

City of Alma, Michigan

Financial Statements

June 30, 2025



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Independent Auditors' Report

Honorable Mayor, Members of the City Commission, and Management
City of Alma, 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 Alma (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Alma Housing Commission, which represent 62 percent and 63 percent, respectively, of the assets and revenues of the discretely presented component units as of and for the year ended June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Alma Housing Commission, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, budgetary comparison schedules and Municipal Employees Retirement System schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 and other auditors 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 other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and, other than the prior year information, 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. 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.

Yeo & Yeo, P.C.

Alma, Michigan
December 22, 2025

City of Alma, Michigan

Management's Discussion and Analysis

June 30, 2025

As management of the City of Alma, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Alma for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this discussion as well as the additional information we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- ✚ From an entity-wide perspective, City of Alma primary government net position was \$56,935,257 at the close of fiscal year 2025. Net position refers to the cumulative amount of assets plus deferred outflows of resources that exceed liabilities plus deferred inflows of resources. Of this amount, \$11,096,126 is unrestricted and available to meet the ongoing obligations to citizens and creditors.
- ✚ The net position of the primary government increased by \$5,288,141 over the course of fiscal year 2025 operations. This compares to an increase in net position of \$5,412,867 over fiscal year 2024.
- ✚ Net position of Governmental Activities increased by \$659,753 from fiscal year 2024. The total expenditures incurred related to the City's governmental programs increased \$1,211,301 (17.7%) from fiscal year 2024.
- ✚ Business-type activities provided a \$4,628,388 increase in net position over the course of 2025. The total expenditures incurred related to City's business-type activities increased \$441,502 (7.8%) from fiscal year 2024.
- ✚ From a fund perspective, the City of Alma's governmental funds report combined Fund Balances of \$13,265,257 at the close of fiscal year 2025. Of this amount, \$6,119,907 (46.1%) is unassigned and available to meet ongoing obligations.
- ✚ The General Fund reported an increase in Fund Balance of \$632,114 for fiscal year 2025. This compares to an increase in Fund Balance of \$1,251,968 in fiscal year 2024.
- ✚ The unassigned portion of General Fund Balance increased \$691,014 over fiscal year 2024.
- ✚ Net position of the City of Alma's business-type activities totaled \$26,465,273 at the close of fiscal year 2025. Of this amount, \$7,448,648 (28.1%) is available to meet ongoing obligations and \$19,016,625 (71.9%) is net investment in capital assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four major parts: Management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information. The other supplementary information section includes combining statements for nonmajor governmental funds and fiduciary funds.

The basic financial statements begin on page 3-1 of this report and present two different views of the City.

Government-wide Financial Statements

The government-wide financial statements summarize all City funds into one statement using the full accrual method of accounting. The primary government is comprised of governmental activities and business-type activities. Governmental activities are most of the basic municipal services including police and fire protection, building code enforcement, general administration, public works, cemetery and parks and recreation. Property taxes, state-shared revenue and charges for services are the primary sources for financing these activities. Business-type activities include water, sewer and refuse collection as well as public transit services. The City charges fees to customers to finance a significant portion of these services. The third category is Component Units and is presented in a separate, distinct column in the government-wide statements. These activities include Alma Downtown Development Authority, Alma Public Library and Alma Housing Commission. Additional definition of the City's Component Units can be found beginning on page 3-15 of the Notes to Financial Statements.

City of Alma, Michigan
Management's Discussion and Analysis
June 30, 2025

Statement of Net Position

The Statement of Net Position provides information on assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources with the difference between those defined as net position. Over time, increases and decreases in net position can serve as a barometer of financial health. A trend of increasing net position is viewed as a sign of improving financial condition. The Statement of Net Position can be found on page 3-1.

Statement of Activities

The Statement of Activities presents revenues and expenses which reflect the underlying cause of the change in net position. All changes in net position are reported as soon as the underlying event to the change occurs, regardless of the timing of related cash flows. This statement includes depreciation on capital assets and is adjusted to eliminate inter-fund transactions which would distort the overview perspective of government-wide statements. The Statement of Activities can be found on page 3-2.

The internal service fund primarily benefits the governmental activities and therefore is included in that section of the government-wide statements. Financial statements for the component units can be found on pages 3-12 through 3-14.

Fund Financial Statements

This report also includes information on individual funds. A fund is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Funds are used to ensure conformity with finance-related legal or regulatory compliance requirements. Funds are classified as either governmental funds, proprietary funds or fiduciary funds.

Governmental Funds

Governmental funds use a modified accrual basis of accounting which focuses on near-term inflows and outflows and balances of expendable resources. In the governmental fund statements, capital expenditures and debt principal are reported on the Statement of Revenues, Expenditures and Changes in Fund Balance, and depreciation and accrued compensated absences are not recorded. The Balance Sheet for governmental funds does not include any capital assets or long-term debt.

The focus of governmental funds is narrower than that of the government-wide financial statements. Therefore, comparing the information presented in each statement can give the reader a better understanding of the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate a comparison to the government-wide statements. The basic governmental fund financial statements can be found on pages 3-3 and 3-5 of this report.

The City of Alma maintains ten individual governmental funds. The largest funds in terms of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures are considered major funds. The General Fund, Major Streets Fund and the Street Improvement Millage Fund are presented as major funds. Budgetary comparison schedules for the major governmental funds are presented on pages 4-1 through 4-4 of this report. In the basic financial statements, nonmajor funds are consolidated into one column. Combining statements for nonmajor governmental funds can be found beginning on page 5-1. The nonmajor governmental funds for the City of Alma include the Local Streets Fund, Cemetery Endowment Fund, Library Endowment Fund, Parks and Recreation Fund, Local Development Financing Authority Fund, Housing Improvement Fund, and Alma Building Authority Fund.

Proprietary Funds

Proprietary funds use a full accrual basis of accounting for both government-wide statements and individual fund statements. The City of Alma uses two types of proprietary funds. Enterprise funds are used to report business like activities. Internal service funds are used to accumulate and allocate the cost of providing services to other city activities or functions.

The City of Alma maintains five enterprise funds. Four are presented separately as major funds in the proprietary fund financial statements found on pages 3-7 through 3-9. Major funds include Transit Services, Wastewater Utility, Water Utility and Refuse Disposal. Non-Major funds include State Street Plaza and are presented separately in the financial statements.

City of Alma, Michigan

Management's Discussion and Analysis

June 30, 2025

The City of Alma maintains one internal service fund as of 2025: Public Works Services and Equipment Maintenance. This fund is presented separately as a single column in the proprietary fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City of Alma. Fiduciary funds are not reflected in the government-wide financial statements because the resources held in those funds are not available for the use of the City of Alma. Fiduciary Funds include the Rural Urban Fire Board Fund, Public Safety Employees' Benefit Trust Fund, Tax Collection Fund, Park Projects Fund, and the Rescue Authority Fund. The Statement of Net Position for the Fiduciary Funds and the Statement of Changes in Fiduciary Net Position for the Custodial Funds is found on pages 3-10 and 3-11 in the Basic Statements.

Notes to the Financial Statements

The notes provide additional detailed information integral to understanding the data provided in the financial statements. The notes begin on page 3-15 of this report.

Required Supplementary Information

This report also presents required supplementary information including budgetary comparison schedules for major funds and the City of Alma's Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions to Municipal Employees Retirement System of Michigan (MERS). MERS is the primary provider of pension benefits to City employees. These schedules begin on page 4-1 of this report.

Other Supplementary Information

Other supplementary information begins on page 5-1 with Combining Statements for nonmajor governmental funds. Additional financial schedules for the Fiduciary Funds classified as Custodial Funds are also included in this section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The Statement of Net Position provides an overview of the City of Alma's assets plus deferred outflows of resources, liabilities plus deferred inflows and net position. Over time, the level of net position can provide a good indicator of the City's fiscal health. At the close of fiscal year 2025, the primary government net position was \$56,935,257.

The largest portion of City of Alma's government net position reflects its net investment in capital assets. At June 30, 2025, this amount is \$19,854,989 for governmental activities and \$19,016,625 for business-type activities, for a primary government total of \$38,871,614. Streets and bridges are the largest share of investment in capital assets for the governmental activities. The net book value of streets and bridges is \$9,146,376 or 46.1% of net investment in capital assets for governmental activities.

The City recorded \$2,718,562 in capital asset additions within the governmental funds for fiscal year 2025. The net book value of capital assets increased \$1,330,594 (6.9%) from last fiscal year. This resulted from an increase in construction projects, primarily in the street funds, in conjunction with the neighborhood street projects which were funded through MDOT funding and a local street millage.

Utility lines and appurtenances are the largest share of investment in capital assets for the business-type activities. The net book value of utility lines and appurtenances is \$12,320,056, or 54.0% of net investment in capital assets for business-type activities. Additional information detailing the changes in City of Alma's capital assets is presented in the Notes to Financial Statements beginning on page 3-29.

An additional \$6,967,517, or 12.2%, of City of Alma's net position is subject to restrictions on how it may be used. At the end of fiscal year 2025 the Cemetery Endowment and Library Endowment funds total \$832,505 of that amount. The ordinances creating both of those endowments allow eighty percent of each year's investment income to be transferred to the respective activity for operating purposes. The largest restriction of net position is related to street maintenance. Except for intermittent grant funding, Major and Local Street Funds are funded with Michigan PA 51 contributions and Street Improvement Millage Fund is funded with a voted tax millage.

City of Alma, Michigan
Management's Discussion and Analysis
June 30, 2025

The remaining balance of net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position at the close of 2025 is \$11,096,126 or 19.5% of the City of Alma's net position.

A summarized comparison of the Statement of Net Position follows:

Table A-1
City of Alma, Michigan
Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	
Assets:							
Current and other assets	\$ 17.54	\$ 14.52	\$ 10.27	\$ 11.19	\$ 27.81	\$ 25.71	8.17%
Investment in joint ventures	0.86	0.88	-	-	0.86	0.88	-2.27%
Capital assets	20.55	19.22	22.82	17.52	43.37	36.74	18.05%
Total assets	38.95	34.62	33.09	28.71	72.04	63.33	13.75%
Deferred outflows:	1.03	1.29	0.30	0.49	1.33	1.78	
Total assets and deferred outflows	39.98	35.91	33.39	29.20	73.37	65.11	12.69%
Liabilities:							
Noncurrent liabilities	5.92	5.38	3.75	4.60	9.67	9.98	-3.11%
Other liabilities	3.02	0.68	2.28	1.98	5.30	2.66	99.25%
Total liabilities	8.94	6.06	6.03	6.58	14.97	12.64	18.43%
Deferred inflows:	0.57	0.04	0.89	0.78	1.46	0.82	
Total liabilities and deferred inflows	9.51	6.10	6.92	7.36	16.43	13.46	22.07%
Net position:							
Net investment in capital assets	19.85	19.22	19.02	13.23	38.87	32.45	19.78%
Restricted	6.97	6.88	-	-	6.97	6.88	1.31%
Unrestricted	3.65	3.71	7.45	8.61	11.10	12.32	-9.90%
Total net position	\$ 30.47	\$ 29.81	\$ 26.47	\$ 21.84	\$ 56.94	\$ 51.65	10.24%

Changes in Net Position

From a government wide perspective, City of Alma's Net Position increased \$5,288,141 during the 2025 fiscal year. Governmental Activities recorded an increase of \$649,468 and the increase for Business-type Activities was \$4,638,673. Total revenues for the governmental activities decreased \$446,498 from fiscal year 2024 to fiscal year 2025 while program expenditures increased \$1,211,301 over the same period. Total revenues for business-type activities increased \$1,974,575 from fiscal year 2024 to fiscal year 2025 while program expenditures increased \$441,502.

The following table presents a summarized comparison of changes in net position during fiscal years ending June 30, 2025 and 2024. The information is presented to reflect the programs or activities of the City of Alma and mirrors the government-wide Statement of Activities on pages 3-2 of the basic statements.

City of Alma, Michigan
Management's Discussion and Analysis
June 30, 2025

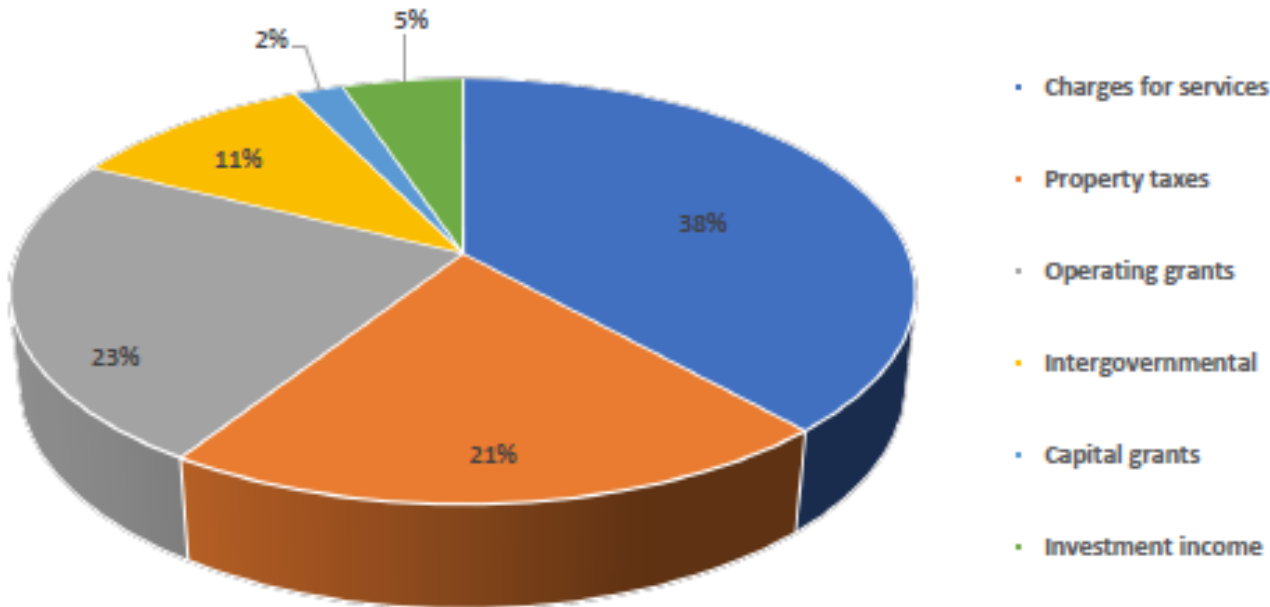
Table A-2
City of Alma, Michigan
Changes in Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	
Revenues:							
Program revenues:							
Charges for services	\$ 0.40	\$ 0.40	\$ 7.01	\$ 6.54	\$ 7.41	\$ 6.94	6.77%
Operating grants & contributions	1.66	2.64	2.84	1.42	4.50	4.06	10.84%
Capital grants & contributions	0.05	0.03	0.35	0.15	0.40	0.18	0.00%
General revenues:							
Property taxes	3.82	3.63	0.16	0.18	3.98	3.81	4.46%
Intergovernmental	2.00	1.86	0.01	-	2.01	1.86	8.06%
Investment income	0.65	0.57	0.35	0.48	1.00	1.05	-4.76%
Other revenue	0.13	0.03	0.05	0.03	0.18	0.06	200.00%
Total revenues	8.71	9.16	10.77	8.80	19.48	17.96	8.46%
Expenses:							
General government	1.40	1.08	-	-	1.40	1.08	29.63%
Public safety	3.53	2.95	-	-	3.53	2.95	19.66%
Public works	2.50	2.28	-	-	2.50	2.28	9.65%
Community and economic development	0.06	0.11	-	-	0.06	0.11	-45.45%
Recreation & culture	0.57	0.43	-	-	0.57	0.43	32.56%
State Street Plaza	-	-	0.08	0.07	0.08	0.07	14.29%
Transit Services	-	-	1.50	1.49	1.50	1.49	0.67%
Wastewater Utility	-	-	1.83	1.72	1.83	1.72	6.40%
Water Utility	-	-	1.96	1.67	1.96	1.67	17.37%
Solid Waste	-	-	0.76	0.74	0.76	0.74	2.70%
Total expenses	8.06	6.85	6.13	5.69	14.19	12.54	13.16%
Change in net position	0.65	2.31	4.64	3.11	5.29	5.42	-2.40%
Beginning net position	29.82	27.51	21.83	18.72	51.65	46.23	11.72%
Ending net position	\$ 30.47	\$ 29.82	\$ 26.47	\$ 21.83	\$ 56.94	\$ 51.65	10.24%

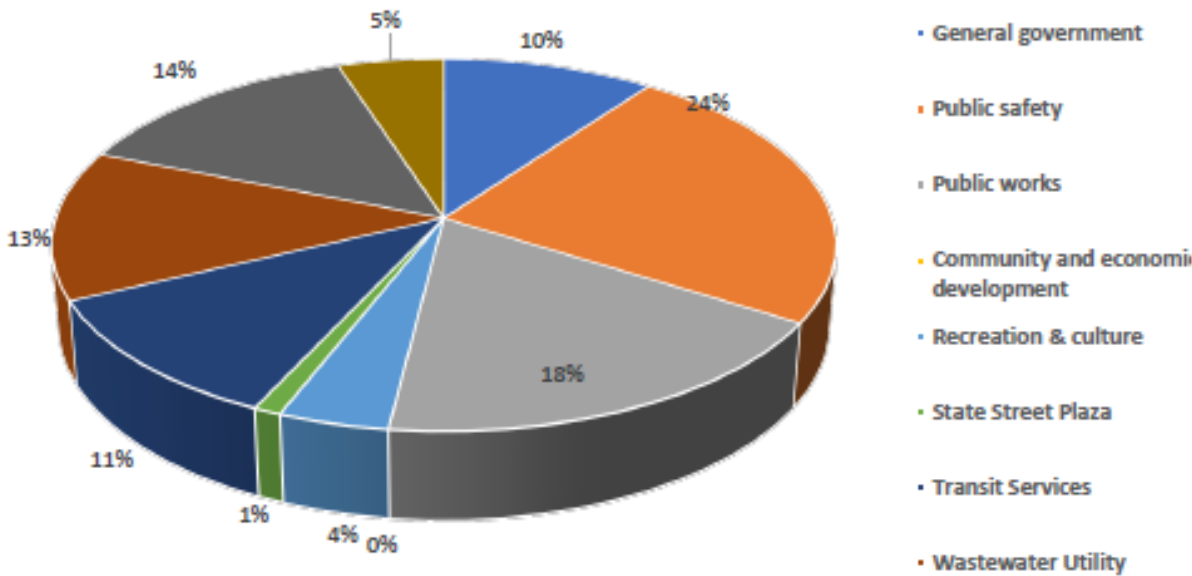
City of Alma, Michigan
Management's Discussion and Analysis
June 30, 2025

Also shown graphically are government-wide revenues by source as well as government-wide expenses by program shown as a percentage to total:

2025 Government Wide Revenues by Source



2025 Government Wide Expenses by Program



City of Alma, Michigan
Management's Discussion and Analysis
June 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Commission adopts budgets for the General, Special Revenue, and Enterprise funds. Budgets are adopted at the activity level for General Fund and the fund level for all other funds.

The original adopted budget was created as a balanced budget with no anticipated change in fund balance in the General Fund. During the fiscal year, amendments were made that created an anticipated decrease in fund balance of \$777,300 due to anticipated capital expenditures funded through excess fund balance. The actual result was an increase in General Fund balance of \$632,114. The increase was related in large part to the timing of expenditures related to capital projects that were budgeted for during the current fiscal year budget but will not be incurred until a future fiscal year due to delays in construction. Most of the carryover fund balance is anticipated to be spent during the 2026 fiscal year as purchase orders have already been executed. Additional information can be found on the budgetary comparison schedules beginning on page 4-1.

CAPITAL ASSETS

The City of Alma primary government has \$43,368,944 invested in capital assets net of depreciation. Capital assets include all tangible assets that exceed \$5,000 in value and have an expected useful life of greater than a year. Capital assets include land, land improvements, streets, sidewalks, buildings, equipment, vehicles, storm drains and sewer and water mains. The City uses straight line depreciation ranging from three to fifty years of useful life. Additional details of capital assets can be found in the Notes to Financial Statements beginning on page 3-28.

DEBT ADMINISTRATION

The City of Alma had no debt obligations outstanding for governmental funds as of June 30, 2025.

The Business-type Activities of the City have \$2,114,145 in outstanding bonded debt as of June 30, 2025. Of the outstanding debt, \$235,000 is general obligation bonded debt and \$1,802,470 is revenue bonds issued for the Wastewater Utility. Currently, there is no bonded debt outstanding for the Governmental Activities of City of Alma.

There is more detailed information on debt and other obligations beginning on page 3-32 of the Notes to Financial Statements. The Notes also include a complete schedule of debt repayments until maturity.

ECONOMIC FORECAST

The City of Alma has three main sources of revenue: property taxes, state shared revenue, and service charges.

Property Tax Base

The City of Alma recently completed a reappraisal for all properties within the City. This major commitment on behalf of the City makes for a fair and equitable assessment of the City's tax values.

State Shared Revenue

State shared revenue is the second largest source of revenue for General Fund. State shared sales tax revenue is made up of two components. The constitutional component is 13% of the gross collections of the 6% state sales tax. The statutory portion requires certain performances by the local unit to be eligible to receive it. The City of Alma has met all necessary requirements to qualify for next year's funding.

Service Charges for Utilities

From an entity-wide perspective, utility service charges are the third major revenue source. The Gratiot Area Water Authority has been created to produce potable water for both City of Alma and City of St. Louis. Water usage is metered for both municipalities. City of Alma Water Utility is charged with the distribution of water to its residents.

THE FUTURE

The City of Alma Administrative Team is committed to ensuring that the policies, procedures, and personnel needed to maintain an efficient, functional finance department are in place.

City of Alma, Michigan
Management's Discussion and Analysis
June 30, 2025

CONTACTING THE CITY'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide a general overview of the City of Alma's finances for all those with an interest and to show accountability for the financial resources managed for the benefit of its constituents. Questions concerning any of the information provided in this report or requests for additional information may be directed to the City Manager, or Finance Director at 525 E. Superior Street, Alma, Michigan, 48801.

City of Alma
Statement of Net Position
June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,930,668	\$ 3,135,947	\$ 10,066,615	\$ 1,831,644
Investments	8,658,632	4,444,780	13,103,412	2,083,622
Restricted tenant deposits	-	-	-	46,155
Receivables				
Accounts	162,300	50,057	212,357	68,830
Taxes	12,279	194	12,473	433
Utility bills	-	773,494	773,494	-
Special assessments	3,971	35,865	39,836	-
Interest	134,163	68,870	203,033	5,920
Leases receivable	13,154	729,484	742,638	-
Due from other units of government	490,233	1,837,854	2,328,087	68,012
Due from employees	1,084	-	1,084	-
Internal balances	803,588	(803,588)	-	-
Inventories	86,175	-	86,175	-
Prepaid items	233,824	3,716	237,540	32,487
Equity interest in Rural Urban Fire Board	858,074	-	858,074	-
Capital assets not being depreciated	5,480,407	6,176,602	11,657,009	259,166
Capital assets, net of accumulated depreciation	<u>15,069,239</u>	<u>16,642,696</u>	<u>31,711,935</u>	<u>3,291,238</u>
Total assets	<u>38,937,791</u>	<u>33,095,971</u>	<u>72,033,762</u>	<u>7,687,507</u>
Deferred outflows of resources				
Bond refundings	-	7,883	7,883	-
Pension related	<u>1,028,002</u>	<u>294,457</u>	<u>1,322,459</u>	<u>152,852</u>
Total deferred outflows of resources	<u>1,028,002</u>	<u>302,340</u>	<u>1,330,342</u>	<u>152,852</u>
Liabilities				
Accounts payable	805,858	2,203,036	3,008,894	113,683
Due to other units of government	6,193	7,713	13,906	994
Payroll and other liabilities	123,483	60,827	184,310	40,609
Interest payable	-	11,781	11,781	-
Customer deposits	-	405	405	46,155
Unearned revenue	2,080,744	3,158	2,083,902	8,257
Noncurrent liabilities				
Debt due within one year	131,843	506,005	637,848	24,306
Debt due in more than one year	87,895	1,608,140	1,696,035	37,946
Net pension liability	<u>5,699,963</u>	<u>1,632,670</u>	<u>7,332,633</u>	<u>871,478</u>
Total liabilities	<u>8,935,979</u>	<u>6,033,735</u>	<u>14,969,714</u>	<u>1,143,428</u>
Deferred inflows of resources				
Lease related	13,154	729,484	742,638	-
Pension related	<u>556,961</u>	<u>159,534</u>	<u>716,495</u>	<u>31,324</u>
Total deferred inflows of resources	<u>570,115</u>	<u>889,018</u>	<u>1,459,133</u>	<u>31,324</u>
Net position				
Net investment in capital assets	19,854,989	19,016,625	38,871,614	3,550,404
Restricted for				
Street maintenance	6,086,154	-	6,086,154	-
Special tax districts	23,647	-	23,647	-
Housing rehabilitation	11,499	-	11,499	-
Debt service	13,712	-	13,712	-
Permanent funds (nonexpendable)	832,505	-	832,505	-
Unrestricted	<u>3,637,193</u>	<u>7,458,933</u>	<u>11,096,126</u>	<u>3,115,203</u>
Total net position	<u>\$ 30,459,699</u>	<u>\$ 26,475,558</u>	<u>\$ 56,935,257</u>	<u>\$ 6,665,607</u>

See Accompanying Notes to the Financial Statements

City of Alma
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Functions/programs								
Primary government								
Governmental activities								
General government	\$ 1,402,123	\$ 153,261	\$ -	\$ -	\$ (1,248,862)	\$ -	\$ (1,248,862)	\$ -
Public safety	3,526,733	89,790	72,537	-	(3,364,406)	-	(3,364,406)	-
Public works	2,505,740	58,137	1,535,105	50,108	(862,390)	-	(862,390)	-
Community and economic development	55,975	25,265	-	-	(30,710)	-	(30,710)	-
Recreation and culture	571,587	72,259	52,719	-	(446,609)	-	(446,609)	-
Total governmental activities	8,062,158	398,712	1,660,361	50,108	(5,952,977)	-	(5,952,977)	-
Business-type activities								
State Street Plaza	81,404	58,111	-	-	-	(23,293)	(23,293)	-
Transit Services	1,497,289	391,890	742,419	353,217	-	(9,763)	(9,763)	-
Wastewater Utility	1,833,199	2,713,867	-	-	-	880,668	880,668	-
Water Utility	1,963,654	3,156,042	2,095,783	-	-	3,288,171	3,288,171	-
Solid Waste Disposal	760,542	687,235	4,050	-	-	(69,257)	(69,257)	-
Total business-type activities	6,136,088	7,007,145	2,842,252	353,217	-	4,066,526	4,066,526	-
Total primary government	\$ 14,198,246	\$ 7,405,857	\$ 4,502,613	\$ 403,325	(5,952,977)	4,066,526	(1,886,451)	-
Component units								
Alma Downtown Development Authority	\$ 79,137	\$ -	\$ -	\$ -	-	-	-	(79,137)
Alma Public Library	833,679	15,063	216,043	-	-	-	-	(602,573)
Alma Housing Commission	1,441,085	529,198	788,416	229,691	-	-	-	106,220
Interest on long term debt	10,042	-	-	-	-	-	-	(10,042)
Total component units	\$ 2,363,943	\$ 544,261	\$ 1,004,459	\$ 229,691				(585,532)
General revenues								
Property taxes					3,818,367	162,543	3,980,910	681,607
Unrestricted state-shared revenue					2,002,404	7,715	2,010,119	-
Unrestricted investment earnings					652,179	351,299	1,003,478	131,448
Gain on sale of capital assets					92,901	2,134	95,035	17,000
Miscellaneous					36,594	48,456	85,050	25,866
Total general revenues					6,602,445	572,147	7,174,592	855,921
Change in net position					649,468	4,638,673	5,288,141	270,389
Net position - beginning of year					29,810,231	21,836,885	51,647,116	6,350,695
Adjustments					-	-	-	44,523
Net position - beginning of year, as adjusted					29,810,231	21,836,885	51,647,116	6,395,218
Net position - end of year					\$ 30,459,699	\$ 26,475,558	\$ 56,935,257	\$ 6,665,607

See Accompanying Notes to the Financial Statements

City of Alma
Governmental Funds
Balance Sheet
June 30, 2025

	Special Revenue Funds				
	General	Major Streets	Street Improvement Millage	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,180,324	\$ 1,866,449	\$ 547,936	\$ 1,142,758	\$ 6,737,467
Investments	4,770,066	2,626,807	763,839	441,872	8,602,584
Receivables					
Accounts	144,700	-	-	-	144,700
Taxes	11,631	-	648	-	12,279
Special assessments	3,971	-	-	-	3,971
Interest	73,910	40,702	11,835	6,847	133,294
Leases receivable	13,154	-	-	-	13,154
Due from other units of government	237,308	158,905	-	94,020	490,233
Due from employees	1,084	-	-	-	1,084
Due from other funds	40,000	-	-	-	40,000
Prepaid items	219,092	157	-	9,993	229,242
	<u>8,695,240</u>	<u>4,693,020</u>	<u>1,324,258</u>	<u>1,695,490</u>	<u>16,408,008</u>
Total assets	\$ 8,695,240	\$ 4,693,020	\$ 1,324,258	\$ 1,695,490	\$ 16,408,008
Liabilities					
Accounts payable	\$ 105,782	\$ 103,634	\$ 574,674	\$ 11,974	\$ 796,064
Due to other funds	-	-	-	40,000	40,000
Due to other units of government	4,309	179	-	856	5,344
Payroll and other liabilities	97,669	2,475	-	11,459	111,603
Unearned revenue	2,080,744	-	-	-	2,080,744
	<u>2,288,504</u>	<u>106,288</u>	<u>574,674</u>	<u>64,289</u>	<u>3,033,755</u>
Total liabilities	2,288,504	106,288	574,674	64,289	3,033,755
Deferred inflows of resources					
Unavailable revenue - investment income	50,612	27,872	8,698	4,689	91,871
Unavailable revenue - special assessments	3,971	-	-	-	3,971
Lease related	13,154	-	-	-	13,154
	<u>67,737</u>	<u>27,872</u>	<u>8,698</u>	<u>4,689</u>	<u>108,996</u>
Total deferred inflows of resources	67,737	27,872	8,698	4,689	108,996
Fund balances					
Non-spendable					
Prepaid items	219,092	157	-	9,993	229,242
Permanent fund	-	-	-	832,505	832,505
Restricted for					
Street maintenance	-	4,558,703	740,886	735,455	6,035,044
TIF district infrastructure	-	-	-	23,502	23,502
Housing rehabilitation	-	-	-	11,429	11,429
Debt service	-	-	-	13,628	13,628
Unassigned	6,119,907	-	-	-	6,119,907
	<u>6,338,999</u>	<u>4,558,860</u>	<u>740,886</u>	<u>1,626,512</u>	<u>13,265,257</u>
Total fund balances	6,338,999	4,558,860	740,886	1,626,512	13,265,257
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,695,240	\$ 4,693,020	\$ 1,324,258	\$ 1,695,490	\$ 16,408,008

See Accompanying Notes to the Financial Statements

City of Alma
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Total fund balances for governmental funds	\$ 13,265,257
Total net position for governmental activities in the statement of net position is different because:	
Internal balances related to fund consolidations	803,588
Investment in joint venture - Rural Urban Fire Board	858,074
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	5,380,182
Capital assets, net of accumulated depreciation	13,727,137
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	95,842
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	749,968
Deferred inflows of resources resulting from net pension liability	(406,325)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Compensated absences	(187,690)
Net pension liability	(4,158,349)
Internal service funds are included as part of governmental activities.	332,015
Net position of governmental activities	<u>\$ 30,459,699</u>

City of Alma
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds				Total Governmental Funds
	General	Major Streets	Street Improvement Millage	Nonmajor Governmental Funds	
Revenues					
Taxes	\$ 3,107,196	\$ -	\$ 711,171	\$ -	\$ 3,818,367
Licenses and permits	47,572	-	-	-	47,572
Federal grants	-	-	-	89,856	89,856
State grants	2,166,417	996,161	33,755	370,144	3,566,477
Local contributions	50,108	-	-	-	50,108
Charges for services	274,297	38,659	-	1,850	314,806
Fines and forfeitures	14,632	-	-	-	14,632
Rental income	19,142	-	-	-	19,142
Investment income	269,337	232,117	62,202	72,747	636,403
Other revenue	84,600	-	-	-	84,600
Total revenues	6,033,301	1,266,937	807,128	534,597	8,641,963
Expenditures					
Current					
General government	1,245,499	-	-	-	1,245,499
Public safety	2,557,040	-	-	-	2,557,040
Public works	1,108,883	399,024	61,429	570,711	2,140,047
Community and economic development	77,819	-	-	-	77,819
Recreation and culture	499,409	-	-	103,542	602,951
Capital outlay	-	345,608	855,281	160,926	1,361,815
Total expenditures	5,488,650	744,632	916,710	835,179	7,985,171
Excess (deficiency) of revenues over expenditures	544,651	522,305	(109,582)	(300,582)	656,792
Other financing sources (uses)					
Transfers in	18,302	-	-	250,000	268,302
Transfers out	-	(250,000)	-	(18,302)	(268,302)
Sale of capital assets	69,161	-	-	-	69,161
Total other financing sources (uses)	87,463	(250,000)	-	231,698	69,161
Net change in fund balances	632,114	272,305	(109,582)	(68,884)	725,953
Fund balances - beginning of year	5,706,885	4,286,555	850,468	1,695,396	12,539,304
Fund balances - end of year	\$ 6,338,999	\$ 4,558,860	\$ 740,886	\$ 1,626,512	\$ 13,265,257

See Accompanying Notes to the Financial Statements

City of Alma
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$	725,953
Total change in net position reported for governmental activities in the statement of activities is different because:		
Change in investment in joint venture - Rural Urban Fire Board		(23,634)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Depreciation and amortization expense		(926,388)
Capital outlay		2,094,237
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
		(30,566)
Expenses are recorded when incurred in the statement of activities.		
Compensated absences		(45,015)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in the net pension liability		(590,069)
Net change in the deferred outflow of resources related to the net pension liability		(135,562)
Net change in the deferred inflow of resources related to the net pension liability		(400,940)
Internal service funds are also included as governmental activities		<u>(18,548)</u>
Change in net position of governmental activities	\$	<u>649,468</u>

City of Alma
Proprietary Funds
Statement of Net Position
June 30, 2025

	Enterprise Funds						
					Nonmajor Enterprise Fund		Internal Service Fund
	Transit Services	Wastewater Utility	Water Utility	Refuse Disposal	State Street Plaza	Total	
Assets							
Current assets							
Cash and cash equivalents	\$ 860,942	\$ 672,788	\$ 1,184,388	\$ 129,792	\$ 288,037	\$ 3,135,947	\$ 193,201
Investments	1,200,510	990,859	1,647,342	203,251	402,818	4,444,780	56,048
Receivables							
Accounts	27,288	13,102	1,637	-	8,030	50,057	17,600
Taxes	194	-	-	-	-	194	-
Utility bills	-	303,099	380,906	89,489	-	773,494	-
Special assessments	-	35,865	-	-	-	35,865	-
Interest	18,602	15,353	25,525	3,149	6,241	68,870	869
Leases receivable, current	-	-	36,515	-	7,075	43,590	-
Due from other units of government	268,912	48,062	1,516,830	4,050	-	1,837,854	-
Inventories	-	-	-	-	-	-	86,175
Prepaid items	865	1,611	1,240	-	-	3,716	4,582
Total current assets	2,377,313	2,080,739	4,794,383	429,731	712,201	10,394,367	358,475
Noncurrent assets							
Leases receivable, long-term	-	-	679,811	-	6,083	685,894	-
Capital assets not being depreciated	299,816	1,027,293	4,787,193	-	62,300	6,176,602	100,225
Capital assets, net of accumulated depreciation	1,381,458	11,224,893	3,982,436	-	53,909	16,642,696	1,342,102
Total noncurrent assets	1,681,274	12,252,186	9,449,440	-	122,292	23,505,192	1,442,327
Total assets	4,058,587	14,332,925	14,243,823	429,731	834,493	33,899,559	1,800,802
Deferred outflows of resources							
Bond refundings	-	3,400	4,483	-	-	7,883	-
Pension related	68,872	98,918	126,667	-	-	294,457	278,034
Total deferred outflows of resources	68,872	102,318	131,150	-	-	302,340	278,034
Liabilities							
Current liabilities							
Accounts payable	21,359	277,925	1,857,992	43,725	2,035	2,203,036	9,794
Due to other units of government	5,294	1,411	751	231	26	7,713	849
Payroll and other liabilities	28,031	19,106	10,149	3,166	375	60,827	11,880
Interest payable	-	11,481	300	-	-	11,781	-
Customer deposits	-	3	401	1	-	405	-
Unearned revenue	-	-	3,158	-	-	3,158	-
Compensated absences	23,374	10,424	12,207	-	-	46,005	19,229
Current portion of long-term liabilities	-	364,300	95,700	-	-	460,000	-
Total current liabilities	78,058	684,650	1,980,658	47,123	2,436	2,792,925	41,752
Noncurrent liabilities							
Compensated absences	15,583	6,949	8,138	-	-	30,670	12,819
Long-term liabilities	-	1,577,470	-	-	-	1,577,470	-
Net pension liability	381,873	548,470	702,327	-	-	1,632,670	1,541,614
Total noncurrent liabilities	397,456	2,132,889	710,465	-	-	3,240,810	1,554,433
Total liabilities	475,514	2,817,539	2,691,123	47,123	2,436	6,033,735	1,596,185
Deferred inflows of resources							
Lease related	-	-	716,326	-	13,158	729,484	-
Pension related	37,314	53,593	68,627	-	-	159,534	150,636
Total deferred inflows of resources	37,314	53,593	784,953	-	13,158	889,018	150,636
Net position							
Net investment in capital assets	1,672,026	10,074,179	7,154,211	-	116,209	19,016,625	1,442,327
Unrestricted (deficit)	1,942,605	1,489,932	3,744,686	382,608	702,690	8,262,521	(1,110,312)
Total net position	\$ 3,614,631	\$ 11,564,111	\$ 10,898,897	\$ 382,608	\$ 818,899	27,279,146	\$ 332,015

Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities

(803,588)

Net position of business-type activities

\$ 26,475,558

See Accompanying Notes to the Financial Statements

City of Alma
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2025

	Enterprise Funds						Internal Service Fund
	Transit Services	Wastewater		Refuse Disposal	Nonmajor Enterprise Fund		
		Utility	Water Utility		State Street	Plaza	
Operating revenue							
Customer fees	\$ 391,890	\$ 2,713,867	\$ 3,120,148	\$ 687,235	\$ -	\$ 6,913,140	\$ 650,703
Billings to other funds	-	-	-	-	-	-	536,885
Rental income	-	-	35,894	-	58,111	94,005	-
Other revenue	9,684	-	38,772	-	-	48,456	416
Total operating revenue	401,574	2,713,867	3,194,814	687,235	58,111	7,055,601	1,188,004
Operating expenses							
Personnel services	889,623	697,794	442,297	140,457	18,158	2,188,329	746,556
Supplies	133,487	146,862	48,499	598	341	329,787	110,320
Contractual services	134,911	403,826	251,082	605,261	23,032	1,418,112	96,554
Utilities	23,501	129,206	3,013	-	22,051	177,771	28,641
Repairs and maintenance	19,695	-	-	-	-	19,695	66,073
Other expenses	22,935	23,275	1,002,492	1,875	5,749	1,056,326	18,728
Depreciation	273,130	364,584	201,659	-	11,805	851,178	196,181
Total operating expenses	1,497,282	1,765,547	1,949,042	748,191	81,136	6,041,198	1,263,053
Operating income (loss)	(1,095,708)	948,320	1,245,772	(60,956)	(23,025)	1,014,403	(75,049)
Nonoperating revenue (expenses)							
Property taxes	162,543	-	-	-	-	162,543	-
Federal grants	255,753	-	2,095,783	-	-	2,351,536	-
State grants	494,381	-	-	-	-	494,381	-
Local contributions	-	-	-	4,050	-	4,050	-
Investment income	99,367	72,621	134,868	12,085	32,358	351,299	7,328
Gain on sale of capital assets	-	-	2,134	-	-	2,134	23,740
Interest expense	-	(60,361)	(9,096)	-	-	(69,457)	-
Total nonoperating revenues (expenses)	1,012,044	12,260	2,223,689	16,135	32,358	3,296,486	31,068
Income (loss) before contributions and transfers out	(83,664)	960,580	3,469,461	(44,821)	9,333	4,310,889	(43,981)
Capital contributions							
Federal	282,574	-	-	-	-	282,574	-
State	70,643	-	-	-	-	70,643	-
Change in net position	269,553	960,580	3,469,461	(44,821)	9,333	4,664,106	(43,981)
Net position - beginning of year	3,345,078	10,603,531	7,429,436	427,429	809,566		375,996
Net position - end of year	\$ 3,614,631	\$ 11,564,111	\$ 10,898,897	\$ 382,608	\$ 818,899		\$ 332,015
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities						(25,433)	
Change in net position of business-type activities						\$ 4,638,673	

See Accompanying Notes to the Financial Statements

City of Alma
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2025

	Enterprise Funds						Internal Service Fund
	Transit Services	Wastewater Utility	Water Utility	Refuse Disposal	Nonmajor Enterprise Fund State Street Plaza	Total	
Cash flows from operating activities							
Receipts from customers	\$ 401,799	\$ 2,758,749	\$ 2,034,932	\$ 701,756	\$ 59,980	\$ 5,957,216	\$ -
Receipts from interfund users	-	-	-	-	-	-	1,207,707
Payments to suppliers	(399,783)	(651,832)	(988,983)	(604,660)	(50,840)	(2,696,098)	(161,557)
Payments to employees	(885,268)	(699,421)	(441,350)	(140,457)	(18,158)	(2,184,654)	(754,518)
Net cash provided (used) by operating activities	(883,252)	1,407,496	604,599	(43,361)	(9,018)	1,076,464	291,632
Cash flows from noncapital financing activities							
Property taxes	162,552	-	-	-	-	162,552	-
Federal grant	292,973	-	2,095,783	-	-	2,388,756	-
State grant	496,689	-	-	-	-	496,689	-
Local contributions	-	-	-	4,050	-	4,050	-
Net cash provided (used) by noncapital financing activities	952,214	-	2,095,783	4,050	-	3,052,047	-
Cash flows from capital and related financing activities							
Capital contributions	353,217	-	-	-	-	353,217	-
Purchases/construction of capital assets	(450,768)	(2,905,262)	(2,703,293)	-	-	(6,059,323)	(358,926)
Principal and interest paid on long-term debt	-	(469,329)	(184,979)	-	-	(654,308)	-
Proceeds from sale of capital assets	-	-	2,134	-	-	2,134	23,740
Net cash provided (used) by capital and related financing activities	(97,551)	(3,374,591)	(2,886,138)	-	-	(6,358,280)	(335,186)
Cash flows from investing activities							
Proceeds from sales and maturities of investments	-	1,265,841	363,801	52,432	-	1,682,074	-
Purchases of investments	(726,351)	-	-	-	(6,244)	(732,595)	(6,476)
Interest received	89,175	97,294	145,014	13,471	33,151	378,105	7,338
Net cash provided (used) by investing activities	(637,176)	1,363,135	508,815	65,903	26,907	1,327,584	862
Net change in cash and cash equivalents	(665,765)	(603,960)	323,059	26,592	17,889	(902,185)	(42,692)
Cash and cash equivalents - beginning of year	1,526,707	1,276,748	861,329	103,200	270,148	4,038,132	235,893
Cash and cash equivalents - end of year	\$ 860,942	\$ 672,788	\$ 1,184,388	\$ 129,792	\$ 288,037	\$ 3,135,947	\$ 193,201
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ (1,095,708)	\$ 948,320	\$ 1,245,772	\$ (60,956)	\$ (23,025)	\$ 1,014,403	\$ (75,049)
Adjustments to reconcile operating income to net cash from operating activities							
Depreciation and amortization expense	273,130	364,584	201,659	-	11,805	851,178	196,181
Changes in assets and liabilities							
Receivables (net)	225	52,126	49,594	14,148	15,686	131,779	19,703
Due from other units of government	-	(7,245)	(1,176,857)	372	-	(1,183,730)	-
Inventories	-	-	-	-	-	-	27,825
Prepaid items	10,739	2,676	6,848	-	-	20,263	5,327
Pension related deferred outflows of resources	68,790	45,885	61,737	-	-	176,412	125,935
Accounts payable	(10,290)	(17,753)	233,998	3,382	310	209,647	(61,790)
Accrued and other liabilities	2,837	2,652	2,825	(287)	22	8,049	(482)
Due to other units of government	(967)	184	69	(21)	1	(734)	(43)
Unearned revenue	-	-	3,158	-	-	3,158	-
Customer deposits payable	-	1	(2)	1	-	-	-
Compensated absences	4,355	(1,627)	947	-	-	3,675	(7,962)
Net pension liability	(172,840)	(35,020)	(56,855)	-	-	(264,715)	(86,193)
Lease related deferred inflows of resources	-	-	(35,775)	-	(13,817)	(49,592)	-
Pension related deferred inflows of resources	36,477	52,713	67,481	-	-	156,671	148,180
Net cash provided (used) by operating activities	\$ (883,252)	\$ 1,407,496	\$ 604,599	\$ (43,361)	\$ (9,018)	\$ 1,076,464	\$ 291,632

See Accompanying Notes to the Financial Statements

City of Alma
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 1,073,557
Investments	604,791
Receivables	
Accounts	15,079
Accrued interest and other	9,372
Due from other units of government	4,739
Prepaid items	1,366
Capital assets not being depreciated	396,496
Capital assets, net of accumulated depreciation	649,207
Total assets	2,754,607
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	61,281
Liabilities	
Accounts payable	11,590
Accrued and other liabilities	10,474
Due to other units of government	662
Unearned revenue	1,757
Net pension liability	339,782
Total liabilities	364,265
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	33,201
Net position	
Net investment in capital assets	1,045,703
Restricted for:	
Public safety employees	627,062
Parks and recreation projects	10,913
Fire and rescue services	734,744
Total net position	\$ 2,418,422

City of Alma
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Custodial Funds
Additions	
Investment earnings	
Interest, dividends and other	\$ 89,380
Property tax collections for other governments	7,547,807
Charges for services	618,707
Miscellaneous	31,698
Total additions	8,287,592
Deductions	
Payments of property tax to other governments	7,547,807
Fire and rescue protection	623,981
Parks and recreation	37,046
Depreciation	86,641
Total deductions	8,295,475
Change in net position	(7,883)
Net position - beginning of year	2,426,305
Net position - end of year	\$ 2,418,422

See Accompanying Notes to the Financial Statements

City of Alma
Component Units
Combining Statement of Net Position
June 30, 2025

	Alma Downtown Development Authority	Alma Public Library	at 12/31/24 Alma Housing Commission	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 40,113	\$ 223,342	\$ 1,568,189	\$ 1,831,644
Investments	60,895	321,114	1,701,613	2,083,622
Restricted tenant deposits	-	-	46,155	46,155
Receivables				
Accounts	-	6,074	62,756	68,830
Taxes	43	390	-	433
Interest	944	4,976	-	5,920
Due from other units of government	-	68,012	-	68,012
Prepaid items	-	15,692	16,795	32,487
 Total current assets	 <u>101,995</u>	 <u>639,600</u>	 <u>3,395,508</u>	 <u>4,137,103</u>
Noncurrent assets				
Capital assets not being depreciated	-	93,309	165,857	259,166
Capital assets, net of accumulated depreciation	-	2,061,973	1,229,265	3,291,238
 Total noncurrent assets	 <u>-</u>	 <u>2,155,282</u>	 <u>1,395,122</u>	 <u>3,550,404</u>
 Total assets	 <u>101,995</u>	 <u>2,794,882</u>	 <u>4,790,630</u>	 <u>7,687,507</u>
Deferred outflows of resources				
Pension related	-	57,815	95,037	152,852

See Accompanying Notes to the Financial Statements

City of Alma
Component Units
Combining Statement of Net Position
June 30, 2025

	Alma Downtown Development Authority	Alma Public Library	at 12/31/24 Alma Housing Commission	Total
Liabilities				
Current liabilities				
Accounts payable	\$ -	\$ 18,217	\$ 95,466	\$ 113,683
Due to other units of government	19	975	-	994
Payroll and other liabilities	247	13,243	27,119	40,609
Unearned revenue	937	-	7,320	8,257
Tenant security deposits	-	-	46,155	46,155
Compensated absences	-	9,287	15,019	24,306
Total current liabilities	<u>1,203</u>	<u>41,722</u>	<u>191,079</u>	<u>234,004</u>
Noncurrent liabilities				
Compensated absences	-	6,191	31,755	37,946
Net pension liability	-	320,566	550,912	871,478
Total noncurrent liabilities	<u>-</u>	<u>326,757</u>	<u>582,667</u>	<u>909,424</u>
Total liabilities	<u>1,203</u>	<u>368,479</u>	<u>773,746</u>	<u>1,143,428</u>
Deferred inflows of resources				
Pension related	-	31,324	-	31,324
Net position				
Net investment in capital assets	-	2,155,282	1,395,122	3,550,404
Unrestricted	100,792	297,612	2,716,799	3,115,203
Total net position	<u>\$ 100,792</u>	<u>\$ 2,452,894</u>	<u>\$ 4,111,921</u>	<u>\$ 6,665,607</u>

See Accompanying Notes to the Financial Statements

City of Alma
Component Units
Combining Statement of Activities
For the Year Ended June 30, 2025

	Alma Downtown Development Authority	Alma Public Library	For the Year Ended at 12/31/24 Alma Housing Commission	Total
Expenses				
Public works	\$ 62,150	\$ -	\$ -	\$ 62,150
Community and economic development	16,987	-	-	16,987
Recreation and culture	-	833,679	-	833,679
Public housing	-	-	1,441,085	1,441,085
Interest and fiscal charges on long-term debt	-	10,042	-	10,042
	<u>79,137</u>	<u>843,721</u>	<u>1,441,085</u>	<u>2,363,943</u>
Program revenues				
Charges for services	-	15,063	529,198	544,261
Operating grants and contributions	-	216,043	788,416	1,004,459
Capital grants and contributions	-	-	229,691	229,691
	<u>-</u>	<u>231,106</u>	<u>1,547,305</u>	<u>1,778,411</u>
Net program expense	<u>79,137</u>	<u>612,615</u>	<u>(106,220)</u>	<u>585,532</u>
General revenues				
Property taxes	25,397	656,210	-	681,607
Unrestricted investment earnings	13,621	41,587	76,240	131,448
Gain on sale of capital assets	-	-	17,000	17,000
Miscellaneous	-	820	25,046	25,866
	<u>39,018</u>	<u>698,617</u>	<u>118,286</u>	<u>855,921</u>
Change in net position	<u>(40,119)</u>	<u>86,002</u>	<u>224,506</u>	<u>270,389</u>
Net position - beginning of year	140,911	2,366,892	3,842,892	6,350,695
Adjustments	<u>-</u>	<u>-</u>	<u>44,523</u>	<u>44,523</u>
Net position - beginning of year, (restated)	<u>140,911</u>	<u>2,366,892</u>	<u>3,887,415</u>	<u>6,395,218</u>
Net position - end of year	<u>\$ 100,792</u>	<u>\$ 2,452,894</u>	<u>\$ 4,111,921</u>	<u>\$ 6,665,607</u>

See Accompanying Notes to the Financial Statements

City of Alma
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

Located in Gratiot County, Michigan, Alma was settled in 1853 along the banks of the Pine River, became a village in 1872 and was incorporated in 1905 as the City of Alma. Organized under Michigan's Comprehensive Home Rule City Act, the City of Alma (the City) is governed by a seven-member City Commission elected by its more than 9,000 citizens at large. The City Commission selects the Mayor and Vice Mayor from among its members. A City Manager is appointed to administer the business of the City. By charter, City of Alma is a full-service city providing police and fire protection, highways and streets, sanitation, water production and distribution, housing, recreation, public improvements, planning, zoning and general administration. The accounting policies of the City of Alma conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units

Alma Downtown Development Authority is responsible for the correction and prevention of deterioration, encouragement of historic preservation, authorization of the creation and implementation of development plans and promotion of economic growth within the central business district. The Alma City Commission appoints board members as recommended by the Mayor. The Alma Downtown Development Authority is legally separate from the City and is funded by a two-mill property tax levied on the district as authorized by the Alma City Commission. There are no separate financial statements.

Alma Public Library operates the local library in Alma. The board is appointed by the City Commission. The Alma Public Library is legally separate from the City; however, any debt issued by the Alma Public Library must be approved by the Alma City Commission. The Alma Public Library is funded primarily through a local operating millage and the City's share of a county-wide library millage as well as an allocation of penal fines from the district court. There are no separate financial statements.

Alma Housing Commission provides assistance with low-income housing by operating subsidized low-income housing and rent vouchers. The board is appointed by the City Manager. The Alma Housing Commission is legally separate from the City. All debt must be approved by the City of Alma. All land used by the Alma Housing Commission is owned by the City. Tartan Terrace was originally constructed with bond proceeds issued by the Alma Building Authority and remains titled to the City. The Alma Housing Commission receives most of its funding from rental income and federal grants. Fiscal year ended December 31, 2024 has been presented in this report.

Complete financial statements for the Alma Housing Commission can be obtained by writing to:

Alma Housing Commission
400 E. Warwick
Alma, MI 48801

Blended Component Units

Alma Building Authority provides bond financing for City of Alma and its component units and is a legally separate entity. The board is appointed by the Alma City Commission. Although there are residual debt service monies on hand, the Authority is inactive.

City of Alma
Notes to the Financial Statements
June 30, 2025

Local Development Finance Authority (L.D.F.A.) is responsible for providing infrastructure improvements in Alma's industrial district. A majority of the board of the Alma L.D.F.A. is appointed by the City Manager. The Alma Public School Board and the Gratiot County Board of Commissioners each appoint one member of the board. Projects are restricted to the established development district. The Alma L.D.F.A. is legally separate from the City but the Alma City Commission must approve all debt issues. There are no separate financial statements.

Joint Ventures

Rural Urban Fire Board was created through Public Act 35 of 1951, as amended and Public Act 8, as amended. The agreement is made among the City of Alma, the Township of Arcada, the Township of Sumner, the Township of Seville and the Township of Pine River. The Board consists of seven voting members, including the Supervisor of each of the Townships, the City Manager of Alma and two other individuals appointed by Alma's City Commission. The primary purpose of the Rural Urban Fire Board is to provide fire protection services to its members.

The Board approves an annual budget and within the financial constraints of that budget and the authority granted by the agreement, the Department is managed by Alma according to laws, rules and regulations applicable to Alma as a municipal corporation. The employees of the Rural Urban Fire Department are considered employees of City of Alma. The City of Alma's equity interest in the Rural Urban Fire Board's operating reserve totaling \$858,074 is recorded within the governmental activities column of the entity-wide statement of net position.

The City maintains the accounting records for the Board. The activity is included in these financial statements with the custodial funds. There are no separate financial statements.

Gratiot Area Water Authority is a joint venture between the City of Alma and the City of St Louis. The purpose of the Authority is to locate, treat and deliver potable water to the residents of the two cities. The Authority is governed by a Board of Trustees consisting of two voting representatives for each constituent municipality as appointed by a majority vote of the respective governing body. The city managers for each constituent municipality also serve, ex officio.

The Board is responsible for preparing and adopting an annual budget of proposed expenditures for the operation of the Authority. The Board has the power to acquire real and personal property, enter into contracts and issue debt. Funding for the Authority is provided by each constituent municipality based on metered water usage. The City has no equity interest in the Gratiot Area Water Authority. The City of St. Louis maintains the accounting records for the Authority. The Gratiot Area Water Authority produces separate audited financial statements which may be obtained by contacting the City of St. Louis Administration Office at 300 North Mill Street; St. Louis, MI 48880.

Gratiot County Central Dispatch Authority is a joint venture between Gratiot County, the State of Michigan, City of Alma, City of St. Louis, City of Ithaca and Village of Breckenridge. The Authority provides emergency dispatch services for all police, fire and rescue services in Gratiot County. The governing board is comprised of 11 members. Gratiot County appoints six board members: the County Sheriff, one township representative, one village representative, one county citizen, and two county commissioners. Each other unit appoints one board member. The Authority is responsible for preparing the annual budget (which must also be approved by Gratiot County) and carrying out all activities of the Authority.

City of Alma
Notes to the Financial Statements
June 30, 2025

The Authority receives funding from telephone surcharge fees and local contributions. A formula has been established to allocate the local contributions. The financial activities of Gratiot County Central Dispatch Authority are reported in Gratiot County's financial statements as a component unit. Gratiot County Central Dispatch is on an October 1 to September 30, fiscal year. The City has no equity interest in the Dispatch Authority. There are no separate financial statements produced for Gratiot County Central Dispatch Authority. Copies of Gratiot County financial statements can be obtained by writing:

Gratiot County Treasurer
214 E. Center St.
Ithaca, Michigan 48847

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, sales taxes, franchise taxes, 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 the current fiscal period is considered to be 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 Alma
Notes to the Financial Statements
June 30, 2025

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for the receipt of state shared gas and weight taxes allocated to the City according to Act 51. The expenditure of these funds is restricted to City of Alma streets that have been designated as major by the Michigan Department of Transportation.

The Street Improvement Millage Fund accounts for the receipt of voted property taxes and intergovernmental revenue. The expenditures of these funds are restricted to City of Alma streets for the purpose of reconstruction or general maintenance.

The City reports the following major proprietary funds:

The Transit Services Fund accounts for the activities of the demand response bus system operated by the City of Alma. The system is supported by federal and state grants, local tax dollars from participating municipalities (City of Alma, City of St. Louis, City of Ithaca, and Pine River Township), and user fees.

The Wastewater Utility Fund accounts for activities related to the collection and purification of wastewater.

The Water Utility Fund accounts for activities related to the distribution of potable water and contributions to the Gratiot Area Water Authority.

The Refuse Disposal Fund accounts for the activities of collection and disposal of trash and recycling, household hazardous waste, yard waste, and leaf collection.

Additionally, the City reports the following:

Permanent Funds are used to account for the Cemetery Endowment and the Library Endowment. Both endowments were created by ordinance and transfer eighty percent of investment income to operating funds.

The Cemetery Endowment Fund receives half the proceeds from the sale of grave lots. The Library Endowment Fund was created through donations. The creating ordinances permit up to eighty percent of current interest revenue, excluding any gains or losses recorded to adjust investments to market, to be transferred to the designated activity. In fiscal year 2025, the Cemetery Endowment Fund earned \$22,877 in investment income and transferred \$18,302 to the General Fund for cemetery operations. The Library Endowment Fund earned \$17,108 in investment income and transferred \$13,686 to Alma Public Library for collection purchases. Transfer of funds was made prior to June 30, 2025.

Special Revenue Funds are used to account for the administration of grant monies received from Michigan Housing Development Authority. Special revenue funds are also used to account for the residual funds of the Local Development Finance Authority and for Local Streets and Parks and Rec activity.

A Debt Service Fund is used to account for Alma Building Authority funds remaining after payment of bonds issued to construct Tartan Terrace senior housing complex.

Nonmajor proprietary funds are used to account for the rental facilities owned and leased by the City.

An Internal Service Fund is used to account for public works services, fleet maintenance, and equipment replacement services provided to other departments on a cost reimbursement basis.

City of Alma
Notes to the Financial Statements
June 30, 2025

Fiduciary Funds include the following custodial funds:

- Rural Urban Fire Board Fund which is used to record activity related to providing fire protection services.
- Public Safety Employees' Benefit Trust Fund which is used to account for private donations legally held in trust for Police and Fire personnel killed or disabled in the line of duty.
- Tax Collection Fund which is used to collect and distribute State of Michigan, Gratiot County, Alma Public Schools, and Gratiot Isabella Regional Educational School District property tax monies and payments in lieu of taxes collected from subsidized housing units within the City limits.
- Park Project Fund which accounts for amounts on hand related to various parks and recreation projects administered by a third party.
- Rescue Authority Fund which is used to record activity related to providing rescue services. The City of Alma oversees the management of the Rescue Authority; however, the City does not participate in the rescue services.

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 are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Fund Balance

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes – City property taxes are assessed as of December 31 and attached as an enforceable lien on property as of July 1 of the following year. The taxes are due without penalty on or before September 15. Real property taxes unpaid at March 1 are advanced to the City and collected by Gratiot County. Personal property taxes, property taxes on leased land and industrial facilities property taxes remaining unpaid at March 1 are collected by the City of Alma Treasurer. The City considers property taxes both measurable and available when they are levied on July 1 and recognizes property tax revenue at that time.

The City acts as property tax collection agent for Gratiot County, Alma Public Schools, and the Gratiot-Isabella Intermediate School District. Taxes collected on behalf of those units are remitted according to State of Michigan regulation. The tax collections are received and distributed from an agency fund. The City collects a 1% property tax administration fee.

City of Alma
Notes to the Financial Statements
June 30, 2025

The 2024 taxable valuation of the government totaled approximately \$202.3 million, on which ad valorem taxes consisted of the following mills, and resulted in the following revenue, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Purpose	Mills Levied	Ad Valorem Taxes Levied Raised
City operating	14.2244	\$ 2,896,686
Transportation	0.8000	162,914
Residential streets	3.5000	712,747
Library debt	0.7500	152,732
Library	0.9874	201,076
Downtown Development Authority	1.9467	26,884

Leases – The City is a lessor for noncancelable leases of buildings spaces, cell phone towers, cold storage space, farm land, and billboards. The City recognizes lease receivables and deferred inflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a measurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of lease receivable.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Restricted assets – Unexpended proceeds of bond issuances, as well as certain resources set aside for bond repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

City of Alma
Notes to the Financial Statements
June 30, 2025

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	10 to 40 years
Buildings, additions and improvements	10 to 40 years
Machinery and equipment	3 to 20 years
Vehicles	4 to 30 years
Utility lines and appurtenances	10 to 40 years
Streets and Bridges	20 to 25 years
Sidewalks	20 to 50 years
Library Books	15 to 20 years

Deferred outflows of resources – A deferred outflow of resources represents a consumption of net assets by the City that applies to future periods. The City may report deferred outflows of resources as a result of the following:

- Pension earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense.
- Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Pension contributions made after the measurement date. This amount will reduce the net pension liability in the following year.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

Compensated absences – The City recognizes a liability for compensated absences that meet the following criteria: (1) the leave is attributable to services already rendered, (2) the leave accumulates and may be carried forward to future periods, and (3) it is more likely than not that the leave will be used or paid. The liability is reported in the government-wide statements. A liability for these amounts is reported in governmental funds as it comes due for payment.

Examples of compensated absences include vacation, sick leave, and comp time off. The liability is measured using the pay rates in effect at the financial statement date, unless a different rate is more likely to be paid. Leave settled through conversion to defined benefit postemployment benefits is excluded from this liability.

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

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

City of Alma
Notes to the Financial Statements
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Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred inflows of resources – A deferred inflow of resources represents an acquisition of net assets by the City that applies to future periods. The City may report deferred inflows of resources as a result of the following:

- Unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.
- Lease revenue related to leases receivable which is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease.
- Pension earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense.
- Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

Fund balances – In the fund financial statements, governmental funds report fund balances in the following categories:

- Non-spendable – assets that are not available in a spendable form.
- Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.
- Committed – amounts constrained on use imposed by the government's highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.
- Assigned – amounts intended to be used for specific purposes, as determined by City Commission or City Manager. The Council has granted the City Manager the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.
- Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

City of Alma
Notes to the Financial Statements
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Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

The City is evaluating the impact that the above GASB statements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting and Accounting Act (P.A. 2 of 1968, as amended). Under City Charter, the following budget procedures must be followed:

1. The fiscal year shall begin on July 1 and end on June 30 of each year.
2. The City Manager shall submit a proposed operating budget to the City Commission by April 20.
3. A public hearing must be held before the budget is adopted. The budget hearing must be properly noticed seven days before the hearing.
4. The City Commission must adopt the budget by resolution no later than June 1.

Formal budgetary integration is employed as a management control device for all funds except the following fund types:

- Permanent funds
- Fiduciary funds
- Debt service funds
- Internal service funds

City of Alma
Notes to the Financial Statements
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Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriation budgets are adopted for the General, Special Revenue and Enterprise Funds. All annual appropriations lapse at fiscal year end. Project length financial plans are adopted for all Capital Project Funds. In addition, the City Commission approves budgets for two component units: Alma Public Library and Alma Downtown Development Authority.

The budget for the General Fund is adopted at the activity level. All other budgets are approved at the fund level. For management purposes, the City develops a more detailed budget. The City Commission must approve any revision that alters the total expenditures above the legal level. City Commission approval of projects involving intergovernmental grant funding are considered approved budget amendments when grant awards are approved. The City Manager, or his designee, is authorized to transfer budgeted amounts within these functional areas.

Fund Deficits

The City has an accumulated unrestricted net position deficit in the Internal Service Fund in the amount of \$1,110,312, as of June 30, 2025. This fund has a significant long-term liability related to the pension plan which is the significant contributing factor to the deficit. A deficit elimination plan is not required to be submitted to the Michigan Department of Treasury as current assets exceed current liabilities.

Budgeted Fund Balance Deficit

The City budgeted for a fund balance deficit in the Street Improvement Millage Fund. The original budget fund balance has a deficit of \$2,030,532 while the final budget fund balance has a deficit of \$2,074,532.

Building Permit Revenues and Related Expenditures

Under Public Act 245 of 1999, permit fees for building construction must be restricted to the operation of the enforcing agency. For the fiscal year ending June 30, 2025, the City of Alma collected \$15,248 in building permit fees. For the same time period, the City expended an amount in excess of the collections related to the building permit program.

City of Alma
Notes to the Financial Statements
June 30, 2025

Note 3 - Deposits and Investments

At year end the City's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 6,930,668	\$ 8,658,632	\$ 15,589,300
Business-type activities	3,135,947	4,444,780	7,580,727
Total	10,066,615	13,103,412	23,170,027
Fiduciary funds	1,073,557	604,791	1,678,348
Component units	1,831,644	2,083,622	3,915,266
Total	\$ 12,971,816	\$ 15,791,825	\$ 28,763,641

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 12,672,723	\$ 629,773	\$ 3,573,671	\$ 16,876,167
Investments in securities, mutual funds and similar vehicles	10,496,624	1,048,575	341,100	11,886,299
Petty cash and cash on hand	680	-	495	1,175
	\$ 23,170,027	\$ 1,678,348	\$ 3,915,266	\$ 28,763,641

Under its investment policy, which follows State statutes, the City restricts its investments to bonds, bills, or notes of the United States; commercial paper rated prime; securities issued or guaranteed by agencies or instrumentalities of the United States; United States government federal agency obligation repurchase agreements composed of eligible collateral whose fair value must be maintained equal to or greater than amounts advanced, and with an undivided interest; bankers' acceptances; and mutual funds and investments pools that are composed entirely of the aforementioned investments that are legal for direct investment by a city.

Interest Rate Risk

Unless matched to a specific cash flow, the City's investment policy restricts investments to two years for governmental fund types and enterprise fund types, and five years for endowment funds. Information about the City's exposure of the debt type instruments to this risk is as follows:

Investment	Investment Maturities (in Years)		
	Less than 1	1 - 5	Total
U.S. treasuries	\$ 2,076,895	\$ 1,726,893	\$ 3,803,788

City of Alma
Notes to the Financial Statements
June 30, 2025

Credit Risk

State statutes authorize the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The City is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The City's investment policy's objective is to minimize credit risk by a) limiting investments to the safest types of securities, b) diversifying the portfolio so that potential losses on individual securities would be minimized, and c) maintaining credit ratings when available on all holdings. The applicable ratings are presented as follows:

<u>Rating Agency</u>	<u>Rating</u>	<u>U.S. Treasuries</u>
Moody's	Aaa	\$ 2,532,102
Not rated		<u>1,271,686</u>
		<u>\$ 3,803,788</u>

Concentration of Credit Risk

The City of Alma uses common checking accounts for several of the operating funds. Each fund's share of the cash balance is reported separately. Surplus funds are invested throughout the year. The City allocates interest earnings in relation to the average cash balance of each fund. Investments are carried at cost as declines in fair values are considered temporary except for investments where the term is for more than twelve months or in the case of mutual funds. Investments in long term investments and mutual funds are recorded at fair value.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy restricts the amount of deposits in any one financial institution to 50% of the City's total deposits. Alma Housing Commission is included but reported in the financial statements as of December 31, 2024. At June 30, 2025, \$5,962,697 of the City's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments are in US Government instruments or securities guaranteed by the US Government or collateralized. The City has not adopted a formal custodial credit risk policy.

Related Party

A City Commissioner is the vice president of deposit administration for a bank that the City holds deposits with in the amount of \$2,048,391 as of June 30, 2025.

Note 4 - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

City of Alma
Notes to the Financial Statements
June 30, 2025

The City has the following recurring fair value measurements as of year end:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 3,803,788	\$ -	\$ 3,803,788
Investments carried at net asset value				
Michigan CLASS government investment pool				8,082,511
Total investments				<u>\$ 11,886,299</u>

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the net asset value of the City's investment in Michigan CLASS was \$8,082,511. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies. It has a rating of AAAM from Standard and Poor's with a weighted average maturity of 30 days.

City of Alma
Notes to the Financial Statements
June 30, 2025

Note 5 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 4,099,987	\$ 2,471	\$ -	\$ 4,102,458
Construction-in-progress	412,187	1,231,161	265,399	1,377,949
Total capital assets not being depreciated	4,512,174	1,233,632	265,399	5,480,407
Capital assets being depreciated				
Land improvements	3,461,172	801,390	-	4,262,562
Buildings, additions and improvements	4,132,477	76,579	-	4,209,056
Machinery and equipment	2,219,602	79,719	15,913	2,283,408
Vehicles	2,785,287	273,217	53,100	3,005,404
Sidewalks	1,697,187	-	-	1,697,187
Streets and bridges	28,566,501	254,025	-	28,820,526
Total capital assets being depreciated	42,862,226	1,484,930	69,013	44,278,143
Less accumulated depreciation for				
Land improvements	1,736,863	64,406	-	1,801,269
Buildings, additions and improvements	3,024,087	66,565	-	3,090,652
Machinery and equipment	1,606,548	94,683	15,913	1,685,318
Vehicles	2,027,674	160,856	53,100	2,135,430
Sidewalks	780,903	41,182	-	822,085
Streets and bridges	18,979,273	694,877	-	19,674,150
Total accumulated depreciation	28,155,348	1,122,569	69,013	29,208,904
Net capital assets being depreciated	14,706,878	362,361	-	15,069,239
Governmental activities net capital assets	\$ 19,219,052	\$ 1,595,993	\$ 265,399	\$ 20,549,646

City of Alma
Notes to the Financial Statements
June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 107,903	\$ -	\$ -	\$ 107,903
Construction-in-progress	3,082,907	5,301,269	2,315,477	6,068,699
Total capital assets not being depreciated	<u>3,190,810</u>	<u>5,301,269</u>	<u>2,315,477</u>	<u>6,176,602</u>
Capital assets being depreciated				
Land improvements	144,427	-	-	144,427
Buildings, additions and improvements	7,483,614	77,271	-	7,560,885
Equipment	1,624,427	984,902	-	2,609,329
Vehicles	1,142,763	-	-	1,142,763
Utility lines and appurtenances	19,799,121	2,100,803	-	21,899,924
Total capital assets being depreciated	<u>30,194,352</u>	<u>3,162,976</u>	<u>-</u>	<u>33,357,328</u>
Less accumulated depreciation for				
Land improvements	91,685	5,601	-	97,286
Buildings, additions and improvements	4,837,878	124,059	-	4,961,937
Equipment	1,106,996	128,511	-	1,235,507
Vehicles	670,119	169,915	-	840,034
Utility lines and appurtenances	9,156,776	423,092	-	9,579,868
Total accumulated depreciation	<u>15,863,454</u>	<u>851,178</u>	<u>-</u>	<u>16,714,632</u>
Net capital assets being depreciated	<u>14,330,898</u>	<u>2,311,798</u>	<u>-</u>	<u>16,642,696</u>
Business-type capital assets, net	<u>\$ 17,521,708</u>	<u>\$ 7,613,067</u>	<u>\$ 2,315,477</u>	<u>\$ 22,819,298</u>

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

Governmental activities

General government	\$ 14,208
Public safety	64,745
Public works	774,992
Community and economic development	1,022
Recreation and culture	71,421
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	196,181
Total governmental activities	<u>1,122,569</u>

Business-type activities

State Street Plaza	11,805
Transit Services Fund	273,130
Wastewater Utility Fund	364,584
Water Utility Fund	201,659
Total business-type activities	<u>851,178</u>
Total primary government	<u>\$ 1,973,747</u>

City of Alma
Notes to the Financial Statements
June 30, 2025

Capital assets activity of the component units and fiduciary funds for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 217,399	\$ -	\$ -	\$ 217,399
Construction-in-progress	-	41,767	-	41,767
Total capital assets not being depreciated	<u>217,399</u>	<u>41,767</u>	<u>-</u>	<u>259,166</u>
Capital assets being depreciated				
Land improvements	116,662	-	-	116,662
Buildings, additions and improvements	11,773,499	19,225	2,944	11,789,780
Equipment	682,650	131,754	45,719	768,685
Library books	691,075	-	-	691,075
Total capital assets being depreciated	<u>13,263,886</u>	<u>150,979</u>	<u>48,663</u>	<u>13,366,202</u>
Less accumulated depreciation for				
Land improvements	75,028	4,728	-	79,756
Buildings, additions and improvements	8,944,024	226,103	48,663	9,121,464
Equipment	223,406	12,024	-	235,430
Library books	622,309	16,005	-	638,314
Total accumulated depreciation	<u>9,864,767</u>	<u>258,860</u>	<u>48,663</u>	<u>10,074,964</u>
Net capital assets being depreciated	<u>3,399,119</u>	<u>(107,881)</u>	<u>-</u>	<u>3,291,238</u>
Component units capital assets, net	<u>\$ 3,616,518</u>	<u>\$ (66,114)</u>	<u>\$ -</u>	<u>\$ 3,550,404</u>
Fiduciary Funds				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 396,496	\$ -	\$ 396,496
Capital assets being depreciated				
Buildings, additions and improvements	20,556	-	-	20,556
Equipment	407,976	-	-	407,976
Vehicles	1,495,809	-	-	1,495,809
Total capital assets being depreciated	<u>1,924,341</u>	<u>-</u>	<u>-</u>	<u>1,924,341</u>
Less accumulated depreciation for				
Buildings, additions and improvements	20,556	-	-	20,556
Equipment	189,990	27,429	-	217,419
Vehicles	977,947	59,212	-	1,037,159
Total accumulated depreciation	<u>1,188,493</u>	<u>86,641</u>	<u>-</u>	<u>1,275,134</u>
Net capital assets being depreciated	<u>735,848</u>	<u>(86,641)</u>	<u>-</u>	<u>649,207</u>
Fiduciary funds capital assets, net	<u>\$ 735,848</u>	<u>\$ 309,855</u>	<u>\$ -</u>	<u>\$ 1,045,703</u>

City of Alma
Notes to the Financial Statements
June 30, 2025

Construction Commitments

At June 30, 2025, the City has a balance of \$17,006,222 remaining on construction commitments which totaled \$22,134,302.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Payable Fund
	Nonmajor Governmental Funds
Receivable Fund	
General Fund	\$ 40,000

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

The details for interfund transfers are as follows:

	Transfers Out		
	Major Streets Fund	Nonmajor Governmental Funds	
Transfers In			
General Fund	\$ -	\$ 18,302	\$ 18,302
Nonmajor Governmental Funds	250,000	-	250,000
	\$ 250,000	\$ 18,302	\$ 268,302

The transfer from nonmajor governmental funds to general fund of \$18,302 was to fund the operations of the cemetery. The transfer between nonmajor governmental funds and major streets of \$250,000 was to fund street improvement projects during the fiscal year.

City of Alma
Notes to the Financial Statements
June 30, 2025

Note 7 - Leases Receivable

The City has entered into several agreements as a lessor. The following table summarizes those agreements:

Description	Agreement Date	Lease Term	Renewal Options	Frequency of Payments	Remaining Payment Amount	Interest Rate
Building space	March 2024	1 year	None	Monthly	\$800	4.21%
Building space	March 2023	3 years	None	Monthly	\$771	3.70%
Building space	March 2022	3 years	None	Monthly	\$1,200	1.40%
Building space	December 2019	5 years	None	Monthly	\$500	1.00%
Cell phone tower	September 2009	5 years	4 additional 5 year terms	Monthly	1,200	2.05%
Cell phone tower	June 2005	5 years	5 additional 5 year terms	Monthly	\$1,508	2.05%
Cell phone tower	October 2016	10 years	5 additional 5 year terms	Monthly	\$1,530 - 2,240	2.05%
Cold storage	January 2022	2 years	None	Monthly	\$486	0.44%
Farm land	March 2021	5 years	None	Annually	\$11,310	1.00%
Billboard	May 2021	5 years	None	Annually	\$1,000	2.05%
Billboard	May 2021	5 years	None	Annually	\$1,000	2.05%

The City collected \$89,979 from the lessees for the year ended June 30, 2025, which includes \$74,896 in lease revenue and \$15,083 in lease interest revenue.

Note 8 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Notes from direct borrowings are also general obligations of the City. Other long-term obligations include compensated absences. Compensated absences additions and deductions are reported net.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Compensated absences					\$ 182,685	\$ 37,053	\$ -	\$ 219,738	\$ 131,843
Business-type activities									
Bonds and notes payable									
General obligation bonds									
2011 Capital Improvement Limited Tax General Obligation Bonds	\$ 755,000	5/1/26	4.5%	\$70,000	\$ 135,000	\$ -	\$ 65,000	\$ 70,000	\$ 70,000
General Obligation Limited Tax Refunding Bonds, Series 2016	\$ 2,655,000	5/1/26	1.88%	\$165,000	475,000	-	310,000	165,000	165,000
Total general obligation bonds					610,000	-	375,000	235,000	235,000
Notes from direct borrowings and direct placements									
Michigan Finance Authority - Clean Water Program	\$ 1,465,451	4/1/32	2.50%	\$80,000 - \$90,451	670,451	-	75,000	595,451	80,000
Michigan Finance Authority - Strategic Water Quality Initiatives Fund	\$ 494,981	4/1/32	2.50%	\$25,000 - \$34,981	229,981	-	25,000	204,981	25,000
Michigan Finance Authority - Clean Water Program	\$ 659,960	4/1/33	2.50%	\$35,000 - \$39,960	319,960	-	35,000	284,960	35,000
Michigan Finance Authority - Clean Water Program	\$ 1,385,000	4/1/33	2.50%	\$75,000 - \$85,000	705,000	-	70,000	635,000	75,000
Michigan Finance Authority, Issue Date 2012	\$ 257,078	4/1/33	2.50%	\$10,000 - \$12,078	92,078	-	10,000	82,078	10,000
Total revenue bonds					2,017,470	-	215,000	1,802,470	225,000
Compensated absences					73,000	3,675	-	76,675	46,005
Total business-type activities					\$ 2,700,470	\$ 3,675	\$ 590,000	\$ 2,114,145	\$ 506,005
Component units									
General obligation bonds									
General Obligation Refunding Bonds	\$ 1,945,000	6/1/25	1.73%	N/A	\$ 240,000	\$ -	\$ 240,000	\$ -	\$ -
Compensated absences					51,265	10,987	-	62,252	24,306
Total component units					\$ 291,265	\$ 10,987	\$ 240,000	\$ 62,252	\$ 24,306

City of Alma
Notes to the Financial Statements
June 30, 2025

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending June 30,	Business-type Activities			
	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 235,000	\$ 6,252	\$ 225,000	\$ 45,637
2027	-	-	225,000	40,188
2028	-	-	230,000	34,737
2029	-	-	240,000	27,162
2030	-	-	245,000	21,337
2031-2033	-	-	637,470	28,051
	\$ 235,000	\$ 6,252	\$ 1,802,470	\$ 197,112

Drinking Water State Revolving Fund (DWSRF) loan has been awarded on August 16, 2024 for \$5,667,500 subject to 2% interest and with a term up to 30 years. No expenditures have been incurred that qualify for draw down but will in future years.

Note 9 - Net Investment in Capital Assets

The composition of net investment in capital assets as of year end, was as follows:

	Governmental Activities	Business-type Activities	Component Units	Fiduciary Funds
Capital assets				
Capital assets not being depreciated	\$ 5,480,407	\$ 6,176,602	\$ 259,166	\$ 396,496
Capital assets, net of accumulated depreciation	15,069,239	16,642,696	3,291,238	649,207
Total capital assets	20,549,646	22,819,298	3,550,404	1,045,703
Related debt				
General obligation bonds	-	(235,000)	-	-
Notes from direct borrowings and direct placements	-	(1,802,470)	-	-
Accounts payable related to capital assets	(694,657)	(1,773,086)	-	-
Deferred charge on bond refunding	-	7,883	-	-
Total related debt	(694,657)	(3,802,673)	-	-
Net investment in capital assets	\$ 19,854,989	\$ 19,016,625	\$ 3,550,404	\$ 1,045,703

Note 10 - Risk Management

The City is exposed to various risk of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City is a member of Michigan Municipal Risk Management Authority, a public entity risk pool of cities, counties, authorities, colleges and other local units of government. The Authority had more than 300 members as of June 30, 2025. The purpose of the Authority is to provide cooperative and comprehensive risk financing and risk control services for general and automotive liability, motor vehicle physical damage, and property; purchase or otherwise make other provisions for reinsurance, excess insurance or make other provisions for payment of losses and related expenses; and provide claims, legal defense and related general administrative services to members.

City of Alma
Notes to the Financial Statements
June 30, 2025

The Authority is governed by a ten-member Board of Directors composed of local government representatives from the membership elected by the membership. The Board of Directors establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered to impose sanctions or terminate membership.

The City's maximum retention on general liability and auto liability is \$75,000 per occurrence. The retention limit on auto physical damage is \$15,000 per unit and \$30,000 per occurrence after a \$1,000 deductible. The retention limits for property coverage are subject to a \$1,000 deductible with 10% of the first \$100,000 to be paid by the City. At June 30, 2025, the City had funds on deposit of \$181,910 with the Authority in the Member Risk Retention Fund. Claims have not exceeded coverage in any of the prior three fiscal years.

Note 11 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – At the December 31, 2024 valuation date, the benefits provided were as follows:

	POAM/COAM			
	General	Middle Emp	Fire Volunteer	Transit Employees
Status	Open	Closed to new hires	Open	Open
Benefit Multiplier	2.25% (80% max)	2.00% (no max)	2.25% (80% max)	2.25% (80% max)
Normal Retirement Age	60	60	60	60
Vesting	10 years	10 years	10 years	10 years
Early Retirement (Unreduced)	N/A	55/25	N/A	N/A
Early Retirement (Reduced)	50/25 or 55/15	50/25 or 55/15	50/25 or 55/15	50/25 or 55/15
Final Average Compensation	3 years	3 years	3 years	3 years
Employee Contributions	5.50%	4.83%	5.50%	5.50%
DC Plan for New Hires	N/A	7/28/1997	N/A	N/A

	Housing Commission	POAM/COAM Senior Emp	Police Chief & Lieut.
	Status	Open	Closed to new hires
Benefit Multiplier	2.25% (80% max)	2.50% (80% max)	2.50% (80% max)
Normal Retirement Age	60	60	60
Vesting	10 years	10 years	10 years
Early Retirement (Unreduced)	N/A	55/25	55/25
Early Retirement (Reduced)	50/25 or 55/15	50/25 or 55/15	50/25 or 55/15
Final Average Compensation	3 years	3 years	3 years
Employee Contributions	5.50%	5.00%	5.50%
DC Plan for New Hires	N/A	N/A	N/A

City of Alma
Notes to the Financial Statements
June 30, 2025

The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Employees covered by benefit terms – At the December 31, 2024 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to, but not yet receiving benefits (including refunds)	33
Active employees	<u>70</u>
	<u>190</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 11.41% to 106.05% based on annual payroll for open divisions. The general, fire volunteer, transit employees, housing commission and police chief and lieutenant divisions remain open; however the POAM/COAM middle employee and POAM/COAM senior employee divisions are closed to new employees. There is an annual employer contribution amount of \$0 for the closed divisions.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

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

The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.66%	0.93%	2.50%	0.43%
Private investments	20.00%	9.00%	1.80%	2.50%	1.30%
	<u>100.00%</u>		<u>6.93%</u>		<u>4.43%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Alma
Notes to the Financial Statements
June 30, 2025

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2023	\$ 28,363,540	\$ 20,041,554	\$ 8,321,986
Changes for the year			
Service cost	422,908	-	422,908
Interest on total pension liability	1,983,015	-	1,983,015
Experience differences	(1,010,045)	-	(1,010,045)
Changes in assumptions	(20,866)	-	(20,866)
Employer contributions	-	1,099,932	(1,099,932)
Employee contributions	-	367,351	(367,351)
Net investment income (loss)	-	1,484,417	(1,484,417)
Benefit payments and refunds	(1,912,757)	(1,912,757)	-
Other changes	-	(1,203,477)	1,203,477
Administrative expense	-	(44,206)	44,206
Net changes	(537,745)	(208,740)	(329,005)
Balances as of December 31, 2024	\$ 27,825,795	\$ 19,832,814	\$ 7,992,981

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 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.18%) or 1% higher (8.18%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Total pension liability	\$ 30,867,673	\$ 27,825,795	\$ 25,247,783
Fiduciary net position	19,832,814	19,832,814	19,832,814
Net pension liability	\$ 11,034,859	\$ 7,992,981	\$ 5,414,969

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2025 the employer recognized pension expense of \$(258,696).

The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 27,160	\$ (765,371)	\$ (738,211)
Differences in assumptions	94,984	(15,649)	79,335
Net difference between projected and actual earning on plan investments	824,552	-	824,552
Contributions subsequent to the measurement date*	494,859	-	-
Total	\$ 1,441,555	\$ (781,020)	\$ 165,676

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in subsequent years. The joint ventures report a portion of the net pension liability and related deferred outflows and inflows of resources. The

City of Alma
Notes to the Financial Statements
June 30, 2025

City's financial statements report the investment in joint ventures using the equity method. Therefore, a portion of the contributions are not recorded on the City's financial statements, except as they relate to the overall investment in the joint venture.

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

<u>Year ended June 30,</u>	
2026	\$ 213,614
2027	379,920
2028	(415,257)
2029	(12,601)
	<u>\$ 165,676</u>

The net pension liability and deferred outflows of resources have been reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability
Governmental activities	\$ 1,028,002	\$ 556,961	\$ 5,699,963
Business-type activities	294,457	159,534	1,632,670
Component units	152,852	31,324	871,478
Fiduciary funds	61,281	33,201	339,782
Less: Alma Housing Commission	(95,037)	-	(550,912)
	<u>\$ 1,441,555</u>	<u>\$ 781,020</u>	<u>\$ 7,992,981</u>

Police Defined Contribution Plan

The Police Defined Contribution Plan is a 401A defined contribution pension plan administered by the ICMA Retirement Corporation through MERS. All full-time sworn union police officers hired after July 28, 1997 received the defined contribution plan. As of June 30, 2025 twelve officers were participating in the defined contribution plan. Under the contract agreement, the employees contribute 5.85% of gross compensation and the City contributes 5.85% of gross compensation. Over the past year, the employees contributed \$66,419 and the City contributed \$55,507 to the plan. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

Middle Tier Police Officers Plan

The Middle Tier Police Officers Plan is a 401A defined contribution plan administered by the ICMA Retirement Corporation. This plan covered all full-time police officers that were hired by July 27, 1997 and had less than 20 years of service and were not age 50 or older. This is a supplemental pension plan that is not currently receiving contributions from either the employees or the City. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

City of Alma
Notes to the Financial Statements
June 30, 2025

457 Retirement Plan

The City maintains a Section 457 retirement plan for eligible employees. The City contributes 2% of gross compensation for eligible employees. Over the past year, the employees contributed \$64,131 and the City contributed \$16,132 to the plan. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

Note 12 - Contingent Liabilities

Grants

Amounts received or receivable from grant 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 of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Post closure Care of Landfill

In October of 2007, Weston Solutions, working on behalf of the Michigan Department of Environmental Quality (MDEQ), issued a report entitled "Site Investigation Report Midwest Refinery/Pine River Alma, MI". The report was part of a project to identify sites impacting the Pine River and its sediments. Subsequently, City of Alma was informed that the report identified Euclid Ball Field site as a former dump site. The City of Alma retained NTH Consultants to assist with additional assessment of the current conditions at the Euclid Ball Field site with respect to the City's obligations under Part 201, Environmental Remediation, of Michigan's Natural Resources and Environmental Protection Act, 1994 P.A. 451, as amended (Part 201).

According to historical MDEQ file information, beginning in October 1958, the City of Alma owned and operated the City of Alma Municipal Landfill at the site currently known as Euclid Ball Field. The site covers approximately 7 acres and generally sits adjacent to the Pine River in the City of Alma. Active filling of the landfill took place between 1958 and 1969, and before this time, the site was reportedly used for land filling various waste residuals by the Alma Sugar Company.

The results of the study performed by NTH Consultants were reviewed with representatives from the Michigan Department of Environmental Quality, NTH Consultants and City of Alma. The MDEQ recommended that the City pursue a "mixing zone" designation for Euclid Ball Field. This means that when the groundwater is mixed with river water the resulting combination of water and impurities is so diluted that it is unlikely to harm the environment or aquatic life. The City will have some ongoing responsibilities for continuing to monitor and occasionally test the groundwater. The groundwater does not have to be routed through our wastewater plant.

Additionally, there are two hotspots on the site with elevated concentrations of lead. The first spot is just outside the outfield fence and is covered in vegetation. The second spot is at the far end of the field near the riverbank and is covered by a patch of poison ivy. The options for remediation of the first hot spot include covering the spot with clean soil, removing the soil or capping the spot with an asphalt cover. The exact method of remediation has not yet been agreed to with MDEQ. Remediation of the second hot spot is still being discussed with MDEQ. Estimates of the cost of remediation and monitoring the groundwater are currently being developed.

Note 13 - Tax Abatements

The City enters into property tax abatement agreements with local businesses under programs as authorized under Public Act 198 of 1974, as amended (PA 198), Public Act 346 of 1966 (PA 346) and Public Act 381 of 1996, as amended (PA 381).

PA 198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plants, expand existing plans, renovate aging plants, or add new machinery and equipment. High

City of Alma
Notes to the Financial Statements
June 30, 2025

technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT), instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill. The City abated approximately \$45,500 related to PA 198 during fiscal year 2025.

PA 346 (State Housing Development Authority Act) provides property tax abatements in the form of payments in lieu of taxes for nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations. Properties must meet eligibility requirements. The City abated approximately \$136,700 related to PA 346 during fiscal year 2025.

PA 381 (Brownfield Redevelopment Abatement) allows abatements to encourage the purchase and revitalization of properties in which redevelopment or reuse may be complicated by the presence or perception of contamination. Revitalizing and redeveloping these properties protects the environment, reuses existing infrastructure, minimizes urban sprawl and creates economic opportunities. The City abated approximately \$4,700 related to PA 381 during fiscal year 2025.

PA 146 (Obsolete Property Rehabilitation Act) provides property tax exemptions for commercial properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. The property must be located in an established Obsolete Property Rehabilitation District. Exemptions are approved for a term of 1 to 12 years as determined by the City. The City abated approximately \$9,500 related to PA 146 during fiscal year 2025.

Note 14 - Correction of Error

The Alma Housing Commission, in its separately issued financial statements, reported a correction of error of \$44,523 related to grant requests from HUD.

	December 31, 2024 As Previously Reported	Error Correction	December 31, 2024 As Restated
Discretely Presented Component Unit			
Alma Housing Commission	\$ 3,842,892	\$ 44,523	\$ 3,887,415

Note 15 - Subsequent Events

After June 30, 2025, the City of Alma was awarded \$20,500,000 dollars through Michigan Department of Environment, Great Lakes, and Energy (EGLE) for wastewater treatment plant improvements in the Wastewater Fund. This includes \$2,665,000 in principal loan forgiveness and the rest in low interest loans through the State Revolving Loan Fund.

City of Alma
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 2,990,800	\$ 2,990,800	\$ 2,944,043	\$ (46,757)
Penalties and interest	30,000	30,000	48,274	18,274
Administration fee	106,000	106,000	114,879	8,879
Licenses and permits	57,000	57,000	47,572	(9,428)
State-shared revenue	55,000	55,000	58,229	3,229
State grants	1,634,500	1,906,000	2,108,188	202,188
Local contributions	100	100	50,108	50,008
Charges for services	284,900	284,900	274,297	(10,603)
Fines and forfeitures	18,500	18,500	14,632	(3,868)
Rental income	20,000	20,000	19,142	(858)
Investment income	150,000	150,000	269,337	119,337
Other revenue	684,500	684,500	84,600	(599,900)
	<u>6,031,300</u>	<u>6,302,800</u>	<u>6,033,301</u>	<u>(269,499)</u>
Expenditures				
General government				
Governing body	52,000	52,000	38,566	(13,434)
Administrator, manager, or supervisor	185,250	185,250	178,075	(7,175)
Accounting department	486,500	490,000	232,263	(257,737)
Clerk	130,500	130,500	121,891	(8,609)
Information technology	136,000	170,050	42,933	(127,117)
Assessor/equalization department	374,550	374,550	317,588	(56,962)
Elections	123,500	123,500	78,721	(44,779)
Building and grounds	222,000	191,800	166,893	(24,907)
Human resources department	179,200	185,000	68,569	(116,431)
	<u>1,889,500</u>	<u>1,902,650</u>	<u>1,245,499</u>	<u>(657,151)</u>
Public safety				
Police/sheriff/constable	2,113,200	2,217,200	2,132,025	(85,175)
Fire department	288,000	288,000	287,868	(132)
Building inspection department	137,350	140,000	137,147	(2,853)
	<u>2,538,550</u>	<u>2,645,200</u>	<u>2,557,040</u>	<u>(88,160)</u>
Public works				
Department of public works	116,000	657,000	596,982	(60,018)
Sidewalks	97,500	272,500	25,675	(246,825)
Roads, streets, bridges (not Act 51)	15,000	15,000	8,083	(6,917)
Engineers/engineering	218,600	218,600	27,368	(191,232)
Street lighting	210,500	284,000	170,446	(113,554)
Cemetery	298,900	325,400	280,329	(45,071)
	<u>956,500</u>	<u>1,772,500</u>	<u>1,108,883</u>	<u>(663,617)</u>

See Accompanying Notes to Required Supplementary Information

City of Alma
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Community and economic development				
Zoning	\$ 49,000	\$ 49,000	\$ 23,289	\$ (25,711)
Economic development	140,200	140,200	54,530	(85,670)
Total community and economic development	189,200	189,200	77,819	(111,381)
Recreation and culture				
Parks and recreation department	476,250	589,250	499,409	(89,841)
Total expenditures	6,050,000	7,098,800	5,488,650	(1,610,150)
Excess (deficiency) of revenues over expenditures	(18,700)	(796,000)	544,651	1,340,651
Other financing sources (uses)				
Transfers in	18,700	18,700	18,302	(398)
Sale of capital assets	-	-	69,161	69,161
Total other financing sources (uses)	18,700	18,700	87,463	68,763
Net change in fund balance	-	(777,300)	632,114	1,409,414
Fund balance - beginning of year	5,706,885	5,706,885	5,706,885	-
Fund balance - end of year	<u>\$ 5,706,885</u>	<u>\$ 4,929,585</u>	<u>\$ 6,338,999</u>	<u>\$ 1,409,414</u>

See Accompanying Notes to Required Supplementary Information

City of Alma
Required Supplementary Information
Budgetary Comparison Schedule
Major Streets Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 375,000	\$ 375,000	\$ -	\$ (375,000)
State grants	945,000	945,000	996,161	51,161
Charges for services	45,000	45,000	38,659	(6,341)
Investment income	140,000	140,000	232,117	92,117
Total revenues	<u>1,505,000</u>	<u>1,505,000</u>	<u>1,266,937</u>	<u>(238,063)</u>
Expenditures				
Current				
Public works	630,000	630,000	399,024	(230,976)
Capital outlay	2,250,000	2,680,000	345,608	(2,334,392)
Total expenditures	<u>2,880,000</u>	<u>3,310,000</u>	<u>744,632</u>	<u>(2,565,368)</u>
Excess of revenues (deficiency) over expenditures	(1,375,000)	(1,805,000)	522,305	2,327,305
Other financing sources (uses)				
Transfers out	(250,000)	(250,000)	(250,000)	-
Net change in fund balance	(1,625,000)	(2,055,000)	272,305	2,327,305
Fund balance - beginning of year	4,286,555	4,286,555	4,286,555	-
Fund balance - end of year	<u>\$ 2,661,555</u>	<u>\$ 2,231,555</u>	<u>\$ 4,558,860</u>	<u>\$ 2,327,305</u>

See Accompanying Notes to Required Supplementary Information

City of Alma
Required Supplementary Information
Budgetary Comparison Schedule
Street Improvement Millage Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 724,000	\$ 724,000	\$ 711,171	\$ (12,829)
State grants	20,000	20,000	33,755	13,755
Investment income	36,000	36,000	62,202	26,202
 Total revenues	 780,000	 780,000	 807,128	 27,128
Expenditures				
Current				
Public works	161,000	161,000	61,429	(99,571)
Capital outlay	3,500,000	3,544,000	855,281	(2,688,719)
 Total expenditures	 3,661,000	 3,705,000	 916,710	 (2,788,290)
 Net change in fund balance	 (2,881,000)	 (2,925,000)	 (109,582)	 2,815,418
 Fund balance - beginning of year	 850,468	 850,468	 850,468	 -
 Fund balance - end of year (deficit)	 <u>\$ (2,030,532)</u>	 <u>\$ (2,074,532)</u>	 <u>\$ 740,886</u>	 <u>\$ 2,815,418</u>

See Accompanying Notes to Required Supplementary Information

City of Alma
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended June 30,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 422,908	\$ 427,451	\$ 403,491	\$ 351,040	\$ 350,391
Interest	1,983,015	1,954,522	1,912,568	1,890,371	1,817,267
Changes of benefit terms	-	-	115,168	104,064	(164,086)
Experience differences	(1,010,045)	(16,631)	-	920,981	668,263
Changes in assumptions	(20,866)	201,579	-	-	-
Benefit payments and refunds	<u>(1,912,757)</u>	<u>(1,897,195)</u>	<u>(1,831,807)</u>	<u>(1,739,682)</u>	<u>(1,680,826)</u>
Net change in total pension liability	(537,745)	669,726	599,420	1,526,774	991,009
Total pension liability - beginning	28,363,540	27,693,814	27,094,394	25,567,620	24,576,611
Total pension liability - ending (a)	<u>\$ 27,825,795</u>	<u>\$ 28,363,540</u>	<u>\$ 27,693,814</u>	<u>\$ 27,094,394</u>	<u>\$ 25,567,620</u>
Plan fiduciary net position					
Employer contributions	\$ 1,099,932	\$ 1,034,399	\$ 826,335	\$ 679,531	\$ 638,838
Employee contributions	367,351	208,069	225,133	198,185	188,554
Net investment income (loss)	1,484,417	2,093,891	(2,407,843)	2,910,653	2,280,425
Benefit payments and refunds	(1,912,757)	(1,897,195)	(1,831,807)	(1,739,682)	(1,680,826)
Other changes	(1,203,477)	-	-	-	-
Administrative expense	<u>(44,206)</u>	<u>(43,391)</u>	<u>(39,663)</u>	<u>(31,608)</u>	<u>(36,665)</u>
Net change in plan fiduciary net position	(208,740)	1,395,773	(3,227,845)	2,017,079	1,390,326
Plan fiduciary net position - beginning	20,041,554	18,645,781	21,873,626	19,856,547	18,466,221
Plan fiduciary net position - ending (b)	<u>\$ 19,832,814</u>	<u>\$ 20,041,554</u>	<u>\$ 18,645,781</u>	<u>\$ 21,873,626</u>	<u>\$ 19,856,547</u>
Net pension liability (a-b)	<u>\$ 7,992,981</u>	<u>\$ 8,321,986</u>	<u>\$ 9,048,033</u>	<u>\$ 5,220,768</u>	<u>\$ 5,711,073</u>
Plan fiduciary net position as a percentage of total pension liability	71.27%	70.66%	67.33%	80.73%	77.66%
Covered payroll	\$ 3,598,120	\$ 3,801,284	\$ 3,628,532	\$ 3,459,854	\$ 3,441,204
Net pension liability as a percentage of covered payroll	222.14%	218.93%	249.36%	150.90%	165.96%

Note 1: The joint ventures are recorded on the City's financial statements using the equity method. The joint ventures have recorded their proportionate share of the above net pension liability.

City of Alma
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended June 30,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 329,738	\$ 317,126	\$ 302,791	\$ 309,665	\$ 313,992
Interest	1,835,225	1,796,668	1,749,781	1,718,730	1,563,120
Changes of benefit terms	(212,587)	(73,880)	37,163	(198,912)	297,688
Experience differences	635,801	-	-	-	1,069,778
Changes in assumptions	-	-	-	1	48,849
Benefit payments and refunds	<u>(1,574,026)</u>	<u>(1,554,493)</u>	<u>(1,467,129)</u>	<u>(1,408,696)</u>	<u>(1,283,580)</u>
Net change in total pension liability	1,014,151	485,421	622,606	420,788	2,009,847
Total pension liability - beginning	<u>23,562,460</u>	<u>23,077,039</u>	<u>22,454,433</u>	<u>22,033,645</u>	<u>20,023,798</u>
Total pension liability - ending (a)	<u>\$ 24,576,611</u>	<u>\$ 23,562,460</u>	<u>\$ 23,077,039</u>	<u>\$ 22,454,433</u>	<u>\$ 22,033,645</u>
Plan fiduciary net position					
Employer contributions	\$ 928,709	\$ 570,407	\$ 530,295	\$ 456,069	\$ 381,166
Employee contributions	183,108	173,197	178,066	175,037	173,737
Net investment income (loss)	2,242,067	(693,036)	2,195,796	1,777,699	(247,530)
Benefit payments and refunds	(1,574,026)	(1,554,493)	(1,467,129)	(1,408,696)	(1,283,580)
Other changes	-	-	-	-	-
Administrative expense	<u>(38,598)</u>	<u>(34,899)</u>	<u>(34,814)</u>	<u>(35,118)</u>	<u>(36,550)</u>
Net change in plan fiduciary net position	1,741,260	(1,538,824)	1,402,214	964,991	(1,012,757)
Plan fiduciary net position - beginning	<u>16,724,961</u>	<u>18,263,785</u>	<u>16,861,571</u>	<u>15,896,580</u>	<u>16,909,337</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,466,221</u>	<u>\$ 16,724,961</u>	<u>\$ 18,263,785</u>	<u>\$ 16,861,571</u>	<u>\$ 15,896,580</u>
Net pension liability (a-b)	<u>\$ 6,110,390</u>	<u>\$ 6,837,499</u>	<u>\$ 4,813,254</u>	<u>\$ 5,592,862</u>	<u>\$ 6,137,065</u>
Plan fiduciary net position as a percentage of total pension liability	75.14%	70.98%	79.14%	75.09%	72.15%
Covered payroll	\$ 3,234,684	\$ 3,167,791	\$ 2,992,991	\$ 3,087,594	\$ 3,147,432
Net pension liability as a percentage of covered payroll	188.90%	215.84%	160.82%	181.14%	194.99%

See Accompanying Notes to Required Supplementary Information

City of Alma
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2016	\$ 381,166	\$ 381,166	\$ -	\$ 3,172,776	12.01%
6/30/2017	507,022	507,022	-	3,130,701	16.20%
6/30/2018	541,669	541,669	-	3,127,404	17.32%
6/30/2019	613,652	613,652	-	3,222,342	19.04%
6/30/2020	742,468	992,468	(250,000)	3,329,380	29.81%
6/30/2021	598,399	615,277	(16,878)	3,439,733	17.89%
6/30/2022	740,605	740,605	-	3,621,722	20.45%
6/30/2023	806,590	806,590	-	3,741,061	21.56%
6/30/2024	809,399	810,376	(977)	3,801,284	21.32%
6/30/2025	916,384	980,372	(63,988)	3,682,718	26.62%

See Accompanying Notes to Required Supplementary Information

City of Alma
Notes to the Required Supplementary Information
June 30, 2025

Pension Information

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Employees’ Retirement System of Michigan

The following assumption changes were reflected in the 2024 valuation:

- Changes to assumptions as a result of the experience study for the period from 2019 through 2023. The changes related to mortality, retirement, disability, and termination rates.
- The investment rate of return, net of pension plan investment expense including inflation, was decreased from 7.00% to 6.93%.

The following assumption changes were reflected in the 2023 valuation:

- The investment rate of return, net of pension plan investment expense including inflation, was decreased from 7.25% to 7.18%.

The following assumption changes were reflected in the 2022 valuation:

- The investment rate of return, net of pension plan investment expense including inflation, was decreased from 7.60% to 7.25%.

The following assumption changes were reflected in the 2020 valuation:

- Changes to demographic assumptions as a result of the experience study for the period from 2013 through 2018. The changes related to mortality, retirement, disability, and termination rates.

The following assumption changes were reflected in the 2019 valuation:

- The investment rate of return, net of pension plan investment expense including inflation, was decreased from 7.75% to 7.60%.
- The rate of wage inflation was changed from 3.75% to 3.00%.

Notes to the Schedule of Employer Contributions – Municipal Employees’ Retirement System of Michigan

- Valuation date: December 31, 2022
- Actuarially determined contribution rates are calculated as of December 31 that is 18 months prior to the beginning of the fiscal year for which the contributions are presented.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal level percent of pay
- Amortization method: Level percentage, open
- Remaining amortization period: 15 years
- Asset valuation method: 5 year smoothed value of assets
- Inflation: 2.5 percent
- Salary increase: 3.0 percent
- Investment rate of return: 6.93 percent net of administrative expenses, including inflation
- Mortality rates:
 - 100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17
 - 100% of PubG-2010 Employee Mortality Tables for Ages 18-80
 - 100% of PubG-2010 Healthy Retiree Tables for Ages 81-120

City of Alma
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				Debt Service Fund	Permanent Funds		Total Nonmajor Governmental Funds
	Local Streets	Parks & Rec	Local	Housing Improvement	Alma Building Authority	Cemetery Endowment	Library Endowment	
			Development Financing Authority					
Assets								
Cash and cash equivalents	\$ 266,220	\$ 23,807	\$ 9,789	\$ 4,760	\$ 5,677	\$ 477,102	\$ 355,403	\$ 1,142,758
Investments	413,677	-	13,646	6,636	7,913	-	-	441,872
Receivables								
Interest	6,410	-	212	103	122	-	-	6,847
Due from other units of government	59,000	35,020	-	-	-	-	-	94,020
Prepaid items	9,993	-	-	-	-	-	-	9,993
Total assets	\$ 755,300	\$ 58,827	\$ 23,647	\$ 11,499	\$ 13,712	\$ 477,102	\$ 355,403	\$ 1,695,490
Liabilities								
Accounts payable	\$ 179	\$ 11,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,974
Due to other funds	-	40,000	-	-	-	-	-	40,000
Due to other units of government	357	499	-	-	-	-	-	856
Payroll and other liabilities	4,926	6,533	-	-	-	-	-	11,459
Total liabilities	5,462	58,827	-	-	-	-	-	64,289
Deferred inflows of resources								
Unavailable revenue - receivables	4,390	-	145	70	84	-	-	4,689
Fund balances								
Non-spendable								
Prepaid items	9,993	-	-	-	-	-	-	9,993
Permanent Fund principal (nonexpendable)	-	-	-	-	-	477,102	355,403	832,505
Restricted for								
TIF district infrastructure	-	-	23,502	-	-	-	-	23,502
Housing rehabilitation	-	-	-	11,429	-	-	-	11,429
Street maintenance	735,455	-	-	-	-	-	-	735,455
Debt service	-	-	-	-	13,628	-	-	13,628
Total fund balances	745,448	-	23,502	11,429	13,628	477,102	355,403	1,626,512
Total liabilities, deferred inflows of resources, and fund balances	\$ 755,300	\$ 58,827	\$ 23,647	\$ 11,499	\$ 13,712	\$ 477,102	\$ 355,403	\$ 1,695,490

City of Alma
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				Debt Service Fund	Permanent Funds		Total Nonmajor Governmental Funds
	Local Streets	Parks & Rec	Local Development	Housing Improvement	Alma Building Authority	Cemetery Endowment	Library Endowment	
			Financing Authority					
Revenues								
Federal grants	\$ -	\$ 89,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,856
State grants	370,144	-	-	-	-	-	-	370,144
Charges for services	-	-	-	-	-	1,850	-	1,850
Investment income	30,235	-	1,196	638	693	22,877	17,108	72,747
Total revenues	400,379	89,856	1,196	638	693	24,727	17,108	534,597
Expenditures								
Current								
Public works	570,711	-	-	-	-	-	-	570,711
Recreation and culture	-	89,856	-	-	-	-	13,686	103,542
Capital outlay	160,926	-	-	-	-	-	-	160,926
Total expenditures	731,637	89,856	-	-	-	-	13,686	835,179
Excess (deficiency) of revenues over expenditures	(331,258)	-	1,196	638	693	24,727	3,422	(300,582)
Other financing sources (uses)								
Transfers in	250,000	-	-	-	-	-	-	250,000
Transfers out	-	-	-	-	-	(18,302)	-	(18,302)
Total other financing sources (uses)	250,000	-	-	-	-	(18,302)	-	231,698
Net change in fund balances	(81,258)	-	1,196	638	693	6,425	3,422	(68,884)
Fund balances - beginning of year	826,706	-	22,306	10,791	12,935	470,677	351,981	1,695,396
Fund balances - end of year	\$ 745,448	\$ -	\$ 23,502	\$ 11,429	\$ 13,628	\$ 477,102	\$ 355,403	\$ 1,626,512

City of Alma
Other Supplementary Information
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2025

	Rural Urban Fire Board	Benefit Trust Fund	Tax Collection	Park Project	Rescue Authority	Total Custodial Funds
Assets						
Cash and cash equivalents	\$ 385,712	\$ 627,062	1,757	\$ 10,913	\$ 48,113	\$ 1,073,557
Investments	537,720	-	-	-	67,071	604,791
Receivables						
Accounts	12,580	-	-	-	2,499	15,079
Accrued interest and other	8,332	-	-	-	1,040	9,372
Due from other units of government	-	-	-	-	4,739	4,739
Prepaid items	1,366	-	-	-	-	1,366
Capital assets not being depreciated	396,496	-	-	-	-	396,496
Capital assets, net of accumulated depreciation	<u>632,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,665</u>	<u>649,207</u>
Total assets	<u>1,974,748</u>	<u>627,062</u>	<u>1,757</u>	<u>10,913</u>	<u>140,127</u>	<u>2,754,607</u>
Deferred Outflows of Resources						
Deferred amount relating to the net pension liability	<u>61,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,281</u>
Liabilities						
Accounts payable	11,534	-	-	-	56	11,590
Accrued and other liabilities	9,533	-	-	-	941	10,474
Due to other units of government	590	-	-	-	72	662
Unearned revenue	-	-	1,757	-	-	1,757
Net pension liability	<u>339,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,782</u>
Total liabilities	<u>361,439</u>	<u>-</u>	<u>1,757</u>	<u>-</u>	<u>1,069</u>	<u>364,265</u>
Deferred Inflows of Resources						
Deferred amount relating to the net pension liability	<u>33,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,201</u>
Net position						
Net investment in capital assets	1,029,038	-	-	-	16,665	1,045,703
Restricted for:						
Public safety employees	-	627,062	-	-	-	627,062
Parks and recreation projects	-	-	-	10,913	-	10,913
Fire and rescue services	<u>612,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,393</u>	<u>734,744</u>
Total net position	<u>\$ 1,641,389</u>	<u>\$ 627,062</u>	<u>\$ -</u>	<u>\$ 10,913</u>	<u>\$ 139,058</u>	<u>\$ 2,418,422</u>

City of Alma
Other Supplementary Information
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Rural Urban Fire Board	Benefit Trust Fund	Tax Collection	Park Project	Rescue Authority	Total Custodial Funds
Additions						
Investment earnings	\$ 53,880	\$ 29,048	\$ -	\$ 276	\$ 6,176	\$ 89,380
Property tax collections for other governments	-	-	7,547,807	-	-	7,547,807
Charges for services	560,000	-	-	-	58,707	618,707
Miscellaneous	70	890	-	30,738	-	31,698
Total additions	<u>613,950</u>	<u>29,938</u>	<u>7,547,807</u>	<u>31,014</u>	<u>64,883</u>	<u>8,287,592</u>
Deductions						
Payments of property tax to other governments	-	-	7,547,807	-	-	7,547,807
Fire and rescue protection	581,222	-	-	-	42,759	623,981
Parks and recreation	-	-	-	37,046	-	37,046
Depreciation	78,701	-	-	-	7,940	86,641
Total deductions	<u>659,923</u>	<u>-</u>	<u>7,547,807</u>	<u>37,046</u>	<u>50,699</u>	<u>8,295,475</u>
Change in net position	(45,973)	29,938	-	(6,032)	14,184	(7,883)
Net position - beginning of year	<u>1,687,362</u>	<u>597,124</u>	<u>-</u>	<u>16,945</u>	<u>124,874</u>	<u>2,426,305</u>
Net position - end of year	<u>\$ 1,641,389</u>	<u>\$ 627,062</u>	<u>\$ -</u>	<u>\$ 10,913</u>	<u>\$ 139,058</u>	<u>\$ 2,418,422</u>