	<u>(2,878,151)</u>	<u>202,835</u>	<u>(2,675,316)</u>	<u>3,150</u>
Total net position	<u>\$ 3,414,569</u>	<u>\$ 1,853,109</u>	<u>5,267,678</u>	<u>\$ 1,171,556</u>
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities			<u>(75,174)</u>	
Net position of business-type activities			<u>\$ 5,192,504</u>	

concluded

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended May 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 1,342,828	\$ 1,735,151	\$ 3,077,979	\$ 431,125
Rentals	130,947	-	130,947	-
Penalties	17,333	22,147	39,480	-
Other revenue	20,009	-	20,009	3,200
Total operating revenues	1,511,117	1,757,298	3,268,415	434,325
Operating expenses				
Salaries and fringe benefits	605,623	333,204	938,827	-
Change in pension/OPEB liability	94,534	63,877	158,411	-
Operating supplies	338,312	20,783	359,095	-
Maintenance and repairs	26,476	2,842	29,318	154,203
Utilities	231,267	15,543	246,810	-
Sewage disposal service	-	933,186	933,186	-
Depreciation	333,117	88,197	421,314	283,352
Insurance	66,168	64,129	130,297	48,093
Miscellaneous	21,266	4,853	26,119	158
Equipment rental	91,000	201,000	292,000	-
Total operating expenses	1,807,763	1,727,614	3,535,377	485,806
Operating income (loss)	(296,646)	29,684	(266,962)	(51,481)
Nonoperating revenues (expenses)				
Property taxes	262,345	-	262,345	-
Gain on sale of capital assets	-	-	-	23,653
Interest income	45,155	-	45,155	-
Interest expense	(47,539)	(16,393)	(63,932)	(17,506)
Total nonoperating revenues (expenses)	259,961	(16,393)	243,568	6,147
Income (loss) before transfers and capital contributions	(36,685)	13,291	(23,394)	(45,334)
Transfers				
Transfers in	245,720	-	245,720	14,000
Transfers out	(9,948)	(7,254)	(17,202)	-
Total transfers	235,772	(7,254)	228,518	14,000
Capital contributions	6,500	6,500	13,000	-
Change in net position	205,587	12,537	218,124	(31,334)
Net position, beginning of year	3,208,982	1,840,572		1,202,890
Net position, end of year	\$ 3,414,569	\$ 1,853,109		\$ 1,171,556
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities			(33,886)	
Change in net position of business-type activities			\$ 184,238	

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended May 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 1,303,043	\$ 1,563,995	\$ 2,867,038	\$ -
Receipts from interfund activity	-	-	-	509,495
Payments to employees	(511,853)	(265,821)	(777,674)	-
Payments for goods and services	(677,535)	(1,216,374)	(1,893,909)	(179,626)
Net cash provided by operating activities	113,655	81,800	195,455	329,869
Cash flows from noncapital financing activities				
Transfers in	245,720	-	245,720	14,000
Transfers out	(9,948)	(7,254)	(17,202)	-
Property taxes received	262,345	-	262,345	-
Net cash provided by (used in) noncapital financing activities	498,117	(7,254)	490,863	14,000
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	31,450
Capital contribution	6,500	6,500	13,000	-
Principal paid on bonds and notes payable	(347,510)	(52,500)	(400,010)	(135,576)
Interest paid on bonds and notes payable	(48,837)	(16,562)	(65,399)	(16,863)
Acquisition and construction of capital assets	(297,969)	(76,132)	(374,101)	(222,880)
Net cash used in capital and related financing activities	(687,816)	(138,694)	(826,510)	(343,869)
Cash flows from investing activities				
Interest received on investments	45,155	-	45,155	-
Net change in cash and cash equivalents	(30,889)	(64,148)	(95,037)	-
Cash and cash equivalents, beginning of year	56,322	112,675	168,997	-
Cash and cash equivalents, end of year	\$ 25,433	\$ 48,527	\$ 73,960	\$ -

continued...

CITY OF GRAND BLANC, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended May 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (296,646)	\$ 29,684	\$ (266,962)	\$ (51,481)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	333,117	88,197	421,314	283,352
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivables	(112,010)	-	(112,010)	-
Prepays	7,259	269	7,528	-
Due from other funds	(55,206)	(193,303)	(248,509)	47,619
Deferred outflows related to pension amounts	(114,676)	(57,349)	(172,025)	-
Deferred outflows related to OPEB amounts	(3,917)	(1,830)	(5,747)	-
Change in lease receivables	90,050	-	90,050	-
Change in deferred lease amounts	(130,908)	-	(130,908)	-
Accounts payable	46,033	(20,223)	25,810	6,514
Accrued liabilities	2,241	4,221	6,462	-
Due to other funds	138,196	109,793	247,989	43,865
Compensated absences	(2,064)	285	(1,779)	-
Net pension liability	369,041	175,775	544,816	-
Net other postemployment benefits liability	271	15,449	15,720	-
Deferred inflows related to pension amounts	(155,546)	(68,465)	(224,011)	-
Deferred inflows related to OPEB amounts	(1,580)	(703)	(2,283)	-
Net cash provided by operating activities	<u>\$ 113,655</u>	<u>\$ 81,800</u>	<u>\$ 195,455</u>	<u>\$ 329,869</u>
Noncash transactions				
Capital assets financed with long-term debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,727</u>

concluded

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

May 31, 2023

	Other Postemployment Benefits Trust Fund	Custodial Fund
Assets		
Investments:		
MERS Total Market Portfolio	\$ 982,644	\$ -
Contributions receivable	12,706	-
Taxes receivable	-	41,810
	<hr/>	<hr/>
Total assets	<hr/> 995,350	<hr/> 41,810
Liabilities		
Due to other governmental units	-	41,810
	<hr/>	<hr/>
Net position		
Restricted for:		
Other postemployment benefits	\$ 995,350	\$ -
	<hr/>	<hr/>

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

CITY OF GRAND BLANC, MICHIGAN

Statement of Changes in Fiduciary Fund Net Position

Fiduciary Funds

For the Year Ended May 31, 2023

	Other Postemployment Benefits Trust Fund	Custodial Fund
Additions		
Investment income (loss):		
Net depreciation in fair value of investments	\$ (4,253)	\$ -
Investment expense	(1,717)	-
Net investment loss	(5,970)	-
Contributions:		
Employer	234,199	-
Other:		
Taxes collected for other governments	-	13,416,804
Total additions	228,229	13,416,804
Deductions		
Participant benefits (including refunds of contributions)	220,493	-
Payments of other taxes to other governments	-	13,416,804
Total deductions	220,493	13,416,804
Change in net position	7,736	-
Net position		
Beginning of year	987,614	-
End of year	\$ 995,350	\$ -

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

CITY OF GRAND BLANC, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

May 31, 2023

	Brownfield Redevelopment Authority	Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 2,230	\$ 66,015	\$ 68,245
Investments	-	25,000	25,000
Due from other governments	-	31,620	31,620
Total assets	<u>2,230</u>	<u>122,635</u>	<u>124,865</u>
Liabilities			
Accounts payable and accrued liabilities	4,473	37,357	41,830
Long-term debt:			
Due within one year	10,000	54,687	64,687
Due in more than one year	545,000	227,476	772,476
Total liabilities	<u>559,473</u>	<u>319,520</u>	<u>878,993</u>
Net position			
Unrestricted (deficit)	<u>\$ (557,243)</u>	<u>\$ (196,885)</u>	<u>\$ (754,128)</u>

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

CITY OF GRAND BLANC, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended May 31, 2023

	Brownfield Redevelopment Authority	Downtown Development Authority	Total
Expenses			
Brownfield redevelopment	\$ 28,312	\$ -	\$ 28,312
Downtown development	-	351,896	351,896
Total expenses	<u>28,312</u>	<u>351,896</u>	<u>380,208</u>
General revenues			
Taxes	24,354	75,197	99,551
Other revenue	11,000	13,213	24,213
Unrestricted investment earnings	-	222	222
Total general revenues	<u>35,354</u>	<u>88,632</u>	<u>123,986</u>
Change in net position	7,042	(263,264)	(256,222)
Net position (deficit), beginning of year	<u>(564,285)</u>	<u>66,379</u>	<u>(497,906)</u>
Net position (deficit), end of year	<u><u>\$ (557,243)</u></u>	<u><u>\$ (196,885)</u></u>	<u><u>\$ (754,128)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial statements of the City of Grand Blanc, Michigan, conform to generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Grand Blanc, Michigan (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 operational or functional relationships with the City.

Blended Component Unit

City of Grand Blanc Building Authority – The City of Grand Blanc Building Authority was incorporated under provisions of Michigan Public Act 31 of 1948 and is governed by a five member Board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The Building Authority has no current activity or balances, so it has not been presented as a fund in the City's financial statements.

Discretely Presented Component Units

Downtown Development Authority (the "DDA") – The members of the governing Board of the Downtown Development Authority are appointed by the City Council. The budgets and expenditures of the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority. The DDA does not issue separate audited financial statements, but additional financial information can be obtained from the finance department at the City of Grand Blanc, 203 E. Grand Blanc Road, Grand Blanc, Michigan 48439.

Brownfield Redevelopment Authority – The members of the governing Board of the Brownfield Redevelopment Authority are appointed by the City Council. The budgets and expenditures of the Brownfield Redevelopment Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority does not issue separate audited financial statements, but additional financial information can be obtained from the finance department at the City of Grand Blanc, 203 E. Grand Blanc Road, Grand Blanc, Michigan 48439.

Fiduciary Component Unit

The Other Postemployment Benefits Trust – The Other Employee Benefits Trust is considered a fiduciary component unit. The City created a trust to account for the accumulation of resources to be used for certain health cost for retirees. The Trust meets the criteria of a fiduciary component unit because it is considered a legally separate entity without a separate Board, and because the City has an obligation to make contributions to it (a financial benefit/burden relationship).

Notes to Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *Major Streets Special Revenue Fund* accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for major streets and roads. State law requires that these taxes be used for street maintenance and construction.

The *Local Streets Special Revenue Fund* accounts for the City's share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units for local streets and roads. State law requires that these taxes be used for street maintenance and construction.

The *Capital Improvements Capital Project Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

The *Water and Sewer Enterprise Funds* are managed by the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the City's treatment plant.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

The *Internal Service Funds* account for the vehicle and equipment activity of the City provided to other departments and funds on a cost reimbursement basis.

The *Custodial Fund* accounts for assets that the government holds for others in an custodial capacity (such as taxes collected for other governments).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The general fund provides certain central services to other funds of the City which are presented as program expenses in the funds receiving services. The related general fund revenue has been netted against program expense in the government-wide statement of activities.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position includes assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The restricted cash and cash equivalents on the governmental activities statement of net position consists of unspent ARPA funds.

State statutes authorize the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

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 revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as unearned revenue.

Other Assets

Inventories recorded in the General Fund are accounted for at cost using the first-in/first-out method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all roads and streets regardless of their acquisition date or amount.

Major outlays for capital assets and improvements are capitalized as projects are completed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Years
Infrastructure	15-50
Improvements other than buildings	10-25
Buildings and improvements	5-50
Machinery and equipment	5-20
Fire vehicles and equipment	5-20

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

The amount presented as capital assets not being depreciated includes land, land improvements, and construction in progress.

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its net realizable value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

Leases

Lessor. The City is a lessor for noncancellable leases of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary 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 prepaid lease payments received at lease inception. 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 (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to its pension and OPEB plans. A portion of these costs represent contributions to the plan subsequent to the pension plan measurement date.

Unearned Revenue

Unearned revenue consists of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation benefits. Accumulated sick and vacation is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements.

The total of unpaid sick and vacation pay that is applicable to governmental fund types is reported in the statement of net position. All vacation days accumulated must be used by December 31 each year, or the vacation pay will be forfeited. Depending on the employee group, up to five days of accumulated personal days will be paid to each employee at December 31 of each year. Up to 40 sick days may be accumulated by each employee. Any unused sick pay of employees will be paid at 33 percent for police and 25 percent for all other employees of the outstanding balance upon retirement only.

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City reports deferred inflows of resources related to unavailable delinquent property taxes and amounts related to its pension plan. Finally, the statement of net position and the propriety funds balance sheet report deferred inflows related to leases. These amounts are deferred and amortized over the remaining life of the lease.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (the government's highest level of decision-making authority). A formal resolution of the Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The assignment of funds may come from the City Council or from a designee of the City Council. Unassigned fund balance is the residual classification for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

The City Council has adopted a minimum fund balance policy in which the General Fund's budget be prepared and activities managed to result in an ending fund balance of at least 35% of the average of the past three fiscal year General Fund expenditures, except in the case of emergency or financial distress.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the plans and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31 each year. City taxes, levied and immediately due on the following July 1, are collected without penalty through August 31, and with penalty thereafter. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available. The City bills and collects its own property taxes, as well as taxes for the county and school districts within its jurisdiction. Collections and remittances of the county and school taxes are accounted for in the Custodial Fund. Real and personal property in the City for the 2023 levy had a taxable value of \$264,500,266. The City's charter allows a levy of up to 20 mills. The City levied for 2023 general operating 9.9500 mills and streets .9000 mills for a total of 10.8500 mills. The City also has a voted levy for water debt service of 1.000 mill which expires in 2023. The general operating millage is recorded in the General Fund. The water debt levy is recorded in the Water Fund. The street millage is allocated between Major and Local Streets Funds based on the need of each fund.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenue. All City funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first Monday in May, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed functional expenditures and the means of financing them for the general and special revenue funds. Informational summaries of projected revenues and expenditures are provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.
2. Public hearings are conducted to obtain taxpayer comments.
3. In May, by resolution, the approved budgets of the City were adopted on the department level basis for all governmental funds for the ensuing fiscal year, in accordance with Public Act 621 of the State of Michigan.
4. The City Manager, or designee, is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
6. Budget appropriations lapse at year-end.
7. The original budget was amended during the year in compliance with the City Charter and applicable state laws. The budget-to-actual expenditures in the financial statements represent the final budgeted expenditures as amended by the City Council.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at year-end.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the City were adopted on the department level basis for all governmental funds, which is the legal level of control. During the year ended May 31, 2023, the City incurred the following expenditures in excess of the amounts appropriated at the legal level of budgetary control:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund			
Current:			
General government:			
Finance director	\$ 84,205	\$ 84,259	\$ 54
Retirement benefits	182,725	184,386	1,661
Public safety:			
Police department	2,399,205	2,445,928	46,723
Public service	666,275	666,473	198
Debt service:			
Principal	231,165	238,845	7,680
Capital outlay	104,325	174,186	69,861
Fire Special Revenue Fund			
Current:			
Public safety:			
Fire department	258,285	368,938	110,653
Parks and Recreation Special Revenue Fund			
Current:			
Parks and recreation	48,570	54,004	5,434

3. DEFICIT FUND EQUITY

The Water Fund reported an unrestricted net position deficit of \$2,878,151.

The Brownfield Redevelopment Authority reported an unrestricted net position deficit of \$557,243.

The Downtown Development Authority reported an unrestricted net position deficit of \$196,885.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of cash, cash equivalents and investment balances as of May 31, 2023:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 1,385,595	\$ 68,245	\$ 1,453,840
Restricted cash and cash equivalents	415,712	-	415,712
Investments	979,783	25,000	1,004,783
Statement of Fiduciary Net Position			
Investments	982,644	-	982,644
Total	<u>\$ 3,763,734</u>	<u>\$ 93,245</u>	<u>\$ 3,856,979</u>
Deposits			
Bank deposits:			
Checking and savings accounts			\$ 1,869,077
Pooled certificates of deposit due within one year			1,004,783
Investments:			
MERS Total Market Portfolio			982,644
Cash on hand			475
Total			<u>\$ 3,856,979</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. It is City policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the City's investment policy places concentration limits on the total amount deposited with a single financial institution. As of year-end, \$1,709,974 of the City's bank balance of \$2,964,797 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. The MERS Total Market Portfolio above is held in the counterparty's trust department in the City's name and is not exposed to custodial credit risk.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The City does not have any investments that would be subject to credit risk at year end. The MERS Total Market Portfolio is not rated.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. To limit its exposure to fair value losses from rising interest rates, the City's investment policy requires that the investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. This is accomplished by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio as required by the City's policy. The City does not have any investments that would be subject to interest rate risk at year end.

Fair Value Measurement

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

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
MERS Total Market Portfolio	\$ 982,644	\$ -	\$ -	\$ 982,644

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 264,749	\$ 693,296	\$ -
Leases	-	1,455,807	-
Taxes	52,346	-	-
Intergovernmental	152,753	-	31,620
	<u>\$ 469,848</u>	<u>\$ 2,149,103</u>	<u>\$ 31,620</u>

Of the amounts reported for receivables above, leases receivable in the amount of \$1,363,756 are not expected to be collected within one year.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 473,544	\$ 322,867	\$ 37,357
Accrued liabilities	161,549	27,952	-
Accrued interest on long-term debt	11,097	5,430	4,473
	<u>\$ 646,190</u>	<u>\$ 356,249</u>	<u>\$ 41,830</u>

7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of May 31, 2023, was as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 429,942	\$ 19,774
Major Streets Fund	43,327	-
Local Streets Fund	-	30,000
Capital Improvements Fund	-	84,113
Nonmajor Governmental Funds	47	123,875
Water Fund	81,614	682,852
Sewer Fund	476,148	109,793
Internal Service Funds	139,783	120,454
	<u>\$ 1,170,861</u>	<u>\$ 1,170,861</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 530,000	\$ -
Water fund	-	1,230,000
Sewer fund	700,000	-
	<u>\$ 1,230,000</u>	<u>\$ 1,230,000</u>

The General Fund and Sewer Fund advanced \$530,000 and \$700,000, respectively, to the Water Fund in fiscal year 2020 for water improvement projects at an interest rate of 0.50%. The Water Fund will repay the loan in annual installments of principal and interest of \$118,717 and \$89,886 to the General Fund and Sewer Fund, respectively, for six years beginning in fiscal year 2024-25.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

For the year ended May 31, 2023, interfund transfers consisted of the following:

Transfers in	Transfers out		
	General Fund	Major Streets	Capital Improvements
General Fund	\$ -	\$ -	\$ -
Local Streets	-	250,000	-
Capital Improvements	32,656	-	-
Nonmajor Governmental Funds	246,065	-	-
Water	-	-	245,720
Internal Service Funds	7,000	-	-
	<u>\$ 285,721</u>	<u>\$ 250,000</u>	<u>\$ 245,720</u>

Transfers in	Transfers out		
	Water	Sewer	Totals
General Fund	\$ 6,448	\$ 3,754	\$ 10,202
Local Streets	-	-	250,000
Capital Improvements	-	-	32,656
Nonmajor Governmental Funds	-	-	246,065
Water	-	-	245,720
Internal Service Funds	3,500	3,500	14,000
	<u>\$ 9,948</u>	<u>\$ 7,254</u>	<u>\$ 798,643</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The Major Street transfer to the Local Streets fund is in accordance with the ACT 51 policy and preparing for future Local Street Improvement projects. The transfer from Capital Improvements to Water was to finance water projects with ARPA funds.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended May 31, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,123,360	\$ -	\$ -	\$ -	\$ 3,123,360
Construction in progress	440,896	180,375	-	(440,896)	180,375
	<u>3,564,256</u>	<u>180,375</u>	<u>-</u>	<u>(440,896)</u>	<u>3,303,735</u>
Capital assets, being depreciated:					
Infrastructure	13,538,265	2,731,036	-	103,513	16,372,814
Improvements other than buildings	1,466,213	121,248	-	13,100	1,600,561
Buildings and Improvements	3,561,718	43,500	-	-	3,605,218
Machinery and equipment	3,167,001	276,758	(59,290)	-	3,384,469
Fire vehicles and equipment	981,153	608,455	(34,794)	324,283	1,879,097
	<u>22,714,350</u>	<u>3,780,997</u>	<u>(94,084)</u>	<u>440,896</u>	<u>26,842,159</u>
Less accumulated depreciation for:					
Infrastructure	(6,355,158)	(754,700)	-	-	(7,109,858)
Improvements other than buildings	(548,303)	(36,583)	-	-	(584,886)
Buildings and Improvements	(2,789,470)	(51,405)	-	-	(2,840,875)
Machinery and equipment	(1,917,731)	(218,955)	59,290	-	(2,077,396)
Fire vehicles and equipment	(204,501)	(102,143)	26,997	-	(279,647)
	<u>(11,815,163)</u>	<u>(1,163,786)</u>	<u>86,287</u>	<u>-</u>	<u>(12,892,662)</u>
Total capital assets being depreciated, net	<u>10,899,187</u>	<u>2,617,211</u>	<u>(7,797)</u>	<u>440,896</u>	<u>13,949,497</u>
Governmental activities capital assets, net	<u>\$ 14,463,443</u>	<u>\$ 2,797,586</u>	<u>\$ (7,797)</u>	<u>\$ -</u>	<u>\$ 17,253,232</u>

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 29,453	\$ 188,415	\$ -	\$ -	\$ 217,868
Land	11,400	27,958	-	-	39,358
Land improvements	183,720	-	-	-	183,720
	<u>224,573</u>	<u>216,373</u>	<u>-</u>	<u>-</u>	<u>440,946</u>
Capital assets, being depreciated:					
Improvements other than buildings	8,214,488	-	-	-	8,214,488
Buildings and improvements	5,733,934	-	-	-	5,733,934
Machinery and equipment	9,189,489	157,728	-	-	9,347,217
	<u>23,137,911</u>	<u>157,728</u>	<u>-</u>	<u>-</u>	<u>23,295,639</u>
Less accumulated depreciation for:					
Improvements other than buildings	(6,504,216)	(103,657)	-	-	(6,607,873)
Buildings and improvements	(1,917,176)	(137,214)	-	-	(2,054,390)
Machinery and equipment	(5,866,009)	(180,443)	-	-	(6,046,452)
	<u>(14,287,401)</u>	<u>(421,314)</u>	<u>-</u>	<u>-</u>	<u>(14,708,715)</u>
Total capital assets being depreciated, net	<u>8,850,510</u>	<u>(263,586)</u>	<u>-</u>	<u>-</u>	<u>8,586,924</u>
Business-type activities capital assets, net	<u>\$ 9,075,083</u>	<u>\$ (47,213)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,027,870</u>

At May 31, 2023, the City's Governmental activities had outstanding commitments through construction contracts of approximately \$268,575 related to memorial benches and the Major Street Perry Road Rehabilitation project.

At May 31, 2023, the City's business-type activities had outstanding commitments through construction contracts of approximately \$70,193 related to the Reid Road Forcemain project, the Well #7 Water Panel and VFD Replacement project, and the Water Main project.

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

Depreciation of governmental activities by function

General government	\$ 30,179
Public safety	9,807
Public service	56,445
Public works	1,543
Parks and recreation	27,758
Highways and streets	754,702
Capital assets held by the government's internal service funds are charged to various functions based on their usage of assets	<u>283,352</u>
	<u>\$ 1,163,786</u>

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Water	\$ 333,117
Sewer	<u>88,197</u>
	<u>\$ 421,314</u>

9. LONG-TERM DEBT

Long-term debt activity for the year ended May 31, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
2016 Pension Bonds, \$4,342,470, due in annual installments ranging from \$80,381 to \$326,249 through May 1, 2035, interest at 0.95% to 3.77%	<u>\$ 3,397,499</u>	<u>\$ -</u>	<u>\$ (210,000)</u>	<u>\$ 3,187,499</u>	<u>\$ 217,500</u>
Direct placement:					
2019 Fire engine pumper note payable, \$340,338, due in annual installments of \$49,017 through January 15, 2027, interest at 2.14% to 3.60%	220,691	-	(41,073)	179,618	42,551
2022/2023 Fire engine pumper note payable, \$900,010, due in annual installments of \$52,116 to \$68,052 through April 23, 2037 interest at 2.125%	324,283	575,727	(57,545)	842,465	52,116

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CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities (concluded)					
Direct placement (concluded)					
2022 City Hall LED					
Lighting project notes payable					
\$57,644, due in annual					
installments ranging from					
\$5,764 to \$11,529 through					
November 1, 2026,					
interest at 0%	\$ 51,880	\$ -	\$ (11,529)	\$ 40,351	\$ 11,529
2022 DPW LED					
Lighting project notes payable					
\$57,644, due in annual					
installments ranging from					
\$5,764 to \$11,529 through					
November 1, 2026,					
interest at 0%	51,880	-	(11,529)	40,351	11,529
2023 Body Worn Cameras					
notes payable \$60,679,					
due in annual installments					
ranging from \$5,787 to					
\$12,269 through November					
2, 2027, interest at 2.125%	-	60,679	(5,787)	54,892	11,760
2019 Dodge Squad note payable,					
repaid during 2023	36,958	-	(36,958)	-	-
	<u>685,692</u>	<u>636,406</u>	<u>(164,421)</u>	<u>1,157,677</u>	<u>129,485</u>
Total installment debt	4,083,191	636,406	(374,421)	4,345,176	346,985
Compensated absences	<u>75,869</u>	<u>190,959</u>	<u>(194,660)</u>	<u>72,168</u>	<u>72,168</u>
Total governmental					
activities	<u>\$ 4,159,060</u>	<u>\$ 827,365</u>	<u>\$ (569,081)</u>	<u>\$ 4,417,344</u>	<u>\$ 419,153</u>

Compensated absences are generally expected to be liquidated by the general fund when due.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities					
Direct placement:					
Clean Water Fund Bonds, Series 2010, \$282,082, due in annual installments of \$10,000 to \$20,000 through April 1, 2030, interest at 2.50%, payable semi-annually	\$ 142,082	\$ -	\$ (15,000)	\$ 127,082	\$ 15,000
Strategic Water Quality Initiatives Bonds, Series 2010, \$340,134, due in annual installments of \$15,000 to \$25,000 through April 1, 2030, interest at 2.50% payable semi-annually	160,134	-	(20,000)	140,134	20,000
Drinking Water Revolving Fund Loans, due in annual installments of \$40,872 to \$70,000 through April 1, 2035, interest at 2.50%, payable semi-annually	750,180	-	(50,000)	700,180	50,000
Drinking Water Revolving Fund Bonds, Series 2003, repaid during 2023	235,000	-	(235,000)	-	-
Drinking Water Revolving Fund Bonds, Series 2003, repaid during 2023	10,010	-	(10,010)	-	-
	<u>1,297,406</u>	<u>-</u>	<u>(330,010)</u>	<u>967,396</u>	<u>85,000</u>

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CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities (concluded)					
2016 Pension Bonds (water fund), \$1,048,444, due in annual installments ranging from \$11,219 to \$81,560 through May 1, 2035, interest at 0.95% to 3.77%	\$ 849,373	\$ -	\$ (52,500)	\$ 796,873	\$ 54,374
2016 Pension Bonds (sewer fund), \$369,086, due in annual installments ranging from \$8,400 to \$27,186 through May 1, 2035, interest at at 0.95% to 3.77%	283,125	-	(17,500)	265,625	18,125
	1,132,498	-	(70,000)	1,062,498	72,499
Total installment debt	2,429,904	-	(400,010)	2,029,894	157,499
Compensated absences	18,937	49,438	(51,217)	17,158	17,158
Total business-type activities	\$ 2,448,841	\$ 49,438	\$ (451,227)	\$ 2,047,052	\$ 174,657
Brownfield Redevelopment Authority Component Unit					
2015 Brownfield Redevelopment Authority bonds payable in annual installments beginning October 1, 2020 of \$5,000 to \$65,000 through May 31, 2040 with interest charged at 4.75% semi-annually	\$ 560,000	\$ -	\$ (5,000)	\$ 555,000	\$ 10,000
Downtown Development Authority Component Unit					
Due to developer	\$ -	\$ 312,360	\$ (30,197)	\$ 282,163	\$ 54,687

Due to Developer

The DDA is party to a reimbursement agreement with a developer to reimburse eligible activities for the redevelopment of a commercial property. The agreement includes variable payments to the developer which are determined by the amount of tax increment finance (TIF) revenue the DDA receives. Each year any TIF revenue in excess of \$45,000 will be paid to the developer until the balance has been paid in full. During 2023 the DDA determined future TIF revenues are estimated to exceed \$45,000 and recorded the long-term obligation. Future payments, without interest, outlined below are based on estimated TIF revenues and could vary year to year.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for governmental activities long-term obligations, excluding compensated absences, are as follows:

Year Ended May 31,	Direct Placement Obligations		Other Debt	
	Principal	Interest	Principal	Interest
2024	\$ 129,485	\$ 25,214	\$ 217,500	\$ 103,564
2025	132,988	21,962	225,000	98,496
2026	135,992	19,215	232,500	92,916
2027	127,555	16,386	240,000	86,872
2028	63,672	13,510	247,500	80,152
2029-2033	306,014	48,304	1,387,500	274,746
2034-2037	261,971	14,032	637,499	36,335
	<u>\$ 1,157,677</u>	<u>\$ 158,623</u>	<u>\$ 3,187,499</u>	<u>\$ 773,081</u>

Annual debt service requirements to maturity for business-type activities long-term obligations, excluding compensated absences, are as follows:

Year Ended May 31,	Direct Placement Obligations		Other Debt	
	Principal	Interest	Principal	Interest
2024	\$ 85,000	\$ 24,185	\$ 72,499	\$ 34,522
2025	85,000	22,061	75,000	32,832
2026	90,000	19,935	77,500	30,974
2027	95,000	17,686	80,000	28,958
2028	95,000	15,311	82,500	26,718
2029-2033	387,216	42,510	462,502	91,580
2034-2035	130,180	4,884	212,497	12,109
	<u>\$ 967,396</u>	<u>\$ 146,570</u>	<u>\$ 1,062,498</u>	<u>\$ 257,693</u>

Annual debt service requirements to maturity for component unit long-term obligations are as follows:

Year Ended May 31,	Brownfield Redevelopment Authority		Downtown Development Authority	
	Principal	Interest	Principal	Interest
2024	\$ 10,000	\$ 26,125	\$ 54,687	\$ -
2025	10,000	25,650	61,475	-
2026	15,000	25,056	68,331	-
2027	15,000	24,344	75,255	-
2028	20,000	23,513	22,415	-
2029-2033	135,000	100,820	-	-
2034-2038	225,000	58,782	-	-
2039-2040	125,000	6,057	-	-
	<u>\$ 555,000</u>	<u>\$ 290,347</u>	<u>\$ 282,163</u>	<u>\$ -</u>

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Legal Debt Limit

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the City is \$26.5 million.

10. LEASES

Lessor - The City is involved in multiple agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended May 31, 2023 was \$135,205, consisting of interest of \$45,155.

Asset Type	Remaining Term of Agreements
Cell towers	1 to 21 years

Lease receivable activity for the year ended May 31, 2023, was as follows:

	Beginning Balance*	Additions	Deductions	Ending Balance
Leases receivable	\$ 1,545,857	\$ -	\$ (90,050)	\$ 1,455,807

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases receivable have been added to the beginning balances shown above and a corresponding deferred inflow has been recorded for the same amount.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omission, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits provided to employees and participates in the Michigan Municipal League (MML) risk pool for claims relating to property loss, torts, errors and omissions. The City pays unemployment claims on a reimbursement basis. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MML risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

12. PENSION BENEFIT PLANS

Defined Contribution - ICMA

During the year ended May 31, 1994, the City began participating in a defined contribution plan. The plan is a single employer defined contribution plan administered by the International City Managers Association (ICMA). The plan covers all full-time employees that elected to participate in the plan. The City has no fiduciary responsibilities for the plan administration or investment of the funds.

The City's ICMA plan was organized under Michigan Public Act #135 of 1945, as amended. Employees are eligible to participate in the ICMA plan after one month of service with a minimum age requirement of 21. The plan provides for employees to be 100% vested after three years of service, with 0% vesting prior to that point. The ICMA defined contributions are as follows: Union Administration Support, DPW, and Non-Union employees hired after 2/1/2016 - Employer 8.5%, Employee 3.5%, with a match dollar for dollar up to 2%; Union Administration Supervisory hired after 2/1/2016 - Employer 8.5%, Employee 3.5%; Police Command and Patrol hired after 2/1/2016 - Employer 10%, Employee 5%; and DPW Director - 11%.

During the year, contributions totaling \$144,358 were made by the employer in accordance with contribution requirements established by the City Council.

All investments are handled through ICMA. The plan allows loans to participants. Currently there are 22 participants in the plan. Plan assets do not consist of any employer or related party investments.

Defined Benefit Pension Plan - Michigan Municipal Employees' Retirement System

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com. The plan is closed to new hires.

Benefits provided. The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 50 with 25 or more years of service for police patrol unit, at age 55 with 15 years or more of service for administration, department of public works (DPW), and police command. Election of early retirement is subject to reduction of benefits as outlined below.

Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1% of the member's final average compensation (FAC) for police patrol unit, administration, police command and for DPW. The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available.

Employees Covered by Benefit Terms. As of December 31, 2022, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>19</u>
Total membership	<u><u>51</u></u>

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees. For the fiscal year ended May 31, 2023, all employee groups were required to contribute 5.0% of wages. The employer required contributions to the plan ranged from \$26,520 to \$31,335 per month.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private Investments	20.00%	7.00%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.25%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$ 17,999,559	\$ 16,969,289	\$ 1,030,270
Changes for the year:			
Service cost	210,659	-	210,659
Interest	1,272,126	-	1,272,126
Difference between expected and actual experience	(315,181)	-	(315,181)
Employer contributions	-	351,945	(351,945)
Employee contributions	-	77,156	(77,156)
Net investment income (loss)	-	(1,864,987)	1,864,987
Benefit payments, including refunds of employee contributions	(1,116,625)	(1,116,625)	-
Administrative expense	-	(30,624)	30,624
Net changes	50,979	(2,583,135)	2,634,114
Balances at December 31, 2022	\$ 18,050,538	\$ 14,386,154	\$ 3,664,384

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 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability \$	5,722,266	\$ 3,664,384	\$ 1,936,541

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Pension Expense, Deferred Inflows of Resources, and Deferred Outflows of Resources Related to Pensions

For the year ended May 31, 2023, the City recognized pension expense of \$1,110,222. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 120,503	\$ 241,796	\$ (121,293)
Changes in assumptions	330,726	-	330,726
Net difference between projected and actual earnings on pension plan investments	1,398,019	-	1,398,019
	1,849,248	241,796	1,607,452
Contributions subsequent to the measurement date	156,675	-	156,675
Total	\$ 2,005,923	\$ 241,796	\$ 1,764,127

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending May 31, 2024. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended May 31,	Amount
2024	\$ 415,435
2025	146,795
2026	431,376
2027	613,846
Total	\$ 1,607,452

Payable to the Pension Plan. At May 31, 2023, the City reported a payable of \$31,335 for the outstanding amount of contributions to the pension plan required for the year ended May 31, 2023.

The net pension liability is expected to be liquidated by the general fund and the water and sewer funds.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City offers a single-employer, defined benefit healthcare plan, established by the City Council, to its employees. The City participates in the Michigan Municipal Employees' Retirement Systems (MERS) Retiree Health Funding Vehicle. Substantially all employees are eligible to receive postemployment benefits upon retirement in the form of health care, dental, and life insurance benefits. These benefits are provided by contractual agreement and are paid annually by the fund from which the employee retired. By contractual agreement, the City pays 100% of these costs for retirees under 65 with 25 years of service or more. During the fiscal year ending May 31, 2011 the City modified the plan to pay a monthly stipend to retirees greater than 65 years of age in lieu of health insurance. There are no provisions for employee contributions. Spouses for vested employees are also covered until the employee passes away. The plan does not issue a separate financial report.

Employees Covered by Benefit Terms. As of May 31, 2023, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	28
Active employees	<u>24</u>
Total membership	<u><u>52</u></u>

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Council deems appropriate. The OPEB Plan's asset allocation policy is shown below.

Rate of Return. For the year ended May 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 2.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability. The City's net OPEB liability was measured as of May 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by the alternative measurement method as allowed under GASB 75 as of that date.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total OPEB liability in the May 31, 2023 valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	2.00% in the long-term
Healthcare cost trend rate	7.25% initial rate decreasing approximately 0.25% each year until an ultimate rate of 4.50% is achieved.
Investment rate of return	7.35%, net of investment and administrative expense including inflation

Mortality rates were based on PUB-2010 General Table with static projection to 2022 per scale MP-2019 with combined employee and healthy annuitant rates per the methodology outlined in IRS regulation 1.430(h)(3)-1(d).

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global Equity	60.00%	7.59%	3.05%
Global Fixed Income	20.00%	4.50%	0.40%
Private Investments	20.00%	9.50%	1.40%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u>7.35%</u>

Discount Rate. The blended discount rate used to measure the total OPEB liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that the City will first use assets to pay benefits and then pay benefits on a pay-as-you-go basis. Based on this assumption, the OPEB Plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members through 2025 - the cross-over point. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

Changes in Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at May 31, 2022	\$ 5,703,542	\$ 987,614	\$ 4,715,928
Changes for the year:			
Service cost	128,927	-	128,927
Interest	231,036	-	231,036
Difference between expected and actual experience	23,052	-	23,052
Employer contributions	-	234,199	(234,199)
Net investment loss	-	(5,970)	5,970
Benefit payments, including refunds of employee contributions	(220,493)	(220,493)	-
Net changes	162,522	7,736	154,786
Balances at May 31, 2023	\$ 5,866,064	\$ 995,350	\$ 4,870,714

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 4.00%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.00%) or 1% higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
City's net OPEB liability	\$ 5,694,703	\$ 4,870,714	\$ 4,194,762

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 7.25%, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Healthcare Trend Rate (7.25%)	1% Increase (8.25%)
City's net OPEB liability	\$ 4,196,559	\$ 4,870,714	\$ 5,675,629

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

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

For the year ended May 31, 2023, the City recognized OPEB expense of \$327,861. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 27,605	\$ -	\$ 27,605

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

Year Ended May 31,	Amount
2024	\$ 3,326
2025	(7,217)
2026	22,614
2027	8,882
Total	\$ 27,605

Payable to the OPEB Plan. At May 31, 2023, the City had an outstanding payable for contributions to the OPEB plan of \$12,705.

The net OPEB liability is expected to be liquidated by the general fund and the water and sewer funds.

14. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

15. CONSTRUCTION CODE REVENUES/EXPENDITURES

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the general fund if the expenditures would normally exceed revenues. The City chose the latter because historically the expenditures have exceeded revenues. The activity related to construction code activity for the year ended May 31, 2023 is as follows:

Beginning deficit	\$	(264,828)
Construction permit revenue	148,803	
Expenditures -		
Professional services	<u>(110,071)</u>	
Revenues over expenditures		<u>38,732</u>
Ending deficit	\$	<u><u>(226,096)</u></u>

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of May 31, 2023, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 3,303,735	\$ 440,946
Capital assets being depreciated, net	<u>13,949,497</u>	<u>8,586,924</u>
	<u>17,253,232</u>	<u>9,027,870</u>
Related debt:		
Total long-term debt	(4,417,344)	(2,047,052)
Capital related payables and retainage	(335,387)	(117,480)
Non-capital debt		
Pension bonds	3,187,499	1,062,498
Compensated absences	<u>72,168</u>	<u>17,158</u>
	<u>(1,493,064)</u>	<u>(1,084,876)</u>
Net investment in capital assets	<u>\$ 15,760,168</u>	<u>\$ 7,942,994</u>

CITY OF GRAND BLANC, MICHIGAN

Notes to Financial Statements

17. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in demands on the City, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City received approximately \$245,000 during 2023 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act and other funding sources.

Additionally, the City revenues have remained steady throughout the pandemic and the economy continues to recover at a robust pace. While nobody can predict the future, additional Federal funding, strong revenue performance and targeted expenditure control should work to mitigate any significant financial issues facing the City as a result of the pandemic going forward.

18. SUBSEQUENT EVENT

On September 7, 2023, the City issued the General Obligation Limited Tax Bonds (Water Supply And Sanitary Sewer System Improvements.), Series 2023 in the amount of \$2,400,000 due in annual installments through April 01, 2043.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND BLANC, MICHIGAN

Required Supplementary Information

MERS Agent Multiple Employer Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios

	Year Ended May 31,			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 210,659	\$ 192,169	\$ 192,310	\$ 191,185
Interest	1,272,126	1,233,469	1,246,000	1,176,826
Changes in benefits	-	-	-	-
Difference between expected and actual experience	(315,181)	361,509	(126,701)	(18,952)
Changes in assumptions	-	642,628	466,067	500,450
Benefit payments, including refunds of employee contributions	(1,116,625)	(1,127,973)	(992,929)	(977,860)
Other	-	-	(62,300)	-
Net change in total pension liability	<u>50,979</u>	<u>1,301,802</u>	<u>722,447</u>	<u>871,649</u>
Total pension liability, beginning of year	<u>17,999,559</u>	<u>16,697,757</u>	<u>15,975,310</u>	<u>15,103,661</u>
Total pension liability, end of year	<u>18,050,538</u>	<u>17,999,559</u>	<u>16,697,757</u>	<u>15,975,310</u>
Plan fiduciary net position				
Employer contributions	351,945	269,180	166,736	145,242
Employee contributions	77,156	81,750	85,066	84,220
Net investment income (loss)	(1,864,987)	2,074,788	1,970,038	1,801,325
Benefit payments, including refunds of employee contributions	(1,116,625)	(1,127,973)	(992,929)	(977,860)
Administrative expense	(30,624)	(24,643)	(28,687)	(31,018)
Net change in plan fiduciary net position	<u>(2,583,135)</u>	<u>1,273,102</u>	<u>1,200,224</u>	<u>1,021,909</u>
Plan fiduciary net position, beginning of year	<u>16,969,289</u>	<u>15,696,187</u>	<u>14,495,963</u>	<u>13,474,054</u>
Plan fiduciary net position, end of year	<u>14,386,154</u>	<u>16,969,289</u>	<u>15,696,187</u>	<u>14,495,963</u>
City's net pension liability (asset)	<u>\$ 3,664,384</u>	<u>\$ 1,030,270</u>	<u>\$ 1,001,570</u>	<u>\$ 1,479,347</u>
Plan fiduciary net position as a percentage of total pension liability	79.7%	94.3%	94.0%	90.7%
Covered payroll	<u>\$ 1,567,210</u>	<u>\$ 1,563,856</u>	<u>\$ 1,701,511</u>	<u>\$ 1,702,766</u>
City's net pension liability (asset) as a percentage of covered payroll	233.8%	65.9%	58.9%	86.9%

See notes to required supplementary information.

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Year Ended May 31,			
2019	2018	2017	2016
\$ 184,613	\$ 200,314	\$ 242,304	\$ 215,880
1,133,423	1,106,835	1,075,089	1,002,469
-	-	86,856	(52,648)
165,614	(90,490)	(145,817)	339,272
-	-	-	581,812
(910,926)	(841,985)	(839,253)	(785,797)
-	-	-	-
572,724	374,674	419,179	1,300,988
14,530,937	14,156,263	13,737,084	12,436,096
15,103,661	14,530,937	14,156,263	13,737,084
119,486	121,650	5,910,317	284,655
91,651	94,361	152,299	160,444
(560,147)	1,777,776	983,389	(115,761)
(910,926)	(841,985)	(839,253)	(785,797)
(28,252)	(28,190)	(20,330)	(17,093)
(1,288,188)	1,123,612	6,186,422	(473,552)
14,762,242	13,638,630	7,452,208	7,925,760
13,474,054	14,762,242	13,638,630	7,452,208
<u>\$ 1,629,607</u>	<u>\$ (231,305)</u>	<u>\$ 517,633</u>	<u>\$ 6,284,876</u>
89.2%	101.6%	96.3%	54.2%
<u>\$ 1,667,586</u>	<u>\$ 1,812,716</u>	<u>\$ 1,873,519</u>	<u>\$ 1,856,583</u>
97.7%	-12.8%	27.6%	338.5%

CITY OF GRAND BLANC, MICHIGAN

Required Supplementary Information

MERS Agent Multiple Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ended May 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 282,996	\$ 282,996	\$ -	\$ 1,887,087	15.0%
2017	196,616	5,847,855	(5,651,239)	1,885,185	310.2%
2018	122,712	122,712	-	1,916,116	6.4%
2019	118,140	118,140	-	1,807,566	6.5%
2020	119,472	119,472	-	1,696,299	7.0%
2021	200,496	200,496	-	1,704,874	11.8%
2022	318,240	318,240	-	1,577,362	20.2%
2023	376,020	376,020	-	1,609,882	23.4%

See notes to required supplementary information.

CITY OF GRAND BLANC, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple Employer Defined Benefit Pension Plan

Note: GASB 68 was implemented in fiscal year 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Changes in benefits:

The 2016 changes in benefits resulted from increases in employee contribution rates.

The 2017 changes in benefits resulted from decreases in employee contribution rates and changes with defined contribution plan for new hires.

Changes in assumptions:

The 2016 assumption changes resulted from a change in the investment rate of return from 8.00% to 7.75% and the mortality table was adjusted to reflect longer lifetimes.

In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 8.0% to 7.6%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

In 2021, amounts reported as changes of assumptions resulted in updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 17 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2023, based on the 12/31/20 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll
Remaining amortization period	18 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120 Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120 Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

CITY OF GRAND BLANC, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Retiree Health

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	Year Ended May 31,				
	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	\$ 128,927	\$ 158,159	\$ 193,802	\$ 87,468	\$ 376,955
Interest	231,036	279,418	76,922	153,146	216,528
Changes in assumptions	-	(1,475,846)	3,188,987	-	-
Difference between expected and actual experience	23,052	-	-	(195,310)	(401,887)
Benefit payments, including refunds of employee contributions	(220,493)	(209,438)	(197,982)	(205,781)	(229,820)
Other changes	-	(59,841)	66,772	-	-
Net change in total OPEB liability	<u>162,522</u>	<u>(1,307,548)</u>	<u>3,328,501</u>	<u>(160,477)</u>	<u>(38,224)</u>
Total OPEB liability, beginning of year	<u>5,703,542</u>	<u>7,011,090</u>	<u>3,682,589</u>	<u>3,843,066</u>	<u>3,881,290</u>
Total OPEB liability, end of year	<u>5,866,064</u>	<u>5,703,542</u>	<u>7,011,090</u>	<u>3,682,589</u>	<u>3,843,066</u>
Plan fiduciary net position					
Employer contributions	234,199	288,785	208,459	251,199	229,820
Net investment income (loss)	(5,970)	(29,552)	165,258	(20,782)	15,629
Benefit payments, including refunds of employee contributions	(220,493)	(209,438)	(197,982)	(205,781)	(229,820)
Administrative expenses	-	(1,708)	(1,550)	-	-
Net change in plan fiduciary net position	<u>7,736</u>	<u>48,087</u>	<u>174,185</u>	<u>24,636</u>	<u>15,629</u>
Plan fiduciary net position, beginning of year	<u>987,614</u>	<u>939,527</u>	<u>765,342</u>	<u>740,706</u>	<u>725,077</u>
Plan fiduciary net position, end of year	<u>995,350</u>	<u>987,614</u>	<u>939,527</u>	<u>765,342</u>	<u>740,706</u>
City's net OPEB liability	<u>\$ 4,870,714</u>	<u>\$ 4,715,928</u>	<u>\$ 6,071,563</u>	<u>\$ 2,917,247</u>	<u>\$ 3,102,360</u>
Plan fiduciary net position as a percentage of total OPEB liability	17.0%	17.3%	13.4%	20.8%	19.3%
Covered-employee payroll	<u>\$ 2,577,807</u>	<u>\$ 2,383,560</u>	<u>\$ 2,371,716</u>	<u>\$ 2,229,543</u>	<u>\$ 1,873,351</u>
City's net OPEB liability as a percentage of covered-employee payroll	188.9%	197.9%	256.0%	130.8%	165.6%

See notes to required supplementary information.

CITY OF GRAND BLANC, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Retiree Health

Schedule of Contributions

Fiscal Year Ended May 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2019	\$ 436,240	\$ 229,820	\$ 206,420	\$ 1,873,351	12.3%
2020	193,720	251,199	(12,061)	2,229,543	9.2%
2021	513,380	208,459	315,398	2,371,716	8.3%
2022	424,279	288,785	135,494	2,383,560	12.1%
2023	416,215	234,199	182,016	2,577,807	9.1%

See notes to required supplementary information.

CITY OF GRAND BLANC, MICHIGAN

Required Supplementary Information

Postemployment Healthcare Plan - Retiree Health

Schedule of Investment Returns

Fiscal Year Ended May 31,	Annual Rate of Return*
2021	19.20%
2022	3.37%
2023	-0.66%

* Annual money-weighted rate of return, net of investment expenses.

Note: The OPEB Trust Fund was established and first reported in fiscal year 2021 during the implementation of GASB 84. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

CITY OF GRAND BLANC, MICHIGAN

Notes to Required Supplementary Information

Postemployment Healthcare Plan - Retiree Health

Note: GASB 75 was implemented in fiscal year 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented for each fiscal year were determined as of May 31.

Changes in assumptions:

In 2022, the amounts reported as changes in assumptions resulted primarily from a increase in inflation rate, updated to 2.50% (prior year 1.57%), health care trend rates were updated to an initial rate of 7.25% decreasing by 0.25% annually to an ultimate rate of 4.5% for medical/rx costs and both the long-term expected rate of return and discount rate was been updated from 2.09% to 4.00%. Additionally, healthcare cost coverage rates increased.

In 2021, the amounts reported as changes in assumptions resulted primarily from a decrease in inflation rate, updated to 1.57% (prior year 2.50%), health care trend rates were updated to an initial rate of 6.60% decreasing by 0.19% annually to an ultimate rate of 4.5% for medical/rx costs and both the long-term expected rate of return and discount rate was been updated from 4.00% to 2.09%. Additionally, healthcare cost coverage rates for married participants increased and the normal retirement age was adjusted by division.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of May 31, of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll
Remaining amortization period	18 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Healthcare cost trend rate	7.25% rate decreasing 0.25% each year until an ultimate rate of 4.50% is achieved.
Salary increases	2.00% in the long-term
Investment rate of return	4.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 52-62 depending on division
Mortality	PUB-2010 General Table with static projection to 2022 per scale MP-2019 with combined employee and healthy annuitant rates per the methodology outlined in IRS regulation 1.430(h)(3)-1(d)

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF GRAND BLANC, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

Fire Fund - accounts for revenues earned and expenditures incurred by the City as taxes levied for 1 mill and .5 mill contribution from the General Fund. The fund supports all Fire operations and transfers funds into the Fire Vehicle Fund for future capital item expenditures.

Parks and Recreation Fund- accounts for revenues earned and expenditures incurred by the City for the City's park system. This also includes investments in the Park System.

K-9 Fund - accounts for revenues donated or granted and expenditures for the Police K-9 dog, Kash.

Community Development Fund – accounts for revenues earned and expenditures incurred by the City as a subgrantee of the Community Development Block Grant Program. The program includes projects for the senior citizen center staffing, ADA ramps, and other community enrichment activities.

CITY OF GRAND BLANC, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

May 31, 2023

	Special Revenue Funds				
	Fire	Parks and Recreation	K-9	Community Development	Total
Assets					
Cash and cash equivalents	\$ 207,567	\$ 126,181	\$ 4,159	\$ -	\$ 337,907
Receivables:					
Accounts	2,616	1,500	-	8,297	12,413
Taxes	4,106	-	-	-	4,106
Due from other funds	-	-	-	47	47
Prepays	843	-	-	-	843
Total assets	<u>\$ 215,132</u>	<u>\$ 127,681</u>	<u>\$ 4,159</u>	<u>\$ 8,344</u>	<u>\$ 355,316</u>
Liabilities					
Accounts payable	4,595	31,444	-	2,366	38,405
Accrued liabilities	3,992	1,925	-	-	5,917
Due to other funds	117,897	-	-	5,978	123,875
Total liabilities	<u>126,484</u>	<u>33,369</u>	<u>-</u>	<u>8,344</u>	<u>168,197</u>
Deferred inflows of resources					
Unavailable revenue - delinquent taxes	430	-	-	-	430
Fund balances					
Nonspendable - prepaids	843	-	-	-	843
Committed:					
Fire services	87,375	-	-	-	87,375
Parks and recreation	-	94,312	-	-	94,312
Police K-9	-	-	4,159	-	4,159
Total fund balances	<u>88,218</u>	<u>94,312</u>	<u>4,159</u>	<u>-</u>	<u>186,689</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 215,132</u>	<u>\$ 127,681</u>	<u>\$ 4,159</u>	<u>\$ 8,344</u>	<u>\$ 355,316</u>

CITY OF GRAND BLANC, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended May 31, 2023

	Special Revenue Funds				
	Fire	Parks and Recreation	K-9	Community Development	Total
Revenues					
Taxes	\$ 250,727	\$ -	\$ -	\$ -	\$ 250,727
Intergovernmental - Federal	-	-	-	8,297	8,297
Interest	-	148	-	-	148
Other revenue	10,766	118,475	265	-	129,506
Total revenues	261,493	118,623	265	8,297	388,678
Expenditures					
Current:					
Public safety:					
Fire	368,938	-	-	-	368,938
Police	-	-	7,498	-	7,498
Public service	-	-	-	2,319	2,319
Parks and recreation	-	54,004	-	-	54,004
Capital outlay	3,975	206,626	-	5,978	216,579
Total expenditures	372,913	260,630	7,498	8,297	649,338
Revenues over (under) expenditures	(111,420)	(142,007)	(7,233)	-	(260,660)
Other financing sources					
Transfers in	126,065	120,000	-	-	246,065
Net change in fund balances	14,645	(22,007)	(7,233)	-	(14,595)
Fund balances, beginning of year	73,573	116,319	11,392	-	201,284
Fund balances, end of year	\$ 88,218	\$ 94,312	\$ 4,159	\$ -	\$ 186,689

CITY OF GRAND BLANC, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Fire Special Revenue Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 252,900	\$ 251,800	\$ 250,727	\$ (1,073)
Other revenue	2,000	13,500	10,766	(2,734)
Total revenues	<u>254,900</u>	<u>265,300</u>	<u>261,493</u>	<u>(3,807)</u>
Expenditures				
Current:				
Public safety:				
Fire	270,965	258,285	368,938	110,653
Capital outlay	10,000	20,955	3,975	(16,980)
Total expenditures	<u>280,965</u>	<u>279,240</u>	<u>372,913</u>	<u>93,673</u>
Revenues over (under) expenditures	<u>(26,065)</u>	<u>(13,940)</u>	<u>(111,420)</u>	<u>(97,480)</u>
Other financing sources (uses)				
Transfers in	126,065	126,065	126,065	-
Transfer out	(100,000)	(112,125)	-	(112,125)
Total other financing sources (uses)	<u>26,065</u>	<u>13,940</u>	<u>126,065</u>	<u>(112,125)</u>
Net change in fund balance	-	-	14,645	14,645
Fund balance, beginning of year	<u>73,573</u>	<u>73,573</u>	<u>73,573</u>	<u>-</u>
Fund balance, end of year	<u>\$ 73,573</u>	<u>\$ 73,573</u>	<u>\$ 88,218</u>	<u>\$ 14,645</u>

CITY OF GRAND BLANC, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Parks and Recreation Special Revenue Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest	\$ 5	\$ 130	\$ 148	\$ 18
Other revenue	-	120,680	118,475	(2,205)
Total revenues	<u>5</u>	<u>120,810</u>	<u>118,623</u>	<u>(2,187)</u>
Expenditures				
Current:				
Parks and recreation	41,500	48,570	54,004	5,434
Capital outlay	40,000	207,175	206,626	(549)
Total expenditures	<u>81,500</u>	<u>255,745</u>	<u>260,630</u>	<u>4,885</u>
Revenues over (under) expenditures	(81,495)	(134,935)	(142,007)	(7,072)
Other financing sources				
Transfers in	120,000	120,000	120,000	-
Net change in fund balance	38,505	(14,935)	(22,007)	7,072
Fund balance, beginning of year	116,319	116,319	116,319	-
Fund balance, end of year	<u>\$ 154,824</u>	<u>\$ 101,384</u>	<u>\$ 94,312</u>	<u>\$ 7,072</u>

CITY OF GRAND BLANC, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - K-9 Special Revenue Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other revenue	\$ -	\$ 265	\$ 265	\$ -
Expenditures				
Current:				
Public safety:				
Police department	-	7,500	7,498	(2)
Net change in fund balance	-	(7,235)	(7,233)	(2)
Fund balance, beginning of year	11,392	11,392	11,392	-
Fund balance, end of year	<u>\$ 11,392</u>	<u>\$ 4,157</u>	<u>\$ 4,159</u>	<u>\$ (2)</u>

CITY OF GRAND BLANC, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Community Development Special Revenue Fund

For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - Federal	\$ 2,000	\$ 9,495	\$ 8,297	\$ (1,198)
Expenditures				
Current:				
Public service	2,000	2,365	2,319	(46)
Capital outlay	-	7,130	5,978	(1,152)
Total expenditures	2,000	9,495	8,297	(1,198)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAND BLANC, MICHIGAN

Internal Service Funds

Vehicle and Equipment Fund – accounts for the costs of equipment and vehicles that is provided to other departments on a cost reimbursement basis.

Fire Vehicle and Equipment Fund – accounts for costs of equipment and vehicles that is provided to the Fire Fund.

CITY OF GRAND BLANC, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

May 31, 2023

	Vehicle and Equipment	Fire Vehicle and Equipment	Total
Assets			
Current assets:			
Due from other funds	\$ 21,886	\$ 117,897	\$ 139,783
Noncurrent assets:			
Capital assets being depreciated, net	591,039	1,599,450	2,190,489
Total assets	<u>612,925</u>	<u>1,717,347</u>	<u>2,330,272</u>
Liabilities			
Current liabilities:			
Accounts payable	3,931	5,348	9,279
Accrued interest on long-term debt	-	6,900	6,900
Due to other funds	16,314	104,140	120,454
Notes payable, current portion	-	94,667	94,667
Total current liabilities	<u>20,245</u>	<u>211,055</u>	<u>231,300</u>
Noncurrent liabilities:			
Notes payable, net of current portion	-	927,416	927,416
Total liabilities	<u>20,245</u>	<u>1,138,471</u>	<u>1,158,716</u>
Net position			
Net investment in capital assets	591,039	577,367	1,168,406
Unrestricted	<u>1,641</u>	<u>1,509</u>	<u>3,150</u>
Total net position	<u>\$ 592,680</u>	<u>\$ 578,876</u>	<u>\$ 1,171,556</u>

CITY OF GRAND BLANC, MICHIGAN

Combining Statement of Revenue, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended May 31, 2023

	Vehicle and Equipment	Fire Vehicle and Equipment	Total
Operating revenue			
Charges for services	\$ 319,000	\$ 112,125	\$ 431,125
Other revenue	-	3,200	3,200
Total operating revenue	<u>319,000</u>	<u>115,325</u>	<u>434,325</u>
Operating expenses			
Maintenance and repairs	144,141	10,062	154,203
Depreciation	181,209	102,143	283,352
Insurance	48,093	-	48,093
Miscellaneous	-	158	158
Total operating expenses	<u>373,443</u>	<u>112,363</u>	<u>485,806</u>
Operating income (loss)	<u>(54,443)</u>	<u>2,962</u>	<u>(51,481)</u>
Nonoperating revenues (expenses)			
Gain on sale of capital assets	6,450	17,203	23,653
Interest expense	-	(17,506)	(17,506)
Total nonoperating revenues (expenses)	<u>6,450</u>	<u>(303)</u>	<u>6,147</u>
Income (loss) before transfers	<u>(47,993)</u>	<u>2,659</u>	<u>(45,334)</u>
Transfers in	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Change in net position	<u>(33,993)</u>	<u>2,659</u>	<u>(31,334)</u>
Net position, beginning of year	<u>626,673</u>	<u>576,217</u>	<u>1,202,890</u>
Net position, end of year	<u>\$ 592,680</u>	<u>\$ 578,876</u>	<u>\$ 1,171,556</u>

CITY OF GRAND BLANC, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended May 31, 2023

	Vehicle and Equipment	Fire Vehicle and Equipment	Total
Cash flows from operating activities			
Receipts from interfund activity	\$ 344,456	\$ 165,039	\$ 509,495
Payment for goods and services	(174,754)	(4,872)	(179,626)
Net cash provided by operating activities	<u>169,702</u>	<u>160,167</u>	<u>329,869</u>
Cash flows from noncapital financing activities			
Transfers in	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	6,450	25,000	31,450
Principal paid on notes payable	-	(135,576)	(135,576)
Interest paid on notes payable	-	(16,863)	(16,863)
Acquisition and construction of capital assets	(190,152)	(32,728)	(222,880)
Net cash used by capital and related financing activities	<u>(183,702)</u>	<u>(160,167)</u>	<u>(343,869)</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (54,443)	\$ 2,962	\$ (51,481)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	181,209	102,143	283,352
Change in operating assets and liabilities that provided (used) cash:			
Due from other funds	25,456	22,163	47,619
Accounts payable	1,166	5,348	6,514
Due to other funds	16,314	27,551	43,865
Net cash provided by operating activities	<u>\$ 169,702</u>	<u>\$ 160,167</u>	<u>\$ 329,869</u>
Noncash transaction:			
Capital assets financed with notes payable	<u>\$ -</u>	<u>\$ 575,727</u>	<u>\$ 575,727</u>

CITY OF GRAND BLANC, MICHIGAN

Component Units

Brownfield Redevelopment Authority - contains one key piece of property in the downtown area, 11501 S. Saginaw Street. The Brownfield Redevelopment Authority sold bonds to pay the developer's expense to clean up the existing site. Once the site was clean, the bond proceeds transferred to the developer. The City then captures taxes over the base year amount and uses this revenue to pay the bond debt service.

Downtown Development Authority - was established in order to better serve existing businesses in the City and also to encourage and promote new business.

CITY OF GRAND BLANC, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Brownfield Redevelopment Authority Component Unit

May 31, 2023

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 2,230	\$ -	\$ 2,230
Liabilities			
Accounts payable and accrued liabilities	-	4,473	4,473
Long-term liabilities:			
Due in one year	-	10,000	10,000
Due in more than one year	-	545,000	545,000
Total liabilities	-	559,473	559,473
Fund balances			
Unassigned	2,230	(2,230)	-
Total liabilities and fund balances	\$ 2,230		
Net position			
Unrestricted (deficit)		\$ (557,243)	\$ (557,243)

CITY OF GRAND BLANC, MICHIGAN

Statement of Activities and Governmental Fund Statement of

Revenues, Expenditures and Changes in Fund Balance
Brownfield Redevelopment Authority Component Unit
For the Year Ended May 31, 2023

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 24,354	\$ -	\$ 24,354
Other revenue	11,000	-	11,000
	<u>35,354</u>	<u>-</u>	<u>35,354</u>
Total revenues			
	<u>35,354</u>	<u>-</u>	<u>35,354</u>
Expenditures / expenses			
Brownfield redevelopment	1,712	-	1,712
Debt service:			
Principal	5,000	(5,000)	-
Interest	26,600	-	26,600
	<u>33,312</u>	<u>(5,000)</u>	<u>28,312</u>
Total expenditures / expenses			
	<u>33,312</u>	<u>(5,000)</u>	<u>28,312</u>
Net change in fund balance / net position			
	2,042	5,000	7,042
Fund balance / net position, beginning of year	188	(564,473)	(564,285)
	<u>188</u>	<u>(564,473)</u>	<u>(564,285)</u>
Fund balance / net position, end of year			
	<u>\$ 2,230</u>	<u>\$ (559,473)</u>	<u>\$ (557,243)</u>

CITY OF GRAND BLANC, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Downtown Development Authority Component Unit

May 31, 2023

	Downtown Development Authority	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 66,015	\$ -	\$ 66,015
Investments	25,000	-	25,000
Due from other governments	31,620	-	31,620
Total assets	<u>122,635</u>	<u>-</u>	<u>122,635</u>
Liabilities			
Accounts payable and accrued liabilities	37,357	-	37,357
Long-term liabilities:			
Due in one year	-	54,687	54,687
Due in more than one year	-	227,476	227,476
Total liabilities	<u>37,357</u>	<u>282,163</u>	<u>319,520</u>
Fund balances			
Unassigned	<u>85,278</u>	<u>(85,278)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 122,635</u>		
Net position			
Unrestricted (deficit)		<u>\$ (196,885)</u>	<u>\$ (196,885)</u>

CITY OF GRAND BLANC, MICHIGAN

Statement of Activities and Governmental Fund Statement of

Revenues, Expenditures and Changes in Fund Balance

Downtown Development Authority Component Unit

For the Year Ended May 31, 2023

	Downtown Development Authority	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 75,197	\$ -	\$ 75,197
Other revenue	13,213	-	13,213
Unrestricted investment earnings	222	-	222
	<u>88,632</u>	<u>-</u>	<u>88,632</u>
Total revenues			
	<u>88,632</u>	<u>-</u>	<u>88,632</u>
Expenditures / expenses			
Downtown development	39,536	312,360	351,896
Debt service:			
Principal	30,197	(30,197)	-
	<u>69,733</u>	<u>282,163</u>	<u>351,896</u>
Total expenditures / expenses			
	<u>69,733</u>	<u>282,163</u>	<u>351,896</u>
Net change in fund balance / net position			
	18,899	(282,163)	(263,264)
Fund balance / net position, beginning of year	66,379	-	66,379
	<u>\$ 85,278</u>	<u>\$ (282,163)</u>	<u>\$ (196,885)</u>
Fund balance / net position, end of year			

STATISTICAL SECTION

CITY OF GRAND BLANC, MICHIGAN

Statistical Section Table of Contents

This part of the City's Annual Comprehensive Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the City of Grand Blanc.

	<u>Page</u>
Financial Trends Tables 1 – 4	These schedules contain trend information to help the reader understand and evaluate how the City's financial condition, performance and well-being have changed over time. 109-118
Revenue Capacity Tables 5 – 8	These schedules contain information to help the reader assess the City's ability to generate its most significant local revenue source, the property tax. 120-126
Debt Capacity Tables 9 – 13	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future. 127-135
Demographic and Economic Information Tables 14 - 15	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City's financial activities. 136-138
Operating Information Tables 16 - 18	These schedules contain information about the City's operations and resources to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 139-144

Sources: Unless otherwise noted, the information in these schedules is derived from the City's Annual Comprehensive Financial Report for the relevant year.

CITY OF GRAND BLANC, MICHIGAN

Net Position By Component

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 11,087,890	\$ 11,190,796	\$ 11,292,643	\$ 12,460,542
Restricted	481,017	556,848	784,026	367,565
Unrestricted (deficit)	3,724,706	3,818,246	(223,896)	(1,172,027)
Total governmental activities net position	<u>15,293,613</u>	<u>15,565,890</u>	<u>11,852,773</u>	<u>11,656,080</u>
Business-type activities				
Net investment in capital assets	6,227,424	6,755,724	6,692,359	6,861,283
Restricted	-	-	-	-
Unrestricted (deficit)	956,117	1,167,754	413,540	292,360
Total business-type activities net position	<u>7,183,541</u>	<u>7,923,478</u>	<u>7,105,899</u>	<u>7,153,643</u>
Primary government				
Net investment in capital assets	17,315,314	17,946,520	17,985,002	19,321,825
Restricted	481,017	556,848	784,026	367,565
Unrestricted (deficit)	4,680,823	4,986,000	189,644	(879,667)
Total primary government net position	<u>\$ 22,477,154</u>	<u>\$ 23,489,368</u>	<u>\$ 18,958,672</u>	<u>\$ 18,809,723</u>

Source: City of Grand Blanc Audit Reports

Table 1
Unaudited

2018	2019	2020	2021	2022	2023
\$ 12,573,712	\$ 12,198,484	\$ 12,984,606	\$ 14,037,303	\$ 13,777,751	\$ 15,760,168
576,616	728,244	1,202,501	785,875	1,689,574	941,715
(1,716,802)	(3,766,006)	(4,762,277)	(6,984,526)	(5,973,165)	(6,534,654)
11,433,526	9,160,722	9,424,830	7,838,652	9,494,160	10,167,229
7,269,639	7,915,032	7,781,864	7,695,452	7,777,677	7,942,994
59,007	-	-	-	-	-
(222,778)	(1,670,285)	(1,866,845)	(3,391,610)	(2,769,411)	(2,750,490)
7,105,868	6,244,747	5,915,019	4,303,842	5,008,266	5,192,504
19,843,351	20,113,516	20,766,470	21,732,755	21,555,428	23,703,162
635,623	728,244	1,202,501	785,875	1,689,574	941,715
(1,939,580)	(5,436,291)	(6,629,122)	(10,376,136)	(8,742,576)	(9,285,144)
\$ 18,539,394	\$ 15,405,469	\$ 15,339,849	\$ 12,142,494	\$ 14,502,426	\$ 15,359,733

CITY OF GRAND BLANC, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 757,156	\$ 744,033	\$ 989,485	\$ 1,010,797
Public safety	1,932,701	1,949,821	2,005,799	1,761,186
Public service	732,845	744,284	702,004	733,086
Public works	270,101	284,218	308,391	312,222
Parks and Recreation	-	-	-	-
Highway and streets	832,603	761,847	666,960	753,028
Interest on long-term debt	25,267	19,427	14,915	95,811
Total governmental activities expenses	4,550,673	4,503,630	4,687,554	4,666,130
Business-type activities:				
Water	1,532,990	1,556,342	1,529,156	1,485,265
Sewer	1,275,089	1,371,530	1,467,319	1,407,657
Total business-type activities expenses	2,808,079	2,927,872	2,996,475	2,892,922
Total primary government expenses	7,358,752	7,431,502	7,684,029	7,559,052
Program revenues				
Governmental activities:				
Charges for services:				
General government	383,547	379,293	322,778	293,615
Public safety	195,046	234,180	212,450	233,671
Public service	295,919	306,169	315,306	326,021
Public works	152,595	113,936	81,833	82,783
Operating grants and contributions	549,756	562,789	649,855	621,936
Capital grants and contributions	167,597	280,404	-	515,511
Total governmental activities program revenues	1,744,460	1,876,771	1,582,222	2,073,537
Business-type activities:				
Charges for services:				
Water	1,256,631	1,213,215	1,268,265	1,296,491
Sewer	1,317,602	1,416,559	1,423,287	1,442,149
Operating grants and contributions	-	-	189	141,756
Capital grants and contributions	22,500	836,403	25,300	24,500
Total business-type activities program revenues	2,596,733	3,466,177	2,717,041	2,904,896
Total primary government program revenues	4,341,193	5,342,948	4,299,263	4,978,433

Table 2
Unaudited

2018	2019	2020	2021	2022	2023
\$ 1,246,864	\$ 1,490,692	\$ 1,639,549	\$ 1,537,522	\$ 1,023,712	\$ 1,685,731
2,003,546	2,200,404	2,350,795	4,187,060	1,922,903	3,077,332
741,647	1,012,564	725,586	606,573	472,053	438,841
307,217	435,055	279,184	561,360	222,495	296,219
-	-	-	70,962	233,209	288,388
863,933	524,838	532,174	919,644	647,123	986,408
134,595	121,277	140,620	125,517	121,278	125,925
5,297,802	5,784,830	5,667,908	8,008,638	4,642,773	6,898,844
1,629,675	1,719,618	1,717,040	2,389,506	1,309,595	1,865,862
1,431,458	1,539,703	1,459,887	1,657,921	1,427,032	1,767,333
3,061,133	3,259,321	3,176,927	4,047,427	2,736,627	3,633,195
8,358,935	9,044,151	8,844,835	12,056,065	7,379,400	10,532,039
277,900	402,650	277,330	295,507	292,179	403,971
264,096	289,523	274,720	521,151	578,078	465,943
359,294	376,057	384,134	378,359	523,921	526,012
111,807	108,580	82,025	72,688	65,444	55,372
812,742	904,568	955,890	930,170	1,001,082	1,015,214
-	-	-	-	-	960,193
1,825,839	2,081,378	1,974,099	2,197,875	2,460,704	3,426,705
1,270,196	1,234,506	1,229,045	1,248,929	1,453,509	1,511,117
1,415,422	1,386,694	1,374,268	1,379,198	1,592,005	1,757,298
87,539	197,911	-	-	-	-
18,100	19,000	8,800	3,000	24,200	13,000
2,791,257	2,838,111	2,612,113	2,631,127	3,069,714	3,281,415
4,617,096	4,919,489	4,586,212	4,829,002	5,530,418	6,708,120

continued...

CITY OF GRAND BLANC, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017
Net (expense)/revenue				
Governmental activities	\$ (2,806,213)	\$ (2,626,859)	\$ (3,105,332)	\$ (2,592,593)
Business-type activities	(210,346)	538,305	(279,434)	11,974
Total primary government net expense	(3,016,559)	(2,088,554)	(3,384,766)	(2,580,619)
General revenues				
Governmental activities:				
Property taxes	2,200,131	2,178,581	2,379,405	2,272,588
State shared revenue	659,760	676,756	669,029	705,114
Unrestricted investment earnings (loss)	(23,430)	43,799	(8,315)	(21,653)
Transfers - internal activities	-	-	2,237	32,916
Special item - pension bond MERS contribution	-	-	-	(593,065)
Gain on sale of capital assets	-	-	-	-
Total governmental activities	2,836,461	2,899,136	3,042,356	2,395,900
Business-type activities:				
Property taxes	199,702	201,046	210,804	211,781
Unrestricted investment earnings	255	586	907	692
Transfers - internal activities	-	-	(2,237)	(32,916)
Special item - pension bond MERS contribution	-	-	-	(143,787)
Total business-type activities	199,957	201,632	209,474	35,770
Total primary government	3,036,418	3,100,768	3,251,830	2,431,670
Change in net position				
Governmental activities	30,248	272,277	(62,976)	(196,693)
Business-type activities	(10,389)	739,937	(69,960)	47,744
Total primary government	\$ 19,859	\$ 1,012,214	\$ (132,936)	\$ (148,949)

Source: City of Grand Blanc Audit Reports

Table 2
Unaudited

2018	2019	2020	2021	2022	2023
\$ (3,471,963) (269,876)	\$ (3,703,452) (421,210)	\$ (3,693,809) (564,814)	\$ (5,810,763) (1,416,300)	\$ (2,182,069) 333,087	\$ (3,472,139) (351,780)
(3,741,839)	(4,124,662)	(4,258,623)	(7,227,063)	(1,848,982)	(3,823,919)
2,429,724	2,750,543	3,136,772	2,935,882	3,023,733	3,137,139
728,485	761,844	786,041	806,529	925,218	1,190,632
91,200	16,254	35,104	6,144	2,906	22,302
-	(25,000)	-	438,330	(114,280)	(228,518)
-	-	-	-	-	-
-	-	-	37,700	-	23,653
3,249,409	3,503,641	3,957,917	4,224,585	3,837,577	4,145,208
219,589	226,163	235,048	243,453	250,057	262,345
2,512	-	38	-	7,000	45,155
-	25,000	-	(438,330)	114,280	228,518
-	-	-	-	-	-
222,101	251,163	235,086	(194,877)	371,337	536,018
3,471,510	3,754,804	4,193,003	4,029,708	4,208,914	4,681,226
(222,554)	(199,811)	264,108	(1,586,178)	1,655,508	673,069
(47,775)	(170,047)	(329,728)	(1,611,177)	704,424	184,238
\$ (270,329)	\$ (369,858)	\$ (65,620)	\$ (3,197,355)	\$ 2,359,932	\$ 857,307

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CITY OF GRAND BLANC, MICHIGAN

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
General Fund				
Nondisposable	\$ 27,544	\$ 82,280	\$ 16,164	\$ 110,798
Committed:				
Employee retirement costs	10,000	10,000	-	-
Unassigned	2,767,670	2,925,822	3,016,455	2,794,459
Total General Fund	<u>\$ 2,805,214</u>	<u>\$ 3,018,102</u>	<u>\$ 3,032,619</u>	<u>\$ 2,905,257</u>
All other governmental funds				
Nondisposable	\$ -	\$ -	\$ -	\$ -
Restricted:				
Highway and streets	481,017	556,848	784,026	367,565
Committed:				
Fire services	-	-	-	-
Parks and recreation	-	-	-	-
Police K-9	-	-	-	-
Unassigned (deficit)	-	-	-	(196,674)
Total all other governmental funds	<u>\$ 481,017</u>	<u>\$ 556,848</u>	<u>\$ 784,026</u>	<u>\$ 170,891</u>

Table 3
Unaudited

2018	2019	2020	2021	2022	2023
\$ 94,956	\$ 383,073	\$ 772,472	\$ 676,643	\$ 607,053	\$ 580,991
-	-	-	-	-	-
2,740,344	2,215,847	1,494,814	1,299,974	1,191,985	880,793
<u>\$ 2,835,300</u>	<u>\$ 2,598,920</u>	<u>\$ 2,267,286</u>	<u>\$ 1,976,617</u>	<u>\$ 1,799,038</u>	<u>\$ 1,461,784</u>
\$ -	\$ -	\$ 473	\$ 8,870	\$ 1,112	\$ 843
428,314	727,382	1,201,463	776,454	1,689,137	941,266
-	-	22,932	45,652	72,461	87,375
-	-	3,178	55,865	116,319	94,312
-	-	-	4,441	11,392	4,159
(509,640)	-	-	-	-	-
<u>\$ (81,326)</u>	<u>\$ 727,382</u>	<u>\$ 1,228,046</u>	<u>\$ 891,282</u>	<u>\$ 1,890,421</u>	<u>\$ 1,127,955</u>

CITY OF GRAND BLANC, MICHIGAN

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Taxes	\$ 2,186,099	\$ 2,205,809	\$ 2,380,265	\$ 2,332,464
Licenses and permits	212,799	270,813	257,670	264,032
Intergovernmental:				
State	1,209,516	1,239,545	1,318,884	1,326,450
Federal	-	280,404	-	515,511
Charges for services	556,211	551,320	566,134	565,561
Fines and forfeits	26,971	16,163	11,964	14,903
Interest	9,532	10,146	10,551	32,332
Other revenue	398,723	195,282	96,599	92,194
Total revenues	<u>4,599,851</u>	<u>4,769,482</u>	<u>4,642,067</u>	<u>5,143,447</u>
Expenditures				
General government	708,101	711,493	786,603	889,019
Public safety	1,881,341	1,878,663	2,014,115	1,904,014
Public service	657,432	662,355	674,129	675,178
Public works	271,711	266,607	302,421	332,992
Parks and recreation	-	-	-	-
Highway and streets	560,576	780,371	436,931	1,790,827
Capital outlay	-	-	-	-
Debt service:				
Principal	145,000	173,728	183,550	255,381
Issuance costs	-	-	-	94,509
Interest	25,267	18,731	11,456	83,898
Total expenditures	<u>4,249,428</u>	<u>4,491,948</u>	<u>4,409,205</u>	<u>6,025,818</u>
Revenues over (under) expenditures	<u>350,423</u>	<u>277,534</u>	<u>232,862</u>	<u>(882,371)</u>
Other financing sources (uses)				
Transfers in	190,163	203,363	401,138	107,916
Transfers out	(190,163)	(203,363)	(398,901)	(75,000)
Issuance of long-term debt	-	11,185	6,596	4,780,800
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>11,185</u>	<u>8,833</u>	<u>4,813,716</u>
Special item				
Pension bond MERS contribution	-	-	-	(4,671,842)
Net change in fund balances	<u>\$ 350,423</u>	<u>\$ 288,719</u>	<u>\$ 241,695</u>	<u>\$ (740,497)</u>
Debt service as a percentage of noncapital expenditures	<u>4.15%</u>	<u>4.77%</u>	<u>4.90%</u>	<u>9.88%</u>

Includes general, special revenue, debt service and capital projects funds

Source: City of Grand Blanc audit reports

Table 4
Unaudited

2018	2019	2020	2021	2022	2023
\$ 2,426,651	\$ 2,756,244	\$ 3,133,551	\$ 2,935,855	\$ 3,032,391	\$ 3,137,251
273,925	286,590	292,745	230,662	302,581	299,551
1,537,780	1,658,962	1,659,976	1,732,239	1,903,793	1,950,029
2,647	6,250	81,005	234,120	204,962	267,630
628,105	666,467	641,780	637,375	677,790	742,369
15,461	15,705	9,821	4,648	8,998	4,767
8,296	16,254	35,104	6,144	2,906	22,302
96,406	209,248	74,813	187,614	288,438	392,798
4,989,271	5,615,720	5,928,755	5,968,657	6,421,859	6,816,697
857,806	1,087,872	1,261,941	920,525	1,027,864	1,037,235
1,909,780	2,241,280	2,421,138	2,479,412	2,714,717	2,932,441
739,902	854,024	863,493	641,312	665,305	668,792
298,017	419,169	280,776	366,549	351,451	263,873
-	-	-	-	-	54,004
1,260,491	293,718	613,231	1,563,466	306,360	230,627
-	-	-	209,811	205,668	2,200,063
125,839	133,938	200,194	202,623	217,778	238,845
-	-	-	-	-	-
129,415	129,343	118,952	115,767	112,164	108,698
5,321,250	5,159,344	5,759,725	6,499,465	5,601,307	7,734,578
(331,979)	456,376	169,030	(530,808)	820,552	(917,881)
215,000	133,000	356,411	678,629	553,595	538,923
(215,000)	(158,000)	(356,411)	(785,254)	(667,875)	(781,441)
-	-	-	-	115,288	60,679
9,805	140,952	-	10,000	-	-
9,805	115,952	-	(96,625)	1,008	(181,839)
-	-	-	-	-	-
\$ (322,174)	\$ 572,328	\$ 169,030	\$ (627,433)	\$ 821,560	\$ (1,099,720)
5.91%	5.61%	6.46%	6.32%	6.52%	6.28%

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CITY OF GRAND BLANC, MICHIGAN

Table 5
Unaudited

Assessed Value and Taxable Value of Property

Last Ten Fiscal Years

Fiscal Year Ended May 31,	State Equalized Assessed Value	Taxable Value	Ratio of State Equalized Value to Taxable Value	Total Direct Tax Rate
2014	\$ 210,206,150	\$ 205,764,048	97.9%	11.8500
2015	218,368,300	204,766,415	93.8%	11.8500
2016	237,079,250	209,869,982	88.5%	11.8500
2017	253,283,302	213,343,883	84.2%	11.8500
2018	268,527,544	220,806,529	82.2%	11.8500
2019	274,838,192	226,692,137	82.5%	11.8500
2020	295,762,100	236,012,954	79.8%	11.8500
2021	313,198,800	244,598,257	78.1%	11.8500
2022	324,188,640	251,867,891	77.7%	11.8500
2023	341,822,600	264,500,266	77.4%	11.8500

Source: City of Grand Blanc, Michigan Equalization Department

Note: Property in the City is assessed annually

CITY OF GRAND BLANC, MICHIGAN

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year (1)	City of Grand Blanc, Michigan				Overlapping Rates		
	Operating Millage	Streets Millage	Water Imp Millage	Total City Millage	Genesee County Operating	Parks	SET (1) Schools
2014	9.9500	0.9000	1.0000	11.8500	9.2747	0.0000	6.0000
2015	9.9500	0.9000	1.0000	11.8500	9.7800	0.0000	6.0000
2016	9.9500	0.9000	1.0000	11.8500	9.7800	0.0000	6.0000
2017	9.9500	0.9000	1.0000	11.8500	9.7796	0.0000	6.0000
2018	9.9500	0.9000	1.0000	11.8500	9.7799	0.0000	6.0000
2019	9.9500	0.9000	1.0000	11.8500	10.7180	0.0000	6.0000
2020	9.9500	0.9000	1.0000	11.8500	10.7056	0.0000	6.0000
2021	9.9500	0.9000	1.0000	11.8500	10.6442	0.0000	6.0000
2022	9.9500	0.9000	1.0000	11.8500	11.5118	0.0000	6.0000
2023	9.9500	0.9000	1.0000	11.8500	11.4994	0.0000	6.0000

Source: City of Grand Blanc, Michigan Equalization Department

(1) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax (SET)

Table 6
Unaudited

Overlapping Rates								Direct & Overlapping Rates
School Operating	School Debt	School Building and Site	Inter- mediate Schools	Grand Blanc Fire	Bishop Airport	MTA	Mott Community College	
18.0000	5.1000	1.0000	3.5341	0.5000	0.4847	0.8000	2.8596	59.4031
18.0000	5.1000	1.0000	3.5341	0.5000	0.4847	0.8000	2.8596	59.9084
18.0000	5.1000	1.0000	3.5341	0.5000	0.4847	1.2250	2.8596	60.3334
18.0000	6.3000	1.0000	3.7826	0.4987	0.4847	1.2250	2.8096	61.7302
18.0000	6.3000	0.9985	3.7826	0.4966	0.4847	1.2250	2.8096	61.7269
17.6778	6.3000	0.9915	3.7732	1.0000	0.4837	1.2225	2.8047	62.8214
17.6778	6.3000	0.9882	3.7676	0.9966	0.4832	1.2221	2.8019	62.7930
17.6300	6.3000	0.9859	3.7457	0.9829	0.4805	1.2250	2.7605	62.6047
18.0000	6.3000	0.9789	3.7207	0.9722	0.4775	1.2175	2.7472	63.7758
18.0000	6.3000	0.9676	3.6950	0.9580	0.4743	1.2095	2.6638	63.6176

CITY OF GRAND BLANC, MICHIGAN

Principal Property Taxpayers

May 31, 2023 and Nine Years Ago

Taxpayer	2023		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumer's Energy	6,452,717	1	2.44%
Grand Mall (Bridgewood Common Shopping Center)	5,400,054	2	2.04%
Grand Blanc Acquisition Group - Rehab/Nursing Home	3,297,622	3	1.23%
American House - Grand Blanc LLC	2,695,600	4	1.02%
Grand Blanc Center LLC	2,361,100	5	0.89%
Perry Place Apartments LLC - 180	1,872,458	6	0.71%
General Motors	1,823,000	7	0.69%
Grand Bend Apartments	1,504,010	8	0.57%
Perry Place Apartments LLC - 141	1,422,853	9	0.54%
Grand Blanc Market Place	1,410,300	10	0.53%
Northwestern Bank	N/A	N/A	N/A
Grand Oak LLC	N/A	N/A	N/A
Sunset Apartments	N/A	N/A	N/A
Totals	\$ 28,239,714		10.66%

Source: City of Grand Blanc, Michigan Equalization Department

Table 7
Unaudited

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2014		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
2,956,100	3	1.03%
4,681,728	1	1.63%
1,948,180	5	0.68%
1,829,104	7	0.64%
2,136,948	4	0.74%
3,757,980	2	1.31%
1,826,600	8	0.64%
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
1,843,622	6	0.64%
1,516,075	9	0.53%
1,472,756	10	0.00%
<hr/>		
\$ 23,969,093		7.84%
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CITY OF GRAND BLANC, MICHIGAN

Table 8
Unaudited

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended May 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Taxes Collected	Total Collections to Date (1)	
		Amount	Percentage of Levy		Amount	Percentage of Levy (2)
2014	\$ 2,418,834	\$ 2,332,698	96.44%	\$ 37,552	\$ 2,366,009	97.82%
2015	2,407,365	2,322,386	96.47%	61,722	2,366,009	98.28%
2016	2,476,301	2,398,936	96.88%	78,094	2,477,029	100.03%
2017	2,510,957	2,445,196	97.38%	48,421	2,493,617	99.31%
2018	2,500,983	2,448,389	97.90%	51,151	2,499,540	99.94%
2019	2,686,269	2,619,166	97.50%	62,897	2,682,063	99.84%
2020	3,029,390	2,969,875	98.04%	54,456	3,024,330	99.83%
2021	3,138,893	3,079,978	98.12%	51,045	3,131,023	99.75%
2022	3,229,453	3,155,184	97.70%	57,176	3,212,360	99.47%
2023	3,387,673	3,332,353	98.37%	49,311	3,381,665	99.82%

Source: City of Grand Blanc, Michigan Treasurer

- (1) Total collections to date are less than total tax levy due to county chargebacks for previous tax years due to Michigan Tax Tribunal decisions.
- (2) Total collections, including delinquent taxes, are shown as a percent of total tax levy for the fiscal year. Additional Personal Property tax collection from Local Stabilization Funds caused the Percentage of Levy to exceed 100% in 2016.

CITY OF GRAND BLANC, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended May 31,	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Installment Purchase Contracts	Financed Purchases	Bonds Payable	Loans Payable	Financed Purchases
2014	\$ 520,000	\$ -	\$ -	\$ 2,757,226	\$ -	\$ -
2015	350,000	7,457	104,662	2,512,226	512,227	-
2016	175,000	-	104,662	1,997,226	939,862	-
2017	4,700,419	-	40,535	2,956,807	939,862	95,937
2018	4,575,891	-	2,943	2,661,335	935,180	75,332
2019	4,443,329	-	1,567	2,343,897	890,180	54,089
2020	4,244,579	440,047	123	1,982,646	845,180	32,189
2021	3,603,749	333,652	-	2,853,656	800,180	9,612
2022	3,397,499	685,692	-	1,679,724	750,180	-
2023	3,187,499	1,157,677	-	1,329,714	700,180	-

Source: City of Grand Blanc audit reports

(1) See statistical table number 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Table 9
Unaudited

Total		Debt as a Percentage of Personal Income	Debt Per Capita
\$	3,277,226	1.28%	\$ 396
	3,486,572	1.35%	419
	3,216,750	2.64%	679
	8,733,560	2.88%	1,055
	8,250,681	2.72%	1,014
	7,733,062	2.55%	951
	7,544,764	2.49%	927
	6,800,669	2.24%	836
	6,513,095	1.74%	805
	6,375,070	1.60%	788

CITY OF GRAND BLANC, MICHIGAN

Ratios of Net General Bonded Debt

To State Equalized Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population		State Equalized Valuation (In Thousands)	(1) Gross Bonded Debt (In Thousands)	Amounts Available in Debt Service Fund	Net Bonded Debt (In Thousands)
2014	8,276	(2) \$	210,206	\$ 520	\$ -	\$ 520
2015	8,276	(2)	218,368	462	-	462
2016	8,276	(2)	237,079	252	-	252
2017	8,276	(2)	253,283	4,741	-	4,741
2018	8,276	(2)	268,528	4,579	-	4,579
2019	8,276	(2)	274,838	4,448	-	4,448
2020	8,276	(2)	295,762	4,245	-	4,245
2021	8,091	(3)	313,198	3,604	-	3,604
2022	8,091	(3)	324,188	3,397	-	3,397
2023	8,091	(3)	341,823	3,187	-	3,187

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes all general obligation notes, bonds, installment purchase contracts, and capital leases to be paid from general government resources

(2) 2010 U.S. Census

(3) 2020 U.S. Census

Table 10
Unaudited

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Ratio of Net Bonded Debt to State Taxable Value of Property	Net Debt Per Capita (2)
0.25%	\$ 63
0.23%	56
0.11%	30
1.87%	573
1.71%	553
1.62%	537
1.44%	513
1.15%	445
1.05%	505
1.16%	537

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CITY OF GRAND BLANC, MICHIGAN

Table 11
Unaudited

Direct and Overlapping Debt

As of May 31, 2023

Governmental Unit	Debt Outstanding	Percentage Applicable to the City (1)	Share of Overlapping Debt
Direct			
City of Grand Blanc	\$ 4,345,176	100.00%	\$ 4,345,176
Overlapping			
Mott Community College	65,920,000	2.26%	1,489,792
Bishop Airport Authority	3,320,000	2.40%	79,680
Genesee County	273,595,938	2.40%	6,566,303
Genesee Intermediate School	8,275,000	2.26%	187,015
Grand Blanc School District	91,805,000	14.29%	13,118,935
Subtotal	442,915,938		21,441,724
TOTAL	\$ 447,261,114		\$ 25,786,900

Source: Charter Township Grand Blanc 2021 Audit

Definitions

Direct Debt: General obligation debt incurred by the City of Grand Blanc

Overlapping Debt: Debt incurred by the City of Grand Blanc and a local government body in partly or fully financed programs or projects located within the taxing jurisdiction of other such bodies.

Source: Businessdictionary.com

(1) The percentage of overlapping debt applicable is estimated using taxable property value. Applicable percentages were estimated by determining the portion of another government unit's taxable value that is within the City's boundaries and dividing it by each unit's taxable value.

Note: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

CITY OF GRAND BLANC, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Legal debt limit	\$ 20,576,405	\$ 20,476,642	\$ 20,986,998	\$ 21,334,388
Total net debt applicable to limit	<u>3,277,226</u>	<u>3,486,572</u>	<u>3,439,546</u>	<u>8,733,560</u>
Legal debt margin	<u>\$ 17,299,179</u>	<u>\$ 16,990,070</u>	<u>\$ 17,547,452</u>	<u>\$ 12,600,828</u>
Total net debt applicable to the limit as a percentage of debt limit	15.93%	17.03%	16.39%	40.94%

Note: Under state finance law, City of Grand Blanc's outstanding general obligation debt should not exceed 10 percent of state equalized value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 12
Unaudited

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 22,080,653	\$ 27,483,819	\$ 29,576,210	\$ 23,601,295	\$ 25,186,789	\$ 26,450,027
8,250,681	7,733,062	7,544,764	6,800,669	6,513,095	6,375,070
<u>\$ 13,829,972</u>	<u>\$ 19,750,757</u>	<u>\$ 22,031,446</u>	<u>\$ 16,800,626</u>	<u>\$ 18,673,694</u>	<u>\$ 20,074,957</u>
37.37%	28.14%	25.51%	28.81%	25.86%	24.10%

Legal Debt Margin Calculation for Fiscal Year 2023

State equalized value	<u>\$ 264,500,266</u>
Debt limit (10% of total state equalized value)	26,450,027
Debt applicable to limit	<u>6,375,070</u>
Legal debt margin	<u>\$ 20,074,957</u>

Ratio of Annual Debt Service Expenditures

for General Bonded Debt to Total General Fund Expenditures

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to Total General Fund Expenditures
2014	\$ 125,000	\$ 24,163	\$ 149,163	\$ 3,539,689	4.21%
2015	150,000	18,363	168,363	3,543,214	4.75%
2016	183,550	11,456	195,006	3,785,818	5.15%
2017	255,381	99,562	354,943	4,056,122	8.75%
2018	125,839	126,604	252,443	4,060,759	6.22%
2019	133,935	129,343	263,278	4,865,626	5.41%
2020	200,194	118,952	319,146	4,722,955	6.76%
2021	202,623	115,767	318,390	4,432,606	7.18%
2022	217,778	112,164	329,942	4,670,457	7.06%
2023	238,845	108,698	347,543	5,045,315	6.89%

Source: City of Grand Blanc Audit Reports

CITY OF GRAND BLANC, MICHIGAN

Table 14
Unaudited

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2014	8,276	\$ 268,316,196	\$ 32,421	8,552	8.30%
2015	8,276	273,132,828	33,003	8,505	5.40%
2016	8,276	288,650,328	34,878	8,229	5.00%
2017	8,276	303,000,912	36,612	8,319	4.50%
2018	8,276	311,798,300	37,675	8,319	4.50%
2019	8,276	328,027,536	39,636	8,246	4.50%
2020	8,136	334,129,248	41,068	8,246	4.50%
2021	8,091	339,247,539	41,929	8,339	7.50%
2022	8,091	373,415,832	46,152	8,277	5.80%
2023	8,091	399,687,309	49,399	7,908	6.10%

Data Sources:

- (1) Population Division, U.S. Census Bureau
- (2) Bureau of Economic Analysis - Per Capita Personal Income Flint MI (Metropolitan Statistical Area)
- (3) Grand Blanc School District - Adopted Budget June 30 of each year
- (4) Home Facts

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CITY OF GRAND BLANC, MICHIGAN

Table 15
Unaudited

Principal Employers

May 31, 2023 and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Grand Blanc Schools	374	1	8.72%	477	1	22.00%
MediLodge	191	2	4.45%	283	2	13.00%
Kroger	180	3	4.20%	170	3	8.00%
McDonalds	75	4	1.75%	73	4	3.00%
City of Grand Blanc	70	5	1.63%	41	7	2.00%
Holy Family	53	6	1.24%	N/A	N/A	N/A
Italia Gardens	53	7	1.24%	N/A	N/A	N/A
Aubree's	50	8	1.17%	N/A	N/A	N/A
GB Cement	41	9	0.96%	N/A	N/A	N/A
Al Serra Honda	28	10	0.65%	N/A	N/A	N/A
Big Boy	N/A	N/A	N/A	42	5	2.00%
Kmart	N/A	N/A	N/A	52	6	2.00%
Luca's Chophouse	N/A	N/A	N/A	30	8	1.00%
Wendy's	N/A	N/A	N/A	25	9	1.00%
Burger King	N/A	N/A	N/A	21	10	1.00%
Totals	1,115		26.01%	1,214		55.00%

Source: Listed Businesses and U.S. Census

Source: U.S. Census Bureau, 2007 Economic Census

Total Employment within the City: 4,288

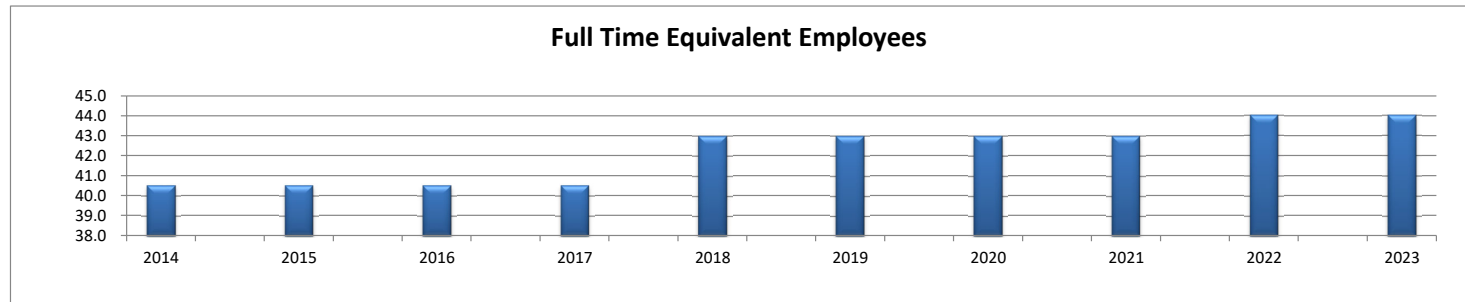
CITY OF GRAND BLANC, MICHIGAN

Table 16
Unaudited

Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General service administration	18.5	18.5	18.5	18.5	20.0	20.0	20.0	20.0	20.0	20.0
Legislative	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Law enforcement	15.0	15.0	15.0	15.0	16.0	16.0	16.0	16.0	17.0	17.0
Total FTE Employees	40.5	40.5	40.5	40.5	43.0	43.0	43.0	43.0	44.0	44.0

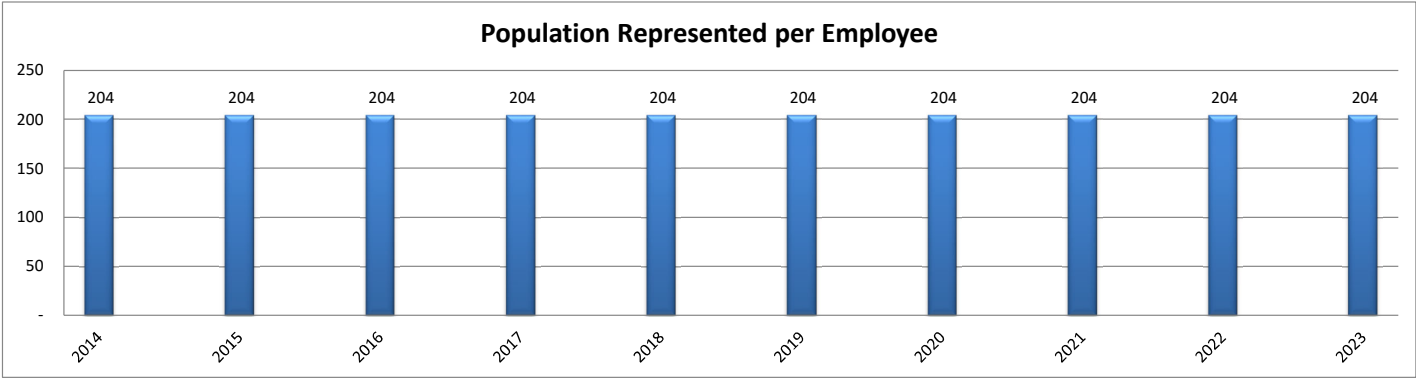
Source: Grand Blanc City Personnel Office



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Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Population Represented per Employee	204	204	204	204	204	204	204	204	204	204



Source: Listed Businesses and U.S. Census
Source: U.S. Census Bureau, 2010 Economic Census

concluded.

CITY OF GRAND BLANC, MICHIGAN

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year			
	2014	2015	2016	2017
Public safety				
Police				
Physical arrests	487	489	415	299
Parking violations	85	52	34	21
Traffic Violations	6,287	6,349	6,882	584
Fire				
Fire Runs	173	148	107	97
General government				
Building permits				
Building permits issued	124	97	122	165
Building inspections conducted	172	156	244	210
Elections				
Number of registered voters	6,059	5,813	5,954	5,430
Voters (at the polls or absentee)	837	1,494	1,167	4,416
Percent Voting	13.81%	25.70%	19.60%	81.33%
Library				
Circulation (books borrowed)	4,404,555	267,964	252,500	227,727
Collection volume	1,018,374	95,713	96,000	109,419
Sewer				
Average daily sewage treatment -gallons per day	588,711	586,840	448,747	605,981
Water				
New connections	46	35	17	19
Water main breaks	10	7	7	6
Total consumption (gallons)	241,602,265	234,825,646	189,345,092	254,444,143
Number of customers	2,631	2,576	2,577	2,569

- (1) Traffic violations - In 2014, amount increased due to traffic violations definition change by the Police Department and changed again in 2017.
- (2) Library Circulation - In 2015, significant decrease due to Grand Blanc McFarlen's definition of books borrowed.
- (3) In 2015, significant decrease due to Grand Blanc McFarlen's definition of collection volume.
- (4) In 2019, significant increase due to enforcement of overnight parking on city streets.

Source: Applicable City Departments

Source: U.S. Census Bureau

Table 17
Unaudited

Fiscal Year					
2018	2019	2020	2021	2022	2023
190	140	100	80	107	118
15	433	43	32	23	75 (4)
617	392	272	106	202	140 (1)
127	153	100	65	105	123
355	310	257	324	415	458
445	538	566	506	657	640
5,962	6,167	6,303	6,355	6,421	6,542
902	6,624	5,483	8,397	1,096	4,012
15.13%	40.98%	33.92%	43.38%	17.07%	61.33%
214,546	185,428	174,587	87,819	110,937	121,933 (2)
100,231	105,968	88,652	82,904	82,904	90,000 (3)
593,344	584,461	575,531	586,773	541,871	541,871
12	17	4	1	8	8
12	11	14	9	12	12
249,826,954	253,766,006	230,868,293	242,504,561	214,649,402	232,377,992
2,636	2,687	2,692	2,599	2,596	2,596

CITY OF GRAND BLANC, MICHIGAN

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year			
	2014	2015	2016	2017
Public safety				
Station	1	1	1	1
Patrol vehicles	12	11	11	12
Water				
Water mains (miles)	48	49	50	50
Fire hydrants	419	419	419	419
Storage Capacity (gallons)	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater				
Sanitary sewage miles	48	49	49	49
Storm sewage miles	48	49	49	49
Treatment capacity (millions of gallons/day)	3.96	3.96	3.96	3.96
Area				
City major streets	7.21	7.21	7.21	7.21
City local streets	23.29	23.29	23.29	23.29

Source: City of Grand Blanc

Table 18
Unaudited

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Fiscal Year					
2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
12	12	12	12	13	12
50	50	50	50	50	50
419	419	419	419	419	419
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
49	49	49	49	49	49
49	49	49	49	49	49
3.96	3.96	3.96	3.96	3.96	3.96
7.21	7.21	7.21	7.21	7.21	7.21
23.29	23.29	23.29	23.29	23.29	23.29

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

October 10, 2023

Honorable Mayor and
Members of the City Council
of the City of Grand Blanc, Michigan
Grand Blanc, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Grand Blanc, Michigan** (the "City"), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

CITY OF GRAND BLANC, MICHIGAN

Schedule of Findings and Responses

For the Year Ended May 31, 2023

None noted.

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CITY OF GRAND BLANC, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended May 31, 2023

2022-001 – Material Audit Adjustments

Internal controls did not detect all adjustments necessary to properly record year-end balances. Multiple adjustments were provided in order to reach proper year-end balances. The majority of the adjustments that were made to the trial balance were identified by the auditors, while a few were identified by the City. As a result of this condition, the City's accounting records were initially misstated by amounts material to the financial statements. This finding was corrected in 2023.

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