



## OFFICE OF THE CITY CLERK

### AGENDA: DECEMBER 3, 2024 CITY OF KENTWOOD COMMISSION MEETING

1. Call meeting to order at 7:00 P.M.
2. Pledge of Allegiance to the Flag (Artz).
3. Invocation.
4. Roll Call: Artz, Coughlin, Moore, Morgan, Moseley, Tyson, and Mayor Kepley.
5. Approve agenda.
6. Acknowledge visitors and those wishing to speak to non-agenda items.
7. Consent agenda. (roll call vote)
  - a. Receive and file minutes of the [Committee of the Whole](#) meeting held on November 19, 2024.
  - b. Receive and file [Audited Financial Statements](#) for year ended June 30, 2024.
  - c. Res. – 24 to set a public hearing for an [industrial development district](#) at 4175 60<sup>th</sup> St SE.
  - d. Res. – 24 to adopt the 5<sup>th</sup> amendment of the [Retirement Health Savings Plan](#).
  - e. Res. – 24 to adopt the 1<sup>st</sup> amendment of the [Defined Contribution Pension Plan](#).
  - f. [City Payables](#).
8. Approve minutes of the regular [City Commission Meeting](#) held on November 19, 2024 as distributed. (voice vote)
9. Presentations and Proclamations.

10. Communications and Petitions.
  - a. Authorize agreement for sale of [0.91 acres of City-owned property](#). (voice vote)
  - b. Authorize agreement to amend [telecommunications easement](#) on Fire Station #1 tower. (voice vote)
11. Public Hearings.
12. Reports of Ad Hoc Committees.
13. Bids.
  - a. Approve ten year contract with Axon Enterprise Inc. for [Officer Safety Plan](#) software and services. (voice vote)
  - b. Authorize contracts for [Kentwood Community Center](#) bid package no. 1. (voice vote)
14. Resolutions.
  - a. Res. – 24 to approve contract with MDOT for [M-37 improvements](#) from 44<sup>th</sup> St to Patterson Ave. (roll call vote)
15. Ordinances.
16. Appointments and Resignations.
17. Quarterly, Semi-Annual or Annual Scheduled Reviews.
18. Old Business/Future Agenda Review.
19. Comments of Commissioners and Mayor.
20. Adjournment.

Becky L. Schultz  
Deputy City Clerk

## **PROPOSED MINUTES OF THE COMMITTEE OF THE WHOLE**

November 19, 2024  
City Hall Lg Conference Room #119  
5:33 P.M.

Present: Commissioners: Mayor Pro-Tem Robert Coughlin, Betsy Artz, David Moore II, Clarkston Morgan, Dustin Moseley, Jessica Ann Tyson, and Mayor Stephen Kepley. Also present: City Attorney Dave Eberle, Communications Specialist Ariana Farina, Deputy City Administrator Shay Gallagher, Finance Director Keyla Garcia, Public Works Director Chad Griffin, Deputy Fire Chief Mike Hipp, Police Chief Bryan Litwin, Fire Chief Brent Looman, Parks and Recreation Director Val Romeo, Deputy City Clerk Becky Schultz, Fire Department Administrative Assistant Nancy Shane, and City Treasurer Laurie Sheldon. Also two representatives of Axon and two representatives of Genesis East.

### **POLICE DEPARTMENT:**

#### **A. DISCUSSION ON AXON OFFICER SAFETY PLAN SOFTWARE.**

Police Chief Litwin reviewed his memo dated November 19, 2024. He introduced Kyle Brennan, Sales Account Executive for Axon, and Emma Gannon, Solutions Engineer in Axon's Michigan office. Chief Litwin reviewed the current Axon products in use and Records Management using another provider. The department has been exploring the change to Axon RMS for the last year and is excited about the integration and innovation available in using the Axon suite of products. Discussion on reports with prompts and data sharing, technical support, dictation, redaction, and timeline. Representatives Brennan and Gannon explained upcoming improvements in tasers and cameras and informed about options for VR training, fleet software, and reporting software.

Chief Litwin noted the ability to add an AI component that would include body camera language translation and transcription that recognizes different voices, along with Draft One software that uses camera information to generate draft reports. Discussion on cost difference with the addition of the AI bundle, replacement cycle of body and dash cameras, software upgrades over the course of the contract, improved efficiency for staff, and integration with FLOCK system.

Consensus of Commissioners to support Axon contract with AI component with more information on AI uses. Chief Litwin will come back to Commission with a bid in December.

### **MAYOR'S OFFICE:**

#### **A. DISCUSSION ON PAYMENT IN LIEU OF TAXES AGREEMENT FOR GENESIS EAST.**

Deputy City Administrator Gallagher reviewed the proposed restructuring of the PILOT agreement for Genesis East, 4366 Walnut Hills Dr SE, which is under new ownership and is seeking to improve the units and property. Genesis East representatives John Wynbeek

Committee of the Whole  
November 19, 2024

and Kathy Besaw were introduced. Discussion on PILOT requirement for MSHDA approval, City administration fees, number of units and financial and physical needs of residents, security improvements, consequences of not restructuring the agreement, and City policy for 6% rate for PILOT agreements.

Consensus of Commissioners to move forward with the proposed agreement with the 6% rate. Deputy City Administrator Gallagher and City Attorney Eberle will work on the PILOT agreement and bring it back to the Commission for a formal vote.

The meeting was adjourned at 6:54 P.M.

Becky Schultz  
Deputy City Clerk

Robert Coughlin  
Mayor Pro-Tem





## FINANCE DEPARTMENT

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### MEMORANDUM

TO: Committee of the Whole  
FROM: Keyla Garcia, Finance Director  
DATE: November 25, 2024  
RE: Audited Financial Statements – Year Ended June 30, 2024

ACTION REQUESTED: It is requested that the Committee of the Whole recommend that the City Commission receive and file the Financial Statements and the Audit Committee Letter, for the year ended June 30, 2024.

BACKGROUND: Vredeveld Haefner LLC has completed the annual audit and has issued the enclosed documents for the year ended June 30, 2024, as follows:

- Financial Statements
- Audit Committee Letter

A representative of Vredeveld Haefner LLC will be at the December 3, 2024, Committee of the Whole Work Session to present and discuss these documents.

If these documents are accepted by the Committee of the Whole, please recommend them to the City Commission for action (consent agenda – receive and file) at its December 3, 2024, meeting.

If you have any questions, please call me at 616-554-0766.

Thank you.



# **CITY OF KENTWOOD, MICHIGAN**

## **FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED JUNE 30, 2024*



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF KENTWOOD

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## Vredeveld Haefner LLC

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### INDEPENDENT AUDITORS' REPORT

November 19, 2024

Honorable Mayor and Members of the City Commission  
City of Kentwood, Michigan

#### **Report on the Audit of the Financial Statements**

##### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kentwood, MI (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

##### *Basis for Opinions*

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

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

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

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

##### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the budgetary comparison information and benefit plan schedules on pages 51 through 58 be presented to supplement the basic financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 report. The other information comprises the continuing disclosure filing but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Uredewald Haefner LLC*

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

# Management's Discussion and Analysis

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

## Financial Highlights

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

In fiscal year 2024, the City's taxable property values increased by approximately 8.06% due to changes in ad valorem taxable value. The City continues to receive State Essential Services Assessment distributions to offset the elimination of personal property taxes by State law, which increased approximately 4% from the previous fiscal year. State shared revenue, the City's second largest revenue source, decreased approximately 1.95% from the previous fiscal year.

Fiscal year 2024 was a year of continued capital investment for the City, including:

- Street rehabilitation projects commenced, continued and completed with a total investment of approximately \$7.3 million from City funds and grant sources;
- Water and sewer main improvements associated with street projects totaling approximately \$5.1 million;
- Park improvement project costs totaling \$3.6 million, using Community Development Block Grant (CDBG), Michigan Natural Resources Trust Fund Grant (MNRTF), and City funds;
- Technology purchases, police, fire, and public works vehicle and equipment purchases totaled \$3.8 million.

## City of Kentwood Net Position

**Governmental activities.** Governmental activities increased the City's net position by \$10,521,319. Key elements of this increase are as follows:

- Increase in property tax revenues of approximately \$3,976,000;
- Increase in investment earnings of approximately \$2,309,000;
- Infrastructure improvements partially funded by federal and state grants;
- Collections of special assessments and related interest;
- Accumulation of unexpended resources in the Library, the DPW Equipment, the Police Equipment Capital Projects, and the Parks & Recreation Capital and Equipment funds, for future operating and capital purchasing needs;
- Spending of resources previously accumulated in the police and fire millage and property and building capital projects fund;
- A new cost sharing agreement with Kent County reduced the City's environmental remediation liability.

**Business-type activities.** Business-type activities increased the City's net position by \$17,346. Key elements of this increase are as follows:

- Operating revenue, grant revenue and investment income (loss) that exceeded operating expenses and bond interest expense.

## 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues, earned but unused compensated absences, etc.).

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 works, culture and recreation, and community and economic development. The business-type activities of the City include the water and sewer operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Economic Development Corporation (EDC) and Brownfield Redevelopment Authority for which the City is financially accountable. Information for these component units are reported separately from the financial information presented for the primary government itself.

**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.

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

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, police and fire millage, major streets, federal grants, property and building and general projects funds which are considered major funds. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer funds, which are considered to be major funds of the City.

**Fiduciary funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resource 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.

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

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

## Government-wide Financial Analysis

**Statement of Net Position** As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$170,081,009 at the close of the most recent fiscal year. The following chart illustrates the composition of net position.

### City of Kentwood Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2023	2024	2023	2024	2023	2024
<b>Assets</b>						
Current and other assets	\$ 72,033,463	\$ 71,331,706	\$12,713,266	\$10,042,635	\$ 84,746,729	\$ 81,374,341
Capital assets	70,033,895	77,472,271	19,098,031	21,740,237	89,131,926	99,212,508
<b>Total assets</b>	<b>142,067,358</b>	<b>148,803,977</b>	<b>31,811,297</b>	<b>31,782,872</b>	<b>173,878,655</b>	<b>180,586,849</b>
<b>Deferred outflows of</b>						
<b>Resources</b>	4,771,201	2,659,921	-	-	4,771,201	2,659,921
<b>Liabilities</b>						
Current liabilities	6,146,709	4,491,395	1,102,686	1,341,915	7,249,395	5,833,310
Long-term liabilities	7,919,037	3,632,230	3,463,672	3,178,672	11,382,709	6,810,902
<b>Total liabilities</b>	<b>14,065,746</b>	<b>8,123,625</b>	<b>4,566,358</b>	<b>4,520,587</b>	<b>18,632,104</b>	<b>12,644,212</b>
<b>Deferred inflows of</b>						
<b>Resources</b>	475,408	521,549	-	-	475,408	521,549
<b>Net position</b>						
Net investment in						
capital assets	64,518,935	75,280,297	15,354,359	18,276,565	79,873,294	93,556,862
Restricted	26,704,052	23,605,257	-	-	26,704,052	23,605,257
Unrestricted	41,074,418	43,933,170	11,890,580	8,985,720	52,964,998	52,918,890
<b>Total net position</b>	<b>\$132,297,405</b>	<b>\$142,818,724</b>	<b>\$27,244,939</b>	<b>\$27,262,285</b>	<b>\$159,542,344</b>	<b>\$170,081,009</b>

By far the largest portion of the City's net position in the amount of 55% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 in the amount of 14% represents resources that are subject to external restrictions on how they may be used. The City's remaining balance of unrestricted net position in the amount of \$52,918,890 may be used to meet the City's ongoing financial obligations.

**Statement of Activities** The City's total revenue for the fiscal year ended June 30, 2024, was \$62,047,620 while total cost of all programs and services was \$54,147,065. This results in an increase in net position of \$10,538,655. The following table presents a summary of the changes in net position for the years ended June 30.

### City of Kentwood Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2023	2024	2023	2024	2023	2024
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,581,519	\$ 4,680,503	\$ 6,477,399	\$ 6,731,133	\$ 11,058,918	\$ 11,411,636
Operating grants and contributions	10,518,244	11,777,318	-	-	10,518,244	11,777,318
Capital grants and contributions	3,063,819	2,461,101	-	-	3,063,819	2,461,101
General revenues						
Property taxes	21,788,474	25,764,970	-	-	21,788,474	25,764,970
Franchise fees	529,120	450,809	-	-	529,120	450,809
State shared revenues	6,049,601	6,147,313	-	-	6,049,601	6,147,313
Investment earnings (loss)	946,593	3,256,562	162,834	477,961	1,109,427	3,734,523
Other	230,353	299,950	-	-	230,353	299,950
<b>Total revenues</b>	<b>47,707,723</b>	<b>54,838,526</b>	<b>6,640,233</b>	<b>7,209,094</b>	<b>54,347,956</b>	<b>62,047,620</b>
<b>Expenses</b>						
Judicial	2,132,724	2,074,534	-	-	2,132,724	2,074,534
General government	5,895,645	5,200,795	-	-	5,895,645	5,200,795
Public safety	22,634,255	24,808,915	-	-	22,634,255	24,808,915
Public works	10,531,950	11,293,753	-	-	10,531,950	11,293,753
Community and economic development	513,193	536,513	-	-	513,193	536,513
Culture and recreation	2,185,610	3,019,123	-	-	2,185,610	3,019,123
Interest on long-term debt	31,429	21,684	-	-	31,429	21,684
Water	-	-	3,228,617	3,597,820	3,228,617	3,597,820
Sewer	-	-	2,969,122	3,593,928	2,969,122	3,593,928
<b>Total expenses</b>	<b>43,924,806</b>	<b>46,955,317</b>	<b>6,197,739</b>	<b>7,191,748</b>	<b>50,122,545</b>	<b>54,147,065</b>
<b>Increase (decrease) in net position, before special item</b>	<b>3,782,917</b>	<b>7,883,209</b>	<b>442,494</b>	<b>17,346</b>	<b>4,225,411</b>	<b>7,900,555</b>
<b>Special Item</b>	<b>-</b>	<b>2,638,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,638,110</b>
<b>Increase (decrease) in net position</b>	<b>3,782,917</b>	<b>10,521,319</b>	<b>442,494</b>	<b>17,346</b>	<b>4,225,411</b>	<b>10,538,665</b>
<b>Net position – beginning, as restated</b>	<b>128,514,488</b>	<b>132,297,405</b>	<b>26,802,445</b>	<b>27,244,939</b>	<b>155,316,933</b>	<b>159,542,344</b>
<b>Net position – ending</b>	<b>\$132,297,405</b>	<b>\$142,818,724</b>	<b>\$27,244,939</b>	<b>\$27,262,285</b>	<b>\$159,542,344</b>	<b>\$170,081,009</b>

**Governmental Activities** The preceding table shows that the governmental activities increased the City's net position by \$10,521,319 during this fiscal year. The increase is primarily the, capital grants and contributions for road improvement projects and overall state and property tax revenue increases and a new cost sharing agreement with the Kent County resulting in a lower environmental cleanup liability.

**Business-type Activities** Business-type activities increased the City's net position by \$17,346 during the year. This increase is primarily the result of operating revenue that exceeded operating expenses and bond interest expense.

## Financial Analysis of the Government'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 City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$63,068,963, a decrease of \$131,878 from the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance was \$7,258,405 an increase of \$717,050. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance totaled \$6,330,566 or approximately 17% of total general fund expenditures and transfers out.

The police and fire millage fund is used to account for the receipt of property taxes restricted for expenditure on police and fire protection. The fund balance at the end of the year amounted to \$10,232,244, a decrease of \$3,774,726 from the previous year.

The major streets funds are used to account the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended. The major streets fund balance at the end of the year amounted to \$8,687,770, an increase of \$151,389 from the previous year.

The local streets funds are used to account the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended. The major streets fund balance at the end of the year amounted to \$163,724, a decrease of \$378,670 from the previous year.

The property and building capital projects fund is used to account for funds saved for the construction or purchase of equipment and buildings, which reduces City borrowing related to these asset purchases. The fund balance at the end of the year amounted to \$20,137,638, a decrease of \$61,294 from the previous year.

The general projects capital projects fund is used to account for resources restricted, committed or assigned for future building and expansion projects. The fund balance at the end of the year amounted to \$9,437,741, an increase of \$1,213,747 from the previous year.

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

Unrestricted net position of the water and sewer funds at the end of the year to \$2,043,375 and \$6,942,345 respectively. The water fund had an increase in net position for the year of \$108,701 while the sewer fund had a decrease of \$91,355. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

## Budgetary Highlights

- The City Commission, by resolution, amended the general fund budget once during the fiscal year ended June 30, 2024, which was related to year-end estimates prepared during the FY 2024 budget process.
- General Fund revenue and other financing sources budget to actual variances are due to several factors including slightly lower than budgeted property tax collections and federal grant revenues received and higher than budgeted revenue sharing distributions; investment income, and collections of fines and forfeitures and charges for services and fee revenue that changes with economic activity.



- General fund expenditure and other financing uses budget to actual variances are due to several factors including staffing vacancies, rehires, reassignments and other changes; employee benefits costs that varied from amounts budgeted; there were also variations in contractual services and supplies needed; changes in customer utilization of activities and increases in transfers to other funds.

## Capital Asset and Debt Administration

**Capital assets** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$99,212,508 (net of accumulated depreciation). Of this amount, \$77,472,271 was for its governmental type activities and \$21,740,237 was for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Significant additions consisted of various street and infrastructure projects and vehicle and equipment replacements. Additional information on the City's capital assets can be found in Note 5 to these financial statements.

**Long-term debt** At the end of the current fiscal year, the City had total long-term debt, including compensated absences outstanding of \$7,233,365. Of this amount, \$3,769,693 was for governmental activities while \$3,463,672 was for business-type activities. The City has a AA/Stable bond rating from Standard & Poor's (affirmed April 21, 2014). Additional information on the City's long-term debt can be found in Note 9 to these financial statements.

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

The following economic factors were considered in preparing the City's budget for the 2024-2025 fiscal year:

- Property values are expected to increase by approximately 5%, which will continue to be supplemented by state essential services assessment distributions related to personal property taxation reform;
- State shared revenue was originally expected to only increase by approximately 0.64%, based on early MI Department of Treasury estimates;
- Compensation and employee benefits for City employees are estimated and included in the FY 2025 budget assuming full staffing for the entire year and using provisions in completed collective bargaining agreements or anticipated changes for the bargaining unit in negotiations during the budgeting process. All four of the City's collective bargaining agreements are settled for FY 2025. Defined benefit pension and other post-employment benefit (OPEB) costs are calculated based on annual actuarial valuations.
- Transfers from police & fire millage fund – All police and fire operating costs are recorded in the general fund, while revenues from the City's dedicated police and fire millage is recorded in a separate fund. The amount transferred is calculated based on the Police and Fire Department budgets reduced by a fixed general fund contribution. Funding for police and fire capital purchases is transferred directly from the police & fire millage fund to the police equipment and fire equipment funds. The dedicated police and fire property tax revenue to be collected in FY 2025, and accumulated past collections and investment income, is sufficient to cover Police and Fire Department budgets and capital funding transfers without general fund contributions in excess of the specified amounts.

## Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Keyla Garcia, Finance Department, City of Kentwood, P.O. Box 8848, Kentwood, MI 49518-8848.



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## **BASIC FINANCIAL STATEMENTS**

**CITY OF KENTWOOD**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Brownfield Redevelopment Authority
<b>Assets</b>					
Cash and pooled investments	\$ 64,311,968	\$ 8,687,258	\$ 72,999,226	\$ 728,088	\$ 394,624
Receivables					
Accounts	881,956	1,355,377	2,237,333	-	-
Special assessments	283,489	-	283,489	-	-
Interest	12,391	-	12,391	-	-
Loans	89,428	-	89,428	-	-
Due from other governments	2,365,145	-	2,365,145	-	-
Leases receivable	405,637	-	405,637	-	-
Inventory	48,336	-	48,336	-	-
Prepaid items	1,008,260	-	1,008,260	-	-
Net OPEB asset	1,925,096	-	1,925,096	-	-
Capital assets					
Land and construction in progress	8,569,723	2,076,864	10,646,587	-	-
Depreciable capital assets, net	68,902,548	19,663,373	88,565,921	-	-
<b>Total assets</b>	<u>148,803,977</u>	<u>31,782,872</u>	<u>180,586,849</u>	<u>728,088</u>	<u>394,624</u>
<b>Deferred outflows of resources</b>					
Pension related	2,659,921	-	2,659,921	-	-
<b>Liabilities</b>					
Accounts payable	3,157,616	1,056,915	4,214,531	72	-
Customer deposits	681,005	-	681,005	-	-
Due to other governments	515,311	-	515,311	-	-
Current portion of long-term debt	137,463	285,000	422,463	-	-
Noncurrent liabilities					
Net pension liability	1,577,719	-	1,577,719	-	-
Long-term debt	2,054,511	3,178,672	5,233,183	-	-
<b>Total liabilities</b>	<u>8,123,625</u>	<u>4,520,587</u>	<u>12,644,212</u>	<u>72</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Lease related	405,637	-	405,637	-	-
OPEB related	115,912	-	115,912	-	-
<b>Total deferred inflows of resources</b>	<u>521,549</u>	<u>-</u>	<u>521,549</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets	75,280,297	18,276,565	93,556,862	-	-
Restricted for					
Police and fire services	10,232,244	-	10,232,244	-	-
Drug law enforcement	190,600	-	190,600	-	-
Public works activities	11,052,446	-	11,052,446	-	-
Community development	193,308	-	193,308	-	-
Culture and recreation	1,851,565	-	1,851,565	-	-
Judicial	85,094	-	85,094	-	-
Unrestricted	43,933,170	8,985,720	52,918,890	728,016	394,624
<b>Total net position</b>	<u>\$ 142,818,724</u>	<u>\$ 27,262,285</u>	<u>\$ 170,081,009</u>	<u>\$ 728,016</u>	<u>\$ 394,624</u>

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

**CITY OF KENTWOOD**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
Judicial	\$ 2,074,534	\$ 836,749	\$ -	\$ -	\$ (1,237,785)
General government	5,200,795	1,879,552	984,140	-	(2,337,103)
Public safety	24,808,915	1,313,151	2,105,942	-	(21,389,822)
Public works	11,293,753	20,331	8,411,644	2,106,095	(755,683)
Community and economic development	536,513	39,255	-	-	(497,258)
Culture and recreation	3,019,123	591,465	275,592	355,006	(1,797,060)
Interest expense	21,684	-	-	-	(21,684)
<b>Total governmental activities</b>	<b>46,955,317</b>	<b>4,680,503</b>	<b>11,777,318</b>	<b>2,461,101</b>	<b>(28,036,395)</b>
Business-type activities					
Water	3,597,820	3,590,961	-	-	(6,859)
Sewer	3,593,928	3,140,172	-	-	(453,756)
<b>Total business-type activities</b>	<b>7,191,748</b>	<b>6,731,133</b>	<b>-</b>	<b>-</b>	<b>(460,615)</b>
<b>Total primary government</b>	<b>\$ 54,147,065</b>	<b>\$ 11,411,636</b>	<b>\$ 11,777,318</b>	<b>\$ 2,461,101</b>	<b>\$ (28,497,010)</b>
<b>Component units</b>					
Economic Development Corporation	\$ 28,474	\$ 7,000	\$ -	\$ -	\$ (21,474)
Brownfield Redevelopment Authority	220,598	-	-	-	(220,598)
<b>Total component units</b>	<b>\$ 249,072</b>	<b>\$ 7,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (242,072)</b>

(continued)

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

**CITY OF KENTWOOD**

*STATEMENT OF ACTIVITIES*

*FOR THE YEAR ENDED JUNE 30, 2024*

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Economic Development Corporation</u>	<u>Brownfield Redevelopment Authority</u>
<b>Changes in net position</b>					
<b>Net (expense) revenue</b>	<u>\$ (28,036,395)</u>	<u>\$ (460,615)</u>	<u>\$ (28,497,010)</u>	<u>\$ (21,474)</u>	<u>\$ (220,598)</u>
General revenues					
Property taxes					
General operating	7,279,309	-	7,279,309	-	-
Police and fire	15,205,929	-	15,205,929	-	-
Other purposes	3,279,732	-	3,279,732	-	220,598
Franchise fees	450,809	-	450,809	-	-
State shared revenues	6,147,313	-	6,147,313	-	-
Interest earnings (loss)	3,256,562	477,961	3,734,523	34,284	19,997
Insurance recoveries	17,075	-	17,075	-	-
Gain on sale of capital assets	171,405	-	171,405	-	-
Other general revenues	<u>111,470</u>	<u>-</u>	<u>111,470</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>35,919,604</u>	<u>477,961</u>	<u>36,397,565</u>	<u>34,284</u>	<u>240,595</u>
Change in net position before special item	7,883,209	17,346	7,900,555	12,810	19,997
Special item - Landfill cost agreement amendment	<u>2,638,110</u>	<u>-</u>	<u>2,638,110</u>	<u>-</u>	<u>-</u>
Change in net position	10,521,319	17,346	10,538,665	12,810	19,997
<b>Net position, beginning of year</b>	<u>132,297,405</u>	<u>27,244,939</u>	<u>159,542,344</u>	<u>715,206</u>	<u>374,627</u>
<b>Net position, end of year</b>	<u>\$ 142,818,724</u>	<u>\$ 27,262,285</u>	<u>\$ 170,081,009</u>	<u>\$ 728,016</u>	<u>\$ 394,624</u>

(concluded)

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

**CITY OF KENTWOOD**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2024

	General Fund	Special Revenue Funds			Capital Projects		Nonmajor Governmental Funds	Total
		Police and Fire Millage	Major Streets	Local Streets	Property and Building	General Projects		
<b>Assets</b>								
Cash and pooled investments	\$ 7,431,773	\$ 10,239,639	\$ 7,957,952	\$ 603,749	\$ 20,220,669	\$ 9,168,089	\$ 7,303,901	\$ 62,925,772
Accounts receivable	754,929	96,427	301	-	-	-	30,299	881,956
Special assessments receivable	-	-	-	-	-	283,489	-	283,489
Interest receivable	-	-	-	-	-	12,391	-	12,391
Loans receivable	-	-	-	-	-	-	89,428	89,428
Due from other governments	1,128,911	-	849,864	264,355	-	-	122,015	2,365,145
Leases receivable	405,637	-	-	-	-	-	-	405,637
Inventory	48,336	-	-	-	-	-	-	48,336
Prepaid items	688,903	-	-	-	17,890	-	25,701	732,494
<b>Total assets</b>	<b>\$ 10,458,489</b>	<b>\$ 10,336,066</b>	<b>\$ 8,808,117</b>	<b>\$ 868,104</b>	<b>\$ 20,238,559</b>	<b>\$ 9,463,969</b>	<b>\$ 7,571,344</b>	<b>\$ 67,744,648</b>
<b>Liabilities, deferred inflows and fund balance</b>								
Accounts payable	\$ 608,280	\$ 7,395	\$ 120,347	\$ 704,380	\$ 100,921	\$ 21,945	\$ 315,298	\$ 1,878,566
Accrued liabilities	946,815	-	-	-	-	-	-	946,815
Customer deposits	681,005	-	-	-	-	-	-	681,005
Due to other governments	512,240	-	-	-	-	-	3,071	515,311
<b>Total liabilities</b>	<b>2,748,340</b>	<b>7,395</b>	<b>120,347</b>	<b>704,380</b>	<b>100,921</b>	<b>21,945</b>	<b>318,369</b>	<b>4,021,697</b>
<b>Deferred inflows</b>								
Lease related	405,637	-	-	-	-	-	-	405,637
Unavailable revenues	46,107	96,427	-	-	-	4,283	101,534	248,351
<b>Total deferred inflows</b>	<b>451,744</b>	<b>96,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,283</b>	<b>101,534</b>	<b>653,988</b>
<b>Fund balances</b>								
<b>Nonspendable</b>								
Long term receivable	-	-	-	-	-	291,597	-	291,597
Inventory	48,336	-	-	-	-	-	-	48,336
Prepaid items	688,903	-	-	-	17,890	-	25,701	732,494
<b>Restricted</b>								
Streets	-	-	8,687,770	163,724	-	-	615,966	9,467,460
Police and Fire	-	10,232,244	-	-	-	-	-	10,232,244
Public works	-	-	-	-	-	-	1,584,986	1,584,986
Community development	-	-	-	-	-	-	193,308	193,308
Culture and recreation	-	-	-	-	-	-	1,851,565	1,851,565
Judicial	-	-	-	-	-	-	85,094	85,094
Drug law enforcement	190,600	-	-	-	-	-	-	190,600
<b>Assigned</b>								
Capital projects	-	-	-	-	20,119,748	9,146,144	2,794,821	32,060,713
Unassigned	6,330,566	-	-	-	-	-	-	6,330,566
<b>Total fund balances</b>	<b>7,258,405</b>	<b>10,232,244</b>	<b>8,687,770</b>	<b>163,724</b>	<b>20,137,638</b>	<b>9,437,741</b>	<b>7,151,441</b>	<b>63,068,963</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 10,458,489</b>	<b>\$ 10,336,066</b>	<b>\$ 8,808,117</b>	<b>\$ 868,104</b>	<b>\$ 20,238,559</b>	<b>\$ 9,463,969</b>	<b>\$ 7,571,344</b>	<b>\$ 67,744,648</b>

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

# CITY OF KENTWOOD

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

JUNE 30, 2024

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<b>Fund balances - governmental funds</b>	<b>\$ 63,068,963</b>
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Amounts reported for *governmental activities* in the statement of net position are different because

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

Add - capital assets not being depreciated	8,569,723
Add - capital assets being depreciated, net	68,902,548

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Add - deferred inflows for special assessments receivable	4,283
Add - deferred inflows for delinquent personal property taxes receivable	151,130
Add - deferred inflows for housing rehabilitation loans receivable	92,938

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

Add - net position of governmental activities accounted for in the internal service fund	1,453,961
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Certain items are not due and payable/receivable in the current period and therefore are not reported in the funds.

Deduct - bonds and SBITA payables	(137,463)
Deduct - prepaid SBITA	(124,234)
Deduct - compensated absences payable	(2,054,511)
Add - net OPEB asset	1,925,096
Deduct - deferred inflows related to OPEB	(115,912)
Deduct - net pension liability	(1,577,719)
Add - deferred outflows related to pensions	<u>2,659,921</u>

<b>Net position of governmental activities</b>	<b><u>\$ 142,818,724</u></b>
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The accompanying notes are an integral part of these financial statements.

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

	Special Revenue Funds				Capital Projects		Nonmajor Governmental Funds	Total
	General Fund	Police and Fire Millage	Major Streets	Local Streets	Property and Building	General Projects		
<b>Revenues</b>								
Taxes	\$ 7,281,095	\$ 15,205,929	\$ -	\$ -	\$ -	\$ -	\$ 3,279,732	\$ 25,766,756
Special assessments	-	-	-	-	-	344,483	11,154	355,637
Intergovernmental								
Federal	7,315	-	-	-	103,219	-	11,354	121,888
State	7,501,470	1,533,369	5,300,874	1,648,798	-	-	491,797	16,476,308
Licenses and permits	1,846,721	-	-	-	-	-	-	1,846,721
Charges for services	2,044,115	-	-	-	-	-	1,127,548	3,171,663
Fines and forfeitures	1,028,573	-	-	-	-	-	-	1,028,573
Interest earnings (loss)	312,443	829,206	394,081	21,448	926,076	440,453	351,396	3,275,103
Miscellaneous	342,026	-	7,565	12,766	1,192	-	179,347	542,896
<b>Total revenues</b>	<b>20,363,758</b>	<b>17,568,504</b>	<b>5,702,520</b>	<b>1,683,012</b>	<b>1,030,487</b>	<b>784,936</b>	<b>5,452,328</b>	<b>52,585,545</b>
<b>Expenditures</b>								
Current								
Judicial	2,116,596	-	-	-	-	-	-	2,116,596
General government	4,446,352	-	-	-	-	-	-	4,446,352
Public safety	24,029,900	20,000	-	-	-	-	41,354	24,091,254
Highway and streets	-	-	3,192,292	4,429,182	-	-	477,850	8,099,324
Public works	3,113,224	-	-	-	-	-	171,928	3,285,152
Community and economic development	557,608	-	-	-	-	-	1,060	558,668
Culture and recreation	2,127,092	-	-	-	-	-	40,000	2,167,092
Debt service								
Principal	19,862	-	-	-	45,915	-	726,076	791,853
Interest	1,006	-	-	-	-	-	10,683	11,689
Capital outlay	-	-	-	-	758,827	189	6,585,516	7,344,532
<b>Total expenditures</b>	<b>36,411,640</b>	<b>20,000</b>	<b>3,192,292</b>	<b>4,429,182</b>	<b>804,742</b>	<b>189</b>	<b>8,054,467</b>	<b>52,912,512</b>
Revenues over (under) expenditures	(16,047,882)	17,548,504	2,510,228	(2,746,170)	225,745	784,747	(2,602,139)	(326,967)
<b>Other financing sources (uses)</b>								
Transfers in	18,536,911	-	8,661	2,367,500	709,939	429,000	7,158,679	29,210,690
Transfers out	(1,771,979)	(21,323,230)	(2,367,500)	-	(1,000,000)	-	(2,747,981)	(29,210,690)
Debt/SPITAs issue	-	-	-	-	3,022	-	4,349	7,371
Proceeds from sale of capital assets	-	-	-	-	-	-	187,718	187,718
<b>Total other financing sources (uses)</b>	<b>16,764,932</b>	<b>(21,323,230)</b>	<b>(2,358,839)</b>	<b>2,367,500</b>	<b>(287,039)</b>	<b>429,000</b>	<b>4,602,765</b>	<b>195,089</b>
Net changes in fund balances	717,050	(3,774,726)	151,389	(378,670)	(61,294)	1,213,747	2,000,626	(131,878)
<b>Fund balances, beginning of year, as previously presented</b>	<b>6,541,355</b>	<b>14,006,970</b>	<b>8,536,381</b>	<b>-</b>	<b>20,198,932</b>	<b>8,223,994</b>	<b>5,693,209</b>	<b>63,200,841</b>
Change within financial reporting entity	-	-	-	542,394	-	-	(542,394)	-
<b>Fund balances, beginning of year, as restated</b>	<b>6,541,355</b>	<b>14,006,970</b>	<b>8,536,381</b>	<b>542,394</b>	<b>20,198,932</b>	<b>8,223,994</b>	<b>5,150,815</b>	<b>63,200,841</b>
<b>Fund balances, end of year</b>	<b>\$ 7,258,405</b>	<b>\$ 10,232,244</b>	<b>\$ 8,687,770</b>	<b>\$ 163,724</b>	<b>\$ 20,137,638</b>	<b>\$ 9,437,741</b>	<b>\$ 7,151,441</b>	<b>\$ 63,068,963</b>

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



**CITY OF KENTWOOD**

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

*FOR THE YEAR ENDED JUNE 30, 2024*

**Net changes in fund balances - total governmental funds** \$ (131,878)

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

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

Add - capital outlay	13,847,530
Deduct - depreciation expense	(6,517,075)
Deduct - net book value of asset disposals	(16,313)

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

Deduct - special assessment receipts	(278,824)
Add - increase in personal property taxes receivable	(1,786)
Add - increase in deferred housing rehabilitation loans	(4,026)

Issuance of bonds or notes provides current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on debt	791,854
Deduct - issuance of long-term debt	(7,371)
Deduct - amortization of deferred loss on bond refunding	(13,378)
Add - decrease in landfill clean-up liability	2,638,110

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

Deduct - increase in compensated absences	(86,229)
Deduct - decrease in deferred outflows related to OPEB	(88)
Add - decrease in deferred inflows related to OPEB	(103,504)
Add - increase in net OPEB asset	255,381
Add - increase in deferred outflows related to pensions	(2,097,814)
Deduct - increase in net pension liability	1,605,073
Add - decrease in accrued interest payable	3,383

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

Add - increase in net position from the internal service funds	638,274
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**Change in net position of governmental activities** **\$ 10,521,319**

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

**CITY OF KENTWOOD**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2024

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	Self-insurance Fund
<b>Assets</b>				
Current assets				
Cash and pooled investments	\$ 1,832,200	\$ 6,855,058	\$ 8,687,258	\$ 1,386,196
Accounts receivable	701,611	653,766	1,355,377	-
Prepaid items	-	-	-	400,000
<b>Total current assets</b>	<u>2,533,811</u>	<u>7,508,824</u>	<u>10,042,635</u>	<u>1,786,196</u>
Noncurrent assets				
Capital assets not being depreciated	1,056,279	1,020,585	2,076,864	-
Capital assets being depreciated, net	15,338,727	4,324,646	19,663,373	-
<b>Total noncurrent assets</b>	<u>16,395,006</u>	<u>5,345,231</u>	<u>21,740,237</u>	<u>-</u>
<b>Total assets</b>	<u>18,928,817</u>	<u>12,854,055</u>	<u>31,782,872</u>	<u>1,786,196</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	490,436	566,479	1,056,915	332,235
Current portion of long-term debt	285,000	-	285,000	-
<b>Total current liabilities</b>	<u>775,436</u>	<u>566,479</u>	<u>1,341,915</u>	<u>332,235</u>
Noncurrent liabilities				
Long-term debt	3,178,672	-	3,178,672	-
<b>Total liabilities</b>	<u>3,954,108</u>	<u>566,479</u>	<u>4,520,587</u>	<u>332,235</u>
<b>Net Position</b>				
Net investment in capital assets	12,931,334	5,345,231	18,276,565	-
Unrestricted	2,043,375	6,942,345	8,985,720	1,453,961
<b>Total net position</b>	<u>\$ 14,974,709</u>	<u>\$ 12,287,576</u>	<u>\$ 27,262,285</u>	<u>\$ 1,453,961</u>

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

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

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	Self-insurance Fund
<b>Operating revenues</b>	\$ 3,590,961	\$ 3,140,172	\$ 6,731,133	\$ 4,132,379
<b>Operating expense</b>				
Administration	25,000	-	25,000	-
Contractual services	2,012,733	2,832,200	4,844,933	546,945
Depreciation	626,865	116,013	742,878	-
Claims	-	-	-	2,947,160
Supplies	477,847	161,162	639,009	-
Engineering	41,063	318,484	359,547	-
Rent	40,000	-	40,000	-
Utilities	131,307	2,991	134,298	-
Miscellaneous	172,332	163,078	335,410	-
<b>Total operating expense</b>	<u>3,527,147</u>	<u>3,593,928</u>	<u>7,121,075</u>	<u>3,494,105</u>
Operating income (loss)	<u>63,814</u>	<u>(453,756)</u>	<u>(389,942)</u>	<u>638,274</u>
<b>Non-operating revenue (expense)</b>				
Interest expense	(70,673)	-	(70,673)	-
Interest earnings (loss)	115,560	362,401	477,961	-
<b>Total non-operating revenue (expense)</b>	<u>44,887</u>	<u>362,401</u>	<u>407,288</u>	<u>-</u>
Changes in net position	108,701	(91,355)	17,346	638,274
<b>Net position, beginning of year</b>	<u>14,866,008</u>	<u>12,378,931</u>	<u>27,244,939</u>	<u>815,687</u>
<b>Net position, end of year</b>	<u>\$ 14,974,709</u>	<u>\$ 12,287,576</u>	<u>\$ 27,262,285</u>	<u>\$ 1,453,961</u>

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

**CITY OF KENTWOOD**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

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

	Enterprise Funds			Internal Service Fund
	Water Fund	Sewer Fund	Total	Self-insurance Fund
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 3,708,677	\$ 3,157,542	\$ 6,866,219	\$ -
Receipts from interfund services	-	-	-	4,140,871
Payments to suppliers	(2,803,857)	(3,338,869)	(6,142,726)	(3,408,226)
<b>Net cash provided by (used in) operating activities</b>	<u>904,820</u>	<u>(181,327)</u>	<u>723,493</u>	<u>732,645</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on bonds	(280,000)	-	(280,000)	-
Interest expense	(70,673)	-	(70,673)	-
Acquisitions of capital assets	(1,690,850)	(1,694,233)	(3,385,083)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(2,041,523)</u>	<u>(1,694,233)</u>	<u>(3,735,756)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest earnings (loss)	115,559	362,401	477,960	-
<b>Net cash provided by (used in) investing activities</b>	<u>115,559</u>	<u>362,401</u>	<u>477,960</u>	<u>-</u>
Net increase (decrease) in cash and pooled investments	(1,021,144)	(1,513,159)	(2,534,303)	732,645
<b>Cash and pooled investments, beginning of year</b>	<u>2,853,344</u>	<u>8,368,217</u>	<u>11,221,561</u>	<u>653,551</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,832,200</u>	<u>\$ 6,855,058</u>	<u>\$ 8,687,258</u>	<u>\$ 1,386,196</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 63,814	\$ (453,756)	(389,942)	\$ 638,274
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	626,865	116,013	742,878	-
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	117,716	17,370	135,086	8,492
Prepaid assets and other items	621	621	1,242	-
Accounts payable	95,804	138,425	234,229	85,879
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 904,820</u>	<u>\$ (181,327)</u>	<u>\$ 723,493</u>	<u>\$ 732,645</u>

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

**CITY OF KENTWOOD**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2024**

	<b>Pension and OPEB Trust Funds</b>	<b><u>Custodial Fund</u> Tax Collection</b>
<b>Assets</b>		
Cash and pooled investments	\$ -	\$ 199,984
Taxes receivable	-	532,042
Interest receivable	105,791	-
Investments		
Money market funds	638,323	-
Domestic fixed income securities	12,587,191	-
International fixed income securities	750,289	-
Domestic equity mutual funds	26,291,039	-
Mixed equity and fixed income funds	1,925,096	-
Real estate investment trust funds	<u>4,438,580</u>	<u>-</u>
<b>Total assets</b>	<u>46,736,309</u>	<u>\$ 732,026</u>
<b>Liabilities</b>		
Due to other governments	<u>-</u>	<u>\$ 732,026</u>
<b>Net Position</b>		
Restricted for		
Pension benefits	\$ 44,811,213	-
Other post-employment benefits	<u>1,925,096</u>	<u>-</u>
<b>Total net position</b>	<u>\$ 46,736,309</u>	<u>\$ -</u>

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

**CITY OF KENTWOOD**

*FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*

*FOR THE YEAR ENDED JUNE 30, 2024*

	<u>Pension and OPEB Trust Funds</u>	<u>Tax Collection Custodial Fund</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 360,000	\$ -
Plan participants	103,147	-
Total contributions	<u>463,147</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of securities	3,512,205	-
Interest earnings (loss)	516,827	-
Dividends	1,220,718	-
Total investment income	<u>5,249,750</u>	<u>-</u>
Investment expense	<u>(76,258)</u>	<u>-</u>
Net investment income	<u>5,173,492</u>	<u>-</u>
Property taxes collected for other governments	<u>-</u>	<u>88,811,178</u>
<b>Total additions</b>	<u>5,636,639</u>	<u>88,811,178</u>
<b>Deductions</b>		
Pension benefits and health insurance premiums	2,602,591	-
Property taxes to other governments	-	88,811,178
Administrative expenses	<u>27,294</u>	<u>-</u>
<b>Total deductions</b>	<u>2,629,885</u>	<u>88,811,178</u>
Changes in net position	3,006,754	-
<b>Net position, beginning of year</b>	<u>43,729,555</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 46,736,309</u>	<u>\$ -</u>

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

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *Reporting Entity*

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City’s operations, so data from these units are combined with data of the primary government (the Building Authority has no balances or activity in 2024). Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

#### *Discretely Presented Component Units*

The component unit columns in the government-wide financial statements include the financial data of the Brownfield Redevelopment Authority and the Economic Development Corporation. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

**Brownfield Redevelopment Authority** – The Brownfield Redevelopment Authority is governed by a Board that is appointed by the Kentwood City Commission. Its purpose is to facilitate the implementation of brownfield plans relating to the designation and treatment of brownfield sites, and to promote the revitalization of environmentally distressed areas in the City. The Board Members are appointed by the City Commission and the City exercises control over the activity of the Brownfield Redevelopment Authority.

**Economic Development Corporation** - The Economic Development Corporation is governed by a Board of up to 13 members appointed by the Kentwood City Commission. Its purpose is to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The Board Members are appointed by the City Commission and the City exercises control over the activity of the Economic Development Corporation.

#### *Funds with Other Year Ends*

The financial statements of the defined benefit pension trust fund have been included in the financial statements using the fiscal year ended December 31, 2023.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

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

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

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 90 days of the end of the current fiscal period, except for, property taxes which uses a 60-day collection period, special assessments which uses a one-year collection period and reimbursement-based grants and interest which uses a 6-month collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within one year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.



# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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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 are charges for services. The principal operating revenues of the City's internal service fund are charges to City departments for self-insurance services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal fund includes the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

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

The *police and fire millage special revenue fund* accounts for funds generated by property tax collections restricted for expenditure on police and fire protection.

The *major streets fund* accounts for Act 51 gas and weight taxes that are restricted for repair and maintenance cost of major streets.

The *local streets fund* accounts for Act 51 gas and weight taxes that are restricted for repair and maintenance cost of local streets.

The *property and building capital projects fund* accounts for the accumulation and utilization of funds for the construction and purchase of facilities and equipment.

The *general projects capital projects fund* accounts for resources restricted, committed or assigned for future capital projects. Inflows primarily consist of private donations, special assessments, and interfund transfers.

The City reports the following major proprietary funds:

The *water enterprise fund* accounts for funds specifically intended for the operation, maintenance and capital improvements of the water supply system. Financing is provided by user charges and contributions by other funds, municipalities and customers.

The *sewer enterprise fund* accounts for funds specifically intended for the operation, maintenance and capital improvements of the sewage disposal system. Financing is provided by user charges and contributions by other funds, municipalities and customers.

Additionally, the City reports the following fund types:

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

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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The *debt service fund* is used to account for financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term debt.

The *capital projects funds* account for the accumulation and disbursement of resources for the construction and purchase of governmental fund capital assets.

The *internal service fund* is used to account for insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *pension trust fund* is used to record the activities of the City's defined benefit pension and other post-employment benefit plans.

The custodial *funds* are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

### *Budgets and Budgetary Accounting*

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

1. The Mayor submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted at the department level.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budgets estimated by department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Commission. Thus the legal level of budgetary control is at the department (activity) level. Supplemental appropriations were necessary during the year.

### *Cash and Pooled Investments*

For the purpose of the statement of cash flows, the City considers all assets held in the cash and investment pool to be cash equivalents, because the investments are not identifiable to specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### *Investments*

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

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

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

### *Receivables/Due from Other Governments*

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

### *Special Assessments Receivable*

Special assessments receivable consist of receivables from customers and benefited parties for various infrastructure improvement projects. Special assessments in governmental funds are recorded as revenue when due within one year of year end, not when levied. Estimated annual installments not yet available (due in more than one year) are reflected as deferred inflow in governmental funds. Special assessments are billed annually. Special assessments are recorded when levied on the government-wide and proprietary fund financial statements

### *Prepaid Items*

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for in the governmental funds utilizing the consumption method of accounting.

### *Inventory*

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

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### *Capital Assets*

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

The capitalization threshold ranges from \$5,000 - \$25,000. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (\$5,000 when grant funded) and an estimated useful life in excess of three years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

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

	<u>Years</u>
Buildings and improvements	10-50
Water meters	20
Storage tank improvements	15
Transportation and other equipment	4-20
Public domain infrastructure	20-50

### *Subscription-Based Information Technology Arrangements (SBITAs)*

Significant subscription-based information technology arrangements are recorded as an intangible right to use subscription, SBITAs asset. These assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets. The assets are disclosed with other capital assets in note 5. The associated liability for the arrangement is recorded as long-term debt. Both the asset and the liability are recorded at the present value of the contract. Details regarding the SBITAs and the long-term debt are discussed in the following notes.

### *Compensated Absences*

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

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### *Long-Term Obligations*

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

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

### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The City has items that qualify for reporting in this category related to the pension and OPEB plans which are discussed in Notes 6 and 7.

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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments, loan and delinquent property taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available. The City reports deferred inflows for leases equal to leases receivable. This balance will be recognized revenue over the term of the leases.

### *Net Position/Fund Balance*

Governmental funds report fund balance in the following five categories:

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

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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The City Commission has delegated the responsibility for making fund balance assignments to the Committee of the Whole.

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

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### *Property Taxes*

City property taxes are attached as an enforceable lien on property as of July 1. Summer taxes are levied July 1 and are due without penalty on or before August 20. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units are accounted for in the custodial fund.

Property taxes levied in July of each year are recognized as revenue in the year in which they are levied. The City's 2023 taxable value was 2,420,776,387 on which they levied 2.9545 mills for operating millages, 6.1783 mills for police and fire services, 0.3452 mills for library operations, and 1 mill for parks and recreation.

### *Intergovernmental Revenues*

Grants and assistance awards made on the basis of entitlement periods are recorded as due from other governments and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

### *Interfund Transactions*

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

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity (department) level. During the year ended June 30, 2024, the City incurred the following expenditures in budgetary funds that were in excess of the amounts appropriated.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
General Government			
Elections	\$ 150,000	\$ 152,736	\$ 2,736
Public works			
Engineering services	242,000	296,663	54,663
Debt service			
Principal	-	19,862	19,862
Interest	-	1,006	1,006
Transfers out	993,000	1,771,979	778,979
Local streets fund			
Highways and streets	4,024,900	4,429,182	404,282

#### 3. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$72,999,226	\$1,122,712	\$ 199,984	\$ 74,321,922
Investments	-	-	46,630,518	46,630,518
	<u>\$72,999,226</u>	<u>\$1,122,712</u>	<u>\$46,830,502</u>	<u>\$120,952,440</u>

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

Deposits	\$ 17,584,077
Investments	103,034,941
Accrued Interest	329,522
Petty cash	<u>3,900</u>
Total	<u>\$120,952,440</u>

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



# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

The ratings of debt securities not guaranteed by the full faith and credit of the US government and maturity for investments held at year-end are summarized as follows:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Money market accounts	N/A	\$ 1,367,279	AAAm	S&P
Government securities:				
GNMA pools	2024-2051	32,055,110	N/A	N/A
Treasury notes	2021-2028	23,591,215	N/A	N/A
Fixed income securities:				
Domestic bonds & notes	2021-2053	12,587,191	See	Below
International bonds & notes	2021-2029	750,289	See	Below
MSQ II Model Port Mod S10	N/A	454,232	N/A	N/A
MSQ II Model Port Agg S10	N/A	1,500,006	N/A	N/A
Equity Securities:				
American Core Realty Fund	N/A	3,050,304	N/A	N/A
Blackrock Midcap Equity Index Fund	N/A	9,283,552	N/A	N/A
American Strategic Value Realty Fund	N/A	1,388,276	N/A	N/A
Large cap domestic equities Fund	N/A	17,007,487	N/A	N/A
		<u>\$103,034,941</u>		

The S&P rating break down of the agency, domestic and international corporate bonds are as follows:

<u>Rating</u>	<u>Amount</u>
A	\$ 541,130
A-	1,065,652
A+	168,071
AA	84,033
AA-	64,480
AA+	6,541,441
AAA	744,462
BB	-
BB+	-
BBB	1,058,295
BBB-	531,760
BBB+	1,427,087
Unrated	1,111,069
<b>Total</b>	<u>\$13,337,480</u>

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

- The equity mutual funds and treasury notes are valued using quoted market prices (Level 1 inputs).



# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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- The remaining investments excluding realty funds pools are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The realty mutual funds have investments that report fair value based on significant unobservable inputs (Level 3 inputs).

### *Investment and deposit risk*

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City minimizes this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the City's investment policy. As of year-end, \$18,336,753 of the City's bank balance of \$18,836,753 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

*Interest Rate Risk.* State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. It is the City's policy to reduce interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

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

*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. The City minimized this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the City's investment policy. Of the \$103,034,941 of investments, the City has custodial credit risk of \$68,983,805 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above investments, \$30,729,619 is invested in money market and mutual funds for which the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

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

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The pension trust mitigates foreign currency risk by requiring the portfolio to be broadly diversified by number of holdings, by geographic location and across industry sectors. Country exposures are monitored through a quarterly performance report. Of the above investments, none are exposed to foreign currency risk.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### 4. INTERFUND TRANSACTIONS

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

<u>Transfers in</u>	<u>Transfers out</u>					<u>Total</u>
	<u>General fund</u>	<u>Police and fire millage</u>	<u>Major Streets</u>	<u>Property and building fund</u>	<u>Nonmajor governmental</u>	
General fund	\$ -	\$17,960,230	\$ -	\$ -	\$ 576,681	\$18,536,911
Major streets	-	-	-	-	8,661	8,661
Local streets	-	-	2,367,500	-	-	2,367,500
Property and building fund	624,400	-	-	-	85,539	709,939
General Projects	-	-	-	-	429,000	429,000
Nonmajor funds	1,147,579	3,363,000	-	1,000,000	1,648,100	7,158,679
<b>Total</b>	<b>\$1,771,979</b>	<b>\$21,323,230</b>	<b>\$2,367,500</b>	<b>\$1,000,000</b>	<b>\$2,747,981</b>	<b>\$29,210,690</b>

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

### 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 4,627,573	\$ -	\$ -	\$ 4,627,573
Construction in progress	4,469,534	9,779,431	10,306,815	3,942,150
Total capital assets, not being depreciated	9,097,107	9,779,431	10,306,815	8,569,723
<b>Capital assets, being depreciated</b>				
Buildings	36,058,429	1,003,783	-	37,062,212
Land improvements	5,887,299	590,427	-	6,477,726
Equipment	9,211,692	1,532,435	-	10,744,127
Vehicles	10,769,860	2,007,814	670,213	12,107,461
Infrastructure	89,965,709	9,170,482	-	99,136,191
Subscriptions, SBITAs	414,732	194,208	-	608,940
Total capital assets, being depreciated	152,307,721	14,499,149	670,213	166,136,657
Less accumulated depreciation for				
Buildings	24,095,356	1,404,814	-	25,500,170
Land improvements	3,064,068	291,305	-	3,355,373
Equipment	7,389,735	542,711	-	7,932,446
Vehicles	6,939,430	814,352	653,900	7,099,882
Infrastructure	49,748,938	3,263,373	-	53,012,311
Subscriptions, SBITAs	133,408	200,519	-	333,927
Total accumulated depreciation	91,370,935	6,517,074	653,900	97,234,109
<b>Net capital assets, being depreciated</b>	<b>60,936,786</b>	<b>7,982,075</b>	<b>16,313</b>	<b>68,902,548</b>
<b>Governmental Activities capital assets, net</b>	<b>\$70,033,893</b>	<b>\$17,761,506</b>	<b>\$10,323,128</b>	<b>\$77,472,271</b>

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 60,949	\$ -	\$ -	\$ 60,949
Construction in progress	1,828,051	3,173,525	2,985,661	2,015,915
Total capital assets, not being depreciated	1,889,000	3,173,525	2,985,661	2,076,864
<b>Capital assets being depreciated</b>				
Building	260,229	-	-	260,229
Equipment	2,377,565	237,937	-	2,615,502
Meters	1,488,644	-	-	1,488,644
Water mains	20,131,784	1,820,937	-	21,952,721
Sewer mains	16,800,244	1,138,345	-	17,938,589
Storage	3,709,987	-	-	3,709,987
Total capital assets, being depreciated	44,768,453	3,197,219	-	47,965,672
Less accumulated depreciation for				
Building	222,634	4,116	-	226,750
Equipment	1,040,705	64,686	-	1,105,391
Meters	1,169,478	36,584	-	1,206,062
Water mains	8,345,204	423,209	-	8,768,413
Sewer mains	13,587,822	112,542	-	13,700,364
Storage	3,193,578	101,741	-	3,295,319
Total accumulated depreciation	27,559,421	742,878	-	28,302,299
<b>Net capital assets, being depreciated</b>	17,209,032	2,454,341	-	19,663,373
<b>Business-type Activities capital assets, net</b>	<b>\$19,098,032</b>	<b>\$5,627,866</b>	<b>\$2,985,661</b>	<b>\$21,740,237</b>

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

<b>Governmental Activities</b>	
General government	\$ 888,115
Public safety	1,099,154
Public works and streets	3,617,747
Culture and recreation	912,058
	\$6,517,074
<b>Total depreciation expense - governmental activities</b>	
<b>Business-type Activities</b>	
Water	\$626,865
Sewer	116,013
	\$742,878
<b>Total depreciation expense – business-type activities</b>	

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 6. PENSION PLANS

#### Defined Benefit Plan

##### *Plan Description*

The City of Kentwood Employee Pension Plan (the Plan) is a single employer defined benefit pension plan providing retirement and disability benefits to a portion of certain current and past City employees. The Plan is included as a pension trust fund in the City's financial statements; a stand-alone financial report of the Plan has not been issued.

##### *Benefits provided*

Benefits provided include plans with multipliers ranging from 2.6% to 2.7% of final average compensation. 50% vested after 5 years graded to 100% after 10 years. Normal retirement age is age 50 to 65 with early retirement at 45 to 50 with 10 years of service. Final average compensation is calculated based on the highest 5 of the last 10 years of service. The plan is closed to new participants.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2023):

Active plan members	13
Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled but not yet receiving benefits	<u>7</u>
Total	<u>85</u>

##### *Contributions*

The City of Kentwood Employee Pension Plan was established and is being funded under the authority of the City Commission and under agreements with the unions representing various classes of employees. The plan's funding policy is that employees will contribute a fixed portion of their pay at rates specified in the plan document, and the employer will contribute any remaining required amounts as determined by an annual actuarial valuation. Current rates of employee contributions are 6% of compensation for police-patrol participants, 6.5% of compensation for police-supervisory participants, 7% for firefighter participants, and 4% for KGEA, non-union hourly and 62-B District Court participants. The plan also calls for the City to contribute amounts sufficient to fund the plan in accordance with minimum funding standards of the Internal Revenue Code. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

##### *Net Pension Liability*

The employer's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2023 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- Salary Increases: 3.75%
- Investment rate of return: 6.5%, net of investment expense, including inflation
- As set forth in Society of Actuaries Publication 2010 for non-annuitants and annuitants, separately for males and females as well as General and Public Safety employees; all with improvement 2024 adjusted Scale MP-2021.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
US Equity	55%	7.5%
Fixed Income	35%	2.5%
Commercial Real Estate	10%	4.5%

The City, as plan sponsor and investment fiduciary, has chosen for the Plan an asset mix intended to meet or exceed a long-term rate of return of 6.5%.

Rate of return. For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total pension liability is 6.5%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. 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 projected assets (the "depletion date"), projected benefits were discounted to a discount rate reflecting a 20 years AA/Aa tax exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. A discount rate is used of determine the total pension liability. The discount rate has stayed the same as the prior year rate.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 12/31/22	\$45,242,632	\$42,059,840	\$3,182,792
Changes for the Year:			
Service cost	181,171	-	181,171
Interest	2,868,090	-	2,868,090
Change in benefits	-	-	-
Differences between expected and actual experience	936,081	-	936,081
Change in assumptions	(240,365)	-	(240,365)
Contributions: employer	-	360,000	(360,000)
Contributions: employee	-	103,147	(103,147)
Net investment income	-	4,910,468	(4,910,468)
Benefit payments, including refunds	(2,598,677)	(2,598,677)	-
Administrative expense	-	(23,565)	23,565
Other changes	-	-	-
Net changes	1,146,300	2,751,373	(1,605,073)
Balance at 12/31/23	\$46,388,932	\$44,811,213	\$1,577,719

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

The following presents the net pension liability of the employer, calculated using the discount rate of 6.5%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (5.5%) or higher (7.5%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$51,564,355	\$46,388,932	\$42,054,323
Fiduciary net position	(44,811,213)	(44,811,213)	(44,811,213)
Net pension liability (asset)	\$ 6,753,142	\$ 1,577,719	\$(2,756,890)

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

For the year ended June 30, 2024 the employer recognized pension expense of \$887,741. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Change in assumptions	-	-
Excess(deficit) investment returns	2,264,921	-
Contributions subsequent to the Measurement date*	395,000	-
Total	\$2,659,921	\$ -

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

\* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2024.

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

2025	\$ 763,547
2026	604,297
2027	1,346,426
2028	(449,349)
2029	-
Thereafter	-
Total	<u>\$2,264,921</u>

#### Defined Contribution Plan

The City of Kentwood defined contribution pension plan (the Plan) provides pension benefits for all employees working more than 1,300 hours per year exclusive of those participating in the City's defined benefit plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Employees are eligible to participate immediately upon employment. The City contributes 9 – 12% of each participant's compensation to the Plan. The City's contributions are partially vested after from two to four years of service and 100% vested after five to seven years of service. The Plan provisions and contribution amounts were established by City Commission, based on collective bargaining agreements, and may be amended by City Commission. The Plan is administered by the ICMA Retirement Corporation, DBA Mission Square Retirement (MSQ).

During the year, the City contributed \$2,056,200 and plan members contributed \$1,129,022 to the plan. The City recognized \$200,749 in plan forfeitures.

#### 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

##### Defined Benefit Plan

###### *Plan Description*

The City maintains a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 6, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance funded on a discretionary basis. The Plan is included as an other post-employment benefits trust fund in the City's financial statements; a stand-alone financial report of the Plan has not been issued.

###### *Benefits provided*

In accordance with the past collective bargaining agreements, retirees receive an employer-paid benefit toward health insurance premiums for the retiree and spouse. The retiree benefit amount is determined by multiplying a specified dollar amount by the employee's years of continuous active service. Upon the death of the employee or spouse, the employer's contribution will be reduced by 25%. The employer's contributions cease when the employee becomes eligible for Medicare benefits. The plan is closed to new participants.



# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

Retirees and beneficiaries receiving benefits	-
Active plan members	-
	-
Total	-

#### **Contributions**

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

#### **Net OPEB Liability**

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

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

- Inflation: 2.00%
- Salary Increases: Not applicable; all active participant liability has been settled
- Investment rate of return: 6.5%, net of investment expense, including inflation
- Healthcare cost trend rates: Not applicable the benefit at retirement is fixed
- Mortality: None assumes; only pre-65 benefits are provided

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
US Equity	70%	7.82%
Fixed Income	30%	3.90%

The City, as plan sponsor and investment fiduciary, has chosen for the Plan an asset mix intended to meet or exceed a long-term rate of return of 6.5%.



# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED JUNE 30, 2024*

**Concentrations.** The Plan is invested 23% in MSQ II Model Portfolio Moderate and 77% in MSQ II Model Portfolio Aggressive.

**Rate of return.** For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 14.44 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate.** The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Employer contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current Plan participants. 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. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate has stayed the same as the prior year rate.

### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balance at June 30, 2023	\$ 3,830	\$1,669,715	\$(1,665,885)
Changes for the Year:			
Service cost	-	-	-
Interest	84	-	84
Change in benefits	-	-	-
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions: employer	-	-	-
Contributions: employee	-	-	-
Net investment income	-	263,024	(263,024)
Benefit payments, including refunds	(3,914)	(3,914)	-
Administrative expense	-	(3,729)	3,729
Other changes	-	-	-
Net changes	(3,830)	255,381	(259,211)
Balance at June 30, 2024	\$ -	\$1,925,096	\$(1,925,096)

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

The Net OPEB liability is not affected by changes in the discount rate because the benefit has been settled as of the valuation date.

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

The Net OPEB liability is not affected by changes in the healthcare cost trend rates because the benefit is a fixed amount.

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

For the year ended June 30, 2024 the employer recognized OPEB expense of \$(155,619). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Change in assumptions	-	-
Excess (deficit) investment returns	-	115,912
Total	\$ -	\$115,912

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

2025	\$ (50,064)
2026	14,325
2027	(49,218)
2028	(30,955)
2029	-
Thereafter	-
Total	\$(115,912)

**Defined Contribution Plan**

The City of Kentwood retiree health care plan (the Plan) provides post-retirement health care benefits to employees. The assets of the plan are held in trust for employees. The City contributed \$295,573 and employees contributed \$117,931 to the plan. The Plan is administered by the ICMA Retirement Corporation, DBA Mission Square Retirement (MSQ).

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

#### Statement of Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Assets</b>			
Interest receivable	\$ 105,791	\$ -	\$ 105,791
Investments			
Money market funds	638,323	-	638,323
Domestic fixed income mutual funds	12,587,191	-	12,587,191
International fixed income mutual funds	750,289	-	750,289
Domestic equity mutual funds	26,291,039	-	26,291,039
Mixed equity and fixed income securities	-	1,925,096	1,925,096
Real estate investment trust funds	4,438,580	-	4,438,580
<b>Total assets</b>	<b>44,811,213</b>	<b>1,925,096</b>	<b>46,736,309</b>
<b>Liabilities</b>			
Accounts payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>			
Restricted for pension and other post-employment benefits	\$44,811,213	\$1,925,096	\$46,736,309

#### Statement of Changes in Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Additions</b>			
Contributions			
Employer	\$ 360,000	\$ -	\$ 360,000
Employee	103,147	-	103,147
<b>Total Contributions</b>	<b>463,147</b>	<b>-</b>	<b>463,147</b>
Investment income			
Change in investment fair value	3,249,181	263,024	3,512,205
Interest	516,827	-	516,827
Dividends	1,220,718	-	1,220,718
<b>Total investment income</b>	<b>4,986,726</b>	<b>263,024</b>	<b>5,249,750</b>
Investment expense	(76,258)	-	(76,258)
<b>Net investment income (loss)</b>	<b>4,910,468</b>	<b>263,024</b>	<b>5,173,492</b>
<b>Total Additions</b>	<b>5,373,615</b>	<b>263,024</b>	<b>5,636,639</b>
<b>Deductions</b>			
Benefits	2,598,677	3,914	2,602,591
Administrative expense	23,565	3,729	27,294
<b>Total deductions</b>	<b>2,622,242</b>	<b>7,643</b>	<b>2,629,885</b>
Change in net position	2,751,373	255,381	3,006,754
<b>Net position, beginning of year</b>	<b>42,059,840</b>	<b>1,669,715</b>	<b>43,729,555</b>
<b>Net position, end of year</b>	<b>\$44,811,213</b>	<b>\$1,925,096</b>	<b>\$46,736,309</b>

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED JUNE 30, 2024*

### 9. LONG-TERM DEBT

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

	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2024</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Public offering:					
2013 General Obligation Refunding Bonds, due in annual installments of \$570,000 to \$660,000 through 2024; interest payable semi-annually at 0.6 to 2.05%	\$ 660,000	\$ -	\$ 660,000	\$ -	\$ -
<b>Total bonds payable</b>	<b>660,000</b>	<b>-</b>	<b>660,000</b>	<b>-</b>	<b>-</b>
Compensated absences	1,968,282	86,229	-	2,054,511	-
Landfill clean-up and other costs	2,638,110	-	2,638,110	-	-
Subscriptions, SBITAs	261,946	7,371	131,854	137,463	137,463
<b>Total Governmental Activities</b>	<b>\$5,528,338</b>	<b>\$93,600</b>	<b>\$3,429,964</b>	<b>\$2,191,974</b>	<b>\$137,463</b>
<b>Business-type Activities</b>					
Private placement:					
2013 Drinking Water Revolving Fund water main improvement bonds (general obligation), due in annual installments of \$255,000 to \$348,672 through 2035; interest payable semi-annually at 2.0%.	\$3,743,672	\$ -	\$280,000	\$3,463,672	\$285,000
<b>Total Business-type Activities</b>	<b>\$3,743,672</b>	<b>\$ -</b>	<b>\$280,000</b>	<b>\$3,463,672</b>	<b>\$285,000</b>

Compensated absences are generally liquidated by the general fund.

The City has entered into three subscription-based information technology arrangements (SBITAs) for software and online data storage. The first agreement commenced in June 2022 for a four-year term with annual payments of \$20,868. The second agreement commenced in August 2022 for a three-year term with annual payments of \$115,037. This was amended in fiscal year 2024 and the payment amounts were changed for the final two years. The final payment of \$120,032 is due in fiscal year 2025. The third agreement commenced in September 2023 for a three-year term with annual payments of \$62,117.

As of June 30, 2024, the City has a right to use asset of \$608,940 and a corresponding lease liability of \$137,463.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The annual requirements to amortize all debt outstanding as of June 30, 2024 are as follows:

Year Ended June 30	Governmental Activities SBITAs		Business-type Activities Private Placement	
	Principal	Interest	Principal	Interest
	2025	\$117,104	\$2,928	\$ 285,000
2026	20,359	509	290,000	60,673
2027	-	-	295,000	54,823
2028	-	-	300,000	48,873
2029	-	-	310,000	42,773
2030-2034	-	-	1,635,000	117,915
2035-2038	-	-	348,672	3,487
<b>Total</b>	<b>\$137,463</b>	<b>\$3,437</b>	<b>\$3,463,672</b>	<b>\$394,967</b>

The City's private placement debt is covered by the City's full faith and credit in case of default.

The City is a party to certain agreements relating to the Economic Development Corporation bond issues. The agreements provide that the bonds are self-liquidating revenue bonds and not obligation to the City. The bonds are collateralized by the assets constructed with bond proceeds and are guaranteed by the recipient corporation. The amount of such bonds outstanding at year end was \$136,760,000.

#### 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance and participates in the Michigan Municipal Liability and Property Pool (the Pool). The City is covered for property and liability coverage through the pool. The City's contributions to the Pool are combined with other member contributions to provide members with coverage for property and liability claims. Funds not needed to pay claims or maintain reserves are either distributed to the members or credited toward future contributions. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There were no significant changes in insurance coverage from the prior year.

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

The City is self-funded for employees' health benefits. The City established self-funded medical, dental and vision plans using third-party administrators, effective July 1, 2018, October 1, 2006 and July 1, 2015, respectively. There were no significant changes in insurance coverage from the prior year other than an increase in the premium contribution for all coverage levels.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The activities of the City’s self-funded insurance plans are accounted for in the Self-insurance Internal Service Fund. The City is responsible for paying administrative charges, which are included in this fund. The revenues for this fund’s operation are charges to various funds, employee withholdings, and co-payments.

An excess coverage insurance policy covers claims in excess of \$85,000 per covered individual, with an aggregating specific deductible of \$100,000. Settled claims have not exceeded insurance coverage in the history of the self-insurance program.

The claims liability of \$298,492 reported at June 30, 2024 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The liability at the end of the year includes claims incurred and reported, as well as an estimate for claims incurred but not reported based on information received from the third-party administrators regarding claim payments made since year-end.

The change in the dental and vision claims liability for the year ended June 30, 2024 was as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2023	\$16,272	\$313,044	\$306,750	\$22,566
2024	22,566	335,655	337,991	20,230

The change in the medical claims liability for the year ended June 30, 2024 was as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2023	\$291,066	\$2,989,024	\$3,109,682	\$170,408
2024	170,408	3,158,450	3,050,596	278,262

## 11. CONTINGENT LIABILITIES

### Grants

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

### Litigation

In the normal course of its operations, the City has become a party in various legal actions, including property tax appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 12. LEASES

The City has entered into four leasing arrangements for areas on and around the City's water towers and other facilities for installation of cellular equipment. The terms of the leases are as follows.

Initial five-year term ending 2006, with options to extend for additional five five-year terms through 2031; current monthly payments of \$680 with 3% annual increases. The lessee may terminate the lease upon 60 days prior written notice for any reason.

Initial five-year term ending 1997, with option to extend for additional five five-year terms with a twenty-percent increase at that time; current annual payments of \$24,883. The lessee may terminate the lease upon 12 months prior written notice for any reason.

Amended five-year term ending 2017, with option to extend for an additional five five-year term with a ten-percent increase at that time; current annual payments of \$24,270. The lessee may terminate the lease upon 30 days prior written notice for any reason.

Initial five-year term ending in 2012, with option to extend for additional five five-year terms through 2042 with ten-percent increase at each renewal; current annual payments \$7,938.

The City recognized \$57,364 in lease revenue and \$9,794 in interest revenue related to leases in the current fiscal year.

### 13. TAX ABATEMENTS

The City entered into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Abatement) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. An Industrial Facilities Tax Abatement (IFT) certificate entitles the facility to a partial exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year the City abated property tax revenues of approximately \$221,000.

Public Act 381 of 1996, the Brownfield Redevelopment Financing Act, was adopted in the State of Michigan as a means to authorize municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans; to create brownfield redevelopment zones; to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property; to prescribe the powers and duties of brownfield redevelopment authorities; to permit the issuance of bonds and other evidences of indebtedness by an authority; to authorize the acquisition and disposal of certain property; to authorize certain funds; to prescribe certain powers and duties of certain state officers and agencies; and to authorize and permit the use of certain tax increment financing.

For the year The City abated property tax revenues of approximately \$88,000.

# CITY OF KENTWOOD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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The City entered into a property tax abatement agreement with multiple organizations to provide housing for Low Income Persons and Families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, et seq, MSA 116.11-4(1), et seq). Under the agreement the organization pays a portion of annual shelter rent in lieu of taxes or the ad valorem property taxes whichever is smaller. The agreement is approved for a term dependent on the status of outstanding loans, participation in Low-income housing tax credits, and rehabilitation of the property.

For the year the City abated property tax revenues of approximately \$335,000.

### 14. COMMITMENTS

As of fiscal year end, the City had construction and equipment commitments of approximately \$4,200,000 outstanding.

### 15. SPECIAL ITEM

During the year, the cost sharing agreement between the City and Kent County to cover landfill remediation expenses was amended. As of June 30, 2024, the City has no obligation to pay these costs and all related expenditures will be covered by the County. This resulted in the City's previous liability of \$2,638,110 being removed.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF KENTWOOD**

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

*FOR THE YEAR ENDED JUNE 30, 2024*

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,321,600	\$ 7,321,600	\$ 7,281,095	\$ (40,505)
Intergovernmental				
Federal	2,500	2,500	7,315	4,815
State	6,832,200	6,832,200	7,501,470	669,270
Local	68,000	68,000	-	(68,000)
Licenses and permits	1,863,500	1,863,500	1,846,721	(16,779)
Charges for services	1,982,700	1,982,700	2,044,115	61,415
Fines and forfeitures	976,000	976,000	1,028,573	52,573
Interest earnings (loss)	125,000	125,000	312,443	187,443
Miscellaneous	267,400	267,400	342,026	74,626
<b>Total revenues</b>	<u>19,438,900</u>	<u>19,438,900</u>	<u>20,363,758</u>	<u>924,858</u>
<b>Expenditures</b>				
Current				
Judicial	2,218,700	2,231,100	2,116,596	114,504
General government	5,112,070	5,158,270	4,446,352	711,918
Public safety	23,266,600	24,516,400	24,029,900	486,500
Public works	3,991,900	3,991,900	3,113,224	878,676
Community and economic development	563,700	563,700	557,608	6,092
Culture and recreation	2,317,600	2,317,600	2,127,092	190,508
Debt service	-	-	20,868	(20,868)
<b>Total expenditures</b>	<u>37,470,570</u>	<u>38,778,970</u>	<u>36,411,640</u>	<u>2,367,330</u>
Revenues over (under) expenditures	<u>(18,031,670)</u>	<u>(19,340,070)</u>	<u>(16,047,882)</u>	<u>3,292,188</u>
<b>Other financing source (uses)</b>				
Transfers in	19,070,900	20,320,900	18,536,911	(1,783,989)
Transfers out	(993,000)	(993,000)	(1,771,979)	(778,979)
Proceeds from sale of capital assets	400	400	-	(400)
<b>Total other financing sources (uses)</b>	<u>18,078,300</u>	<u>19,328,300</u>	<u>16,764,932</u>	<u>(2,563,368)</u>
Net changes in fund balance	46,630	(11,770)	717,050	728,820
<b>Fund balance, beginning of year</b>	<u>6,541,355</u>	<u>6,541,355</u>	<u>6,541,355</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,587,985</u>	<u>\$ 6,529,585</u>	<u>\$ 7,258,405</u>	<u>\$ 728,820</u>

# CITY OF KENTWOOD

## POLICE AND FIRE MILLAGE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 15,057,400	\$ 15,057,400	\$ 15,205,929	\$ 148,529
Intergovernmental				
State	800,000	800,000	1,533,369	733,369
Interest earnings (loss)	<u>300,000</u>	<u>300,000</u>	<u>829,206</u>	<u>529,206</u>
<b>Total revenues</b>	16,157,400	16,157,400	17,568,504	1,411,104
<b>Expenditures</b>				
Current				
Public safety	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Revenues over (under) expenditures	16,137,400	16,137,400	17,548,504	1,411,104
<b>Other financing source (uses)</b>				
Transfers out	<u>(21,127,100)</u>	<u>(22,377,100)</u>	<u>(21,323,230)</u>	<u>1,053,870</u>
Net changes in fund balance	(4,989,700)	(6,239,700)	(3,774,726)	2,464,974
<b>Fund balance, beginning of year</b>	<u>14,006,970</u>	<u>14,006,970</u>	<u>14,006,970</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 9,017,270</u>	<u>\$ 7,767,270</u>	<u>\$ 10,232,244</u>	<u>\$ 2,464,974</u>

# CITY OF KENTWOOD

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

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
State	\$ 5,280,700	\$ 5,280,700	\$ 5,300,874	\$ 20,174
Interest earnings (loss)	100,000	100,000	394,081	294,081
Miscellaneous	10,000	10,000	7,565	(2,435)
<b>Total revenues</b>	5,390,700	5,390,700	5,702,520	311,820
<b>Expenditures</b>				
Current				
Highways and streets	3,587,600	3,587,600	3,192,292	395,308
Revenues over (under) expenditures	1,803,100	1,803,100	2,510,228	707,128
<b>Other financing source (uses)</b>				
Transfers in	-	-	8,661	8,661
Transfers out	(2,367,500)	(2,367,500)	(2,367,500)	-
<b>Total other financing sources (uses)</b>	(2,367,500)	(2,367,500)	(2,358,839)	8,661
Net changes in fund balance	(564,400)	(564,400)	151,389	715,789
<b>Fund balance, beginning of year</b>	8,536,381	8,536,381	8,536,381	-
<b>Fund balance, end of year</b>	\$ 7,971,981	\$ 7,971,981	\$ 8,687,770	\$ 715,789

# CITY OF KENTWOOD

## LOCAL STREETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
State	\$ 1,636,400	\$ 1,636,400	\$ 1,648,798	\$ 12,398
Interest earnings (loss)	6,000	6,000	21,448	15,448
Miscellaneous	<u>15,000</u>	<u>15,000</u>	<u>12,766</u>	<u>(2,234)</u>
<b>Total revenues</b>	1,657,400	1,657,400	1,683,012	25,612
<b>Expenditures</b>				
Current				
Streets	<u>4,024,900</u>	<u>4,024,900</u>	<u>4,429,182</u>	<u>(404,282)</u>
Revenues over (under) expenditures	(2,367,500)	(2,367,500)	(2,746,170)	(378,670)
<b>Other financing source (uses)</b>				
Transfers in	<u>2,367,500</u>	<u>2,367,500</u>	<u>2,367,500</u>	<u>-</u>
Net changes in fund balance	-	-	(378,670)	(378,670)
<b>Fund balance, beginning of year</b>	<u>542,394</u>	<u>542,394</u>	<u>542,394</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 542,394</u>	<u>\$ 542,394</u>	<u>\$ 163,724</u>	<u>\$ (378,670)</u>

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

FOR THE YEAR ENDED JUNE 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 181,171	\$ 228,194	\$ 392,191	\$ 335,846	\$ 421,114	\$ 416,954	\$ 397,526	\$ 465,982	\$ 493,973	\$ 531,938
Interest	2,868,090	2,823,345	2,803,107	2,726,242	2,656,158	2,531,061	2,382,811	2,281,778	2,220,086	2,191,420
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	936,081	86,668	(468,716)	(12,714)	(3,599)	4,953	242,663	110,834	(620,506)	(111,933)
Changes in assumptions	(240,365)	48,942	(121,373)	(111,542)	-	776,580	635,996	37,808	47,478	44,304
Benefit payments including employee refunds	(2,598,677)	(2,304,772)	(1,954,978)	(1,668,291)	(2,152,093)	(1,466,190)	(1,329,108)	(1,218,071)	(1,109,797)	(3,429,435)
<b>Net change in total pension liability</b>	<b>1,146,300</b>	<b>882,377</b>	<b>650,231</b>	<b>1,269,541</b>	<b>921,580</b>	<b>2,263,358</b>	<b>2,329,888</b>	<b>1,678,331</b>	<b>1,031,234</b>	<b>(773,706)</b>
<b>Total pension liability, beginning of year</b>	<b>45,242,632</b>	<b>44,360,255</b>	<b>43,710,024</b>	<b>42,440,483</b>	<b>41,518,903</b>	<b>39,255,545</b>	<b>36,925,657</b>	<b>35,247,326</b>	<b>34,216,092</b>	<b>34,989,798</b>
<b>Total pension liability, end of year</b>	<b>\$ 46,388,932</b>	<b>\$ 45,242,632</b>	<b>\$ 44,360,255</b>	<b>\$ 43,710,024</b>	<b>\$ 42,440,483</b>	<b>\$ 41,518,903</b>	<b>\$ 39,255,545</b>	<b>\$ 36,925,657</b>	<b>\$ 35,247,326</b>	<b>\$ 34,216,092</b>
<b>Plan Fiduciary Net Position</b>										
Contributions-employer	360,000	189,000	301,000	368,000	\$ 661,000	\$ 359,000	\$ 769,000	\$ 1,332,000	\$ 1,560,000	\$ 1,584,000
Contributions-employee	103,147	109,533	156,001	170,054	178,153	191,551	193,005	203,295	215,759	226,857
Net investment income	4,910,468	(5,801,899)	6,575,603	2,023,812	6,843,161	(694,173)	3,994,375	3,338,577	317,455	1,700,506
Benefit payments including employee refunds	(2,598,677)	(2,304,772)	(1,954,978)	(1,668,291)	(2,152,093)	(1,466,190)	(1,329,108)	(1,218,071)	(1,109,797)	(3,429,435)
Administrative expense	(23,565)	(23,777)	(21,953)	(16,195)	(17,710)	(39,675)	(6,740)	(18,366)	(19,039)	(106,528)
Other	-	-	-	-	-	-	(118,314)	(16,648)	(160,465)	-
<b>Net change in plan fiduciary net position</b>	<b>2,751,373</b>	<b>(7,831,915)</b>	<b>5,055,673</b>	<b>877,380</b>	<b>5,512,511</b>	<b>(1,649,487)</b>	<b>3,502,218</b>	<b>3,620,787</b>	<b>803,913</b>	<b>(24,600)</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>42,059,840</b>	<b>49,891,755</b>	<b>44,836,082</b>	<b>43,958,702</b>	<b>38,446,191</b>	<b>40,095,678</b>	<b>36,593,460</b>	<b>32,972,673</b>	<b>32,168,760</b>	<b>32,193,360</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 44,811,213</b>	<b>\$ 42,059,840</b>	<b>\$ 49,891,755</b>	<b>\$ 44,836,082</b>	<b>\$ 43,958,702</b>	<b>\$ 38,446,191</b>	<b>\$ 40,095,678</b>	<b>\$ 36,593,460</b>	<b>\$ 32,972,673</b>	<b>\$ 32,168,760</b>
<b>Employer net pension liability (asset)</b>	<b>\$ 1,577,719</b>	<b>\$ 3,182,792</b>	<b>\$ (5,531,500)</b>	<b>\$ (1,126,058)</b>	<b>\$ (1,518,219)</b>	<b>\$ 3,072,712</b>	<b>\$ (840,133)</b>	<b>\$ 332,197</b>	<b>\$ 2,274,653</b>	<b>\$ 2,047,332</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	97%	93%	112%	103%	104%	93%	102%	99%	94%	94%
<b>Covered employee payroll</b>	1,702,713	1,876,821	2,155,238	2,907,281	\$ 2,912,768	\$ 2,989,357	\$ 3,158,622	\$ 3,219,099	\$ 3,454,626	\$ 3,765,640
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	93%	170%	-257%	-39%	-52%	103%	-27%	10%	66%	54%

**Note to schedule:**

Above data is based on a December 31 measurement date.

**CITY OF KENTWOOD**

**DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

Plan Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
12/31/2014	\$ 1,584,000	\$ 1,584,000	\$ -	\$ 3,765,640	42%
12/31/2015	1,560,000	1,560,000	-	3,454,626	45%
12/31/2016	1,332,000	1,332,000	-	3,219,099	41%
12/31/2017	769,000	769,000	-	3,158,622	24%
12/31/2018	359,000	359,000	-	2,989,357	12%
12/31/2019	661,000	661,000	-	2,912,768	23%
12/31/2020	368,000	368,000	-	2,907,281	13%
12/31/2021	301,000	301,000	-	2,155,238	14%
12/31/2022	189,000	189,000	-	1,876,821	10%
12/31/2023	360,000	360,000	-	1,702,713	21%

**Notes to schedule**

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of compensation
Remaining amortization period	1 year
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	6.50%
Retirement age	Varies depending on participant group
Mortality	Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables for annuitants and non-annuitants, Public Safety and Public General employment, sex distinct, MP-2021 improvement scale

**SCHEDULE OF INVESTMENT RETURNS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Annual money-weighted rate of return net of investment expense
12/31/2014	5.4%
12/31/2015	1.0%
12/31/2016	10.0%
12/31/2017	10.6%
12/31/2018	-1.8%
12/31/2019	18.1%
12/31/2020	4.7%
12/31/2021	13.9%
12/31/2022	-12.9%
12/31/2023	11.6%

Above investment returns are based on a measurement date of December 31.

**CITY OF KENTWOOD**

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

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

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>								
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,605	\$ 14,710	\$ 45,288
Interest	84	434	994	1,547	3,288	11,124	67,510	117,298
Changes in benefit terms								
Difference between expected and actual experience	-	-	-	-	(12,627)	(122,352)	(80,711)	(257,508)
Changes in assumptions	-	-	-	-	(3,520)	20	700	203
Benefit payments including employee refunds	(3,914)	(7,893)	(9,804)	(9,804)	(18,720)	(769,882)	(195,396)	(1,095,208)
Other	-	-	-	-	-	-	-	283
<b>Net change in total OPEB liability</b>	<b>(3,830)</b>	<b>(7,459)</b>	<b>(8,810)</b>	<b>(8,257)</b>	<b>(31,579)</b>	<b>(868,485)</b>	<b>(193,187)</b>	<b>(1,189,644)</b>
<b>Total OPEB liability, beginning of year</b>	<b>3,830</b>	<b>11,289</b>	<b>20,099</b>	<b>28,356</b>	<b>59,935</b>	<b>928,420</b>	<b>1,121,607</b>	<b>2,311,251</b>
<b>Total OPEB liability, end of year</b>	<b>\$ -</b>	<b>\$ 3,830</b>	<b>\$ 11,289</b>	<b>\$ 20,099</b>	<b>\$ 28,356</b>	<b>\$ 59,935</b>	<b>\$ 928,420</b>	<b>\$ 1,121,607</b>
<b>Plan Fiduciary Net Position</b>								
Net investment income	\$ 263,024	\$ 187,973	\$ (206,707)	\$ 407,402	\$ 39,625	\$ 101,519	\$ 200,918	\$ 330,921
Benefit payments including employee refunds	(3,914)	(7,893)	(9,804)	(9,804)	(18,720)	(769,882)	(195,396)	(1,095,208)
Administrative expense	(3,729)	(4,065)	(4,735)	(4,422)	(3,400)	(8,300)	(5,700)	(5,600)
<b>Net change in plan fiduciary net position</b>	<b>255,381</b>	<b>176,015</b>	<b>(221,246)</b>	<b>393,176</b>	<b>17,505</b>	<b>(676,663)</b>	<b>(178)</b>	<b>(769,887)</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>1,669,715</b>	<b>1,493,700</b>	<b>1,714,946</b>	<b>1,321,770</b>	<b>1,304,265</b>	<b>1,980,928</b>	<b>1,981,106</b>	<b>2,750,993</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 1,925,096</b>	<b>\$ 1,669,715</b>	<b>\$ 1,493,700</b>	<b>\$ 1,714,946</b>	<b>\$ 1,321,770</b>	<b>\$ 1,304,265</b>	<b>\$ 1,980,928</b>	<b>\$ 1,981,106</b>
<b>Employer net OPEB liability (asset)</b>	<b>\$ (1,925,096)</b>	<b>\$ (1,665,885)</b>	<b>\$ (1,482,411)</b>	<b>\$ (1,694,847)</b>	<b>\$ (1,293,414)</b>	<b>\$ (1,244,330)</b>	<b>\$ (1,052,508)</b>	<b>\$ (859,499)</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	n/a	43596%	13231%	8532%	4661%	2176%	213%	177%
<b>Covered employee payroll</b>	n/a	n/a	n/a	n/a	n/a	n/a	\$ 3,535,978	\$ 4,171,386
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	n/a	n/a	n/a	n/a	n/a	n/a	-30%	-21%

**Note to schedule:**

Above data is based on a June 30 measurement date.



# CITY OF KENTWOOD

## *DEFINED BENEFIT OPEB PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS*

*FOR THE YEAR ENDED JUNE 30, 2024*

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2017	\$ -	\$ -	\$ -	\$ 4,171,386	0%
6/30/2018	-	-	-	3,535,978	0%
6/30/2019	-	-	-	n/a	n/a
6/30/2020	-	-	-	n/a	n/a
6/30/2021	-	-	-	n/a	n/a
6/30/2022	-	-	-	n/a	n/a
6/30/2023	-	-	-	n/a	n/a
6/30/2024	-	-	-	n/a	n/a

**Notes to schedule**

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amortization
Remaining amortization period	length of collective bargaining agreement or 10 years
Asset valuation method	Market value
Inflation	N/A - fixed benefit
Salary increases	N/A - no active employees in plan
Investment rate of return	6.50%
Retirement age	N/A no active employees in the plan
Mortality	None assumed; only pre-65 benefits are provided

## *SCHEDULE OF INVESTMENT RETURNS FOR THE YEAR ENDED JUNE 30, 2024*

	Annual money-weighted rate of return net of investment expense
6/30/2017	19.70%
6/30/2018	10.90%
6/30/2019	7.48%
6/30/2020	2.76%
6/30/2021	30.96%
6/30/2022	-12.80%
6/30/2023	11.76%
6/30/2024	14.44%

Above returns are based on a measurement date of June 30.

### *NOTE TO REQUIRED SUPPLEMENTARY INFORMATION*

**Basis of Accounting**

Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF KENTWOOD**

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

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

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,321,600	\$ 7,321,600	\$ 7,281,095	\$ (40,505)
Intergovernmental				
Federal grants	2,500	2,500	7,315	4,815
Other state grants	601,500	601,500	1,308,433	706,933
Judge's salary subsidy	45,700	45,700	45,724	24
State shared revenue	6,185,000	6,185,000	6,147,313	(37,687)
Local grants	68,000	68,000	-	(68,000)
Total intergovernmental	6,902,700	6,902,700	7,508,785	606,085
Licenses and permits				
Permits and inspection fees	1,025,000	1,025,000	1,136,808	111,808
Local licenses	250,500	250,500	239,137	(11,363)
Franchise fees	560,000	560,000	450,809	(109,191)
State liquor licenses	28,000	28,000	19,967	(8,033)
Total licenses and permits	1,863,500	1,863,500	1,846,721	(16,779)
Charges for services				
Tax collection fees	1,112,700	1,112,700	1,144,395	31,695
Recreation fees	303,500	303,500	303,188	(312)
Police, fire and library fees	260,500	260,500	160,028	(100,472)
Cemetery	60,000	60,000	76,363	16,363
Zoning fees	26,000	26,000	39,255	13,255
Passport fees	60,000	60,000	129,020	69,020
Rental income	160,000	160,000	191,866	31,866
Total charges for services	1,982,700	1,982,700	2,044,115	61,415
Fines and forfeitures				
Court fines	826,000	826,000	836,749	10,749
Delinquent tax interest/penalties	150,000	150,000	191,824	41,824
Total fines and forfeitures	976,000	976,000	1,028,573	52,573
Interest earnings (loss)	125,000	125,000	312,443	187,443
Miscellaneous				
Insurance premium refunds	30,000	30,000	54,100	24,100
Miscellaneous	237,400	237,400	287,926	50,526
Total miscellaneous	267,400	267,400	342,026	74,626
<b>Total revenues</b>	<b>19,438,900</b>	<b>19,438,900</b>	<b>20,363,758</b>	<b>924,858</b>

(continued)

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**CITY OF KENTWOOD**

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

*FOR THE YEAR ENDED JUNE 30, 2024*

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
<b>Expenditures</b>				
Current				
Judicial - District Court	\$ 2,218,700	\$ 2,231,100	\$ 2,116,596	\$ 114,504
General government				
Administrative	798,600	798,600	505,158	293,442
Assessor	650,700	650,700	585,920	64,780
Treasurer	392,070	392,070	385,669	6,401
Information technology	753,900	753,900	625,062	128,838
City clerk	334,500	334,500	321,379	13,121
Human resources	523,500	523,500	379,317	144,183
Accounting	1,023,200	1,023,200	1,004,599	18,601
Executive	531,800	531,800	486,512	45,288
Elections	103,800	150,000	152,736	(2,736)
Total general government	5,112,070	5,158,270	4,446,352	711,918
Public safety				
Police	13,519,500	14,519,300	14,239,828	279,472
Fire	8,696,600	8,946,600	8,789,221	157,379
Inspections	1,050,500	1,050,500	1,000,851	49,649
Total public safety	23,266,600	24,516,400	24,029,900	486,500
Public works				
Department of public works	3,749,900	3,749,900	2,816,561	933,339
Engineering services	242,000	242,000	296,663	(54,663)
Total public works	3,991,900	3,991,900	3,113,224	878,676
Community and economic development				
Planning and zoning	563,700	563,700	557,608	6,092
Culture and recreation				
Recreation	1,869,000	1,869,000	1,792,980	76,020
Library	448,600	448,600	334,112	114,488
Total culture and recreation	2,317,600	2,317,600	2,127,092	190,508
Debt service				
Principial	-	-	19,862	(19,862)
Interest	-	-	1,006	(1,006)
Total debt service	-	-	20,868	(20,868)
<b>Total expenditures</b>	<u>37,470,570</u>	<u>38,778,970</u>	<u>36,411,640</u>	<u>2,367,330</u>
Revenues under expenditures	(18,031,670)	(19,340,070)	(16,047,882)	3,292,188
<b>Other financing sources (uses)</b>				
Transfers in	19,070,900	20,320,900	18,536,911	(1,783,989)
Transfers out	(993,000)	(993,000)	(1,771,979)	(778,979)
Proceeds from sale of capital assets	400	400	-	(400)
<b>Total other financing sources (uses)</b>	<u>18,078,300</u>	<u>19,328,300</u>	<u>16,764,932</u>	<u>(2,563,368)</u>
<b>Net change in fund balance</b>	<u>46,630</u>	<u>(11,770)</u>	<u>717,050</u>	<u>728,820</u>
Fund balance, beginning of year	6,541,355	6,541,355	6,541,355	-
<b>Fund balance, end of year</b>	<u>\$ 6,587,985</u>	<u>\$ 6,529,585</u>	<u>\$ 7,258,405</u>	<u>\$ 728,820</u>

(concluded)

CITY OF KENTWOOD

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2024

	Special Revenue					
	Housing Commission	Street Lighting	Landfill Remediation	Drain	Municipal Streets	Parks
<b>Assets</b>						
Cash and pooled investments	\$ 188,477	\$ 132,385	\$ 1,526,205	\$ 63,330	\$ 4,218	\$ 522,465
Receivables						
Accounts	8,341	-	4,406	8,956	-	3,216
Loans	89,428	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total assets</b>	<u>286,246</u>	<u>132,385</u>	<u>1,530,611</u>	<u>72,286</u>	<u>4,218</u>	<u>525,681</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	-	43,094	-	14,840	-	8
Due to other governments	-	-	-	3,071	-	-
<b>Total liabilities</b>	<u>-</u>	<u>43,094</u>	<u>-</u>	<u>17,911</u>	<u>-</u>	<u>8</u>
<b>Deferred inflows</b>						
Unavailable revenues	92,938	-	-	-	-	3,216
<b>Fund balances</b>						
Nonspendable						
Prepaid items	-	-	-	-	-	-
Restricted						
Streets	-	89,291	-	-	4,218	522,457
Public works	-	-	1,530,611	54,375	-	-
Community development	193,308	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Assigned						
Capital projects	-	-	-	-	-	-
<b>Total fund balances</b>	<u>193,308</u>	<u>89,291</u>	<u>1,530,611</u>	<u>54,375</u>	<u>4,218</u>	<u>522,457</u>
<b>Total liabilities and fund balances</b>	<u>\$ 286,246</u>	<u>\$ 132,385</u>	<u>\$ 1,530,611</u>	<u>\$ 72,286</u>	<u>\$ 4,218</u>	<u>\$ 525,681</u>

Special Revenue				Capital Projects						Total
Library	Opioid Settlement	Federal Grants	Debt Service	DPW Equipment	Fire Equipment	Parks Projects	Parks Equipment	Police Equipment		
\$ 1,851,978	\$ 85,094	\$ (9,833)	\$ -	\$ 1,145,939	\$ 515,857	\$ 496,142	\$ 81,859	\$ 699,785	\$ 7,303,901	
5,380	-	-	-	-	-	-	-	-	30,299	
-	-	-	-	-	-	-	-	-	89,428	
-	-	9,833	-	-	-	112,182	-	-	122,015	
-	-	-	-	-	10,455	-	-	15,246	25,701	
<u>1,857,358</u>	<u>85,094</u>	<u>-</u>	<u>-</u>	<u>1,145,939</u>	<u>526,312</u>	<u>608,324</u>	<u>81,859</u>	<u>715,031</u>	<u>7,571,344</u>	
413	-	-	-	21,420	34,267	160,393	1,852	39,011	315,298	
-	-	-	-	-	-	-	-	-	3,071	
<u>413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,420</u>	<u>34,267</u>	<u>160,393</u>	<u>1,852</u>	<u>39,011</u>	<u>318,369</u>	
<u>5,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,534</u>	
-	-	-	-	-	10,455	-	-	15,246	25,701	
-	-	-	-	-	-	-	-	-	615,966	
-	-	-	-	-	-	-	-	-	1,584,986	
-	-	-	-	-	-	-	-	-	193,308	
1,851,565	-	-	-	-	-	-	-	-	1,851,565	
-	85,094	-	-	-	-	-	-	-	85,094	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124,519</u>	<u>481,590</u>	<u>447,931</u>	<u>80,007</u>	<u>660,774</u>	<u>2,794,821</u>	
<u>1,851,565</u>	<u>85,094</u>	<u>-</u>	<u>-</u>	<u>1,124,519</u>	<u>492,045</u>	<u>447,931</u>	<u>80,007</u>	<u>676,020</u>	<u>7,151,441</u>	
<u>\$ 1,857,358</u>	<u>\$ 85,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,145,939</u>	<u>\$ 526,312</u>	<u>\$ 608,324</u>	<u>\$ 81,859</u>	<u>\$ 715,031</u>	<u>\$ 7,571,344</u>	

**CITY OF KENTWOOD**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

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

	Special Revenue							
	Housing Commission	Formerly Nonmajor		Street Lighting	Landfill Remediation	Drain	Municipal Streets	Parks
		Local Streets						
<b>Revenues</b>								
Taxes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,430,209
Special assessments	-		-	-	6,936	4,218	-	-
Intergovernmental revenues								
Federal	-		-	-	-	-	-	-
State	-		216,205	-	-	-	-	-
Charges for services	-		-	-	-	-	-	-
Interest earnings (loss)	9,065		4,427	71,486	2,536	2,819	38,648	
Miscellaneous	4,111		-	-	-	-	-	-
<b>Total revenues</b>	<u>13,176</u>		<u>220,632</u>	<u>71,486</u>	<u>9,472</u>	<u>7,037</u>	<u>2,468,857</u>	
<b>Expenditures</b>								
Current								
Public safety	-		-	-	-	-	-	-
Streets	-		477,850	-	-	-	-	-
Public works	-		-	10,000	146,928	-	-	-
Community and economic development	1,060		-	-	-	-	-	-
Culture and recreation	-		-	-	-	-	-	20,000
Debt service								
Principal	-		-	-	-	-	-	-
Interest	-		-	-	-	-	-	-
Capital outlay	-		-	-	-	-	-	-
<b>Total expenditures</b>	<u>1,060</u>		<u>477,850</u>	<u>10,000</u>	<u>146,928</u>	<u>-</u>	<u>20,000</u>	
Revenues over (under) expenditures	<u>12,116</u>		<u>(257,218)</u>	<u>61,486</u>	<u>(137,456)</u>	<u>7,037</u>	<u>2,448,857</u>	
<b>Other financing sources (uses)</b>								
Transfers in	-		301,500	-	150,000	-	-	-
Transfers out	-		(46,200)	-	-	(8,661)	(1,926,400)	-
Debt/SPITAs issue	-		-	-	-	-	-	-
Proceeds from sale of capital assets	-		-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>		<u>255,300</u>	<u>-</u>	<u>150,000</u>	<u>(8,661)</u>	<u>(1,926,400)</u>	
Net changes in fund balances	<u>12,116</u>		<u>(1,918)</u>	<u>61,486</u>	<u>12,544</u>	<u>(1,624)</u>	<u>522,457</u>	
<b>Fund balances, beginning of year as previously presented</b>	181,192	\$ 542,394	91,209	1,469,125	41,831	5,842	-	
<b>Change within financial reporting entity</b>	-	(542,394)	-	-	-	-	-	
<b>Fund balances, beginning of year, as restated</b>	<u>181,192</u>	<u>-</u>	<u>91,209</u>	<u>1,469,125</u>	<u>41,831</u>	<u>5,842</u>	<u>-</u>	
<b>Fund balances, end of year</b>	<u>\$ 193,308</u>	<u>\$ -</u>	<u>\$ 89,291</u>	<u>\$ 1,530,611</u>	<u>\$ 54,375</u>	<u>\$ 4,218</u>	<u>\$ 522,457</u>	



Special Revenue			Capital Projects							
Library	Opioid Settlement	Federal Grants	Debt Service	DPW Equipment	Fire Equipment	Parks Projects	Parks Equipment	Police Equipment	Total	
\$ 849,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,279,732	
-	-	-	-	-	-	-	-	-	11,154	
-	-	11,354	-	-	-	-	-	-	11,354	
82,902	-	-	-	-	-	192,690	-	-	491,797	
-	-	-	-	1,127,548	-	-	-	-	1,127,548	
102,344	-	-	-	47,186	14,732	29,693	1,919	26,541	351,396	
-	67,755	-	-	67,646	3,278	-	-	36,557	179,347	
<u>1,034,769</u>	<u>67,755</u>	<u>11,354</u>	<u>-</u>	<u>1,242,380</u>	<u>18,010</u>	<u>222,383</u>	<u>1,919</u>	<u>63,098</u>	<u>5,452,328</u>	
-	-	11,354	-	-	15,000	-	-	15,000	41,354	
-	-	-	-	-	-	-	-	-	477,850	
-	-	-	-	15,000	-	-	-	-	171,928	
-	-	-	-	-	-	-	-	-	1,060	
20,000	-	-	-	-	-	-	-	-	40,000	
-	-	-	660,000	-	26,879	-	-	39,197	726,076	
-	-	-	7,015	-	2,660	-	-	1,008	10,683	
-	-	-	-	1,072,634	1,853,601	2,124,452	249,076	1,285,753	6,585,516	
<u>20,000</u>	<u>-</u>	<u>11,354</u>	<u>667,015</u>	<u>1,087,634</u>	<u>1,898,140</u>	<u>2,124,452</u>	<u>249,076</u>	<u>1,340,958</u>	<u>8,054,467</u>	
<u>1,014,769</u>	<u>67,755</u>	<u>-</u>	<u>(667,015)</u>	<u>154,746</u>	<u>(1,880,130)</u>	<u>(1,902,069)</u>	<u>(247,157)</u>	<u>(1,277,860)</u>	<u>(2,602,139)</u>	
-	-	-	667,015	-	1,863,000	2,350,000	327,164	1,500,000	7,158,679	
(766,720)	-	-	-	-	-	-	-	-	(2,747,981)	
-	-	-	-	-	1,769	-	-	2,580	4,349	
-	-	-	-	87,383	19,360	-	-	80,975	187,718	
<u>(766,720)</u>	<u>-</u>	<u>-</u>	<u>667,015</u>	<u>87,383</u>	<u>1,884,129</u>	<u>2,350,000</u>	<u>327,164</u>	<u>1,583,555</u>	<u>4,602,765</u>	
<u>248,049</u>	<u>67,755</u>	<u>-</u>	<u>-</u>	<u>242,129</u>	<u>3,999</u>	<u>447,931</u>	<u>80,007</u>	<u>305,695</u>	<u>2,000,626</u>	
1,603,516	17,339	-	-	882,390	488,046	-	-	370,325	5,693,209	
-	-	-	-	-	-	-	-	-	(542,394)	
<u>1,603,516</u>	<u>17,339</u>	<u>-</u>	<u>-</u>	<u>882,390</u>	<u>488,046</u>	<u>-</u>	<u>-</u>	<u>370,325</u>	<u>5,150,815</u>	
<u>\$ 1,851,565</u>	<u>\$ 85,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,519</u>	<u>\$ 492,045</u>	<u>\$ 447,931</u>	<u>\$ 80,007</u>	<u>\$ 676,020</u>	<u>\$ 7,151,441</u>	

**CITY OF KENTWOOD**

*HOUSING COMMISSION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL*

*FOR THE YEAR ENDED JUNE 30, 2024*

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest earnings (loss)	\$ 3,000	\$ 3,000	\$ 9,065	\$ 6,065
Miscellaneous	-	-	4,111	4,111
<b>Total revenues</b>	<u>3,000</u>	<u>3,000</u>	<u>13,176</u>	<u>10,176</u>
<b>Expenditures</b>				
Current				
Community and economic development				
Administration	1,000	1,000	1,000	-
Grant expenses	5,000	5,000	-	5,000
Supplies	600	600	60	540
<b>Total expenditures</b>	<u>6,600</u>	<u>6,600</u>	<u>1,060</u>	<u>5,540</u>
Net changes in fund balance	(3,600)	(3,600)	12,116	15,716
<b>Fund balance, beginning of year</b>	<u>181,192</u>	<u>181,192</u>	<u>181,192</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 177,592</u>	<u>\$ 177,592</u>	<u>\$ 193,308</u>	<u>\$ 15,716</u>

# CITY OF KENTWOOD

## STREET LIGHTING SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
State	\$ 200,000	\$ 200,000	\$ 216,205	\$ 16,205
Interest earnings (loss)	<u>1,000</u>	<u>1,000</u>	<u>4,427</u>	<u>3,427</u>
<b>Total revenues</b>	<u>201,000</u>	<u>201,000</u>	<u>220,632</u>	<u>19,632</u>
<b>Expenditures</b>				
Current				
Streets				
Administration	20,000	20,000	20,000	-
Utilities	425,000	460,000	455,214	4,786
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>2,636</u>	<u>4,864</u>
<b>Total expenditures</b>	<u>452,500</u>	<u>487,500</u>	<u>477,850</u>	<u>9,650</u>
Revenues over (under) expenditures	<u>(251,500)</u>	<u>(286,500)</u>	<u>(257,218)</u>	<u>29,282</u>
<b>Other financing source (uses)</b>				
Transfers in	301,500	301,500	301,500	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(46,200)</u>	<u>3,800</u>
<b>Total other financing sources (uses)</b>	<u>251,500</u>	<u>251,500</u>	<u>255,300</u>	<u>3,800</u>
Net changes in fund balance	-	(35,000)	(1,918)	33,082
<b>Fund balance, beginning of year</b>	<u>91,209</u>	<u>91,209</u>	<u>91,209</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 91,209</u>	<u>\$ 56,209</u>	<u>\$ 89,291</u>	<u>\$ 33,082</u>

**CITY OF KENTWOOD**

**LANDFILL REMEDIATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

*FOR THE YEAR ENDED JUNE 30, 2024*

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	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest earnings (loss)	\$ 25,000	\$ 25,000	\$ 71,486	\$ 46,486
<b>Expenditures</b>				
Current				
Public works				
Administration	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net changes in fund balance	15,000	15,000	61,486	46,486
<b>Fund balance, beginning of year</b>	<u>1,469,125</u>	<u>1,469,125</u>	<u>1,469,125</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,484,125</u>	<u>\$ 1,484,125</u>	<u>\$ 1,530,611</u>	<u>\$ 46,486</u>

# CITY OF KENTWOOD

## DRAIN SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ 6,936	\$ 6,936
Interest earnings (loss)	2,500	2,500	2,536	36
<b>Total revenues</b>	2,500	2,500	9,472	6,972
<b>Expenditures</b>				
Current				
Public works				
Engineering	44,794	44,794	28,000	16,794
Administration	10,000	10,000	-	10,000
Maintenance	40,000	90,000	114,457	(24,457)
Miscellaneous	5,000	5,000	4,471	529
<b>Total expenditures</b>	99,794	149,794	146,928	2,866
Revenues over (under) expenditures	(97,294)	(147,294)	(137,456)	4,106
<b>Other financing source (uses)</b>				
Transfers in	-	150,000	150,000	-
Net changes in fund balance	(97,294)	2,706	12,544	4,106
<b>Fund balance, beginning of year</b>	41,831	41,831	41,831	-
<b>Fund balance, end of year</b>	\$ (55,463)	\$ 44,537	\$ 54,375	\$ 4,106

**CITY OF KENTWOOD**

**MUNICIPAL STREETS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

*FOR THE YEAR ENDED JUNE 30, 2024*

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ 4,218	\$ 4,218
Interest earnings (loss)	-	-	2,819	2,819
<b>Total revenues</b>	-	-	7,037	7,037
<b>Expenditures</b>				
Current				
Streets				
Administration	-	-	-	-
Revenues over (under) expenditures	-	-	7,037	7,037
<b>Other financing source (uses)</b>				
Transfers out	-	(8,661)	(8,661)	-
Net changes in fund balance	-	(8,661)	(1,624)	7,037
<b>Fund balance, beginning of year</b>	5,842	5,842	5,842	-
<b>Fund balance, end of year</b>	\$ 5,842	\$ (2,819)	\$ 4,218	\$ 7,037

# CITY OF KENTWOOD

## PARKS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,422,600	\$ 2,422,600	\$ 2,430,209	\$ 7,609
Interest earnings (loss)	-	-	38,648	38,648
<b>Total revenues</b>	2,422,600	2,422,600	2,468,857	46,257
<b>Expenditures</b>				
Current				
Culture and recreation				
Administration	20,000	20,000	20,000	-
Revenues over (under) expenditures	2,402,600	2,402,600	2,448,857	46,257
<b>Other financing source (uses)</b>				
Transfers out	(1,761,800)	(1,948,100)	(1,926,400)	21,700
Net changes in fund balance	640,800	454,500	522,457	67,957
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ 640,800	\$ 454,500	\$ 522,457	\$ 67,957

**CITY OF KENTWOOD**

*LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL*

*FOR THE YEAR ENDED JUNE 30, 2024*

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 838,900	\$ 838,900	\$ 849,523	\$ 10,623
Intergovernmental				
State	45,000	45,000	82,902	37,902
Interest earnings (loss)	<u>25,000</u>	<u>25,000</u>	<u>102,344</u>	<u>77,344</u>
<b>Total revenues</b>	908,900	908,900	1,034,769	125,869
<b>Expenditures</b>				
Current				
Culture and recreation				
Administration	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Revenues over (under) expenditures	888,900	888,900	1,014,769	125,869
<b>Other financing source (uses)</b>				
Transfers out	<u>(1,056,200)</u>	<u>(1,056,200)</u>	<u>(766,720)</u>	<u>289,480</u>
Net changes in fund balance	(167,300)	(167,300)	248,049	415,349
<b>Fund balance, beginning of year</b>	<u>1,603,516</u>	<u>1,603,516</u>	<u>1,603,516</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,436,216</u>	<u>\$ 1,436,216</u>	<u>\$ 1,851,565</u>	<u>\$ 415,349</u>



**CITY OF KENTWOOD**

**OPIOID SETTLEMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

*FOR THE YEAR ENDED JUNE 30, 2024*

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	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 67,755	\$ 47,755
<b>Expenditures</b>				
Current				
Public safety	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Net changes in fund balance	(15,000)	(15,000)	67,755	82,755
<b>Fund balance, beginning of year</b>	<u>17,339</u>	<u>17,339</u>	<u>17,339</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,339</u>	<u>\$ 2,339</u>	<u>\$ 85,094</u>	<u>\$ 82,755</u>

**CITY OF KENTWOOD**

*FEDERAL GRANTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL*

*FOR THE YEAR ENDED JUNE 30, 2024*

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	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ 50,000	\$ 50,000	\$ 11,354	\$ (38,646)
<b>Expenditures</b>				
Current				
Public safety	<u>50,000</u>	<u>50,000</u>	<u>11,354</u>	<u>38,646</u>
Net changes in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF KENTWOOD**

*(COMPONENT UNIT)*  
**ECONOMIC DEVELOPMENT CORPORATION**  
**BALANCE SHEET/STATEMENT OF NET POSITION**

*JUNE 30, 2024*

---

	<b>Economic Development Corporation Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 728,088	\$ -	\$ 728,088
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	72	-	72
<b>Fund balance</b>			
Unassigned	728,016		
<b>Total fund balance</b>	728,016		
<b>Total liabilities and fund balance</b>	\$ 728,088		
<b>Net position</b>			
Unrestricted			728,016
<b>Total net position</b>			\$ 728,016

**CITY OF KENTWOOD**

*(COMPONENT UNIT)*  
**ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE/STATEMENT OF ACTIVITIES**

*FOR THE YEAR ENDED JUNE 30, 2024*

---

	Economic Development Corporation		Statement of
	<u>Fund</u>	<u>Adjustments</u>	<u>Activities</u>
<b>Revenues</b>			
Charges	\$ 7,000	\$ -	\$ 7,000
Interest earnings (loss)	<u>34,284</u>	<u>-</u>	<u>34,284</u>
<b>Total revenues</b>	41,284	-	41,284
<b>Expenditures</b>			
Current			
Community and economic development	<u>28,474</u>	<u>-</u>	<u>28,474</u>
Net changes in fund balances	12,810	(12,810)	-
Change in net position		12,810	12,810
<b>Fund balance/net position, beginning of year</b>	<u>715,206</u>	<u>-</u>	<u>715,206</u>
<b>Fund balance/net position, end of year</b>	<u>\$ 728,016</u>	<u>\$ -</u>	<u>\$ 728,016</u>

# CITY OF KENTWOOD

(COMPONENT UNIT)  
**BROWNFIELD REDEVELOPMENT AUTHORITY**  
**BALANCE SHEET/STATEMENT OF NET POSITION**

JUNE 30, 2024

---

	Brownfield Redevelopment Authority <u>Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 394,624	\$ -	\$ 394,624
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	-	-	-
<b>Fund balance</b>			
Unassigned	394,624		
<b>Total fund balance</b>	<u>394,624</u>		
<b>Total liabilities and fund balance</b>	<u>\$ 394,624</u>		
<b>Net position</b>			
Net investment in capital assets			-
Unrestricted			<u>394,624</u>
<b>Total net position</b>			<u>\$ 394,624</u>

**CITY OF KENTWOOD**

*(COMPONENT UNIT)*  
**BROWNFIELD REDEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE/STATEMENT OF ACTIVITIES**

*FOR THE YEAR ENDED JUNE 30, 2024*

---

	<b>Brownfield Redevelopment Authority Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 220,598	\$ -	\$ 220,598
Interest earnings (loss)	<u>19,997</u>	<u>-</u>	<u>19,997</u>
<b>Total revenues</b>	240,595	-	240,595
<b>Expenditures</b>			
Current			
Brownfield redevelopment	<u>220,598</u>	<u>-</u>	<u>220,598</u>
Net changes in fund balances	19,997	(19,997)	
Change in net position		19,997	19,997
<b>Fund balance/net position, beginning of year</b>	<u>374,627</u>	<u>-</u>	<u>374,627</u>
<b>Fund balance/net position, end of year</b>	<u>\$ 394,624</u>	<u>\$ -</u>	<u>\$ 394,624</u>

## **INTERNAL CONTROL AND COMPLIANCE**



## Vredeveld Haefner LLC

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

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

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

November 19, 2024

Honorable Mayor and Members of the City Commission  
City of Kentwood, 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 Kentwood, Michigan, (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2024.

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

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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 may exist that have not been identified.

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

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



*Purpose of this Report*

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

*Ordevald Haefner LLC*

# Continuing Disclosure Filing

## **City of Kentwood** County of Kent, State of Michigan



*Fiscal Year Ended  
June 30, 2024*

LIST OF CURRENT  
NATIONALLY RECOGNIZED MUNICIPAL SECURITIES  
INFORMATION REPOSITORIES (NRMSIR)

Effective July 1, 2009 the annual filing of audited financial statements, along with an issuer's Continuing Disclosure Undertaking, is no longer accepted by the Nationally Recognized Municipal Securities Information Repositories ("NRMSIR's")(Bloomberg Municipal Repository, DPC Data, Interactive Data and Standard & Poor's Securities Evaluations). The Municipal Securities Rulemaking Board (the "MSRB") received approval from the Securities and Exchange Commission (the "SEC") to launch operations of the continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA"). The sole NRMSIR shall be the MSRB, through the operation of EMMA.

**The EMMA website is [www.emma.msrb.org](http://www.emma.msrb.org)**

STATE INFORMATION DEPOSITORY (SID)

Municipal Advisory Council of Michigan  
26211 Central Park Blvd., Ste. 508  
Southfield, MI 48076  
Phone: (313) 963-0420  
Fax: (313) 963-0943  
E-mail: [mac@macmi.com](mailto:mac@macmi.com)

# MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository pursuant to Securities and Exchange Commission Rule 15c2-12.

Issuer's and/or Other Obligated Person's Name: City of Kentwood, Michigan

CUSIP Numbers (attach additional sheet if necessary):

- Nine-digit number(s) to which the information relates:  
 Information relates to **all securities** issued by the issuer having the following six-digit number (s):  
491735, 491728

\* \* \*

Number of pages of attached information:

Description of Material Event Notice / Financial Information (Check One):

1.  Principal and interest payment delinquencies
2.  Non-Payment related defaults
3.  Unscheduled draws on debt service reserves reflecting financial difficulties
4.  Unscheduled draws on credit enhancements reflecting financial difficulties
5.  Substitution of credit or liquidity providers, or their failure to perform
6.  Adverse tax opinions or events affecting the tax-exempt status of the security
7.  Modifications to rights of securities holders
8.  Bond calls
9.  Defeasances
10.  Release, substitution, or sale of property securing repayment of the securities
11.  Rating changes
12.  Failure to provide annual financial information as required
13.  Other material event notice (specify) New Bond Issue
14.  Financial information\*: Please check all appropriate boxes:

CAFR: (a)  include  does not include Annual Financial Information

(b) Audited? Yes  No

Annual Financial Information: Audited? Yes  No

Operating Data

Fiscal Period Covered: June 30, 2024

\*Financial information **should not** be filed with the MSRB

\* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: Keyla Garcia

Name: Keyla Garcia Title: Finance Director

Employer: City of Kentwood

Address: 4900 Breton Ave., SE, P.O. Box 8848

City, State, Zip Code: Kentwood, Michigan 49518-8848

Voice Telephone Number: (616) 554-0766

**City of Kentwood  
Taxable Value  
Fiscal Years Ended or Ending June 30, 2021 Through 2025**

Assessed Value as of December 31	Year of State Equalization And Tax Levy	City's Fiscal Years Ended or Ending June 30	Ad Valorem Taxable Value (1)	Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (2)	Total Taxable Value	Percent Increase (Decrease) From Prior Year
2019	2020	2021	\$2,077,431,553	\$22,617,892	\$2,100,049,445	1.69%
2020	2021	2022	2,162,795,607	20,838,456	2,183,634,063	3.98
2021	2022	2023	2,255,418,313	19,517,734	2,274,936,047	4.18
2022	2023	2024	2,422,828,478	21,310,727	2,444,139,205	7.44
2023	2024	2025	2,618,179,360	24,689,372	2,642,868,732	8.13

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2025 (3)..... \$48,668

(1) Includes the value of qualified property located within the City's Tool & Die and Renewable Energy Renaissance Zones (the "Zones") which were created pursuant to the provisions of Act 376, Public Acts of Michigan, 1996 ("Act 376"), as amended. Act 376 was designed to stimulate private investment within the Zones through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2025, the Taxable Value of property qualified for the benefits of the Zones program totaled \$0. Excludes the value of qualified property under Act 328, Public Acts of Michigan, 1998 ("Act 328"), as amended, "New Personal Property Exemption" available to eligible businesses engaged in manufacturing, mining, research and development, wholesale trade, or office operations bringing either new or additional business to the State of Michigan. The 100% property tax exemption continues for new acquisitions until the expiration date set by the local governmental unit. For the fiscal year ending June 30, 2025, the Taxable Value and State Equalized Valuation of property granted exemption under Act 328 is \$0. Also included are Brownfield parcels with a base taxable value totaling \$5,804,253, current value of \$17,865,928 and "captured" Taxable Value of \$12,061,675. Also included are County Land Bank Sold properties with a base taxable value totaling \$0, current value of \$0 and "captured" Taxable Value of \$0. Effective December 31, 2015, pursuant to the provisions of Act 92, Public Acts of Michigan, 2014, "Eligible Manufacturing Personal Property" commenced a six-year phase-in period to exempt it from taxation, resulting in \$0 Taxable Value on December 31, 2024. A portion of the resulting reduction in property tax revenue may be replaced from State collections of Essential Services Assessments.

(2) At the full tax rate. See "Tax Abatement" herein.

(3) Based on the City's 2020 Census of 54,304.

Source: City of Kentwood

**City of Kentwood  
Total Taxable Value by Use and Class  
Fiscal Years Ended or Ending June 30, 2021 Through 2025**

Use	Fiscal Years Ended or Ending June 30				
	2021	2022	2023	2024	2025
Commercial.....	\$ 814,988,792	\$ 858,518,726	\$ 864,600,215	\$ 904,296,530	\$ 963,921,104
Industrial .....	283,985,167	277,809,363	286,588,676	318,195,418	346,437,884
Residential.....	962,237,086	1,008,091,874	1,081,823,656	1,176,308,858	1,286,129,045
Utility .....	38,838,400	39,214,100	41,923,500	45,338,400	46,380,700
	<u>\$ 2,100,049,445</u>	<u>\$ 2,183,634,063</u>	<u>\$ 2,274,936,047</u>	<u>\$ 2,444,139,206</u>	<u>\$ 2,642,868,732</u>
Class	2021	2022	2023	2024	2025
Real Property .....	\$ 1,910,086,845	\$ 1,996,659,563	\$ 2,105,845,297	\$ 2,288,312,205	\$ 2,497,728,132
Personal Property .....	189,962,600	186,974,500	169,090,750	155,827,000	145,140,600
	<u>\$ 2,100,049,445</u>	<u>\$ 2,183,634,063</u>	<u>\$ 2,274,936,047</u>	<u>\$ 2,444,139,205</u>	<u>\$ 2,642,868,732</u>

Source:City of Kentwood

**City of Kentwood  
State Equalized Valuation  
Fiscal Years Ended or Ending June 30, 2021 Through 2025**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Years Ended or Ending June 30	Ad Valorem SEV (1)	SEV of Property Granted Tax Abatement Under Act 198 (2)	Total SEV	Percent Increase (Decrease) From Prior Year
2019	2020	2021	\$2,567,494,600	\$48,998,300	\$2,616,492,900	5.83%
2020	2021	2022	2,690,901,800	46,366,800	2,737,268,600	4.62
2021	2022	2023	2,931,069,700	49,918,900	2,980,988,600	8.90
2022	2023	2024	3,259,356,800	56,836,500	3,316,193,300	11.24
2023	2024	2025	3,658,259,500	62,409,900	3,720,669,400	12.20

Per Capita Total SEV for the Fiscal Year Ending June 30, 2025 (3)..... \$68,516

(1) Includes the value of qualified property located within the City's Tool & Die and Renewable Energy Renaissance Zones (the "Zones") which were created pursuant to the provisions of Act 376, Public Acts of Michigan, 1996 ("Act 376"), as amended. Act 376 was designed to stimulate private investment within the Zones through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2025, the SEV of the property qualified for the benefits of the Zones program totaled \$0. Excludes the value of qualified property under Act 328, Public Acts of Michigan, 1998 ("Act 328"), as amended, "New Personal Property Exemption" available to eligible businesses engaged in manufacturing, mining, research and development, wholesale trade, or office operations bringing either new or additional business to the State of Michigan. The 100% property tax exemption continues for new acquisitions until the expiration date set by the local governmental unit. For the fiscal year ending June 30, 2025, the State Equalized Valuation and Taxable Value of property granted exemption under Act 328 is \$0. Also included are Brownfield parcels with a current SEV of \$17,867,600. Also included are County Land Bank Sold properties with a base taxable value totaling \$0, current value of \$0 and "captured" Taxable Value of \$0. Effective December 31, 2015, pursuant to the provisions of Act 92, Public Acts of Michigan, 2014, "Eligible Manufacturing Personal Property" commenced a six-year phase-in period to exempt it from taxation, resulting in \$0 SEV on December 31, 2024. A portion of the resulting reduction in property tax revenue may be replaced from State collections of Essential Services Assessments.

(2) See "Tax Abatement" herein.

(3) Based on the City's 2020 Census of 54,304.

Source: City of Kentwood

**City of Kentwood  
Total SEV by Use and Class  
Fiscal Years Ended or Ending June 30, 2021 Through 2025**

Use	Fiscal Years Ended or Ending June 30				
	2021	2022	2023	2024	2025
Commercial.....	\$ 981,231,200	\$1,010,847,300	\$1,075,200,100	\$1,154,337,100	\$1,230,534,800
Industrial .....	350,013,500	346,806,600	390,407,300	437,926,300	484,968,700
Residential .....	1,246,409,800	1,340,400,600	1,473,457,700	1,678,591,500	1,958,785,200
Utility.....	38,838,400	39,214,100	41,923,500	45,338,400	46,380,700
	<u>\$2,616,492,900</u>	<u>\$2,737,268,600</u>	<u>\$2,980,988,600</u>	<u>\$3,316,193,300</u>	<u>\$3,720,669,400</u>
Class	2021	2022	2023	2024	2025
Real Property .....	\$2,420,314,600	\$2,545,318,000	\$2,810,254,300	\$3,160,339,600	\$3,575,508,200
Personal Property ....	196,178,300	191,950,600	170,734,300	155,583,700	145,161,200
	<u>\$2,616,492,900</u>	<u>\$2,737,268,600</u>	<u>\$2,980,988,600</u>	<u>\$3,316,193,300</u>	<u>\$3,720,669,400</u>

Source: City of Kentwood

## Tax Abatement

The City's SEV and Taxable Value does not include the value of certain facilities which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198, Public Acts of Michigan, 1974 ("Act 198" or the "Act"), as amended. The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts, industrial development districts, and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under the Act entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the TV level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. Abatements granted prior to 1994 are all expired. For abatements granted after 1994, this millage rate equals 1/2 of all tax rates levied by other than the State plus none, 1/2 or all of the state education tax rate (as determined by the State Treasurer).

The City has established goals, objectives and procedures to provide the opportunity for industrial development and expansion. Since 1974, the City has approved a number of applications for local property tax relief for industrial firms. Most abatements have been for new industrial facilities. The SEV of properties which have been granted tax abatement under the Act 198, removed from the Ad Valorem Tax Roll and placed on the IFT Tax Roll totaled \$49,378,744 for the fiscal year ending June 30, 2025. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on approximately \$24,689,372 of Taxable Value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as Taxable Value. Personal property components of IFT certificates will not expire until the equipment is exempt as "eligible manufacturing personal property" (if applicable).

The City's SEV and Taxable Value includes the value of qualified property located within the City's Tool & Die and Renewable Energy Renaissance Zones (the "Zones") which were created pursuant to the provisions of Act 376, Public Acts of Michigan, 1996 ("Act 376"), as amended. Act 376 was designed to stimulate private investment within the Zones through the abatement of certain property, income and business taxes. For the fiscal year ending June 30, 2025, the SEV and equivalent Taxable Value of property qualified for the benefits of the Zones program totaled \$0 and \$0, respectively.

The City's Brownfield Redevelopment Authority was established and incorporated by resolution, pursuant to the provisions of Act 381, Public Acts of Michigan, 1996 ("Act 381"), as amended, adopted by the City Commission on December 6, 2005. Act 381 authorizes the Authority to undertake a broad range of improvement activities intended to promote the revitalization of environmentally distressed areas. These activities include, but are not necessarily limited to, baseline environmental assessments, due care activities, additional response activities, infrastructure improvements, demolition, lead or asbestos abatement and site preparation. The Authority Board is comprised of the board of directors of the Economic Development Corporation of the City of Kentwood appointed by the City Commission. The Authority Board prepared the original Brownfield Plan adopted by the City Commission on September 2, 2008 (the "Brownfield Plan"). The Authority has the responsibility for carrying out and overseeing the Brownfield Plan. Tax increment financing permits the Authority to capture tax revenues attributable to increase in value of real and personal property on the Eligible Property. The initial taxable value of the Eligible Property was \$5,804,253 (the "Initial Taxable Value"). The current taxable value of the Eligible Property has increased to \$17,865,928. The amount by which the current taxable value exceeds the Initial Taxable Value in any one year is captured taxable value (the "Captured Taxable Value"). The 2023 Captured Taxable Value is \$12,061,675.

Starting with the 2010 City assessment roll is a "New Personal Property Exemption" under Act 328, Public Acts of Michigan, 1998 ("Act 328"), as amended. Eligible businesses engaged in manufacturing, mining, research and development, wholesale trade, or office operations bringing either new or additional business to the State of Michigan may be eligible for this exemption on personal property brought into Michigan after the date of approval for exemption. The exemption continues for new acquisitions until the expiration date set by the local governmental unit. This is a 100% property tax exemption. One exemption has been granted, exempting \$0 in SEV and TV from the rolls. These amounts are not included in the ad valorem totals for the fiscal year ending June 30, 2025. This exemption will continue past the December 2015 expiration



date indefinitely until all equipment is exempted as “eligible manufacturing personal property”, resulting in \$0 SEV and \$0 TV on December 31, 2024.

**City of Kentwood  
Maximum Operating Tax Rates  
Fiscal Year Ending June 30, 2025**

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Cumulative Millage Reduction Fraction</u>	<u>Maximum Allowable Millage</u>
General Operating (1).....	3.0000	0.9889	2.9218
Police and Fire (1) .....	8.2120	0.9889	8.0600
Library Purposes (2).....	0.3500	0.9889	0.3414
Parks & Recreation (3).....	1.0000	0.9889	0.9889

**City of Kentwood  
Property Tax Rates  
Fiscal Years Ended or Ending June 30, 2021 Through 2025**

Fiscal Years Ended or		General	Police	Library (2)	Parks & Rec (3)	Total
Levy July 1	Ending June 30	<u>Operating (1)</u>	<u>and Fire (1)</u>	<u>Library (2)</u>	<u>Parks &amp; Rec (3)</u>	<u>Total</u>
2020	2021	2.9946	6.2620	0.3500		9.6066
2021	2022	2.9757	6.2225	0.3477		9.5459
2022	2023	2.9757	6.2225	0.3477		9.5459
2023	2024	2.9545	6.1783	0.3452	1.0000	10.4780
2024	2025	2.9218	8.0600	0.3414	0.9889	12.3121

Footnotes for the above “Maximum Operating Tax Rates” and “Property Tax Rates” schedules:

- (1) Authorized by the City Charter. On August 8, 2006, the City’s electorate approved a 0.4688 mill increase to the Police and Fire Millage effective July 1, 2007. On May 4, 2010, the City’s electorate approved a 2.0000 mill increase to the Police and Fire Millage effective July 1, 2010. On May 7, 2024, the City’s electorate approved a 1.9500 mill increase to the Police and Fire Millage effective July 1, 2024.
- (2) On August 5, 2008, the City’s electorate approved 0.3500 mills for Library Purposes effective July 1, 2009.  
Source: City of Kentwood
- (3) On August 2, 2022, the City’s electorate approved 1.0000 mills for Parks and Recreation Purposes effective July 1, 2023.  
Source: City of Kentwood



**City of Kentwood**  
**Principal Residence (1) Property Tax Rates by Governmental Unit**  
**Fiscal Years Ended or Ending June 30, 2020 Through 2024**

<u>Governmental Unit</u>	Fiscal Years Ended or Ending June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of Kentwood.....	9.6066	9.6066	9.5459	9.5459	10.4780
County of Kent.....	6.2584	6.2100	6.1521	6.0971	6.0971
State of Michigan.....	6.0000	6.0000	6.0000	6.0000	6.0000
Kentwood Public Schools (2).....	5.8666	5.8472	5.8378	5.5718	5.5718
Kent Intermediate School District.....	5.6113	5.5684	5.5157	5.4447	5.4447
Grand Rapids Community College .....	1.7606	1.7472	1.7307	1.7085	1.7085
Interurban Transit Authority .....	1.4556	1.4457	1.4308	1.4074	1.4074
Kent District Library Authority...	<u>1.2661</u>	<u>1.2581</u>	<u>1.2484</u>	<u>1.2355</u>	<u>1.1000</u>
Total .....	<u>37.8252</u>	<u>37.6832</u>	<u>37.4614</u>	<u>37.0109</u>	<u>37.8075</u>

**City of Kentwood**  
**Non-Principal Residence (1) Property Tax Rates by Governmental Unit**  
**Fiscal Years Ended or Ending June 30, 2020 Through 2024**

<u>Governmental Unit</u>	Fiscal Years Ended or Ending June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of Kentwood.....	9.6066	9.6066	9.5459	9.5459	10.4780
County of Kent.....	6.2584	6.2100	6.1521	6.0971	6.0971
State of Michigan.....	6.0000	6.0000	6.0000	6.0000	6.0000
Kentwood Public Schools (2).....	23.8666	23.8472	23.8378	23.5718	23.5718
Kent Intermediate School District.....	5.6113	5.5684	5.5157	5.4447	5.4447
Grand Rapids Community College .....	1.7606	1.7472	1.7307	1.7085	1.7085
Interurban Transit Authority .....	1.4556	1.4457	1.4308	1.4074	1.4074
Kent District Library Authority...	<u>1.2661</u>	<u>1.2581</u>	<u>1.2484</u>	<u>1.2355</u>	<u>1.1000</u>
Total .....	<u>55.8252</u>	<u>55.6832</u>	<u>55.4614</u>	<u>55.0109</u>	<u>55.8075</u>

(1) *Principal Residence* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal residence includes all unoccupied property classified as agricultural or residential adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Principal residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. *Non-principal residence* is property not included in the above definition.

(2) The Kentwood Public Schools is the largest school district within the City. Portions of other school districts overlap the City's boundaries. The lowest and highest non-principal residence millage rates for the other overlapping school districts for the fiscal year ending June 30, 2024 ranged from 24.6929 to 26.3123 for each \$1,000 of Taxable Value, respectively. The total tax rates for property owners in other school districts would change accordingly.

Source: City of Kentwood

**City of Kentwood  
Property Tax Collections (1)  
Fiscal Years Ended or Ending June 30, 2021 Through 2025**

July 1 <u>Levy</u>	Fiscal Years Ended or Ending <u>June 30</u>	<u>Tax Levy</u>	Collections to March 1 <u>Following Levy</u>	Percent <u>Collected</u>
2020	2021	\$20,124,620	\$19,838,655	98.6%
2021	2022	20,554,629	20,361,327	99.1
2022	2023	21,504,654	21,297,620	99.0
2023	2024	22,251,527	22,056,074	99.1
2024	2025	32,105,320	(In collection process)	

(1) Includes the value of property granted tax abatement under Acts 198. See “Tax Abatement” herein.  
Source: City of Kentwood

**City of Kentwood  
Ten Largest Taxpayers  
Fiscal Year Ending June 30, 2025**

<u>Taxpayers</u>	<u>Principal Product or Service</u>	<u>Taxable Value</u>	Equivalent Taxable Value of Property Granted Tax Abatement Under <u>Act 198(1)</u>	Total Taxable Value	Percent of <u>Total (2)</u>
PR Woodland.....	Shopping Center .....	\$ 80,333,302	\$ 0	\$ 80,333,302	3.04%
VA8 Woodland LLC .....	Multi-family Housing	51,643,000	0	51,643,000	1.95
Holland Home.....	Senior Housing	51,298,342	0	51,298,342	1.94
Broadstone RBS Portfolio LLC.....	Food Manufacturing	40,071,867	0	40,071,867	1.52
Consumers Energy Co .....	Utility.....	32,132,282	0	32,132,282	1.22
Lacks Industries Inc.....	Automotive Supplier	26,866,930	2,584,296	29,451,226	1.11
MIMG XXXVII Eastland Sub	Multi-family Housing	25,277,663	0	25,277,663	0.96
Green Castle Properties. ....	Automotive Dealer....	20,143,921	0	20,143,921	0.76
Steelcase .....	Office Furniture .....	19,542,429	0	19,542,429	0.74
Noble Heights Real Estate Ventures.....	Multi-family Housing	<u>17,719,800</u>	<u>0</u>	<u>17,719,800</u>	<u>0.67</u>
		<u>\$365,029,536</u>	<u>\$ 2,584,296</u>	<u>\$367,613,832</u>	<u>13.91%</u>

(1) See “Tax Abatement” herein.

(2) Based on \$2,642,868,732 which is the City’s Total Taxable Value for the fiscal year ended June 30, 2025. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198. See “Tax Abatement” herein.

Source: City of Kentwood

**City of Kentwood**  
**Revenues From the State of Michigan**  
**Fiscal Years Ended or Ending June 30, 2021 Through 2025**

	Fiscal Years Ended or Ending June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025 (2)</u>
State Sales Tax.....	\$ 4,939,432	\$ 6,367,250	\$ 6,029,586	\$ 6,147,313	\$ 6,186,500
Liquor License Fees.....	<u>26,925</u>	<u>29,416</u>	<u>30,128</u>	<u>19,967</u>	<u>29,000</u>
Total Revenues From the State of Michigan .....	<u>\$ 4,966,357</u>	<u>\$ 6,396,666</u>	<u>\$ 6,059,714</u>	<u>\$ 6,167,280</u>	<u>\$ 6,215,500</u>
Percent of General Fund Revenue.....	13.98%	15.06%	15.90%	14.42%	13.61%

(1) As estimated

(2) As budgeted

Source: City of Kentwood

**Legal Debt Margin**

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of October 4, 2024.

Debt Limit (1) .....	\$ 372,066,940
Debt Outstanding.....	\$3,178,672
Less: Exempt Debt.....	<u>3,178,672</u>
Legal Debt Margin.....	<u>\$ 372,066,940</u>

(1) 10% of \$3,720,669,400 which is the City’s Total SEV for the fiscal year ending June 30, 2025. Includes the SEV of property granted tax abatement under Act 198.

Source: Municipal Advisory Council of Michigan and the City of Kentwood.

**Debt Statement**

The following table reflects a breakdown of the City’s direct and overlapping debt as of November 08, 2023 including the Bonds described herein. Direct debt that is shown as self-supporting is paid from sources other than the City’s General Fund.

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
General Obligation Bonds:			
Dated June 18, 2013 .....	\$ 0	\$ 0	\$ 0
Dated September 17, 2013.....	<u>3,178,672</u>	<u>3,178,672</u>	<u>0</u>
Total.....	<u>\$ 3,178,672</u>	<u>\$ 3,178,672</u>	<u>\$ 0</u>
Per Capita Net City Direct Debt (1) .....			\$ 0.00
Percent of Net Direct Debt to Total SEV (2).....			0.00%
		Percent of	
<u>Overlapping Debt (3)</u>	<u>Gross</u>	<u>Gross</u>	<u>City Share</u>
Kentwood School District .....	\$142,010,000	67.89%	\$ 96,410,589
Caledonia School District.....	187,394,867	8.47%	15,872,345
Forest Hills School District .....	116,070,000	5.42%	6,290,994
Kelloggsville School District .....	54,860,000	37.78%	20,726,108
Kent County .....	67,750,000	7.76%	5,257,400
Grand Rapids Community College .....	18,675,000	7.50%	1,400,625
Total Overlapping Debt .....	<u>\$ 586,759,867</u>		<u>\$ 145,958,061</u>
Total Direct & Overlapping Debt.....	<u>\$ 589,938,539</u>		<u>\$ 145,958,061</u>
Per Capita Net Overlapping Debt (1) .....			\$2,687.80
Percent of Net Overlapping Debt to Total SEV (2).....			3.92%
Per Capita Net Direct and Overlapping Debt (1).....			\$2,687.80
Percent of Net Direct and Overlapping Debt to Total SEV (2) .....			3.92%

(1) Based on the City’s 2010 Census of 54,304.  
(2) Based on \$3,720,669,400 which is the City’s Total SEV for the fiscal year ending June 30, 2025. Includes the SEV of property granted tax abatement under Act 198.  
(3) Overlapping debt is the portion of another taxing unit’s debt for which property taxpayers of the City are liable in addition to debt issued by the City.  
(4) The City issued general obligation limited tax bonds that were insured by Ambac. The rating of Ambac and the issues insured by Ambac have been lowered or removed by one or all of the nationally recognized statistical rating organizations.  
Source: Municipal Advisory Council of Michigan and City of Kentwood.



## Vredeveld Haefner LLC

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

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

November 19, 2024

Honorable Mayor and Members of the City Commission  
City of Kentwood, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kentwood (the City) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Kentwood's financial statements were:

Management's estimate of the useful lives of capital assets is based on previous history and future expectations and the estimate of pension and OPEB plan obligations are based on actuarial valuations of the plans. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Journal entries were proposed to and posted by Management to record the activity of the pension trust fund, and correct SBITAs.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 19, 2024.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We also noted the following during the performance of our audit:

#### **Event Cash**

During review of cash receipting control, it was noted that the City is currently holding cash to be used at events instead of depositing that cash in the bank. We recommend that the City implement policies to minimize cash on hand to prevent possible theft.

#### **Cash Receipting**

During review of cash receipting control, it was noted that all employees share a single login. We recommend that the City implement policy requiring each employee to use a unique log in. This will improve accountability and security of the cash receipting process.

#### **Property Tax Disbursements**

During review of property tax disbursements to other entities, it was noted that several payments to other entities were issued after the required disbursement date specified by the Michigan Department of Treasury. We recommend that the City implement procedures to ensure all property taxes are disbursed according to the Michigan Department of Treasury disbursement schedule.

### Other Matters

We applied certain limited procedures to required supplementary information (RSI), as itemized in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules and the schedule of expenditure of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Continuing Disclosure Filing, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of City Commission and management of the City of Kentwood and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

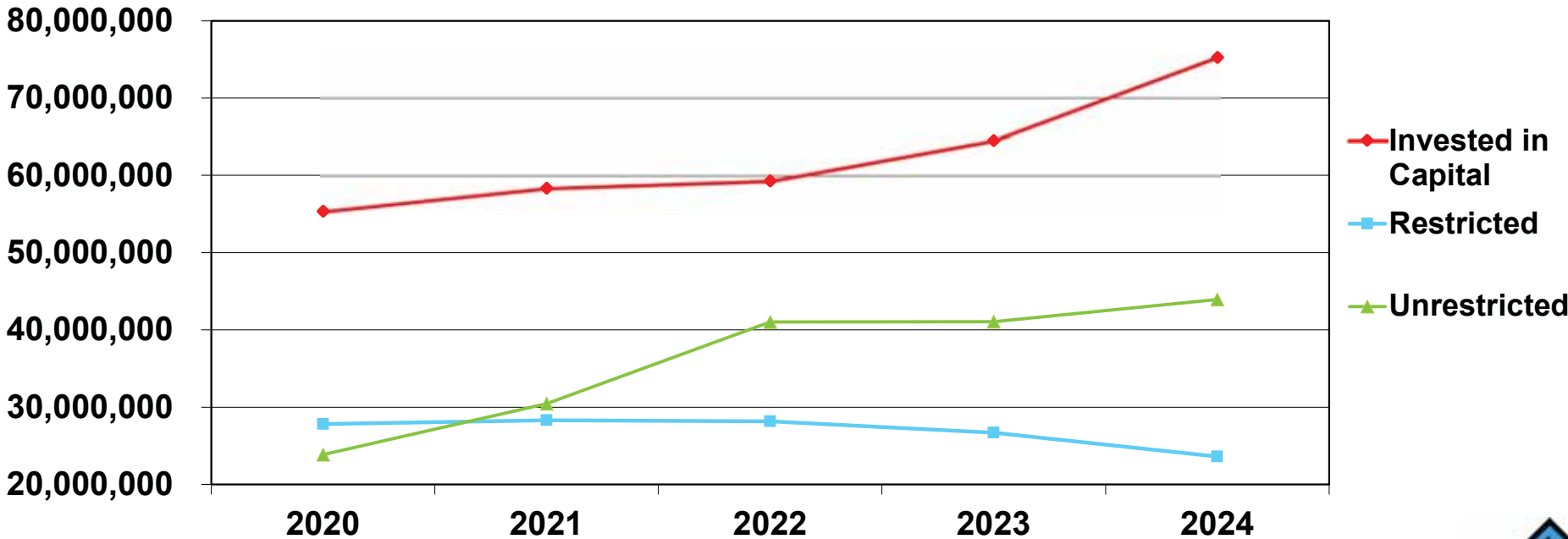
*Uredexeld Haefner LLC*

**CITY OF KENTWOOD  
YEAR ENDED JUNE 30, 2024**

**VREDEVELD HAEFNER LLC  
CPAS AND CONSULTANTS**

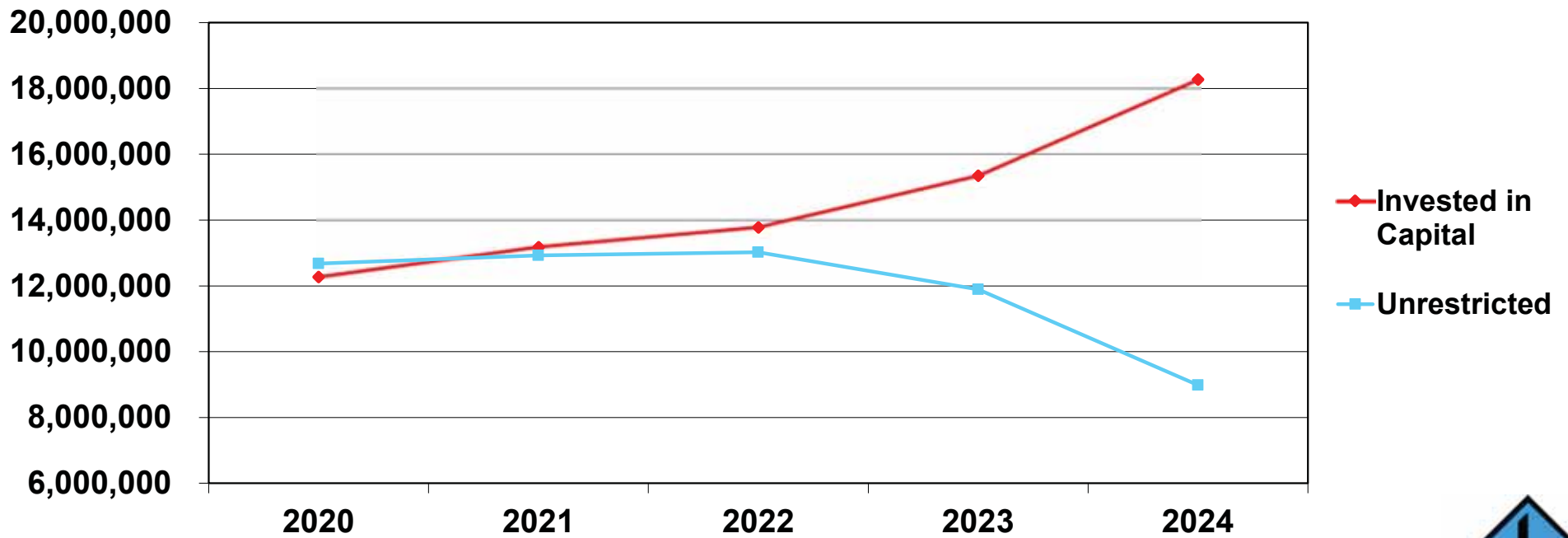


# NET ASSETS GOVERNMENTAL ACTIVITIES

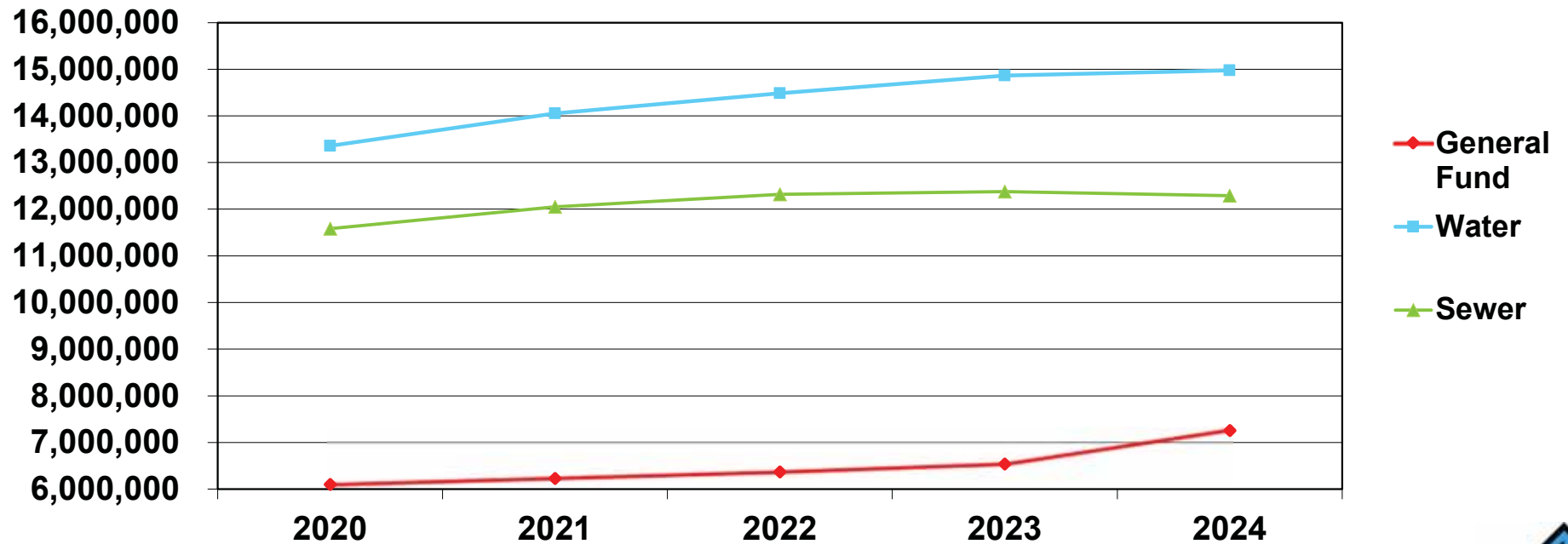




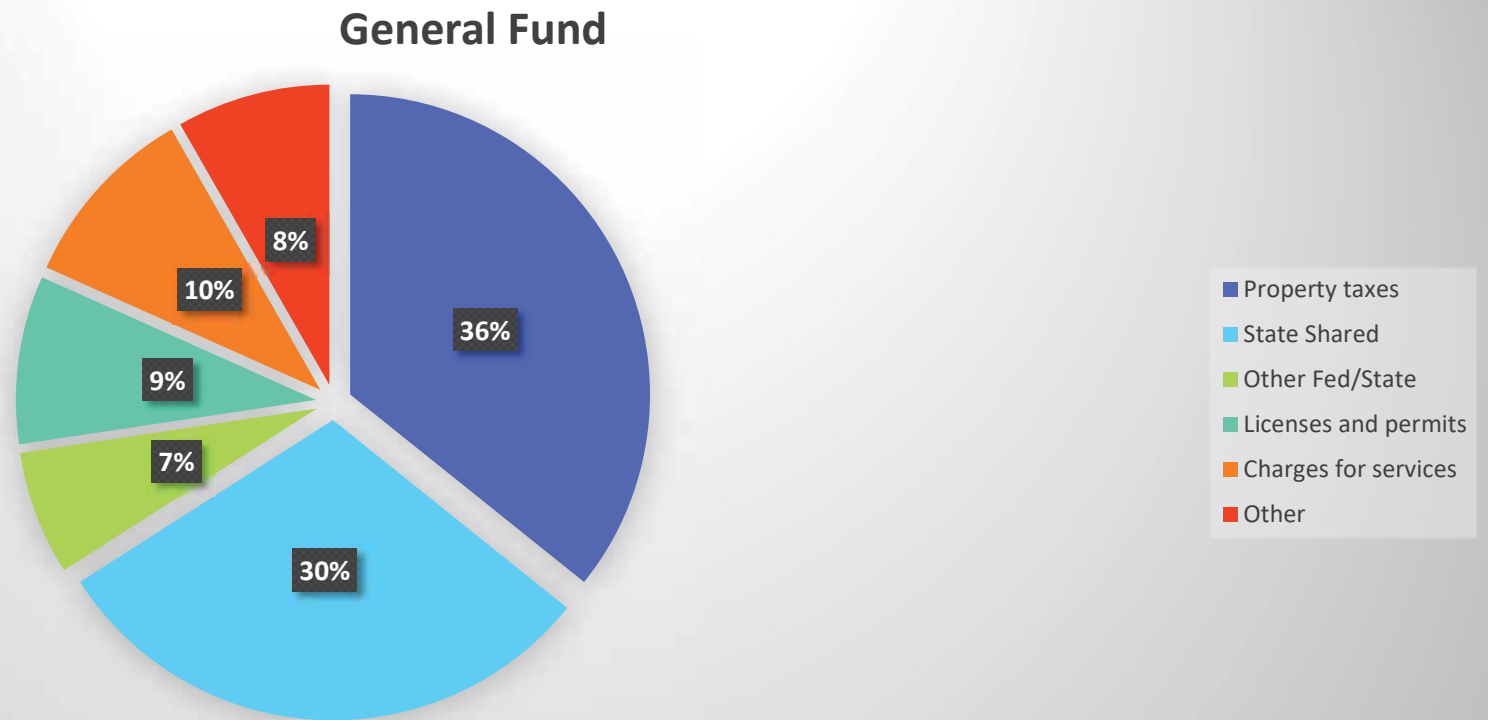
# NET ASSETS BUSINESS ACTIVITIES



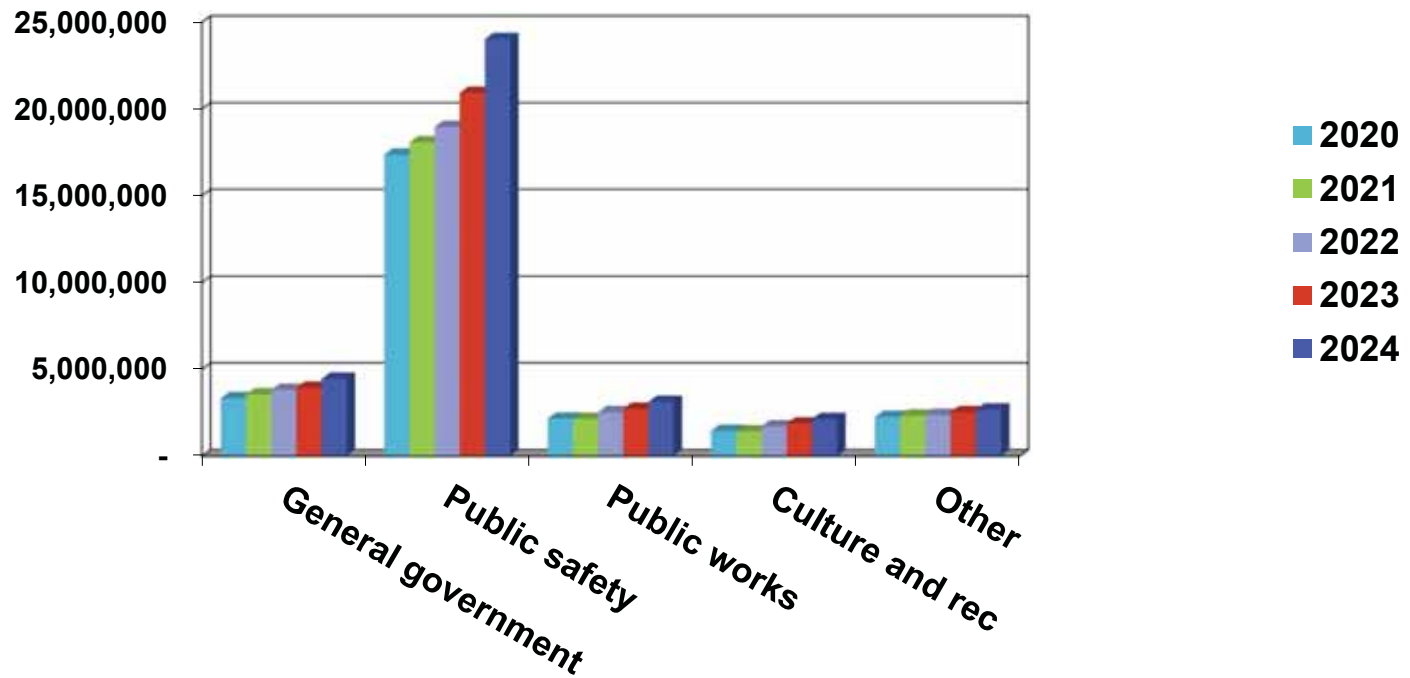
# SELECTED FUND FUND BALANCE/NET POSITION



# GENERAL FUND REVENUES



# EXPENDITURES BY FUNCTION GENERAL FUND



# CONTACT US!

**Douglas J. Vredeveld, CPA, CGFM**  
**Partner**

**(616) 446-7474**

**[dvredeveld@vh-cpas.com](mailto:dvredeveld@vh-cpas.com)**

**Peter Haefner, CPA**  
**Partner**

**(616) 460-9388**

**[phaefner@vh-cpas.com](mailto:phaefner@vh-cpas.com)**

**Vredeveld Haefner LLC**



December 3, 2024

RESOLUTION NO. – 24

CITY OF KENTWOOD  
KENT COUNTY, MICHIGAN

A RESOLUTION TO SET A PUBLIC HEARING FOR  
THE ESTABLISHMENT OF AN INDUSTRIAL DEVELOPMENT  
DISTRICT IN THE CITY OF KENTWOOD FOR  
TC 4301 60<sup>TH</sup> LLC

WHEREAS, Act 198 of Public Acts of 1974, as amended, allows local governments to establish Industrial Development Districts; and

WHEREAS, the proposed Industrial Development District for TC 4301 60<sup>th</sup> Street LLC is generally located at 4175 - 60<sup>th</sup> Street SE, Kentwood Michigan and is more fully described in the attached Exhibit “A”; and

WHEREAS, before establishing an Industrial Development District, the City Commission shall give written notice to all property owners in the proposed Industrial Development District, and shall hold a public hearing on the establishment of the Industrial Development District; and

WHEREAS, before establishing the Industrial Development District, the City Commission shall also give notice to the public and taxpayers of the City of Kentwood by publication of a notice of hearing, as attached; and

WHEREAS, a public hearing date must be set for the establishment of an Industrial Development District; NOW THEREFORE

BE IT RESOLVED, that the City Commission of the City of Kentwood, Michigan does hereby set the date of January 7, 2025 at 7:00 P.M. for a public hearing on whether to establish an Industrial Development District for TC 4301 60<sup>th</sup> Street LLC.

BE IT FURTHER RESOLVED that all resolutions or parts of resolutions inconsistent herewith are hereby rescinded.

EXHIBIT “A”

LEGAL DESCRIPTION

PART OF SW 1/4 COM 695.42 FT S 90D 00M 00S W ALONG S SEC LINE FROM S 1/4 COR TH S 90D 00M 00S W ALONG S SEC LINE 1277.51 FT TO A PT WHICH IS 660.0 FT N 90D 00M 00S E ALONG S SEC LINE FROM SW COR OF SEC TH N 0D 00M 00S E 469.0 FT TH N 81D 12M 15S W 194.43 FT TH S 77D 33M 30S W 61.43 FT TH S 61D 35M 00S W 474.19 FT TO W SEC LINE TH N 2D 01M 30S W ALONG W SEC LINE 1065.97 FT TO N LINE OF S 1/2 SW 1/4 TH S 89D 55M 36S E ALONG SD N LINE 2096.37 FT TH S 0D 00M 00S W 1042.46 FT TH S 90D 00M 00S W 112.0 FT TH S 0D 00M 00S W 280.0 FT TO BEG \* SEC 36 T6N R11W 55.92 A.  
SPLIT/COMBINED ON 04/20/2023 FROM 41-18-36-400-020;



PUBLIC NOTICE

To the Residents and Taxpayers of the City of Kentwood, Kent County, Michigan:

NOTICE OF HEARING  
TO CONSIDER THE ESTABLISHMENT OF AN  
INDUSTRIAL DEVELOPMENT DISTRICT  
TC 4301 60<sup>TH</sup> LLC

Please take notice that the City Commission of the City of Kentwood has been requested to establish an Industrial Development District for TC 4301 60<sup>th</sup> LLC on property generally located at 4175 60<sup>th</sup> Street SE, Kentwood, Michigan, and more fully described as:

PART OF SW 1/4 COM 695.42 FT S 90D 00M 00S W ALONG S SEC LINE FROM S 1/4 COR TH S 90D 00M 00S W ALONG S SEC LINE 1277.51 FT TO A PT WHICH IS 660.0 FT N 90D 00M 00S E ALONG S SEC LINE FROM SW COR OF SEC TH N 0D 00M 00S E 469.0 FT TH N 81D 12M 15S W 194.43 FT TH S 77D 33M 30S W 61.43 FT TH S 61D 35M 00S W 474.19 FT TO W SEC LINE TH N 2D 01M 30S W ALONG W SEC LINE 1065.97 FT TO N LINE OF S 1/2 SW 1/4 TH S 89D 55M 36S E ALONG SD N LINE 2096.37 FT TH S 0D 00M 00S W 1042.46 FT TH S 90D 00M 00S W 112.0 FT TH S 0D 00M 00S W 280.0 FT TO BEG \* SEC 36 T6N R11W 55.92 A.  
SPLIT/COMBINED ON 04/20/2023 FROM 41-18-36-400-020;

Take further notice that the City Commission will meet at the City Commission Chambers, 4900 Breton Avenue SE, Kentwood Michigan on January 7, 2025 at 7:00 PM for a public hearing on the proposed Industrial Development District.

Inquiry regarding the above matter may be made by calling Lisa M Golder, Economic Development Planner at (616) 554-0709.

---

Dan Kasunic  
Kentwood City Clerk

The foregoing resolution was proposed by Commissioner \_\_\_\_\_

and supported by Commissioner \_\_\_\_\_

AYES: Commissioners: \_\_\_\_\_

\_\_\_\_\_

NAYS: \_\_\_\_\_

\_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED

\_\_\_\_\_  
Dan Kasunic  
Kentwood City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Kentwood, Kent County, Michigan at a regular meeting held on December 3, 2024, and that the public notices of said meeting were given pursuant to Act No. 267 of the Michigan Public Acts of 1976, including in the case of a special or rescheduled meeting notice of publication or posting at least eighteen (18) hours prior to the time set for the meeting.

\_\_\_\_\_  
Dan Kasunic  
Kentwood City Clerk



## FINANCE DEPARTMENT

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### Memorandum

TO: Honorable Mayor and City Commission  
FROM: Thomas H. Chase, Post-Employment Benefits Administrator  
DATE: November 21, 2024  
RE: Amendment of City of Kentwood Retirement Health Savings Plan

Action Requested: It is requested that the City Commission adopt the attached resolution for the Fifth amendment of the City of Kentwood Retirement Health Savings Plan.

Background: The attached resolution amends the City's Retirement Health Savings Plan ("RHS Plan"), as follows:

- Effective 7/1/2024, the City shall contribute for Police Officers Labor Council - Kentwood Patrol Unit participants,
  - For Participants hired on or before 6/30/2004, \$100.00 per regular pay period;
  - For Participants hired 7/1/2004 to 12/31/2014, \$85.00 per regular pay period;
  - For Participants hired on or after 1/1/2015, \$65.00 per pay period.
- Effective 7/1/2024, set the mandatory employee contribution for Police Officers Labor Council - Kentwood Supervisory Unit participants,
  - For Participants hired on or before 6/30/2004, 2% of covered compensation;
  - For Participants hired 7/1/2004 to 12/31/2014, 2% of covered compensation;
  - For Participants hired on or after 1/1/2015, 1% of covered compensation.

These amendments are made in connection with negotiations with the applicable bargaining unit. For past effective dates, in accordance with the applicable collective bargaining agreements, the changes have already been implemented. For the City fiscal year ending 6/30/2025, the changes are estimated to cost approximately \$22,400, which will be accommodated within the adopted FY25 budget. Aside from the City's contribution to the RHS Plan beginning on the date specified, there is no additional cost to the City.

On 11/20/2024, the Post Employment Benefits Board recommended City Commission adoption of this resolution.

If you have any questions, please contact me at (616) 554-0789 or [chaset@kentwood.us](mailto:chaset@kentwood.us). Thank you.

Enclosure

3185.docx

CITY OF KENTWOOD  
RESOLUTION \_\_ - 24

A RESOLUTION FOR FIFTH AMENDMENT OF THE  
VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PROGRAM

MISSIONSQUARE RETIREMENT PLAN NUMBER: 803643 – NAME OF EMPLOYER: CITY OF KENTWOOD, MI

WHEREAS, the City established the City of Kentwood VantageCare Retirement Health Savings (RHS) Plan (the “Plan”), effective July 1, 2016, and

WHEREAS, the City has the right to amend the Plan at any time and from time to time, by resolution, pursuant to Sections 8.02 of the Plan, and

WHEREAS, it is recommended that the City Commission adopt this Fifth Amendment to the Plan, as follows:

- Effective 7/1/2024, the City shall contribute for Police Officers Labor Council - Kentwood Patrol Unit participants,
  - For Participants hired on or before 6/30/2004, \$100.00 per regular pay period;
  - For Participants hired 7/1/2004 to 12/31/2014, \$85.00 per regular pay period;
  - For Participants hired on or after 1/1/2015, \$65.00 per pay period.
- Effective 7/1/2024, set the mandatory employee contribution for Police Officers Labor Council - Kentwood Supervisory Unit participants,
  - For Participants hired on or before 6/30/2004, 2% of covered compensation;
  - For Participants hired 7/1/2004 to 12/31/2014, 2% of covered compensation;
  - For Participants hired on or after 1/1/2015, 1% of covered compensation.

NOW THEREFORE BE IT RESOLVED to adopt this Fourth Amendment to the Plan, effective January 1, 2024.

FURTHER RESOLVED that the City hereby authorizes the Mayor and the Post-Employment Benefits Administrator, or either of them acting alone, to execute any changes needed to Plan-related documents and agreements with MissionSquare Retirement incidental to this amendment of the Plan.

The foregoing Resolution was offered by Commissioner \_\_\_\_\_ supported by Commissioner \_\_\_\_\_, the vote was as follows:

YEAS:

NAYS:

ABSENT:

RESOLUTION DECLARED \_\_\_\_\_.

Dan Kasunic  
City Clerk

I hereby certify the foregoing to be a true copy of a resolution adopted at a regular meeting of the Kentwood City Commission held on December 3, 2024.

Dan Kasunic  
City Clerk

## ADDENDUM TO ADOPTION AGREEMENT DATED 8/14/2019

### MISSIONSQUARE RETIREMENT VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PROGRAM City of Kentwood, Michigan Plan Number 803643

This ADDENDUM is incorporated by reference in the Plan Adoption Agreement dated 8/14/2019. The Section Numbers below correspond to Section Numbers on Adoption Agreement.

III.A. Plan Dates – Plan Amendment Effective Date is **7/1/2024**, **except as noted below.**

IV. The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefits plan(s) established by the Employer: **City of Kentwood Retiree Welfare Benefits Plan.**

VI.A. Definition of Earnings: **A Participant’s W-2 earnings paid by Employer during the Plan Year, plus any contributions made pursuant to a salary reduction agreement that are not includible in an Employee’s gross income under IRC Section 125, 401(a), 457(b) or other similar plans, plus workers’ compensation insurance payments offset against an Employee’s gross pay through Employer’s payroll system.**

VI.B.1. Direct Employer Contributions and Mandatory Contributions

The Employer shall contribute on behalf of each Participant, as follows:

- **Kentwood General Employees’ Association**
  - Effective 7/1/2019, \$38.46 per regular pay period;
  - Effective 7/1/2022, \$42.31 per regular pay period.
- **Kentwood Professional Fire Fighters Union**
  - Effective 7/1/2019, \$76.92 per regular pay period;
  - Effective 7/1/2020, \$38.46 per regular pay period;
  - Effective 7/1/2022, \$50.00 per regular pay period;
  - Effective 7/1/2023, \$55.00 per regular pay period;
  - Effective 7/1/2024, \$60.00 per regular pay period.
- **Police Officers Labor Council – Kentwood Patrol Unit**
  - Effective 7/1/2018, \$1,000 per Plan Year;
  - Effective 7/1/2021, \$42.31 per regular pay period;
  - Effective 7/1/2023, \$55.00 per regular pay period;
  - **Effective 7/1/2024:**
    - **Participants hired on or before 6/30/2004, \$100.00 per regular pay period;**
    - **Participants hired 7/1/2004 to 12/31/2014, \$85.00 per regular pay period;**
    - **Participants hired on or after 1/1/2015, \$65.00 per regular pay period.**
- **Police Officers Labor Council – Kentwood Supervisory Unit**
  - Effective 7/1/2017, \$1,000 per Plan Year;
  - Effective 7/1/2020, \$42.31 per regular pay period;
  - Effective 7/1/2023, \$55.00 per regular pay period;
  - Effective 7/1/2024, \$60.00 per regular pay period.

- **Full-time non-union employees**
  - Effective 7/1/2019, \$38.46 per regular pay period;
  - Effective 7/1/2022, \$42.31 per regular pay period.

VI.B.2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation, as follows:

- **Kentwood General Employees' Association**
  - Effective 7/1/2016, \$5.00 per regular pay period.
- **Kentwood Professional Fire Fighters Union**
  - Effective 7/1/2016, 0.25% of Earnings;
  - Effective 7/1/2017, 0.50% of Earnings;
  - Effective 7/1/2018, 0.75% of Earnings;
  - Effective 7/1/2019, 1% of Earnings;
  - Effective 7/1/2022, 1.25% of Earnings;
  - Effective 7/1/2023, 1.5% of Earnings;
  - Effective 7/1/2024, 2% of Earnings.
- **Police Officers Labor Council – Kentwood Patrol Unit**
  - Effective 7/1/2018, 0.25% of Earnings;
  - **Effective 7/1/2024:**
    - Participants hired on or before 6/30/2004, 2% of Earnings;
    - Participants hired 7/1/2004 to 12/31/2014, 2% of Earnings;
    - Participants hired on or after 1/1/2015, 1% of Earnings.
- **Police Officers Labor Council – Kentwood Supervisory Unit**
  - Effective 7/1/2017, 0.25% of Earnings;
  - Effective 7/1/2023, 0.75% of Earnings.
- **Full-time non-union employees**
  - Effective 7/1/2016, 0.25% of Earnings.

VI.B.3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave, as follows:

- **Kentwood Professional Fire Fighters Union**
  - Effective 7/1/2016, 100% of Accrued Sick Leave payable at termination of employment.
- **Full-time non-union employees**
  - Effective 7/1/2016, 50% of Accrued Sick Leave payable at termination of employment;
  - Effective 7/1/2017, 0% of Accrued Sick Leave payable at termination of employment.

Employer: City of Kentwood, Michigan  
4900 Breton Ave., SE  
Kentwood, Michigan 49508  
(616) 698-9610

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Stephen C. N. Kepley, Mayor

Attest: \_\_\_\_\_ Date: \_\_\_\_\_  
Thomas H. Chase, Post-Employment Benefits Administrator



## Memorandum

TO: Honorable Mayor and City Commission  
FROM: Thomas H. Chase, Finance Director  
DATE: November 21, 2024  
RE: Amendment of City of Kentwood Defined Contribution Pension Plan and Trust

Action Requested: It is requested that the City Commission adopt the attached resolution to amend the City of Kentwood Defined Contribution Pension Plan and Trust (DC Plan) effective July 1, 2024.

Background: The attached resolution amends the City's DC Plan, as follows:

- Kentwood Professional Fire Fighters Union (KPFFU): Effective 7/1/2024, the employer contribution rate to the DC Plan is changed from 9% to 12%;
- Kentwood Professional Fire Fighters Union (KPFFU): Effective 7/1/2024, the employee mandatory contribution rate to the DC Plan is changed from 8% to 10%.

These amendments revise the attached Addendum to Adoption Agreement Dated 12/19/2023. Other Plan-related documents can continue without amendment.

For City fiscal year ending 6/30/2025 (FY 2025), the employer contribution change is estimated to cost approximately \$128,700, which is already included in the adopted FY 2025 budget. The employee contributions do not add to the City's costs.

On 11/20/2024, the Post Employment Benefits Board recommended City Commission adoption of this resolution.

If you have any questions, please contact me at (616) 554-0789 or [chaset@kentwood.us](mailto:chaset@kentwood.us). Thank you.

Enclosures

3190.docx



CITY OF KENTWOOD  
RESOLUTION \_\_ - 24

A RESOLUTION FOR FIRST AMENDMENT OF THE  
CITY OF KENTWOOD DEFINED CONTRIBUTION PENSION PLAN AND TRUST, DATED 7/1/2023

MISSIONSQUARE RETIREMENT PLAN NUMBER: 107202 – NAME OF EMPLOYER: CITY OF KENTWOOD, MI

WHEREAS, the City established the City of Kentwood Defined Contribution Pension Plan and Trust (the “Plan”), effective January 1, 1999, and restated the Plan on February 1, 2011 effective January 1, 2002, and restated the Plan effective January 1, 2016, January 1, 2022 and July 1, 2023, and

WHEREAS, the City has the right to amend the Plan at any time and from time to time, by resolution, and

WHEREAS, it is recommended that the City Commission adopt this First Amendment to the Plan, as follows:

- Kentwood Professional Fire Fighters Union (KPFU): Effective 7/1/2024, the employer contribution rate to the DC Plan is changed from 9% to 12%;
- Kentwood Professional Fire Fighters Union (KPFU): Effective 7/1/2024, the employee mandatory contribution rate to the DC Plan is changed from 8% to 10%.

NOW THEREFORE BE IT RESOLVED to adopt this First Amendment to the Plan, effective 7/1/2024.

FURTHER RESOLVED that the City hereby authorizes the Mayor and the Post-Employment Benefits Administrator, or either of them acting alone, to execute any changes needed to Plan-related documents and agreements with MissionSquare Retirement incidental to this amendment of the Plan.

The foregoing Resolution was offered by Commissioner \_\_\_\_\_ supported by Commissioner \_\_\_\_\_, the vote was as follows:

YEAS:

NAYS:

ABSENT:

RESOLUTION DECLARED \_\_\_\_\_.

Dan Kasunic  
City Clerk

I hereby certify the foregoing to be a true copy of a resolution adopted at a regular meeting of the Kentwood City Commission held on December 3, 2024.

Dan Kasunic  
City Clerk

**ADDENDUM TO ADOPTION AGREEMENT DATED 12/19/2023**  
MISSIONSQUARE RETIREMENT GOVERNMENTAL MONEY PURCHASE PLAN  
RESTATED EFFECTIVE JULY 1, 2023

**ADDENDUM AMENDS THE ADOPTION AGREEMENT EFFECTIVE 7/1/2024, EXCEPT AS NOTED BELOW**

City of Kentwood, Michigan Plan Number 107202  
(Numbers correspond to numbers on Adoption Agreement)

This ADDENDUM is incorporated by reference in the Plan Adoption Agreement dated 12/19/2023. The Section Numbers below correspond to Section Numbers on Adoption Agreement.

**V. COVERED EMPLOYMENT CLASSIFICATION**

1. All Employees in Covered Employment. Covered Employment is defined as:
  - a. employment by City while Employee is not accruing benefits under the City's defined benefit Employee Pension Plan;
  - b. Employee is classified Full-time as defined in the City of Kentwood Employee Handbook; and
  - c. Employee is not a nonresident alien.
2. Employees are eligible on the first Hour of Service if in Covered Employment.

**VI. CONTRIBUTION PROVISIONS**

1. A. The amount of the City contribution is:
  - i. Kentwood General Employees' Association – 9% of covered compensation
  - ii. Kentwood Professional Fire Fighters Union
    - 9% of covered compensation;
    - Effective 7/1/2024, 12% of covered compensation.
  - iii. Police Officers Labor Council (Kentwood Patrol Unit)
    - 9% of covered compensation;
    - Effective 7/1/2023, 12% of covered compensation.
  - iv. Police Officers Labor Council (Kentwood Supervisory Unit)
    - 9% of covered compensation;
    - Effective 7/1/2023, 12% of covered compensation.
  - v. Non-union hourly employees – 9% of covered compensation
  - vi. Hourly employees of the 62-B District Court – 9% of covered compensation
  - vii. Participants who are not members of a collective bargaining unit, non-union hourly employees, or hourly employees of the 62-B District Court – 12% of covered compensation

1.B. The Mandatory Participant Contributions are:

- i. Kentwood General Employees' Association – 4% of covered compensation
- ii. Kentwood Professional Fire Fighters Union
  - 8% of covered compensation;
  - Effective 7/1/2024, 10% of covered compensation.
- iii. Kentwood Professional Fire Fighters Union – 8% of covered compensation
- iv. Police Officers Labor Council (Kentwood Patrol Unit)
  - 6% of covered compensation;
  - Effective 7/1/2023, 10% of covered compensation.
- v. Police Officers Labor Council (Kentwood Supervisory Unit) – 8% of covered compensation
- vi. Non-union hourly employees – 4% of covered compensation
- vii. Hourly employees of the 62-B District Court – 4% of covered compensation
- viii. All other participants – not required or permitted to make contributions

**VII. EARNINGS**

- 3. Earnings include workers' compensation payments offset against an Employee's gross pay through the Employer's payroll system.

**VIII. ROLLOVER PROVISIONS**

- 1. The Plan will not accept rollovers from IRAs, except "conduit IRAs," but will accept rollovers from qualified plans, 403(b) plans, and 457 plans.

**X. VESTING PROVISIONS**

A "Year of Vesting Service" means each Plan Year during which the Employee completes at least one thousand (1,000) Hours of Service

The Plan has three vesting schedules:

For all Participants (except Police Patrol, Police Supervisory and Fire Fighter Participants):

Years of Vesting Service	Percentage
1	0%
2	50%
3	60%
4	80%
5	100%

For all Police Patrol and Police Supervisory Participants:

Years of Vesting Service	Percentage
1	0%
2	0%
3	0%
4	25%
5	50%
6	75%
7	100%

For all Fire Fighter Participants:

Years of Vesting Service	Percentage
1	0%
2	50%
3	60%
4	70%
5	80%
6	90%
7	100%

**XII. SPOUSAL PROTECTION**

3. The normal form of payment of benefits under the Plan is a 100% qualified joint and survivor annuity with the spouse (or life annuity, if single). With spousal consent, the Participant may elect a 50% joint and survivor annuity with the spouse, or other form of benefit permitted by the Plan. In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime, unless the spouse elects to receive benefits in another form permitted by the Plan. Spousal consent requirements in Article XII also will apply.

Employer: City of Kentwood, Michigan  
4900 Breton Ave., SE  
Kentwood, Michigan 49508  
(616) 698-9610

By: \_\_\_\_\_  
Stephen C. N. Kepley, Mayor

Attest: \_\_\_\_\_  
Thomas H. Chase, Post-Employment Benefits Administrator

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Total for fund 101 GENERAL FUND	184,459.14
Total for fund 202 MAJOR STREET	2,120.37
Total for fund 203 LOCAL STREET	3,104.04
Total for fund 205 POLICE & FIRE PROTECTION	811.12
Total for fund 208 PARK & RECREATION FUND	99.52
Total for fund 213 DRAIN FUND	476.24
Total for fund 244 ECONOMIC DEVELOPMENT FUND	5.68
Total for fund 271 LIBRARY FUND	34.35
Total for fund 401 PROPERTY BUILDING FUND	10,145.00
Total for fund 409 PARKS & RECREATION EQUIPMENT FUND	547.49
Total for fund 590 SEWER FUND	176,793.83
Total for fund 591 WATER FUND	112,127.50
Total for fund 677 SELF INSURANCE FUND	3,484.00
Total for fund 703 TAX COLLECTION FUND	131,174.66
TOTAL - ALL FUNDS	625,382.94

11/26/2024 01:07 PM  
 User: smithpy  
 DB: Kentwood

CHECK DISBURSEMENT REPORT FOR CITY OF KENTWOOD  
 CHECK DATE FROM 11/15/2024 - 11/21/2024

Check Date	Bank	Check #	Payee	Description	GL #	Amount
11/15/2024	AP-MB	4394 (A) 4394 (A)	52ND STREET AUTOWASH	POLICE - OCT 2024 INSPECTIONS - OCT 2024	101-301-740.000 101-371-740.000	675.00 36.00 <hr/> 711.00
11/15/2024	AP-MB	4395 (A)	ALLIANCE COMMUNICATIONS CENTER	CONTRACTUAL SERVICES - NOV 2024	591-536-801.000	135.00
11/15/2024	AP-MB	4396 (A)	APPLIED INNOVATION	RICOH IM C4510 MULTIFUNCTION	401-261-975.000	10,145.00
11/15/2024	AP-MB	4397 (A)	ANN BAKER	VEHICLE MILEAGE - OCT 2024	101-751-864.000	62.98
11/15/2024	AP-MB	4398 (A)	LORRAINE BELONCIS	VEHICLE MILEAGE - OCT 2024	101-751-864.000	24.79
11/15/2024	AP-MB	4399 (A) 4399 (A) 4399 (A)	BRADLEY'S ACE HARDWARE	INVENTORY MTR POOL PARTS CASH DISCOUNTS SUPPLIES	101-000-110.000 101-000-687.001 591-536-740.000	84.94 (2.39) 34.51 <hr/> 117.06
11/15/2024	AP-MB	4400 (A) 4400 (A)	BROADMOOR PRODUCTS INC	SUPPLIES SUPPLIES	101-261-740.000 101-790-740.000	426.31 971.66 <hr/> 1,397.97
11/15/2024	AP-MB	4401 (A)	CALEDONIA COMMUNITY SCHOOLS	TAX - S TAX 24	703-000-225.050	132.09
11/15/2024	AP-MB	4402 (A)	CALEDONIA COMMUNITY SCHOOLS	TAX - S TAX 24	703-000-225.050	113.22
11/15/2024	AP-MB	4403 (A)	COURTESY DODGE	VEHICLE REPAIR & MAINTENANCE	101-301-861.934	1,494.56
11/15/2024	AP-MB	4404 (A)	DAYSMAST RECREATION	SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES	101-751-830.000	55.44
11/15/2024	AP-MB	4405 (A) 4405 (A) 4405 (A)	GAIL DEWEY	OTHER EMPLOYEE BENEFITS-WELLNESS VEHICLE MILEAGE - OCT 2024 EDUCATION & TRAINING - DEWEY	101-270-725.226 101-270-864.000 101-270-956.000	31.98 9.11 596.00 <hr/> 637.09
11/15/2024	AP-MB	4406 (A)	EJ USA, INC	MAINTENANCE ROAD & STREET	203-449-778.001	921.81
11/15/2024	AP-MB	4407 (A)	ELECT RISK MANAGEMENT SOLUTIONS	CLAIMS - MEDICAL - 10/16-10/31/24	677-625-965.716	3,484.00
11/15/2024	AP-MB	4408 (A)	CONNOR ELSEY	OFFICIATING PAY PE - 11/8/24	101-751-801.000	75.00
11/15/2024	AP-MB	4409 (A) 4409 (A)	ETNA SUPPLY	SUPPLIES 2" OMNI + T2	101-336-740.000 591-536-782.000	88.99 2,620.00 <hr/> 2,708.99
11/15/2024	AP-MB	4410 (A)	FASTSIGNS	INVENTORY MTR POOL PARTS	101-000-110.000	59.74
11/15/2024	AP-MB	4411 (A)	FLUID CONNECTIONS INC	INVENTORY MTR POOL PARTS	101-000-110.000	15.02







Check Date	Bank	Check #	Payee	Description	GL #	Amount
11/15/2024	AP-MB	4448 (A)	SMART BUSINESS SOURCE LLC	SUPPLIES	101-286-740.000	136.98
		4448 (A)		SUPPLIES	101-441-740.000	85.63
						<u>222.61</u>
11/15/2024	AP-MB	4449 (A)	SPORTING U	UNIFORM EXPENSE	101-447-743.000	442.52
11/15/2024	AP-MB	4450 (A)	TRANE	REPAIR & MAINTENANCE	101-261-934.000	362.50
11/15/2024	AP-MB	4451 (A)	TRUCK & TRAILER SPECIALTIES	INVENTORY MTR POOL PARTS	101-000-110.000	2,462.54
11/15/2024	AP-MB	4452 (A)	TYLER SUPPLY COMPANY	Drawer Mounting Upright 48H x 24D	101-441-740.000	253.85
		4452 (A)		Drawer Mounting Upright 36H x 24D	101-441-740.000	213.50
		4452 (A)		DIS Drawer 48 x 24 x 4.5 - 1306 -16	101-441-740.000	1,553.00
		4452 (A)		DIS Drawer 48 x 24 x 3 - 1105 - 25	101-441-740.000	2,486.80
		4452 (A)		DIS Drawer 36 x 24 x 4.5 - 1005 - 20	101-441-740.000	1,719.00
		4452 (A)		Estimated Shipping	101-441-740.000	300.00
						<u>6,526.15</u>
11/15/2024	AP-MB	4453 (A)	UKG KRONOS SYSTEMS LLC	SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES	101-270-830.000	1,549.34
11/15/2024	AP-MB	4454 (A)	VRC COMPANIES	RECORD RETENTION - NOV 2024	101-257-801.000	7.85
		4454 (A)		RECORD RETENTION - NOV 2024	101-261-801.000	49.95
		4454 (A)		RECORD RETENTION - NOV 2024	101-301-801.000	367.42
		4454 (A)		RECORD RETENTION - NOV 2024	101-371-801.000	66.39
		4454 (A)		RECORD RETENTION - NOV 2024	101-447-801.000	130.73
		4454 (A)		RECORD RETENTION - NOV 2024	101-701-801.000	26.17
		4454 (A)		RECORD RETENTION - NOV 2024	244-728-801.000	5.68
						<u>654.19</u>
11/15/2024	AP-MB	4455 (A)	VREDEVELD HAEFNER LLC	AUDIT FEES - THRU 10/31/24	101-201-803.001	15,000.00
11/15/2024	AP-MB	4456 (A)	WASTE TRENDS	5660 DISCOVERY SE	101-000-677.701	80.00
11/15/2024	AP-MB	4457 (A)	WEST MICHIGAN JANITORIAL	CONTRACTUAL SERVICES - OCT 2024	101-286-801.000	2,917.50
		4457 (A)		CONTRACTUAL SERVICES - OCT 2024	101-301-801.000	6,807.50
		4457 (A)		CONTRACTUAL SERVICES - OCT 2024	101-441-801.000	5,350.00
		4457 (A)		CONTRACTUAL SERVICES - OCT 2024	101-751-801.000	2,050.00
		4457 (A)		CONTRACTUAL SERVICES - OCT 2024	101-770-801.000	375.00
		4457 (A)		CONTRACTUAL SERVICES - OCT 2024	101-790-801.000	9,000.00
						<u>26,500.00</u>
11/20/2024	AP-MB	4458 (E)	PURCHASE POWER	POSTAGE-3947	101-261-728.000	5,620.49
11/21/2024	AP-MB	275904	AB SPRING SERVICE	VEHICLE REPAIR & MAINTENANCE	101-336-861.934	364.21
11/21/2024	AP-MB	275905	AD-AMERICA MARKETING GROUP	SUPPLIES	101-751-740.000	120.00
11/21/2024	AP-MB	275906	AT&T	831 001 0836 727 - 11/7-12/6/24	101-261-923.000	1,202.89

Check Date	Bank	Check #	Payee	Description	GL #	Amount
		275906		616 532 7915 212 8 - 10/28-11/27/24	101-441-850.000	55.98
		275906		616 R01 5636 123 6 - 11/1-11/30/24	590-536-923.000	156.88
						1,415.75
11/21/2024	AP-MB	275907	AT&T MOBILITY	WI-FI VARIOUS-CHG ACCT#287303434683	101-770-923.000	507.36
11/21/2024	AP-MB	275908	AT&T MOBILITY	ACCT#287290134314 - 10/7-11/6/24	101-301-923.000	18.12
		275908		ACCT#287290134314 - 10/7-11/6/24	101-447-923.000	18.12
						36.24
11/21/2024	AP-MB	275909	BILL & PAUL'S SPORTHAUS	SUPPLIES - THE VIBE GIVING WALL	101-753-740.000	98.56
11/21/2024	AP-MB	275910	CAROLE'S CATERING	SUPPLIES - 11/13/24	101-751-740.000	1,600.00
11/21/2024	AP-MB	275911	CENGAGE LEARNING, INC.	Infosec IQ Standard - Year 2	101-000-123.000	3,871.35
		275911		Infosec IQ Standard - Year 3	101-000-123.000	3,871.35
		275911		Infosec IQ Standard - Year 1	101-228-830.000	3,871.35
						11,614.05
11/21/2024	AP-MB	275912	COLLINSON ENTERPRISES	UNIFORM EXPENSE	101-301-743.000	224.75
11/21/2024	AP-MB	275913	CONSUMERS ENERGY	100013677677	101-336-920.000	1,044.28
		275913		100011131024	101-770-920.000	83.11
		275913		103047956810	101-770-920.000	117.08
		275913		100084342698	202-449-778.001	30.89
						1,275.36
11/21/2024	AP-MB	275914	CORELOGIC	DUE TO CUSTOMER	101-000-202.001	327.93
		275914		DUE TO CUSTOMER	205-000-202.001	811.12
		275914		DUE TO CUSTOMER	208-000-202.001	99.52
		275914		DUE TO CUSTOMER	271-000-202.001	34.35
		275914		DUE TO CUSTOMER	703-000-202.001	2,150.16
						3,423.08
11/21/2024	AP-MB	275915	DREW WIRELESS - ANDREW J FELDE	SUPPLIES	101-336-740.000	600.00
11/21/2024	AP-MB	275916	SCOTT DRUMM	EDUCATION & TRAINING - 10/22-10/23/24	101-301-956.000	76.00
11/21/2024	AP-MB	275917	DTE ENERGY	910021269162	101-790-921.000	387.58
11/21/2024	AP-MB	275918	ESO SOLUTIONS, INC.	ER-FIRE HISTORICAL ACCESS	101-336-830.000	530.45
11/21/2024	AP-MB	275919	GRAND MARK PROPERTIES MGMT	DEPOSIT REFUND	101-000-647.755	175.00
11/21/2024	AP-MB	275920	GRIZZEL & ASSOCIATES INC	SMALL CLAIMS PROCESS SERVER FEES	101-253-801.000	104.13
11/21/2024	AP-MB	275921	SHARON HANER	VEHICLE MILEAGE - 10/22-10/24/24	101-288-864.000	235.84
		275921		EDUCATION & TRAINING - 10/16-10/24/24	101-288-956.000	81.11

Check Date	Bank	Check #	Payee	Description	GL #	Amount
						316.95
11/21/2024	AP-MB	275922	HERBST BENJAMIN	Overpayment	101-000-202.001	80.00
11/21/2024	AP-MB	275923	HOUSE ARREST SERVICES, INC.	CONTRACTUAL SERVICES - OCT 2024	101-287-801.000	165.00
11/21/2024	AP-MB	275924	JENKINS JR, EDDIE B	Sewer	590-000-040.000	144.72
		275924		Sewer RTS	590-000-040.000	4.85
		275924		Water RTS	591-000-040.000	5.63
						<u>155.20</u>
11/21/2024	AP-MB	275925	KENTWOOD OFFICE FURNITURE	WELLNESS ROOM CHAIR	101-441-740.000	739.00
11/21/2024	AP-MB	275926	LEXIPOL, LLC	POLICE ONE ACADEMY ANNUAL RATE	101-301-957.001	4,953.30
11/21/2024	AP-MB	275927	LEXIS NEXIS RISK SOLUTIONS	TRAX, 10/1/24-9/30/25	101-301-830.000	2,894.06
11/21/2024	AP-MB	275928	ORKIN	CONTRACTUAL SERVICES - OCT 2024	101-261-801.000	85.41
		275928		CONTRACTUAL SERVICES - OCT 2024	101-286-801.000	25.26
		275928		CONTRACTUAL SERVICES - OCT 2024	101-301-801.000	58.95
		275928		CONTRACTUAL SERVICES - OCT 2024	101-336-801.000	214.45
		275928		CONTRACTUAL SERVICES - OCT 2024	101-441-801.000	129.57
		275928		CONTRACTUAL SERVICES - OCT 2024	101-770-801.000	48.35
		275928		CONTRACTUAL SERVICES - OCT 2024	101-790-801.000	88.92
						<u>650.91</u>
11/21/2024	AP-MB	275929	62-B DISTRICT COURT - PETTY CASH	WITNESS FEES & JURY FEES - 10/30/24	101-286-806.000	638.98
11/21/2024	AP-MB	275930	62-B DISTRICT COURT - PETTY CASH	WITNESS FEES & JURY FEES -10/16/24	101-286-806.000	753.54
11/21/2024	AP-MB	275931	PINE REST CHRISTIAN MENTAL	CONTRACTUAL SERVICES - CW	101-336-801.000	1,250.00
11/21/2024	AP-MB	275932	QUADIANT FINANCE USA, INC.	POSTAGE - 9/24-10/17/24	101-286-728.000	1,000.00
11/21/2024	AP-MB	275933	RANGE KLEEN MFG., INC.	BLACK BULK FAT TRAPPER BINS	590-536-740.000	787.20
		275933		FOIL LINED FAT TRAPPER BAG	590-536-740.000	705.00
						<u>1,492.20</u>
11/21/2024	AP-MB	275934	SHELDON CLEANERS	UNIFORM EXPENSE - FIRE - OCT 2024	101-336-743.000	512.82
11/21/2024	AP-MB	275935	STATE OF MICHIGAN	POLICE - LIVESCAN FEES - OCT 2024	101-000-630.006	2,201.75
11/21/2024	AP-MB	275936	STATE OF MICHIGAN	S.O.R. REG - P.E. - 10/31/24	101-000-630.000	180.00
11/21/2024	AP-MB	275937	DAISY STEWART	EDUCATION & TRAINING - 10/29/24	101-301-956.000	14.56
11/21/2024	AP-MB	275938	VMJH	GASOLINE EXPENSE	101-441-862.000	2,033.63
11/21/2024	AP-MB	275939	VREDEVOOGD HEATING & COOLING	Overpayment	101-000-202.001	70.00

Check Date	Bank	Check #	Payee	Description	GL #	Amount
11/21/2024	AP-MB	275940	JIM WOLFORD	REIMB PURCH-COVER FOR MOBILE STAGE	409-751-975.000	547.49
11/21/2024	AP-MB	275941	CITY OF WYOMING	SEWER SERVICES PURCH - OCT 2024	590-536-961.000	174,995.18
		275941		WATER PURCHASES - OCT 2024	591-536-960.000	85,217.68
		275941		WATER PURCHASES-HP - OCT 2024	591-536-960.001	24,114.68
						284,327.54
TOTAL - ALL FUNDS				TOTAL OF 103 CHECKS		625,382.94

--- GL TOTALS ---

101-000-110.000	INVENTORY MTR POOL PARTS	3,905.79
101-000-123.000	PREPAID EXPENSE	7,742.70
101-000-202.001	DUE TO CUSTOMER	477.93
101-000-222.000	DUE TO COUNTY	527.50
101-000-225.000	DUE TO SCHOOLS	2,110.00
101-000-630.000	POLICE SERVICES	180.00
101-000-630.006	POLICE - FINGER PRINTS	2,201.75
101-000-647.755	REC DEPT- RENTAL INCOME	175.00
101-000-677.701	OTHER REVENUE - PLANNING	80.00
101-000-687.001	CASH DISCOUNTS	(2.39)
101-201-803.001	AUDIT FEES	15,000.00
101-228-830.000	SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES	3,871.35
101-228-831.000	MAINTENANCE AGREEMENTS	26,228.12
101-253-801.000	CONTRACTUAL SERVICES	104.13
101-257-801.000	CONTRACTUAL SERVICES	7.85
101-261-728.000	POSTAGE	5,620.49
101-261-740.000	SUPPLIES	459.14
101-261-801.000	CONTRACTUAL SERVICES	5,601.76
101-261-900.000	PRINTING & PUBLISHING	3,771.24
101-261-923.000	INTERNET	1,202.89
101-261-934.000	REPAIR & MAINTENANCE	362.50
101-270-725.226	OTHER EMPLOYEE BENEFITS-WELLNESS	31.98
101-270-830.000	SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES	1,549.34
101-270-864.000	VEHICLE MILEAGE	9.11
101-270-956.000	EDUCATION & TRAINING	596.00
101-286-728.000	POSTAGE	1,000.00
101-286-740.000	SUPPLIES	136.98
101-286-801.000	CONTRACTUAL SERVICES	2,977.76
101-286-806.000	WITNESS FEES & JURY FEES	1,392.52
101-286-830.000	SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES	253.00
101-286-934.000	REPAIR & MAINTENANCE	70.88
101-287-801.000	CONTRACTUAL SERVICES	165.00
101-288-864.000	VEHICLE MILEAGE	235.84
101-288-956.000	EDUCATION & TRAINING	81.11
101-301-740.000	SUPPLIES	675.00
101-301-743.000	UNIFORM EXPENSE	224.75
101-301-801.000	CONTRACTUAL SERVICES	8,285.93

Check Date	Bank	Check #	Payee	Description	GL #	Amount
101-301-830.000				SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES		6,482.06
101-301-861.934				VEHICLE REPAIR & MAINTENANCE		1,494.56
101-301-923.000				INTERNET		18.12
101-301-934.000				REPAIR & MAINTENANCE		165.37
101-301-956.000				EDUCATION & TRAINING		90.56
101-301-957.001				EDUC & TRAINING ST POLICE - CPE		4,953.30
101-336-740.000				SUPPLIES		688.99
101-336-743.000				UNIFORM EXPENSE		512.82
101-336-801.000				CONTRACTUAL SERVICES		1,464.45
101-336-830.000				SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES		530.45
101-336-861.934				VEHICLE REPAIR & MAINTENANCE		364.21
101-336-920.000				ELECTRIC		1,044.28
101-371-740.000				SUPPLIES		36.00
101-371-801.000				CONTRACTUAL SERVICES		68.49
101-441-740.000				SUPPLIES		7,384.63
101-441-743.000				UNIFORM EXPENSE		1,174.90
101-441-745.000				EQUIPMENT RENTAL		2,009.50
101-441-801.000				CONTRACTUAL SERVICES		7,250.57
101-441-850.000				TELEPHONE		55.98
101-441-862.000				GASOLINE EXPENSE		2,230.38
101-441-934.000				REPAIR & MAINTENANCE		90.00
101-447-743.000				UNIFORM EXPENSE		442.52
101-447-801.000				CONTRACTUAL SERVICES		130.73
101-447-923.000				INTERNET		18.12
101-701-801.000				CONTRACTUAL SERVICES		26.17
101-751-740.000				SUPPLIES		1,775.93
101-751-801.000				CONTRACTUAL SERVICES		2,125.00
101-751-830.000				SOFTWARE MAINT/SUBSCRIPTIONS/LICENSES		55.44
101-751-864.000				VEHICLE MILEAGE		87.77
101-751-934.000				REPAIR & MAINTENANCE		90.00
101-753-740.000				SUPPLIES		98.56
101-753-801.000				CONTRACTUAL SERVICES		521.13
101-754-801.000				CONTRACTUAL SERVICES		30,061.40
101-770-745.000				EQUIPMENT RENTAL		2,009.50
101-770-801.000				CONTRACTUAL SERVICES		423.35
101-770-920.000				ELECTRIC		200.19
101-770-923.000				INTERNET		507.36
101-790-740.000				SUPPLIES		986.90
101-790-801.000				CONTRACTUAL SERVICES		9,088.92
101-790-921.000				HEAT		387.58
202-449-778.001				MAINTENANCE ROAD & STREET		2,120.37
203-449-778.001				MAINTENANCE ROAD & STREET		3,104.04
205-000-202.001				DUE TO CUSTOMER		811.12
208-000-202.001				DUE TO CUSTOMER		99.52
213-445-778.004				MAINTENANCE DRAINS		476.24
244-728-801.000				CONTRACTUAL SERVICES		5.68
271-000-202.001				DUE TO CUSTOMER		34.35
401-261-975.000				CAPITAL OUTLAY		10,145.00

Check Date	Bank Check #	Payee	Description	GL #	Amount
409-751-975.000			CAPITAL OUTLAY		547.49
590-000-040.000			ACCOUNTS RECEIVABLE		149.57
590-536-740.000			SUPPLIES		1,492.20
590-536-923.000			INTERNET		156.88
590-536-961.000			SEWER SERVICES PURCHASED		174,995.18
591-000-040.000			ACCOUNTS RECEIVABLE		5.63
591-536-740.000			SUPPLIES		34.51
591-536-782.000			MAINTENANCE METERS WATER		2,620.00
591-536-801.000			CONTRACTUAL SERVICES		135.00
591-536-960.000			WATER PURCHASES		85,217.68
591-536-960.001			WATER PURCHASES-HP		24,114.68
677-625-965.716			CLAIMS - MEDICAL		3,484.00
703-000-202.001			DUE TO CUSTOMER		2,150.16
703-000-222.000			DUE TO COUNTY		19,247.72
703-000-225.050			DUE TO CALEDONIA PUBLIC SHCOOLS		245.31
703-000-225.110			DUE TO FOREST HILLS PUBLIC SCHOOLS		339.32
703-000-225.140			DUE TO KELLOGGSVILLE PUBLIC SCHOOLS		5,085.63
703-000-225.160			DUE TO KENTWOOD PUBLIC SCHOOLS		36,050.70
703-000-228.000			DUE TO SET		28,176.59
703-000-230.001			DUE TO INTERURBAN TRANSIT PARTNERSHIP		6,550.86
703-000-234.000			DUE TO INTERMEDIATE SCHOOL DISTRICT		25,368.24
703-000-235.000			DUE TO COMMUNITY COLLEGE		7,960.13
			TOTAL		625,382.94

**PROPOSED MINUTES OF THE REGULAR MEETING  
OF THE KENTWOOD CITY COMMISSION  
HELD NOVEMBER 19, 2024  
Commission Chambers**

Mayor Stephen Kepley called the meeting to order at 7:04 P.M.

Commissioner Tyson led the Pledge of Allegiance to the Flag.

Commissioner Morgan gave the invocation.

Roll Call: Present: Commissioners: Betsy Artz, Robert Coughlin, David Moore II, Clarkston Morgan, Dustin Moseley, Jessica Ann Tyson and Mayor Stephen Kepley.

Staff Present: Deputy City Administrator Shay Gallagher, Communications Specialist Ariana Farina, Finance Director Keyla Garcia, Economic Development Planner Lisa Golder, Public Works Director Chad Griffin, KDL Regional Manager Kiosha Jeltema, Deputy Fire Chief Mike Hipp, Engineering & Inspections Director Jim Kirkwood, Police Chief Bryan Litwin, Fire Chief Brent Looman, Parks and Recreation Director Val Romeo, Deputy City Clerk Becky Schultz, Fire Department Administrative Assistant Nancy Shane, City Treasurer Laurie Sheldon, and City Attorney Jeff Sluggett.

Two (2 ) citizens attended the meeting.

Motion by Morgan, seconded by Moseley, to **approve the agenda.**

Motion Carried.

**CONSENT AGENDA:** (All items under this section are considered to be routine and will be enacted by one motion with no discussion. If discussion is desired by a Commission member, that member may request removal of an item from the Consent Agenda.)

Motion by Morgan, seconded by Moseley, to approve the Consent Agenda as follows:

- A. Receive and file minutes of the Committee of the Whole held on November 13, 2024.
- B. Payables for the City totaling \$421,175.68.

Roll Call Vote: Yeas: All. Nays: None. Absent: None.

Motion Carried.

Motion by Artz, seconded by Coughin, to **approve the minutes** of the November 13, 2024 City Commission Meeting as distributed.

Motion Carried.

City Commission Meeting  
November 19, 2024.

**PRESENTATIONS AND PROCLAMATIONS:**

**ADMINISTER OATH OF OFFICE TO FIRE LIEUTENANT, FIRE INSPECTOR AND FIREFIGHTER.**

Fire Chief Looman introduced Fire Lieutenant Ryan Ricketson, Fire Inspector Kevin Maday, and Firefighter Chad Wilson. Deputy City Clerk Schultz gave the Oath of Office. They introduced family and friends who were present.

**POLICE AND FIRE DEPARTMENT MONTHLY REPORTS.**

**FIRE DEPARTMENT MONTHLY REPORT FOR OCTOBER 2024.**

Fire Chief Looman reviewed the Fire Department Monthly Report for October 2024. He noted the Department is at full staff and Fire Inspections training is ongoing. Action on a training center will come before the Commission in December.

**POLICE DEPARTMENT MONTHLY REPORT FOR OCTOBER 2024.**

Police Chief Litwin reviewed the Police Department Monthly Report for October 2024. The department had pink badges available for Breast Cancer Awareness month, with funds raised going to the Susan G. Komen foundation.

Motion by Artz, seconded by Moore, to receive and file the Police and Fire Monthly Reports for October 2024.

Motion Carried.

**COMMUNICATIONS AND PETITIONS:**

**APPROVE LAND DIVISION FOR PARCEL OF PROPERTY LOCATED AT 1800-44<sup>TH</sup> STREET.**

Economic Development Planner Golder reviewed the proposed land division for property located at 1800-44<sup>th</sup> Street for owners Storage 5, Kentwood, LLC.

Motion by Coughlin, seconded by Moseley, to approve the land division for a 0.66 acre parcel of property located at 1800-44<sup>th</sup> Street as allowed under Section 10 (a) of the City of Kentwood Subdivision Control Regulations with the condition that an access easement is provided between proposed parcels 2 and 3.

Motion Carried.

**BIDS:**

**AUTHORIZE CONTRACT FOR CITY HALL HVAC SYSTEM UPGRADES.**

DPW Director Griffin reviewed his memorandum dated November 19, 2024.

Motion by Moore, seconded by Artz, to authorize the Mayor to enter into a contract with Trane, Inc. for the refurbishment of the Energy Recovery Unit and replacement of the dehumidification system at City Hall at a total cost not-to-exceed \$329,550.00 (including



City Commission Meeting  
November 19, 2024.

a 10% contingency), with funds from the Property and Building Fund, with the rest of the upgrades paid by Energy Efficiency and Conservation Block Grant, under Special Circumstances, as allowed under the City of Kentwood Purchasing Policy.

Motion Carried.

**AUTHORIZE CONTRACT FOR CITY FACILITY TRASH AND RECYCLING SERVICES.**

DPW Director Griffin reviewed his memorandum dated November 19, 2024.

Motion by Artz, seconded by Moseley, to authorize the Mayor to contract with GFL Environmental for city facility trash and recycling services for a three-year period (2025-2027) with the option to renew for an additional two-year period, at rates as described in the memorandum dated November 19, 2024, with funds from the applicable General Fund department budgets for each fiscal year of this contract under Special circumstances, as allowed under the City of Kentwood Purchasing Policy.

Motion Carried.

**APPROVE PURCHASE OF NINE CHEVROLET TAHOES FOR THE POLICE DEPARTMENT.**

Police Chief Litwin reviewed his memorandum dated November 19, 2024 noting that patrol vehicles chosen in the past have shifted to electric, which will not support the additional features required for a police vehicle.

Motion by Coughlin, seconded by Artz, to approve the purchase of nine 2025-model year Chevrolet Tahoes from Berger Chevrolet-Grand Rapids in the amount of \$486,000.00, plus equipment accessories, decals, and upfitting services at a total not-to-exceed cost of \$215,000.00, for a grand total of \$701,000.00; with funds from the FY 2024-2025 Police Equipment Fund, piggybacking on the State of Michigan MiDEAL contract pricing.

Motion Carried.

**AUTHORIZE CONTRACT FOR ENGINEERING SERVICES FOR DIVISION AVENUE PEDESTRIAN IMPROVEMENTS.**

Engineering and Inspections Director Kirkwood reviewed his memorandum dated November 19, 2024, noting the crossing will be push button activated with a traffic signal for pedestrian safety.

Motion by Artz, seconded by Tyson, to authorize the Mayor to execute a contract for design and construction engineering services with ROWE Professional Services Company for pedestrian improvements on Division Avenue, in an amount not-to-exceed \$86,000.00 (including a 10% contingency), with funds from the Major Street Fund, with Special Circumstances as allowed under the City of Kentwood Purchasing Policy.

Motion Carried.

**AUTHORIZE CONTRACT FOR CLEARGOV BUDGETING SUITES SOFTWARE.**

Finance Director Garcia reviewed her memorandum dated November 19, 2024, noting the budgeting tool can be available for use starting in December for the 2025-26 process.

Motion by Moseley, seconded by Moore, to authorize the Mayor to sign a contract with ClearGov for the purchase of ClearGov's Budgeting Suites and Digital Budget Book, for up to five years at a total cost not-to-exceed \$150,000.00, with funds from the General Fund, contingent upon the Commission's approval of funding for this purpose in each year's budget.

Motion Carried.

**RESOLUTIONS:**

**ADOPT RESOLUTION 33–24 TO ESTABLISH CITY COMMISSION MEETING DATES FOR 2025.**

Motion by Artz, seconded by Moseley, to adopt Resolution 33–24 to establish City Commission meeting dates for 2025.

Roll Call Vote: Yeas: All. Nays: None. Absent: None.

Resolution Adopted.

**COMMENTS OF COMMISSIONERS AND MAYOR:**

Commissioner Moore wished the Commission and staff a Happy Thanksgiving.

The meeting was adjourned at 7:59 pm.

Becky Schultz  
Deputy City Clerk

Stephen C.N. Kepley  
Mayor



# MEMORANDUM

**TO:** Mayor Kepley and City Commission  
**FROM:** Shay P. Gallagher, Deputy City Administrator  
**DATE:** December 3, 2024  
**RE:** Land Sale Agreement – Grand Rapids Venture Capital

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**Requested Action:** The City Commission is requested to authorize the Mayor to execute an agreement with Grand Rapids Venture Capital for the sale of 0.91 acres of city-owned property.

**Background:** Grand Rapids Venture Capital has approached the City to purchase 0.91 acres located at 4035 52nd St., which is currently used for stormwater management, is not currently or future planned for park use, and is not easily developable. The proposed purchase includes two portions of the property, measuring 0.53 acres and 0.39 acres, for a total of \$10,000.00.

The buyer has submitted a conceptual design for the project, which features plans for an industrial development and an office building.

A copy of the property sale agreement is attached for review. For any questions regarding this request, please contact Shay P. Gallagher.

## ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (the “**Agreement**”) has been made as of the Effective Date (defined below) between TD-4135, LLC, a Michigan limited liability company, whose address is [601 Maryland Ave NE], Grand Rapids, Michigan 49505 (“**Buyer**”), and CITY OF KENTWOOD, a Michigan municipal corporation, whose address is 4900 Breton Avenue SE, Kentwood, Michigan 49508 (“**Seller**”). Buyer and Seller are sometimes collectively referred to in this Agreement as the “**Parties**” or individually as a “**Party**.”

1. **Sale and Purchase.** The Seller agrees to sell to the Buyer, and the Buyer agrees to purchase from the Seller, real estate located in the City of Kentwood, County of Kent, and State of Michigan, more specifically described on the attached **Exhibit A** (the “**Property**”). The purchase and sale provided for in this Agreement is sometimes referred to as the “**Purchase**”.
2. **Purchase Price.** The “**Purchase Price**” for the Property shall be \$10,000 and 00/100 Dollars (\$) payable in certified funds at Closing.
3. **Title and Deed.**
  - a) **Title Commitment.** Within 10 days of the Effective Date, the Buyer shall order a commitment for an ALTA Owner’s title insurance policy in the amount of the Purchase Price covering title to the Property (the “**Commitment**”) from a title company of the Buyer’s choosing (the “**Title Company**”). The Commitment shall show the Seller as owner of the Property in fee simple. At Closing, the Seller shall cause the Title Company to issue an owner’s policy of title insurance in favor of Buyer pursuant to the Commitment (the “**Policy**”). The Seller shall execute such affidavits and other documents as may be required by the Title Company in order to issue the Policy. Within 14 days of the receipt of the Commitment, the Buyer may terminate this Agreement if any matter disclosed in the Commitment affects the value or useability of the Property in the Buyer’s sole discretion.
  - b) **Warranty Deed.** Seller shall convey the Property to Buyer by general warranty deed in a form reasonably acceptable to Seller, Buyer, and the Title Company subject to: (i) easements and restrictions of record and all pertinent governmental laws, statutes, regulations and requirements; (ii) such state of facts that an accurate current survey and physical inspection of the Property would reveal; including, without limitation, all existing easements and encroachments, if any; (iii) all current real estate taxes, assessments and other sums assessed against the Property and not yet due and payable as of the Closing, subject to prorations for the current year; (iv) any title exceptions arising out of the acts of Buyer (the “**Deed**”).
4. **Inspection and Due Diligence.** In addition to any other rights outlined in this Agreement, the Buyer shall have 30 days from the Effective Date (the “**Due Diligence Period**”) to conduct any inspections it deems appropriate to determine whether the condition, value, or useability of the Property is acceptable to the Buyer. The Buyer shall indemnify, defend,

and hold harmless Seller against all claims and damages that may be caused by entry upon the Property by Buyer, or its representatives, and shall repair any damage caused thereby. Notwithstanding the foregoing, Buyer may not conduct any invasive testing, drilling, or boring at the Property, or any environmental testing of the Property, without in each instance obtaining the prior written approval of Seller, which approval may be withheld in Seller's reasonable discretion and, if granted, will be conditioned upon such precautions as Seller deems advisable to protect itself and the Property. If the Buyer in its sole discretion, deems the results of any of its inspections conducted under this Section 4 unsatisfactory, the Buyer may by notice to the Seller terminate this Agreement at any time prior to expiration of the Due Diligence Period, and neither Party will have any further right or obligation under this Agreement.

5. Land Division. Seller shall cooperate with Buyer and execute any documents or applications upon request of the Buyer necessary to divide the land or adjust the boundary lines in accordance with the Michigan Land Division Act, Public Act No. 288 of 1967, and any other local laws or ordinances. The Buyer shall provide any surveys or legal descriptions necessary to accomplish the land division or boundary line adjustment
6. Closing. The closing and consummation of the transaction described in this Agreement (“**Closing**”) shall take place after all the contingencies have either been satisfied or waived and all the closing documents have been prepared, reviewed, and approved by the Parties, on a date, time, and place mutually agreed upon no later than 30 calendar days after the Due Diligence Period has expired. The Closing shall be conducted in escrow through the Title Company. If Closing does not occur under the terms and conditions of this Agreement due to the failure, refusal, or unavailability of either party to participate in the Closing, it shall be deemed a default, and the non-defaulting party may pursue any remedy available at law or equity including termination of this Agreement.
7. Stormwater Easement. In the Deed, the Seller may reserve to itself and its successors and assigns, a perpetual, non-exclusive stormwater easement for drainage, storm water pipes, storm water ponding, storm water collection, storm water control improvements and for purposes and uses incident and related thereto, including without limitation, the construction, maintenance, repair and replacement of storm water ponding, drainage, collection and control facilities over, under, upon and across the Property.
8. Taxes, Assessments, and Utilities. All property taxes and assessments which have been billed for the Property in the years prior to the Closing shall be paid by the Seller at or prior to Closing. Property taxes and assessments which are billed in the year of closing shall be prorated so that the Seller shall be charged with taxes and assessments from the first of the year to the closing date and the Buyer shall be charged with any taxes and assessments due for the balance of the year. All other taxes, rents, utility charges, and similar items of income and expense shall be adjusted pro rata as of the date of Closing.
9. Conditions Precedent to Buyer’s Obligation to Close. The obligation of the Buyer to purchase the Property shall be subject to the timely and full satisfaction of all of the following conditions precedent:

- a) Each representation and warranty of the Seller in this Agreement remaining true and accurate in all material respects as of the Closing Date.
- b) The satisfaction of all contingencies of this Agreement.
- c) Seller's not being in material default of any obligation under this Agreement.
- d) There shall be no material adverse changes to the legal or physical characteristics of the Property that first arise after the expiration of the Due Diligence Period.

The Buyer may waive any of the conditions precedent to the Buyer's obligation to perform under this Agreement. If the conditions set forth in this Section 9 are not satisfied or waived by the Buyer, then this Agreement shall terminate, and the parties shall have no further obligations to each other except for such provisions that by their terms survive the termination of this Agreement.

**10. Conditions Precedent to Seller's Obligation to Close.** The obligation of Seller to sell the Property shall be subject to timely satisfaction or waiver of all of the following conditions precedent:

- a) Buyer's timely delivery to the Title Company of any funds required of Buyer.
- b) Each representation and warranty of Buyer remaining true and accurate as of the Closing Date in all material respects.
- c) Buyer's not being in material default of any obligation under this Agreement.

The Seller may waive any of the conditions precedent to Seller's obligation to perform under this Agreement. If the conditions set forth in this Section 10 are not satisfied or waived by Seller, then this Agreement shall terminate, and the parties shall have no further obligations to each other except for such provisions that by their terms survive the termination of this Agreement.

**11. Closing Deliveries and Costs.**

- a) Closing Deliveries. At the Closing, the following documents and items shall be executed (as applicable) and delivered by and between the parties:
  - i). The Seller shall execute and deliver the Deed to the Buyer.
  - ii). The Seller and the Buyer shall execute and deliver to each other a mutually agreeable closing statement to be prepared by the Title Company.

- iii). The Buyer shall deliver the Purchase Price to the Seller in immediately available funds, adjusted pursuant to the terms of this Agreement as reflected on the closing statement.
- iv). The Seller and the Buyer shall execute and deliver such further documentation as is reasonably necessary to evidence and effect the transaction in accordance with this Agreement, including but not limited to providing the Title Company (with copies provided to each other) with organizational documents, operating agreements, resolutions, foreign person affidavits, and other such forms and documents as the Title Company may reasonably request to close the transaction or to issue the Policy.

b) Closing Costs. At the Closing, the following expenses shall be paid and the Purchase Price will be adjusted on the closing statement in accordance with the following provisions:

- i). The Buyer shall pay for all transfer and conveyance taxes and fees on the transaction, the Deed, or otherwise, including real estate transfer taxes, conveyance fees, recording fees, document taxes, stamps and fees, and otherwise.
- ii). The Buyer shall pay the cost for the Policy to be issued by the Title Company.
- iii). The Buyer shall pay for the closing fee charged by the Title Company.
- iv). All property taxes and assessments which are billed in the year of closing shall be adjusted pro rata.

12. Property Sold "As Is". Pursuant to the above Paragraph 4, Buyer shall have an opportunity to inspect the Property to Buyer's satisfaction. The Seller makes no representation or warranty of any kind or nature, implied or express, concerning the Property except as otherwise set forth in this Agreement and the Deed. The Buyer agrees to accept the Property "as is" and "with all faults," and if this transaction is closed, Seller shall have no responsibility or liability to Buyer as to the condition of the Property except as otherwise set forth in this Agreement and the Deed. The provisions of this Paragraph 12 shall survive closing. Upon closing of the Purchase, and subject to the representations, warranties, and covenants and the rights and remedies reserved to the Parties in this Agreement, any affidavits or other documents signed at the Closing, and the Deed, the Buyer, for itself and any permitted assignee, waives all rights to recover from, and forever releases, discharges and covenants not to sue, the Seller with respect to any and all claims, whether direct or indirect, known or unknown, foreseen or unforeseen, that may exist or arise on account of or in any way be connected with the Property (including without limitation the physical, operational, environmental, and structural condition of the Property).



13. **Effective Date.** The “Effective Date” means the date upon which the last of the parties listed below has signed this Agreement.
14. **Brokers.** Seller and Buyer each agrees and represents to the other that no broker is involved in the Purchase who is entitled to a commission. If a broker makes a claim for remuneration in connection with the Purchase, Seller and Buyer each shall indemnify and hold harmless the other from any amount that the other may be required to pay to a broker that the other did not retain, including, without limitation, reasonable attorney fees expended to defend against such claim. The obligations in this Paragraph 14 shall survive the closing or earlier termination of this Agreement.
15. **Notices.** All notices, requests, consents and other communications (collectively, “Notices”) under this Agreement shall be in writing, shall be addressed to the receiving party’s address set forth above and shall be either (i) delivered by hand, (ii) sent by electronic mail, with a confirmation copy sent the same day via overnight delivery by nationally recognized overnight courier, (iii) sent by nationally recognized overnight courier, or (iv) sent by certified mail, return receipt requested, postage prepaid. Notice shall be effective upon receipt.
16. **Waiver.** No provision of this Agreement may be waived except in a writing signed by both Parties. No oral statements, course of conduct, or course of dealing will be deemed to constitute a waiver. No waiver by any party of any breach of this Agreement will be deemed or construed to constitute a waiver of any other breach or as a continuing waiver of any breach.
17. **Applicable Law; Construction.** This Agreement will be interpreted, construed, enforced, and governed according to the laws of the state of Michigan. Venue shall be in Kent County. Both parties either had professional and legal advice or the opportunity to obtain such advice, and this Agreement is deemed to be mutually drafted.
18. **Merger and Modification.** This constitutes the entire Agreement between the Parties and any prior discussions, negotiations, or agreements between the Parties are merged herein. No amendment or modification of this Agreement shall be enforceable except if in writing and signed by the party against whom enforcement is sought.
19. **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the enforceability or validity of the remaining provisions and this Agreement will be construed in all respects as if such invalid or unenforceable provision were omitted. However, if the invalidity or unenforceability of any provision will affect the basic economic terms of this Agreement or materially affect the rights or obligations of either Party, then this Agreement will be deemed terminated.
20. **Exclusivity.** Through Closing (or the termination of this Agreement in accordance with its terms), the Seller shall not enter into any agreement to or otherwise act to market, solicit, entertain offers, or sell, modify, or transfer any interest in the Property unless with the Buyer’s prior consent.



21. Time. Time is of the essence with respect to this Agreement. If the date for Closing, for the delivery of a document, or for the giving of a notice, falls on a Saturday, Sunday or bank holiday, then it shall be automatically deferred to the next day that is not a Saturday, Sunday or bank holiday
22. Counterparts. This Agreement may be executed simultaneously in two or more counterparts each of which will be deemed an original and all of which together constitute one and the same instrument. It is not necessary that the Parties execute any single counterpart if each Party executes at least one counterpart.
23. Authorization. The Parties represent that they are authorized to execute this Agreement and make and that all actions permitted or required by law for such execution and approval have been taken.

That Parties have executed this Agreement on the date first written below.

“SELLER”

CITY OF KENTWOOD, a Michigan  
municipal city

Date: \_\_\_\_\_, 2024

\_\_\_\_\_  
By: Stephen C.N. Kepley  
Its: Mayor


Date: \_\_\_\_\_, 2024

\_\_\_\_\_  
By: Dan Kasunic  
Its: Clerk

“BUYER”

TD-4135, LLC, a Michigan limited liability  
company

Date: \_\_\_\_\_, 2024

  
\_\_\_\_\_  
By: Steven Barnes  
Its: Member

Date: \_\_\_\_\_, 2024

  
\_\_\_\_\_  
By: Garry Von Myhr  
Its: Member

**Exhibit A**

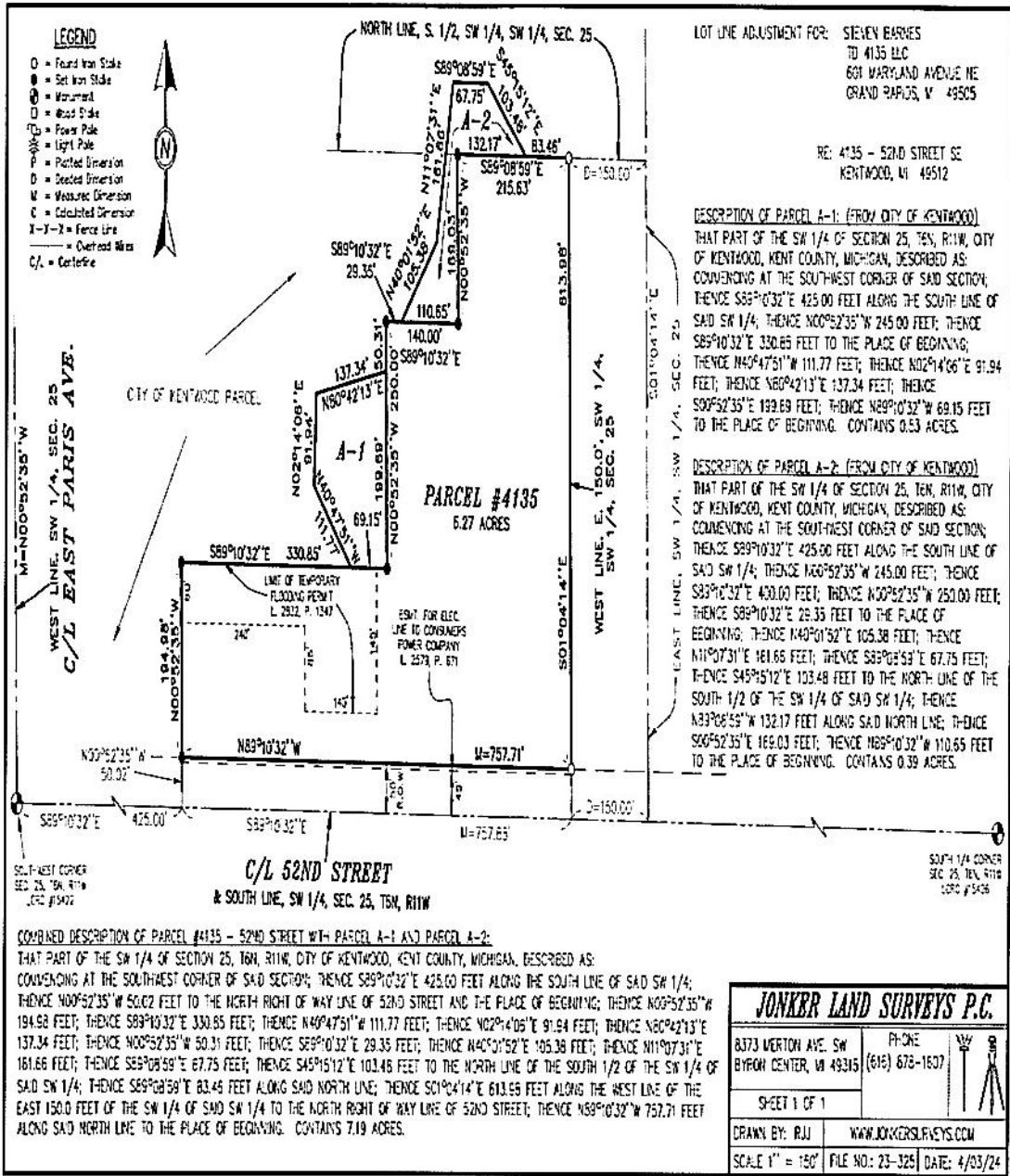
**Legal Description**

**Parcel A-1**

THAT PART OF THE SW 1/4 OF SECTION 25, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION; THENCE S89°10'32"E 425.00 FEET ALONG THE SOUTH LINE OF SAID SW 1/4; THENCE N00°52'35"W 245.00 FEET; THENCE S89°10'32"E 330.85 FEET TO THE PLACE OF BEGINNING; THENCE N40°47'51"W 111.77 FEET; THENCE N02°14'06"E 91.94 FEET, THENCE N80°42'13"E 137.34 FEET; THENCE S00°52'35"E 199.69 FEET; THENCE N89°10'32"W 69.15 FEET TO THE PLACE OF BEGINNING. CONTAINS 0.53 ACRES.

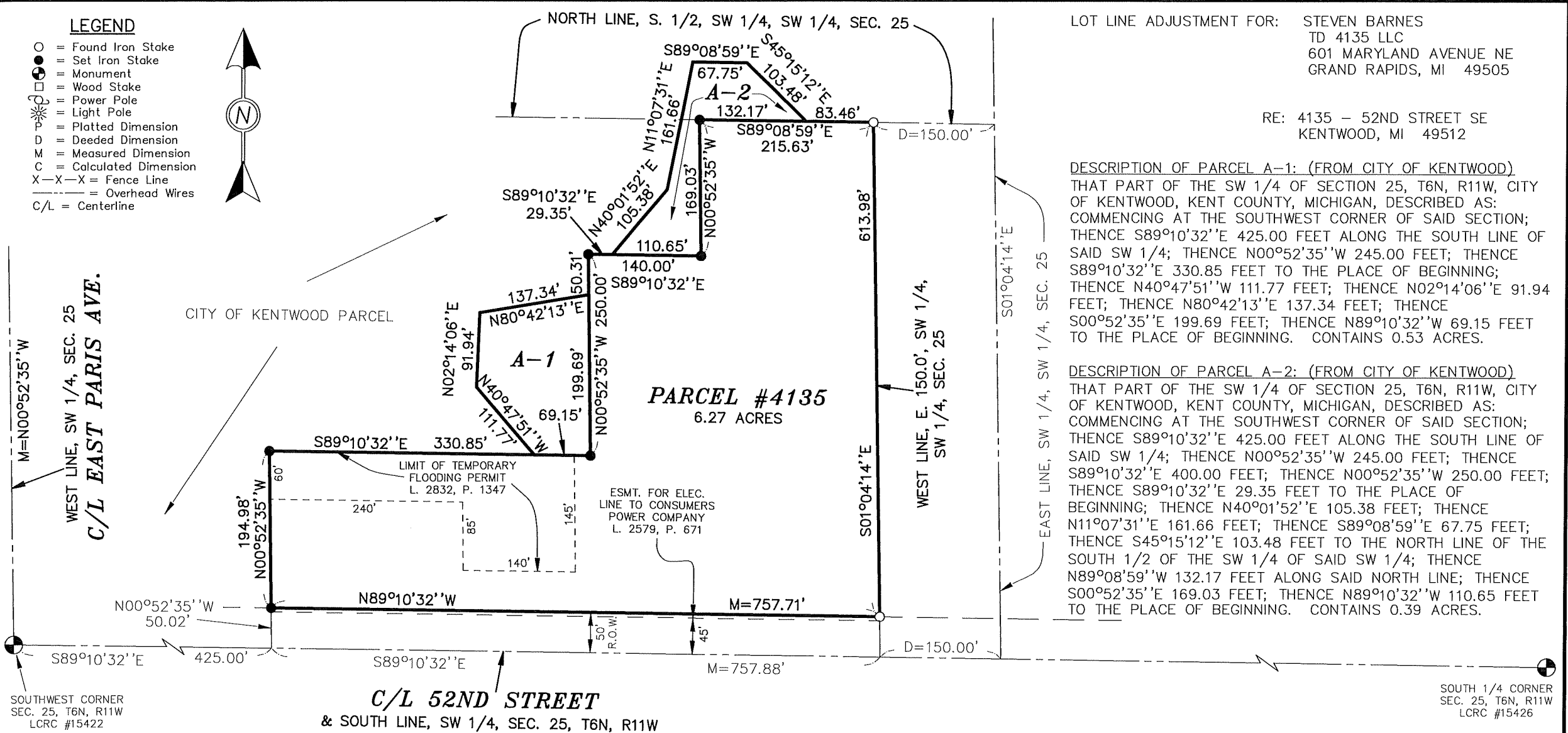
**Parcel A-2**

THAT PART OF THE SW 1/4 OF SECTION 25, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION; THENCE S89°10'32"E 425.00 FEET ALONG THE SOUTH LINE OF SAID SW 1/4; THENCE N00°52'35"W 245.00 FEET; THENCE S89°10'32"E 400.00 FEET; THENCE N00°52'35"W 250.00 FEET; THENCE S89°10'32"E 29.35 FEET TO THE PLACE OF BEGINNING; THENCE N40°01'52"E 105.38 FEET; THENCE N11°07'31"E 161.66 FEET; THENCE S89°08'59"E 67.75 FEET; THENCE S45°15'12"E 103.48 FEET TO THE NORTH LINE OF THE SOUTH 1/2 OF THE SW 1/4 OF SAID SW 1/4; THENCE N89°08'59"W 132.17 FEET ALONG SAID NORTH LINE; THENCE S00°52'35"E 169.03 FEET; THENCE N89°10'32"W 110.65 FEET TO THE PLACE OF BEGINNING. CONTAINS 0.39 ACRES.



**LEGEND**

- = Found Iron Stake
- = Set Iron Stake
- = Monument
- = Wood Stake
- ⊕ = Power Pole
- ⊙ = Light Pole
- ⊛ = Platted Dimension
- D = Deeded Dimension
- M = Measured Dimension
- C = Calculated Dimension
- X—X = Fence Line
- — — = Overhead Wires
- C/L = Centerline



LOT LINE ADJUSTMENT FOR: STEVEN BARNES  
 TD 4135 LLC  
 601 MARYLAND AVENUE NE  
 GRAND RAPIDS, MI 49505

RE: 4135 - 52ND STREET SE  
 KENTWOOD, MI 49512

DESCRIPTION OF PARCEL A-1: (FROM CITY OF KENTWOOD)  
 THAT PART OF THE SW 1/4 OF SECTION 25, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS:  
 COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION;  
 THENCE S89°10'32''E 425.00 FEET ALONG THE SOUTH LINE OF SAID SW 1/4;  
 THENCE N00°52'35''W 245.00 FEET;  
 THENCE S89°10'32''E 330.85 FEET TO THE PLACE OF BEGINNING;  
 THENCE N40°47'51''W 111.77 FEET;  
 THENCE N80°42'13''E 137.34 FEET;  
 THENCE S00°52'35''E 199.69 FEET;  
 THENCE N89°10'32''W 69.15 FEET TO THE PLACE OF BEGINNING. CONTAINS 0.53 ACRES.

DESCRIPTION OF PARCEL A-2: (FROM CITY OF KENTWOOD)  
 THAT PART OF THE SW 1/4 OF SECTION 25, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS:  
 COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION;  
 THENCE S89°10'32''E 425.00 FEET ALONG THE SOUTH LINE OF SAID SW 1/4;  
 THENCE N00°52'35''W 245.00 FEET;  
 THENCE S89°10'32''E 29.35 FEET TO THE PLACE OF BEGINNING;  
 THENCE N40°01'52''E 105.38 FEET;  
 THENCE N11°07'31''E 161.66 FEET;  
 THENCE S89°08'59''E 67.75 FEET;  
 THENCE S45°15'12''E 103.48 FEET TO THE NORTH LINE OF THE SOUTH 1/2 OF SAID SW 1/4;  
 THENCE N89°08'59''W 132.17 FEET ALONG SAID NORTH LINE;  
 THENCE S00°52'35''E 169.03 FEET;  
 THENCE N89°10'32''W 110.65 FEET TO THE PLACE OF BEGINNING. CONTAINS 0.39 ACRES.

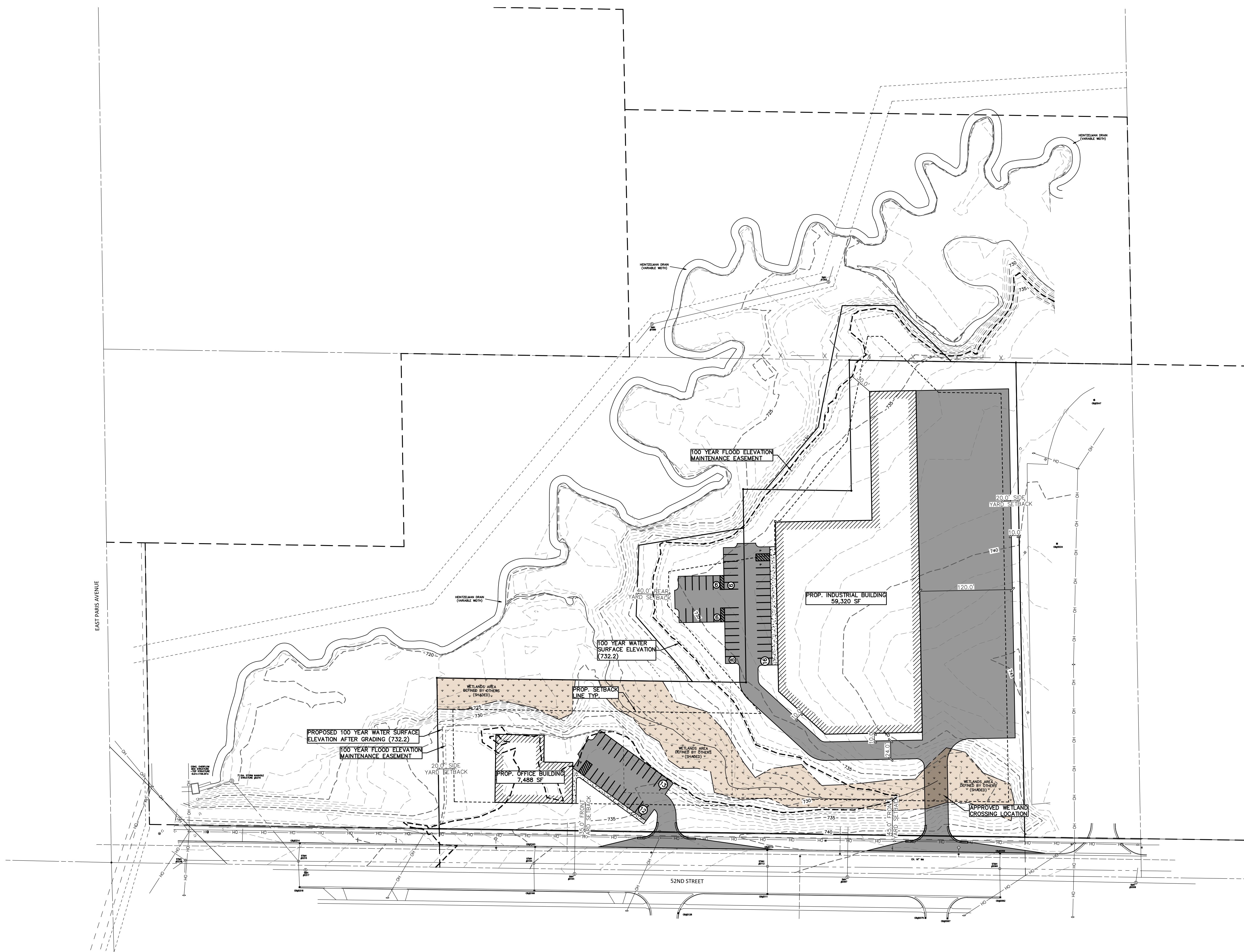
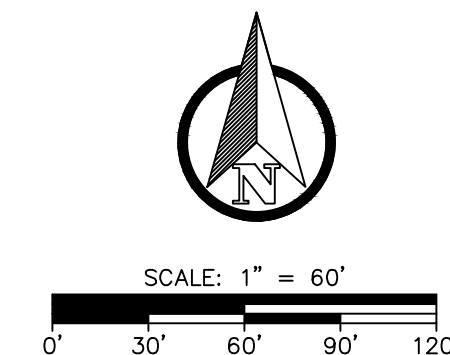
SOUTHWEST CORNER  
 SEC. 25, T6N, R11W  
 LCRC #15422

SOUTH 1/4 CORNER  
 SEC. 25, T6N, R11W  
 LCRC #15426

COMBINED DESCRIPTION OF PARCEL #4135 - 52ND STREET WITH PARCEL A-1 AND PARCEL A-2:  
 THAT PART OF THE SW 1/4 OF SECTION 25, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS:  
 COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION;  
 THENCE S89°10'32''E 425.00 FEET ALONG THE SOUTH LINE OF SAID SW 1/4;  
 THENCE N00°52'35''W 50.02 FEET TO THE NORTH RIGHT OF WAY LINE OF 52ND STREET AND THE PLACE OF BEGINNING;  
 THENCE N00°52'35''W 194.98 FEET;  
 THENCE S89°10'32''E 330.85 FEET;  
 THENCE N40°47'51''W 111.77 FEET;  
 THENCE N02°14'06''E 91.94 FEET;  
 THENCE N80°42'13''E 137.34 FEET;  
 THENCE N00°52'35''W 50.31 FEET;  
 THENCE S89°10'32''E 29.35 FEET;  
 THENCE N40°01'52''E 105.38 FEET;  
 THENCE N11°07'31''E 161.66 FEET;  
 THENCE S89°08'59''E 67.75 FEET;  
 THENCE S45°15'12''E 103.48 FEET TO THE NORTH LINE OF THE SOUTH 1/2 OF SAID SW 1/4;  
 THENCE N89°08'59''W 132.17 FEET ALONG SAID NORTH LINE;  
 THENCE S00°52'35''E 169.03 FEET;  
 THENCE N89°10'32''W 110.65 FEET TO THE PLACE OF BEGINNING.  
 CONTAINS 7.19 ACRES.

<b>JONKER LAND SURVEYS P.C.</b>		
8373 MERTON AVE. SW BYRON CENTER, MI 49315	PHONE (616) 878-1607	
SHEET 1 OF 1		
DRAWN BY: RJJ	WWW.JONKERSURVEYS.COM	
SCALE 1" = 150'	FILE NO.: 23-325	DATE: 4/03/24





NO.	DATE	REVISION	BY
1	3/26/2024	CONCEPT A	CJW
2	4/9/2024	REVISED CONCEPTS	CJW

CITY OF KENTWOOD  
 KENT COUNTY, MICHIGAN  
 4135 52ND STREET  
 CONCEPT 1



Byron Center, MI  
 (616) 277-2185  
 Kalamazoo, MI  
 (269) 697-7120  
 www.VKcivil.com

FILE NO. 1296  
 CHECKED DGL  
 Sheet No. C100



# MEMORANDUM

**TO:** Mayor Kepley and City Commission  
**FROM:** Shay P. Gallagher, Deputy City Administrator  
**DATE:** December 3, 2024  
**RE:** Easement Agreement – American Tower (Verizon)

---

**Requested Action:** The City Commission is requested to authorize the Mayor to enter into an agreement with American Tower Corporation to amend a telecommunications equipment easement on the tower adjacent to Fire Station #1.

**Background:** The City entered into an easement agreement with American Tower in 1996, and the first amendment to the agreement was made in 2007. If the second amendment is authorized, the agreement would extend until 2056. Without action, the current agreement would terminate on May 22, 2026.

As part of the amendment for the City Commission's consideration, American Tower will provide the City a one-time payment of \$50,000 if the easement amendment is executed by December 31, 2024. Additionally, America Tower pays the City \$24,883 annually, with a 20% increase every five (5) years. Over the last eight (8) years, the City has received \$203,212.80 in annual payments from American Tower.

City staff reviewed payment structures in neighboring West Michigan communities and found that both the annual payment and the five-year escalator are consistent with regional compensation standards.

Approval of this amendment will ensure continued revenue for the City while maintaining alignment with comparable agreements in the region.

Following this memo is the updated easement agreement.

Please feel free to contact Shay P. Gallagher if you have questions regarding this request.

## THE SECOND AMENDMENT TO EASEMENT AGREEMENT

This Second Amendment to Easement Agreement (this "**Amendment**") is made effective as of the latter signature date hereof (the "**Effective Date**") by and between **City of Kentwood**, a Michigan municipal corporation ("**City**") and **Cellco Partnership d/b/a Verizon Wireless** ("**Grantee**") (City and Grantee being collectively referred to herein as the "**Parties**").

### RECITALS

**WHEREAS**, City owns the real property described on **Exhibit A** attached hereto and by this reference made a part hereof (the "**Parent Parcel**"); and

**WHEREAS**, City and Grantee (or its predecessor-in-interest) entered into that certain Easement Agreement dated May 23, 1996 (the "**Original Easement**") as amended by that certain First Amendment to the Easement Agreement dated March 1, 2007 (the "**First Amendment**") (collectively, the "**Easement**"), pursuant to which the Grantee possesses easement rights over a portion of the Parent Parcel, and is the beneficiary of certain easement rights for access and public utilities, all as more particularly described in the Easement (collectively, the "**Easement Area**"), which Easement Area is also legally described on **Exhibit A**; and

**WHEREAS**, Grantee, Verizon Communications Inc., a Delaware corporation, and other parties identified therein, entered into a Management Agreement and a Master Prepaid Lease, both with an effective date of March 27, 2015 and both with ATC Sequoia LLC, a Delaware limited liability company ("**American Tower**"), pursuant to which American Tower subleases, manages, operates and maintains, as applicable, the Easement Area; and

**WHEREAS**, Grantee has granted American Tower a limited power of attorney (the "**POA**") to, among other things, prepare, negotiate, execute, deliver, record and/or file certain documents on behalf of Grantee, all as more particularly set forth in the POA; and

**WHEREAS**, City and Grantee desire to amend the terms of the Easement to extend the term thereof and to otherwise modify the Easement as expressly provided herein. Capitalized terms not otherwise defined in this Amendment shall have the meaning given to them in the Easement.

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants set forth herein and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **One Time Payment.** Grantee shall pay to City a one-time payment for this Amendment in the amount of **Fifty Thousand and No/100 Dollars (\$50,000.00)**, payable within thirty (30) days of the Effective Date and subject to the following conditions precedent: (a) Grantee's receipt of this Amendment executed by City on or before December 31, 2024; (b) Grantee's confirmation that the City's statements as further set forth in this Amendment are true, accurate, and complete, including verification of City's ownership; (c) Grantee's receipt of any documents or other items reasonably requested by Grantee in order to effectuate the transaction and payment contemplated herein; and (d) receipt by Grantee of an original Memorandum (as defined herein) executed by City.
2. **Term Extended.** Notwithstanding anything to the contrary contained in the Easement or this Amendment, the Parties agree the Easement originally commenced on May 23, 1996, and, without giving effect to the terms of this Amendment, the Easement is otherwise scheduled to expire on May 22, 2026. The Easement is hereby amended to provide Grantee with the option to extend the Easement for each of six (6) additional five (5) year renewal terms (each a "**New Renewal Term**" and, collectively, the "**New Renewal Terms**"). Notwithstanding anything to the contrary contained in the Easement, as modified by this Amendment, (a) all New Renewal Terms shall automatically renew unless Grantee notifies City that Grantee elects not to renew the Easement at least sixty (60) days prior to the commencement of the



next Renewal Term (as defined below) and (b) City shall be able to terminate the Easement only in the event of a material default by Grantee, which default is not cured within sixty (60) days of Grantee's receipt of written notice thereof, provided, however, in the event that Grantee has diligently commenced to cure a material default within sixty (60) days of Grantee's receipt of notice thereof and reasonably requires additional time beyond the sixty (60) day cure period described herein to effect such cure, Grantee shall have such additional time as is necessary (beyond the sixty [60] day cure period) to effect the cure. References in this Amendment to "**Renewal Term**" shall refer, collectively, to the Existing Renewal Term(s) and the New Renewal Term(s). The City hereby agrees to execute and return to Grantee an original Memorandum of Easement in the form and of the substance attached hereto as **Exhibit B** and by this reference made a part hereof (the "**Memorandum**") executed by City, together with any applicable forms needed to record the Memorandum, which forms shall be supplied by Grantee to City.

3. **Rent and Escalation.** The Parties hereby acknowledge and agree that: 1) the annual "**Easement Payment**" will be due each year on the annual anniversary of the commencement of the New Renewal Terms, and 2) all applicable increases and escalations to the Easement Payment under the Easement shall continue in full force and effect through the New Renewal Term(s). In the event of any overpayment of the Easement Payment prior to or after the commencement of the New Renewal Terms, Grantee shall have the right to deduct from any future Easement Payments an amount equal to the overpayment amount. Notwithstanding anything to the contrary contained in the Easement, all Easement Payments and any other payments expressly required to be paid to City under the Easement shall be paid to **CITY OF KENTWOOD MI** by Grantee.
4. **City and Grantee Acknowledgments.** Except as modified herein, the Easement and all provisions contained therein remain in full force and effect and are hereby ratified and affirmed. In the event there is a conflict between the Easement and this Amendment, this Amendment shall control. The Parties agree that to the best of their respective knowledge with no duty to investigate, no defaults exist which are beyond the applicable cure period. Grantee and Grantee's sublessees and customers shall have vehicular (specifically including truck) and pedestrian access through the Easement Area from a public right of way on a 24 hours per day, 7 days per week basis, together with utilities services to the extent permitted under the terms of the Easement.
5. **City Statements.** City hereby represents and warrants to Grantee that: (i) to the extent applicable, City is duly organized, validly existing, and in good standing in the jurisdiction in which City was organized, formed, or incorporated, as applicable, and is otherwise in good standing and authorized to transact business in each other jurisdiction in which such qualifications are required; (ii) City has the full power and authority to enter into and perform its obligations under this Amendment, and, to the extent applicable, the person(s) executing this Amendment on behalf of City, have the authority to enter into and deliver this Amendment on behalf of City; (iii) no consent, authorization, order, or approval of, or filing or registration with, any governmental authority or other person or entity is required for the execution and delivery by City of this Amendment that has not occurred or been obtained as of the Effective Date; and (iv) City is the sole owner of the Easement Area and the Parent Parcel.
6. **Representations Regarding Encumbrances.** The Parties acknowledge and Agree that Section 29(a)(i) of the Original Easement shall be interpreted only to be true as of May 23, 1996 when the Original Easement was fully executed..
7. **Notices.** The Parties acknowledge and agree that Section 18 of the Original Easement is hereby deleted in its entirety and is of no further force and effect. From and after the Effective Date, the notice address and requirements of the Easement, as modified by this Amendment, shall be controlled by this Section of

this Amendment. All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to City at: 4900 Breton Avenue SE, Kentwood, MI 49518; to Grantee at: Verizon Wireless, Attn.: Network Real Estate, 180 Washington Valley Road, Bedminster, NJ 07921; with copy to: American Tower, Attn.: Land Management, 10 Presidential Way, Woburn, MA 01801; and also with copy to: Attn.: Legal Dept. 116 Huntington Avenue, Boston, MA 02116. Any of the Parties, by thirty (30) days prior written notice to the others in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.

8. **Counterparts.** This Amendment may be executed in several counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument, even though all Parties are not signatories to the original or the same counterpart. Furthermore, the Parties may execute and deliver this Amendment by electronic means such as .pdf or similar format. Each of the Parties agrees that the delivery of the Amendment by electronic means will have the same force and effect as delivery of original signatures and that each of the Parties may use such electronic signatures as evidence of the execution and delivery of the Amendment by all Parties to the same extent as an original signature.
9. **Governing Law.** The Parties acknowledge and agree that Section 22 of the Original Easement is hereby deleted in its entirety and is of no further force and effect. From and after the Effective Date and notwithstanding anything to the contrary contained in the Easement and in this Amendment, the Easement and this Amendment shall be governed by and construed in all respects in accordance with the laws of the State or Commonwealth in which the Easement Area is situated, without regard to the conflicts of laws provisions of such State or Commonwealth, and venue shall be proper only in the County where the Easement Area is situated.
10. **Waiver.** Notwithstanding anything to the contrary contained herein, in no event shall City or Grantee be liable to the other for, and City and Grantee hereby waive, to the fullest extent permitted under applicable law, the right to recover incidental, consequential (including, without limitation, lost profits, loss of use or loss of business opportunity), punitive, exemplary, and similar damages.
11. **Grantee's Securitization Rights; Estoppel.** To the extent permitted by law, City hereby consents to the granting by Grantee and/or American Tower of one or more leasehold mortgages, collateral assignments, liens, and/or other security interests (collectively, a "**Security Interest**") in Grantee's (or American Tower's) interest in the Easement, as amended, and all of Grantee's (or American Tower's) property and fixtures attached to and lying within the Easement Area and further consents to the exercise by Grantee's (or American Tower's) mortgagee ("**Grantee's Mortgage**") of its rights to exercise its remedies, including without limitation foreclosure, with respect to any such Security Interest. City shall recognize the holder of any such Security Interest of which City is given prior written notice (any such holder, a "**Holder**") as "Grantee" hereunder in the event a Holder succeeds to the interest of Grantee and/or American Tower hereunder by the exercise of such remedies. Unless prohibited by applicable law, City further agrees to execute a written estoppel certificate within sixty (60) days of written request of the same by Grantee, American Tower, or Holder. Grantee shall not grant a Security Interest in or to any property exclusively owned by the City, and should Grantee violate this provision, the Parties will deem it to be a breach of the Easement and Grantee shall promptly take all action necessary to release any property of the City from the Security Interest.

12. **Taxes.** The Parties acknowledge and agree that Section 12 of the Original Easement is hereby deleted in its entirety and is of no further force and effect. From and after the Effective Date the obligations of the Parties with respect to taxes shall be controlled by this Section of this Amendment. During the term of the Easement, as modified by this Amendment, Grantee shall pay when due all real property, personal property, and other taxes, fees, and assessments that are directly attributable to Grantee's improvements or presence on the Easement Area (the "**Applicable Taxes**") directly to the local taxing authority to the extent that the Applicable Taxes are billed directly to Grantee. Grantee hereby agrees to reimburse City for any Applicable Taxes billed directly to City (which shall not include any taxes or other assessments attributable to periods prior to the Effective Date). City must furnish written documentation (the substance and form of which shall be reasonably satisfactory to Grantee) of any Applicable Taxes along with proof of payment of the same by City. City shall submit requests for reimbursement in writing to: *American Tower Corporation, Attn: Landlord Relations, 10 Presidential Way, Woburn, MA 01801* unless otherwise directed by Grantee from time to time. Subject to the requirements set forth in this Section, Grantee shall make such reimbursement payment within forty-five (45) days of receipt of a written reimbursement request from City. Anything to the contrary notwithstanding, City is only eligible for reimbursement if City requests reimbursement within one (1) year after the date such taxes became due. Additionally, City shall not be entitled to reimbursement for any costs associated with an increase in the value of City's real property calculated based on any monetary consideration paid from Grantee to City. If City fails to pay when due any real property, personal property, and other taxes, fees, and assessments affecting the Parent Parcel, Grantee shall have the right, but not the obligation, to pay such taxes on City's behalf and: (i) deduct the full amount of any such taxes paid by Grantee on City's behalf from any future payments required to be made by Grantee to City hereunder; (ii) demand reimbursement from City, which reimbursement payment City shall make within thirty (30) days of such demand by Grantee; and/or (iii) collect from City any such tax payments made by Grantee on City's behalf by any lawful means.
13. **Conflict/Capitalized Terms.** The Parties hereby acknowledge and agree that in the event of a conflict between the terms and provisions of this Amendment and those contained in the Easement, the terms and provisions of this Amendment shall control. Except as otherwise defined or expressly provided in this Amendment, all capitalized terms used in this Amendment shall have the meanings or definitions ascribed to them in the Easement. To the extent of any inconsistency in or conflict between the meaning, definition, or usage of any capitalized terms in this Amendment and the meaning, definition, or usage of any such capitalized terms or similar or analogous terms in the Easement, the meaning, definition, or usage of any such capitalized terms in this Amendment shall control.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

**CITY:**

**The City of Kentwood,**  
a Michigan municipal corporation

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: Mayor  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: Clerk  
Date: \_\_\_\_\_

*[SIGNATURES CONTINUE ON FOLLOWING PAGE]*

**GRANTEE:**

**Cellco Partnership d/b/a Verizon Wireless**

By: ATC Sequoia LLC, a Delaware limited liability company

Title: Attorney-in-Fact

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

**PARENT PARCEL**

*Grantee shall have the right to replace only the Parent Parcel description with City's prior written consent (such consent not be unreasonably withheld, conditioned, or delayed) with a description obtained from City's deed (or deeds).*

The Parent Parcel consists of the entire legal taxable lot owned by City as described in a deed (or deeds) to City of which the Easement Area is a part thereof with such Parent Parcel being described below:

Premises situated in the City of Kentwood, County of Kent and State of Michigan described as:

Part of the NE 1/4 of the SW 1/4 of Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, commencing at the center of said Section 27, thence N 88° 58' 49" W 40.00 feet along the E-W 1/4 line of said Section 27 to the westerly right of way line of Walma Avenue (80.00 feet wide) and the point of beginning:

thence along said westerly line of Walma Avenue southwesterly 304.20 feet along the arc of a curve to the right, with a radius of 494.61 feet, a central angle 35° 14' 19", and a chord bearing S 21° 38' 58" W 299.43 feet to a point on the northeasterly line of Breton Avenue (80.00 feet wide);  
thence along said northeasterly line of Breton Avenue S 39° 16' 07" W 507.70 feet;  
thence N 50° 43' 53" W 298.82 feet;  
thence N 39° 18' 08" E 629.26 feet to the E-W 1/4 line of said Section 27;  
thence along said E-W 1/4 line of Section 27 S 88° 58' 49" E 264.62 feet to the POINT OF BEGINNING, Containing 4.90 acres, more or less.

EXHIBIT A (CONTINUED)

EASEMENT AREA

Part of the NE 1/4 of the SW 1/4 of Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, described as commencing at the center of said Section 27 thence S 01° 50' 45" E 141.96 feet along the N-S 1/4 line of said Section 27, thence S 88° 09' 15" W 247.23 feet to the POINT OF BEGINNING:

thence S 05° 34' 57" E 46.00 feet;  
thence S 84° 25' 03" W 25.00 feet;  
thence N 05° 34' 57" W 46.00 feet;  
thence N 84° 25' 03" E 25.00 feet to the POINT OF BEGINNING, being a part of the S.W. 1/4 of said Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, containing 1150 sq. ft. or 0.026 acres of land more or less, subject to easements or restrictions of record, if any.

LEGAL DESCRIPTION OF EASEMENT AREA FOR GENERATOR

LEGAL DESCRIPTION OF LEASE AREA FOR GENERATOR (as provided)

PART OF THE NE 1/4 OF THE SW 1/4 OF SECTION 27, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS COMMENCING AT THE CENTER OF SAID SECTION 27 THENCE S 01°50'45" E 141.96 FEET ALONG THE N-S 1/4 LINE OF SAID SECTION 27, THENCE S 88°09'15" W 247.23 FEET, THENCE S 05°34'57" E 17.00 FEET TO THE POINT OF BEGINNING; THENCE N 84° 25' 03" E 10.00 FEET; THENCE S 05° 34'57" E 17.00 FEET; THENCE S 84° 25' 03" W 10.00 FEET; THENCE N 05° 34' 57" W 17.00 FEET TO THE POINT OF BEGINNING, BEING A PART OF THE S.W. 1/4 OF SAID SECTION 27, T6N, R11W CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, CONTAINING 170 SQ. FT. SUBJECT TO EASEMENTS OR RESTRICTIONS OF RECORD, IF ANY.

EXHIBIT A (Continued)

ACCESS AND UTILITIES

a 20 foot wide easement for ingress and egress and public utilities, the centerline of said easement described as follows:

Commencing at the center of Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, thence S 01° 50' 45" E 141.96 feet along the N-S 1/4 line of said Section 27, thence S 88° 09' 15" W 247.23 feet, thence S 84° 25' 03" W 25.00 feet, thence S 05° 34' 57" E 10.00 feet to the centerline of said easement and to the POINT OF BEGINNING:

thence S 84° 25' 03" W 38.00 feet;  
thence N 05° 34' 57" W 100.96 feet;  
thence northeasterly 59.01 feet along the arc of a curve to the right, radius 35.00 feet, central angle 96° 36' 08", chord N 42° 43' 07" E 52.27 feet;  
thence S 88° 58' 49" E 235.37 feet to the westerly right of way line of Walma Avenue (80.00 feet wide) and to the POINT OF ENDING of said 20.00 foot wide easement for ingress and egress and public utilities, being a part of the S.W. 1/4 of said Section 27, T6N, R11W, subject to easements or restrictions of record, if any.



# **EXHIBIT B**

## **FORM OF MEMORANDUM OF EASEMENT**

{06939-004-00147574.2}

VZW Site No: 139458

Site Name: Kentwood MI SQA

4893-6149-6445, v. 5

ATC Site No: 412750

## MEMORANDUM OF EASEMENT

**Prepared by and Return to:**

American Tower  
10 Presidential Way  
Woburn, MA 01801  
Attn: Land Management/N. Jeanette Robinson  
ATC Site No: 412750  
ATC Site Name: Kentwood MI SQA  
Assessor's Parcel No(s): 41-18-27-328-001

**Prior Recorded Easement**

**Reference:**

Book 387, Page 105  
Document No: \_\_\_\_\_  
State of Michigan  
County of Kent

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This Memorandum of Easement (the "**Memorandum**") is entered into as of the latter signature date hereof, by and between **The City of Kentwood**, a Michigan municipal corporation ("**City**") and **Cellco Partnership d/b/a Verizon Wireless** ("**Grantee**").

**NOTICE** is hereby given of the Easement (as defined and described below) for the purpose of recording and giving notice of the existence of said Easement. To the extent that notice of such Easement has previously been recorded, then this Memorandum shall constitute an amendment of any such prior recorded notice(s).

1. **Parent Parcel and Easement.** City is the owner of certain real property being described in **Exhibit A** attached hereto and by this reference made a part hereof (the "**Parent Parcel**"). City (or its predecessor-in-interest) and Grantee (or its predecessor-in-interest) entered into that certain Easement Agreement dated May 23, 1996 (as the same may have been amended from time to time, collectively, the "**Easement**"), pursuant to which the Grantee is the easement holder over a portion of the Parent Parcel and is the beneficiary of certain easements for access and public utilities, all as more particularly described in the Easement (the "**Easement Area**"), which Easement Area is also described on **Exhibit A**.
2. **American Tower.** Grantee, Verizon Communications Inc., a Delaware corporation, and other parties identified therein, entered into a Management Agreement and a Master Prepaid Lease, both with an effective date of March 27, 2015 and both with ATC Sequoia LLC, a Delaware limited liability company ("**American Tower**"), pursuant to which American Tower subleases, manages, operates and maintains, as applicable, the Easement Area, all as more particularly described therein. In connection with these responsibilities, Grantee has also granted American Tower a limited power of attorney (the "**POA**") to, among other things, prepare, negotiate, execute, deliver, record and/or file certain documents on behalf of Grantee, all as more particularly set forth in the POA.
3. **Expiration Date.** Subject to the terms, provisions, and conditions of the Easement, and assuming the exercise by Grantee of all renewal options contained in the Easement, the final expiration date of the Easement would be May 22, 2056. Notwithstanding the foregoing, in no event shall Grantee be required to exercise any option to renew the term of the Easement.
4. **Effect/Miscellaneous.** This Memorandum is not a complete summary of the terms, provisions and conditions contained in the Easement. In the event of a conflict between this Memorandum and the

Easement, the Easement shall control. Landlord hereby grants the right to Tenant to complete and execute on behalf of Landlord any government or transfer tax forms necessary for the recording of this Memorandum. This right shall terminate upon recording of this Memorandum.

5. **Notices**. All notices must be in writing and shall be valid upon receipt when delivered by hand, by nationally recognized courier service, or by First Class United States Mail, certified, return receipt requested to the addresses set forth herein: to City at: 4900 Brenton Avenue SE, Kentwood, MI 49518; to Grantee at: Verizon Wireless, Attn.: Network Real Estate, 180 Washington Valley Road, Bedminster, NJ 07921; with copy to: American Tower, Attn.: Land Management, 10 Presidential Way, Woburn, MA 01801, and also with copy to: Attn.: Legal Dept. 116 Huntington Avenue, Boston, MA 02116. Any of the parties hereto, by thirty (30) days prior written notice to the other in the manner provided herein, may designate one or more different notice addresses from those set forth above. Refusal to accept delivery of any notice or the inability to deliver any notice because of a changed address for which no notice was given as required herein, shall be deemed to be receipt of any such notice.
6. **Counterparts**. This Memorandum may be executed in multiple counterparts, each of which when so executed and delivered, shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.
7. **Governing Law**. This Memorandum shall be governed by and construed in all respects in accordance with the laws of the State or Commonwealth in which the Easement Area is situated, without regard to the conflicts of laws provisions of such State or Commonwealth.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

**IN WITNESS WHEREOF**, City and Grantee have each executed this Memorandum as of the day and year set forth below.

**CITY**

**The City of Kentwood,**  
a Michigan municipal corporation

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WITNESS AND ACKNOWLEDGEMENT**

State of Michigan

County of Kent

On this \_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

[SEAL]

*[SIGNATURES CONTINUE ON FOLLOWING PAGE]*

**GRANTEE**

**WITNESS**

**Cellco Partnership d/b/a Verizon Wireless**

By: ATC Sequoia LLC,  
a Delaware limited liability company  
Title: Attorney-in-Fact

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**WITNESS AND ACKNOWLEDGEMENT**

Commonwealth of Massachusetts

County of Middlesex

On this \_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

[SEAL]

**EXHIBIT A**

**PARENT PARCEL**

*Grantee shall have the right to replace only the Parent Parcel description with City's prior written consent (such consent not be unreasonably withheld, conditioned, or delayed) with a description obtained from City's deed (or deeds).*

The Parent Parcel consists of the entire legal taxable lot owned by City as described in a deed (or deeds) to City of which the Easement Area is a part thereof with such Parent Parcel being described below:

Premises situated in the City of Kentwood, County of Kent and State of Michigan described as:

Part of the NE 1/4 of the SW 1/4 of Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, commencing at the center of said Section 27, thence N 88° 58' 49" W 40.00 feet along the E-W 1/4 line of said Section 27 to the westerly right of way line of Walma Avenue (80.00 feet wide) and the point of beginning:

thence along said westerly line of Walma Avenue southwesterly 304.20 feet along the arc of a curve to the right, with a radius of 494.61 feet, a central angle 35° 14' 19", and a chord bearing S 21° 38' 58" W 299.43 feet to a point on the northeasterly line of Breton Avenue (80.00 feet wide);  
thence along said northeasterly line of Breton Avenue S 39° 16' 07" W 507.70 feet;  
thence N 50° 43' 53" W 298.82 feet;  
thence N 39° 18' 08" E 629.26 feet to the E-W 1/4 line of said Section 27;  
thence along said E-W 1/4 line of Section 27 S 88° 58' 49" E 264.62 feet to the POINT OF BEGINNING, Containing 4.90 acres, more or less.

EXHIBIT A (CONTINUED)

EASEMENT AREA

Part of the NE 1/4 of the SW 1/4 of Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, described as commencing at the center of said Section 27 thence S 01° 50' 45" E 141.96 feet along the N-S 1/4 line of said Section 27, thence S 88° 09' 15" W 247.23 feet to the POINT OF BEGINNING:

thence S 05° 34' 57" E 46.00 feet;  
thence S 84° 25' 03" W 25.00 feet;  
thence N 05° 34' 57" W 46.00 feet;  
thence N 84° 25' 03" E 25.00 feet to the POINT OF BEGINNING, being a part of the S.W. 1/4 of said Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, containing 1150 sq. ft. or 0.026 acres of land more or less, subject to easements or restrictions of record, if any.

LEGAL DESCRIPTION OF LEASE AREA FOR GENERATOR

LEGAL DESCRIPTION OF LEASE AREA FOR GENERATOR (as provided)  
PART OF THE NE 1/4 OF THE SW 1/4 OF SECTION 27, T6N, R11W, CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, DESCRIBED AS COMMENCING AT THE CENTER OF SAID SECTION 27 THENCE S 01°50'45" E 141.96 FEET ALONG THE N-S 1/4 LINE OF SAID SECTION 27, THENCE S 88°09'15" W 247.23 FEET, THENCE S 05°34'57" E 17.00 FEET TO THE POINT OF BEGINNING; THENCE N 84° 25' 03" E 10.00 FEET; THENCE S 05° 34'57" E 17.00 FEET; THENCE S 84° 25' 03" W 10.00 FEET; THENCE N 05° 34' 57" W 17.00 FEET TO THE POINT OF BEGINNING, BEING A PART OF THE S.W. 1/4 OF SAID SECTION 27, T6N, R11W CITY OF KENTWOOD, KENT COUNTY, MICHIGAN, CONTAINING 170 SQ. FT. SUBJECT TO EASEMENTS OR RESTRICTIONS OF RECORD, IF ANY.

EXHIBIT A (Continued)

ACCESS AND UTILITIES

a 20 foot wide easement for ingress and egress and public utilities, the centerline of said easement described as follows:

Commencing at the center of Section 27, T6N, R11W, City of Kentwood, Kent County, Michigan, thence S 01° 50' 45" E 141.96 feet along the N-S 1/4 line of said Section 27, thence S 88° 09' 15" W 247.23 feet, thence S 84° 25' 03" W 25.00 feet, thence S 05° 34' 57" E 10.00 feet to the centerline of said easement and to the POINT OF BEGINNING:

thence S 84° 25' 03" W 38.00 feet;  
thence N 05° 34' 57" W 100.96 feet;  
thence northeasterly 59.01 feet along the arc of a curve to the right, radius 35.00 feet, central angle 96° 36' 08", chord N 42° 43' 07" E 52.27 feet;  
thence S 88° 58' 49" E 235.37 feet to the westerly right of way line of Walma Avenue (80.00 feet wide) and to the POINT OF ENDING of said 20.00 foot wide easement for ingress and egress and public utilities, being a part of the S.W. 1/4 of said Section 27, T6N, R11W, subject to easements or restrictions of record, if any.





**KENTWOOD POLICE DEPARTMENT**  
4742 WALMA AVE SE | KENTWOOD, MICHIGAN | 49512

## MEMORANDUM

**TO:** Mayor Kepley and City Commission  
**FROM:** Police Chief Bryan Litwin  
Cori Derengowski, Buyer  
**DATE:** December 3, 2024  
**SUBJECT:** Purchase Request of 10-Year Axon Contract for Police Department

**ACTION REQUESTED:** It is requested that the City Commission approve a ten-year contract with Axon Enterprise, Inc. (Axon), to provide a new Officer Safety Plan (OSP) 10 Plus with the artificial intelligence (AI) bundle, at a total ten-year investment of \$5,913,218, with funds from the FY25 and subsequent years Police Capital Equipment Fund.

**BACKGROUND:** The Kentwood Police Department (KPD) currently has contracts with Axon for tasers, body cameras, in-car cameras, and interview room cameras. On November 19, 2024, KPD presented to the Committee of the Whole the benefits and usage of the requested OSP 10 Plus.

The OSP 10 Plus would include the upgrade and extension of all listed above current KPD contracts with Axon and the new addition of the below services.

The additional services to KPD with this plan are the new police report writing system and records management system (RMS) called Axon Records. KPD has been using a different RMS for over 20 years with an increase in ongoing problems. Approximately one year ago the police department began exploring other options for a report writing system and RMS. After conversations with other law enforcement agencies and multiple meetings with Axon, KPD has chosen Axon Records to be the best provider to meet the needs of officers and the community.

Some other benefits that OSP 10 Plus includes are an automatic license plate reader system for all patrol vehicles, a virtual reality training system, and an internal review report system. The implementation of OSP 10 Plus will provide KPD with a full safety system platform to deliver unprecedented efficiency and impact, improving department effectiveness and public safety.

The contract shall piggyback the national Sourcewell cooperative contract. The requested pricing includes Axon to install, configure, and validate all updated equipment for deployment. All equipment includes necessary accessories, licenses, software, warranties, and 24/7 Axon support.

The total ten-year contract is \$5,913,218. An initial payment of \$999.90 is due in March of 2025 with annual payments scheduled each July from 2025 thru 2034. The applicable annual payments will be reflected in City budget plans.

Most of the requested investment costs are covered in the KPD Schedule of Capital Improvement Plan and General Operating Budget. Any budget amendments, if needed, will be determined at year-end.

If you have any questions, please call Police Chief Litwin at (616) 656-6504.

Thank you for your consideration of this request.





# MEMORANDUM

**TO:** Mayor Kepley and City Commissioners  
**FROM:** Susan Arnold – Project Engineer  
 Val Romeo – Parks and Recreation Director  
 Carla Kane – Purchasing Agent

**TOPIC:** Kentwood Community Center Bid Package No.1 Approval

**DATE:** December 3, 2024

**ACTION REQUESTED:** To authorize the Mayor to give approval to Triangle Associates, Inc. (Triangle) to issue subcontracts for all construction items identified in the Community Center Bid Package No.1, including:

- Choice Concrete for project concrete \$1,208,720
- Fabcon Precast, LLC for the remaining precast concrete building structure \$3,093,155
- Rowland Excavating for earthwork and site utilities \$1,534,589

and for payment to Triangle for prorated construction support \$ 772,284

at a combined amount of \$6,608,848, with funds from the Parks and Recreation Capital Fund.

**BACKGROUND:** Triangle, the City’s Construction Manager at Risk, competitively bid the first of two comprehensive bid packages for the construction of the Community Center. (See Bid Tabulations on page 2.) The low bidders engaged in post-bid interviews, their scopes were confirmed, and they are being recommended for award by Triangle.

The bid packages included some bid alternates (e.g. concrete patio) which will be evaluated and proposed with the future Bid Package No.2. Some recommended additions are included in the requested amounts herein. These are reflected in the cost difference between the bid tabulation amounts and the amounts requested. They include a \$31,020 addition of waterproofing at precast (concrete), an addition for graffiti sealer to cover the first twelve feet of the building (precast concrete), and a \$17,200 allowance for weekly sweeping of the site (earthwork and site utilities).

Upon Commission approval and on behalf of the City, Triangle will issue site and concrete subcontracts and a change order to Fabcon Precast for the remainder of the precast scope. This requested approval will also allow Triangle to mobilize and proceed with the site, foundations and precast construction. The amount requested for Triangle includes prorated management, contingency, general conditions, bonding, overhead and profit, and insurance.

Staff was delighted to see the bids come in favorably and at a savings for the project (shown at right).

If you have any questions, please feel free to contact Susan Arnold (554-0743). Thank you.

	Estimated	Bid Results
<b>Concrete</b>	\$1,767,959	\$1,208,720
<b>Precast Concrete</b>	\$3,098,962	\$3,093,155
<b>Sitework</b>	\$1,702,762	\$1,534,589
<b>Total</b>	\$6,569,683	\$5,836,464
	<b>Savings</b>	<b>\$733,219</b>

<b>CONCRETE</b>	
<b>Bidder</b>	<b>Base Bid</b>
<b>Choice Concrete</b>	<b>\$1,177,700</b>
Jelsema Concrete	\$1,247,000
Van Laan Concrete	\$1,369,690
Burgess Concrete	\$1,374,784
Proline Concrete	\$1,421,290
Kent Companies	\$1,434,827
Cannon Concrete	\$1,450,000
Schepers Concrete	\$1,451,300

<b>EARTHWORK AND SITE UTILITIES</b>	
<b>Bidder</b>	<b>Base Bid</b>
<b>Rowland Excavating</b>	<b>\$1,517,389</b>
Excel Excavation	\$1,539,500
Kentwood Excavating	\$1,558,800
Dykema Excavating	\$1,575,000
Oetman Excavating	\$1,650,000
Epic Excavating	\$1,701,463
John Potter	\$1,913,000
Fisher Idema	\$2,198,200



## Department of Engineering & Inspections

**TO:** Mayor and City Commissioners

**FROM:** James Kirkwood, PE – Director of Engineering  
Keyla Garcia – Director of Finance

**DATE:** December 3, 2024

**TOPIC:** Contract with MDOT for Highway M-37 from 44<sup>th</sup> Street to Patterson Avenue

**ACTION REQUESTED:** That the City Commission pass the attached resolution approving a contract between the City of Kentwood and the Michigan Department of Transportation (MDOT) for widening improvements and asphalt inlay work to Highway M-37 from 44<sup>th</sup> Street to Patterson Avenue. The local share of the construction is estimated at \$256,410, including a 10% contingency, to be paid from the FY25 & FY26 Major Street Fund (Act 51) budgets.

**BACKGROUND:** This stretch of Broadmoor Avenue will be improved as follows:

**PART A — Job Number 200652CON, 200652PE; 200652ROW**

Widening work along southbound Highway M-37 from the south junction of Patterson Avenue to approximately 800 feet north of the north junction of Patterson Avenue, including hot mix asphalt paving, hot mix asphalt cold milling, aggregate base, subbase, erosion control, earth excavation, embankment, culvert, guardrail, tree planting, drainage structure, storm sewer, underdrain, traffic signal, concrete curb and gutter, and maintaining traffic work

**PART B — Job Number 210057CON, 210057PE**

Asphalt inlay work along Highway M-37 from the south junction of Patterson Avenue northerly to 44<sup>th</sup> Street, including hot mix asphalt paving, hot mix asphalt cold milling, aggregate base, subbase, erosion control, shoulder, drainage structure, underdrain, concrete curb and gutter, and maintaining traffic work; together with necessary related work, located within the corporate limits of the City.

The project will receive bids this winter and construction will occur this spring/summer/fall. The City will be responsible for costs as shown below.

<b>Total Estimated Cost</b>	<b>Federal Aid</b>	<b>Balance After Federal Aid</b>	<b>MDOT's Share</b>	<b>City's Share</b>
\$10,267,300	\$5,447,600	\$4,819,700	\$4,586,600	<b>\$233,100</b>

Please contact Jim Kirkwood at 554-0739, [kirkwoodj@kentwood.us](mailto:kirkwoodj@kentwood.us) if you have any questions or concerns.

Thank you for your consideration of this request.

**CITY OF KENTWOOD  
RESOLUTION NO. \_\_ - 24**

A RESOLUTION TO APPROVE A CONTRACT BETWEEN THE CITY OF KENTWOOD AND THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) PERTAINING TO CONSTRUCTION WORK ON HIGHWAY M-37 FROM 44<sup>TH</sup> STREET TO PATTERSON AVENUE.

Minutes of a regular meeting of the City Commission of the City of Kentwood, Kent County, Michigan, held in the Kentwood City Commission Chambers, 4900 Breton Avenue, S.E., in said City, on December 3, 2024, at 7:00 PM.

PRESENT:

ABSENT:

The following preamble and resolution were offered by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_.

WHEREAS, a contract is proposed between the City of Kentwood and the Michigan Department of Transportation pertaining to construction work on Highway M-37 from 44<sup>th</sup> Street to Patterson Avenue; including:

**PART A — Job Number 200652CON, 200652PE; 200652ROW**

Widening work along southbound Highway M-37 from the south junction of Patterson Avenue to approximately 800 feet north of the north junction of Patterson Avenue, including hot mix asphalt paving, hot mix asphalt cold milling, aggregate base, subbase, erosion control, earth excavation, embankment, culvert, guardrail, tree planting, drainage structure, storm sewer, underdrain, traffic signal, concrete curb and gutter, and maintaining traffic work.

**PART B — Job Number 210057CON, 210057PE**

Asphalt inlay work along Highway M-37 from the south junction of Patterson Avenue northerly to 44<sup>th</sup> Street, including hot mix asphalt paving, hot mix asphalt cold milling, aggregate base, subbase, erosion control, shoulder, drainage structure, underdrain, concrete curb and gutter, and maintaining traffic work; together with necessary related work, located within the corporate limits of the City.

AND WHEREAS, the City Commission is advised that said contract is approved as to form and content by the Director of Engineering and that it is a standard MDOT contract,

NOW, THEREFORE, BE IT RESOLVED THAT, the Contract No. 24-5355, Control Section NH 41031; Job Nos. 200652CON, 200652PE, 200652ROW, 210057CON, and 210057PE submitted to the City of Kentwood by the Michigan Department of Transportation, be and the same is hereby approved.

BE IT FURTHER RESOLVED THAT, the Mayor and the City Clerk are hereby authorized to execute said contract for and on behalf of the City.

YEAS: Commissioners

NAYS:

ABSENT:

RESOLUTION DECLARED \_\_\_\_\_.

Dan Kasunic  
Kentwood City Clerk

FEDERAL AID PROGRESS PAYMENT

DA  
Control Section NH 41031  
Job Number 200652CON; 200652PE;  
200652ROW;  
210057CON; 210057PE  
Federal Project 24A0982; 1900891;  
24A0505; 24A0990;  
20A0678  
Contract 24-5355

THIS CONTRACT is made by and between the MICHIGAN DEPARTMENT OF TRANSPORTATION, hereinafter referred to as the "DEPARTMENT"; and the CITY OF KENTWOOD, a Michigan municipal corporation, hereinafter referred to as the "CITY"; for the purpose of fixing the rights and obligations of the parties in agreeing to construction improvements located within the corporate limits of the CITY.

WITNESSETH:

WHEREAS, the parties hereto anticipate that payments by them and contributions by agencies of the Federal Government or other sources will be sufficient to pay the cost of construction or reconstruction of that which is hereinafter referred to as the "PROJECT" and which is located and described as follows:

PART A – Job Number 200652CON, 200652PE; 200652ROW

Widening work along south bound Highway M-37 from the south junction of Patterson Avenue to approximately 800 feet north of the north junction of Patterson Avenue, including hot mix asphalt paving, hot mix asphalt cold milling, aggregate base, subbase, erosion control, earth excavation, embankment, culvert, guardrail, tree planting, drainage structure, storm sewer, underdrain, traffic signal, concrete curb and gutter, and maintaining traffic work

PART B – Job Number 210057CON, 210057PE

Asphalt inlay work along Highway M-37 the south junction of Patterson Avenue northerly to 44<sup>th</sup> Street, including hot mix asphalt paving, hot mix asphalt cold milling, aggregate base, subbase, erosion control, shoulder, drainage structure, underdrain, concrete curb and gutter, and maintaining traffic work; together with necessary related work, located within the corporate limits of the CITY; and

WHEREAS, the DEPARTMENT presently estimates the PROJECT COST as hereinafter defined in Section 1 to be:

PART A	\$ 1,303,700
PART B	\$ <u>8,963,600</u>
TOTAL	\$10,267,300

WHEREAS, the parties hereto have reached an understanding with each other regarding the performance of the PROJECT work and desire to set forth this understanding in the form of a written agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings of the parties and in conformity with applicable law, it is agreed:

1. The CITY hereby consents to the designation of the PROJECT as a state trunkline highway. The parties shall undertake and complete the construction of the PROJECT as a state trunkline highway in accordance with this contract. The term "PROJECT COST", as herein used, is hereby defined as the cost of construction or reconstruction of the PROJECT including the costs of preliminary engineering (PE), plans and specifications; acquisition costs of the property for rights of way, including interest on awards, attorney fees and court costs; physical construction necessary for the completion of the PROJECT as determined by the DEPARTMENT; and construction engineering (CE), legal, appraisal, financing, and any and all other expenses in connection with any of the above.

2. The cost of alteration, reconstruction and relocation, including plans thereof, of certain publicly owned facilities and utilities which may be required for the construction of the PROJECT, shall be included in the PROJECT COST; provided, however, that any part of such cost determined by the DEPARTMENT, prior to the commencement of the work, to constitute a betterment to such facility or utility, shall be borne wholly by the owner thereof.

3. The CITY shall make available to the PROJECT, at no cost, all lands required thereof, now owned by it or under its control for purpose of completing said PROJECT. The CITY shall approve all plans and specifications to be used on that portion of this PROJECT that are within the right of way which is owned or controlled by the CITY. That portion of the PROJECT which lies within the right of way under the control or ownership by the CITY shall become part of the CITY facility upon completion and acceptance of the PROJECT and shall be maintained by the CITY in accordance with standard practice at no cost to the DEPARTMENT. The DEPARTMENT assumes no jurisdiction of CITY right of way before, during or after completion and acceptance of the PROJECT.

4. The parties will continue to make available, without cost, their sewer and drainage structures and facilities for the drainage of the PROJECT.

5. The PROJECT COST shall be met in part by contributions from agencies of the Federal Government. The balance of the PROJECT COST shall be charged to and paid by the DEPARTMENT and the CITY in the following proportions and in the manner and at the times hereinafter set forth:



DEPARTMENT - 87.5%  
 CITY - 12.5%

The PROJECT COST and the respective shares of the parties, after Federal-aid, is estimated to be as follows:

	TOTAL ESTIMATED COST	FEDERAL AID	BALANCE AFTER FEDERAL AID	DEPT'S SHARE	CITY'S SHARE
Constr. & CE	\$ 1,140,200	\$ 933,300	\$ 206,900	\$ 181,000	\$ 25,900
PE	\$ 148,500	\$ 121,500	\$ 27,000	\$ 23,600	\$ 3,400
ROW	\$ 15,000	\$ 12,300	\$ 2,700	\$ 2,400	\$ 300
Constr. & CE	\$ 7,794,400	\$3,809,100	\$3,985,300	\$3,808,300	\$177,000
PE	\$ 1,169,200	\$ 571,400	\$ 597,800	\$ 571,300	\$ 26,500
TOTAL	\$10,267,300	\$5,447,600	\$4,819,700	\$4,586,600	\$233,100

The PE costs will be apportioned in the same ratio as the actual construction award and the CE costs will be apportioned in the same ratio as the actual direct construction costs.

Participation, if any, by the CITY in the acquisition of trunkline right-of-way shall be in accordance with 1951 P.A. 51 Subsection 1d, MCL 247.651d. An amount equivalent to the federal highway funds for acquisition of right-of-way, as would have been available if application had been made thereof and approved by the Federal government, shall be deducted from the total PROJECT COST prior to determining the CITY'S share. Such deduction will be established from the applicable Federal-Aid matching ratio current at the time of acquisition.

6. The DEPARTMENT shall maintain and keep accurate records and accounts relative to the cost of the PROJECT. The DEPARTMENT may submit progress billings to the CITY on a monthly basis for the CITY'S share of the cost of work performed to date, less all payments previously made by the CITY. No monthly billings of a lesser amount than \$1,000 shall be made unless it is a final or end of fiscal year billing. All billings will be labeled either "Progress Bill Number \_\_\_\_\_", or "Final Billing". Payment is due within 30 days of receipt of invoice. Upon completion of the PROJECT, payment of all items of PROJECT COST and receipt of all Federal Aid, the DEPARTMENT shall make a final billing and accounting to the CITY.

7. In order to fulfill the obligations assumed by the CITY under the provisions of this contract, the CITY shall make prompt payments of its share of the PROJECT COST upon receipt of progress billings from the DEPARTMENT as herein provided. The CITY shall be billed for their share of the preliminary engineering costs upon award of the PROJECT. All payments will be made within 30 days of receipt of billings from the DEPARTMENT. Billings to the CITY will be based upon the CITY'S share of the actual costs incurred less Federal Aid earned as the work on the PROJECT progresses.

8. Pursuant to the authority granted by law, the CITY hereby irrevocably pledges a sufficient amount of funds received by it from the Michigan Transportation Fund to meet its obligations as specified herein. If the CITY shall fail to make any of its required payments when due, as specified herein, the DEPARTMENT shall immediately notify the CITY of the fact of such default and the amount thereof, and, if such default is not cured by payment within ten (10) days, the DEPARTMENT is then authorized and directed to withhold from the first of such monies thereafter allocated by law to the CITY from the Michigan Transportation Fund sufficient monies to remove the default, and to credit the CITY with payment thereof, and to notify the CITY in writing of such fact.

9. The DEPARTMENT shall secure from the Federal Government approval of plans, specifications, and such cost estimates as may be required for the completion of the PROJECT; and shall take all necessary steps to qualify for Federal Aid such costs of acquisition of rights of way, construction, and reconstruction, including cost of surveys, design, construction engineering, and inspection for the PROJECT as deemed appropriate. The DEPARTMENT may elect not to apply for Federal Aid for portions of the PROJECT COST.

10. This contract is not intended to increase or decrease either party's liability, or immunity from, tort claims.

11. All of the PROJECT work shall be done by the DEPARTMENT.

12. In connection with the performance of the PROJECT work under this contract the parties hereto (hereinafter in Appendix "A" referred to as the "contractor") agree to comply with the State of Michigan provisions for "Prohibition of Discrimination in State Contracts", as set forth in Appendix A, attached hereto and made a part hereof. The parties further covenant that they will comply with the Civil Rights Acts of 1964, being P.L. 88-352, 78 Stat. 241, as amended, being Title 42 U.S.C. Sections 1971, 1975a-1975d, and 2000a-2000h-6 and the Regulations of the United States Department of Transportation (49 C.F.R. Part 21) issued pursuant to said Act, including Appendix "B", attached hereto and made a part hereof, and will require similar covenants on the part of any contractor or subcontractor employed in the performance of this contract. The parties will carry out the applicable requirements of the DEPARTMENT'S Disadvantaged Business Enterprise (DBE) program and 49 CFR, Part 26, including, but not limited to, those requirements set forth in Appendix C.

13. This contract shall become binding on the parties hereto and of full force and effect upon the signing thereof by the duly authorized officials for the CITY and for the DEPARTMENT; upon the adoption of a resolution approving said contract and authorizing the signatures thereto of the respective officials of the CITY, a certified copy of which resolution shall be attached to this contract.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed as written below.

CITY OF KENTWOOD

MICHIGAN DEPARTMENT  
OF TRANSPORTATION

By \_\_\_\_\_  
Title:

By \_\_\_\_\_  
Department Director MDOT

By \_\_\_\_\_  
Title:



**APPENDIX A**  
**PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS**

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Public Act 453 of 1976 (Elliott-Larsen Civil Rights Act), the contractor shall not discriminate against an employee or applicant for employment with respect to hire, tenure, treatment, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, or marital status. A breach of this covenant will be regarded as a material breach of this contract. Further, in accordance with Public Act 220 of 1976 (Persons with Disabilities Civil Rights Act), as amended by Public Act 478 of 1980, the contractor shall not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants will be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinabove set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to ensure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status, or any disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment; treatment; upgrading; demotion or transfer; recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The contractor or its collective bargaining representative shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of the contractor's commitments under this Appendix.
6. The contractor shall comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission that may be in effect prior to the taking of bids for any individual state project.

7. The contractor shall furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission; said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor, as well as the contractor itself, and said contractor shall permit access to the contractor's books, records, and accounts by the Michigan Civil Rights Commission and/or its agent for the purposes of investigation to ascertain compliance under this contract and relevant rules, regulations, and orders of the Michigan Civil Rights Commission.
8. In the event that the Michigan Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contractor has not complied with the contractual obligations under this contract, the Michigan Civil Rights Commission may, as a part of its order based upon such findings, certify said findings to the State Administrative Board of the State of Michigan, which State Administrative Board may order the cancellation of the contract found to have been violated and/or declare the contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, including the governing boards of institutions of higher education, until the contractor complies with said order of the Michigan Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Michigan Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Michigan Civil Rights Commission to participate in such proceedings.
9. The contractor shall include or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Michigan Civil Rights Commission; all subcontracts and purchase orders will also state that said provisions will be binding upon each subcontractor or supplier.

Revised June 2011

**APPENDIX B**  
**TITLE VI ASSURANCE**

During the performance of this contract, the contractor, for itself, its assignees, and its successors in interest (hereinafter referred to as the “contractor”), agrees as follows:

1. **Compliance with Regulations:** For all federally assisted programs, the contractor shall comply with the nondiscrimination regulations set forth in 49 CFR Part 21, as may be amended from time to time (hereinafter referred to as the Regulations). Such Regulations are incorporated herein by reference and made a part of this contract.
2. **Nondiscrimination:** The contractor, with regard to the work performed under the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection, retention, and treatment of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices, when the contractor covers a program set forth in Appendix B of the Regulations.
3. **Solicitation for Subcontracts, Including Procurements of Materials and Equipment:** All solicitations made by the contractor, either by competitive bidding or by negotiation for subcontract work, including procurement of materials or leases of equipment, must include a notification to each potential subcontractor or supplier of the contractor’s obligations under the contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and facilities as may be determined to be pertinent by the Department or the United States Department of Transportation (USDOT) in order to ascertain compliance with such Regulations or directives. If required information concerning the contractor is in the exclusive possession of another who fails or refuses to furnish the required information, the contractor shall certify to the Department or the USDOT, as appropriate, and shall set forth the efforts that it made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of the contractor’s noncompliance with the nondiscrimination provisions of this contract, the Department shall impose such contract sanctions as it or the USDOT may determine to be appropriate, including, but not limited to, the following:
  - a. Withholding payments to the contractor until the contractor complies; and/or
  - b. Canceling, terminating, or suspending the contract, in whole or in part.

6. **Incorporation of Provisions:** The contractor shall include the provisions of Sections (1) through (6) in every subcontract, including procurement of material and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the Department or the USDOT may direct as a means of enforcing such provisions, including sanctions for non-compliance, provided, however, that in the event a contractor becomes involved in or is threatened with litigation from a subcontractor or supplier as a result of such direction, the contractor may request the Department to enter into such litigation to protect the interests of the state. In addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Revised June 2011

## APPENDIX C

### TO BE INCLUDED IN ALL FINANCIAL ASSISTANCE AGREEMENTS WITH LOCAL AGENCIES

#### Assurance that Recipients and Contractors Must Make (Excerpts from US DOT Regulation 49 CFR 26.13)

- A. Each financial assistance agreement signed with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any US DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of US DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26 and as approved by US DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

- B. Each contract MDOT signs with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of US DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.