



Pamela Colestock – Mayor
William Steele – Mayor Pro Tem
Deb Malewski – Council Member
Rick Loftus – Council Member
Ken Nicholas – Council Member

Yvonne Ridge – City Manager
Larry Joe Weeks – Police Chief
Roger McNutt – Fire Chief
LeRoy Hummel – Building Official
Rob Pierce – Public Works/Utilities Director
Genny Allen – Treasurer/Finance Director
Robin Webb – City Clerk
Corey Cagle – Director of Parks,
Recreation & Events
Jake Forquer – Community and Economic
Development Specialist
Randy Jewel – City Assessor
Cullen Harkness – City Attorney

CITY OF EATON RAPIDS WORK SESSION AGENDA

February 23, 2026
5:00 pm
200 S. Main Street

This meeting will be streamed live for viewing only at:
<https://us06web.zoom.us/j/85394331944> Meeting ID: 853 9433 1944
Please note all public comments must be made in person.

Call to Order

Public Comments

Unfinished and Special Business

New Business

1. Brownfield Reimbursement Amended Agreement – 400 Dexter
2. Budget Amendments – Motor Pool Capital Purchase & Revenue and Expenditures for the Housing Readiness Incentive Enhancement Grant
3. Auditor Proposal

Board and Committee Reports

Public Comments

Adjourn



MEETING DATE: FEBRUARY 23, 2026

CITY MANAGER

To: Mayor and City Council

Work Session

From: Yvonne Ridge, City Manager

Regular Meeting

Submitted: February 20, 2026

Subject: Brownfield Reimbursement Agreement – 400 Dexter Road, LLC

SUMMARY

The Brownfield Reimbursement Agreement for the 400 Dexter Road project was submitted to MSHDA for review. The City has received a denial letter indicating the application did not meet threshold requirements under Section 13b(4) of Act 38.

Following MSHDA's denial and guidance, Attorney Harkness has incorporated the required additional language into the Brownfield Reimbursement Agreement to address the deficiencies identified under Section 13b (4) of Act 381, including provisions related to residential unit pricing, income monitoring, and required financial disclosures.

The Brownfield Redevelopment Authority reviewed and approved the revised agreement at its February 10 meeting and is recommending City Council approval.

Upon Council approval, the updated agreement will be resubmitted to MSHDA for further consideration.

STAFF RECOMMENDATION/MOTION

Adopt Resolution 2026-11 to approve Brownfield Reimbursement Agreement as amended for 400 Dexter Road, LLC.

LIST OF SUPPORTING DOCUMENTS

Resolution 2026-11
Amended Brownfield Reimbursement Agreement



Pamela Colestock – Mayor
William Steele – Mayor Pro Tem
Deb Malewski – Council Member
Rick Loftus – Council Member
Ken Nicholas – Council Member

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**CITY OF EATON RAPIDS
RESOLUTION NO. 2026-11**

**A RESOLUTION TO APPROVE REIMBURSEMENT AGREEMENT AS
AMENDED FOR 400 DEXTER ROAD, LLC**

WHEREAS, The Brownfield Redevelopment Authority of the City of Eaton Rapids (the “Authority”) was established pursuant to Act 381 of the Public Acts of 1996, as amended (the “Brownfield Redevelopment Financing Act”); and

WHEREAS, the Authority prepared and the City Council approved a Brownfield Plan that includes property located at 400 Dexter Road, Eaton Rapids, Michigan, as an eligible property under Act 381; and

WHEREAS, 400 Dexter Road, LLC (the “Developer”) proposes to rehabilitate the structure located at 400 Dexter Road into affordable and attainable housing, with an estimated total investment of approximately \$6,821,325.00; and

WHEREAS, the Developer will incur Eligible Costs estimated not to exceed \$1,911,901.00 for activities permitted under Act 381, including environmental activities, demolition, abatement, infrastructure, and site preparation; and

WHEREAS, Act 381 authorizes the capture of Tax Increment Revenues to reimburse Eligible Costs and Administrative Costs associated with the approved Brownfield Plan; and

WHEREAS, the City, the Authority, and the Developer desire to enter into a Brownfield Reimbursement Agreement to establish the terms and conditions for reimbursement of Eligible Costs and Administrative Costs from Tax Increment Revenues generated by the redevelopment of the property; and

WHEREAS, following revisions required by the Michigan State Housing Development Authority (MSHDA), the Brownfield Redevelopment Authority reviewed and approved the revised agreement at its February 10 meeting and is recommending City Council approval;

WHEREAS, the City Council has reviewed the proposed Brownfield Reimbursement Agreement and finds that approval of the Agreement is in the best interests of the City and will promote economic development, increase the tax base, and support affordable housing within the community.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Council hereby approves the Brownfield Reimbursement Agreement between the City of Eaton Rapids, the Brownfield Redevelopment Authority of the City of Eaton Rapids, and 400 Dexter Road, LLC.
2. The Mayor and City Clerk are hereby authorized and directed to execute the Brownfield Reimbursement Agreement on behalf of the City, and to take all actions necessary to implement the terms of the Agreement.
3. The City Council determines that the redevelopment of the property located at 400 Dexter Road constitutes a public purpose consistent with Act 381 and the City's economic development objectives.
4. All resolutions or parts of resolutions in conflict herewith are hereby rescinded to the extent of such conflict.

The Foregoing resolution offered by _____ and seconded by _____.

Upon roll call vote, the following voted:

Aye:

Nay:

Absent:

The resolution is adopted by the City of Eaton Rapids and approved by the Mayor on this 23rd day of February 2026.

Pamela Colestock, Mayor

RESOLUTION DECLARED ADOPTED:

STATE OF MICHIGAN)

)ss.

COUNTY OF EATON)

I, the undersigned, the duly qualified and acting Clerk of the City of Eaton Rapids, County of Eaton, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Eaton Rapids at a regular meeting held on the 23rd day of February, 2026, the original of which resolution is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in compliance with the Open Meetings Act, Act No. 267 of the Michigan Public Acts of 1976, including the case of a special or rescheduled meeting, notice by posting at least 18 hours prior to the time set for said meeting.

IN WITNESS WHEREOF, I have hereunto set my official signature, this 23rd day of February 2026.

Robin Webb, City Clerk

BROWNFIELD REIMBURSEMENT AGREEMENT

THIS AGREEMENT, made this ___ day of _____, 2026 (the “Agreement”), by and between the **CITY OF EATON RAPIDS**, a Michigan municipal corporation, with offices at 200 S. Main St., Eaton Rapids, MI 48827 (the “City”), the **BROWNFIELD REDEVELOPMENT AUTHORITY OF THE CITY OF EATON RAPIDS**, an authority established pursuant to Act 381 of the Public Acts of 1996, as amended (“Act 381”), with offices at 200 S. Main St., Eaton Rapids, MI 48827 (the “Authority”); and **400 DEXTER ROAD, LLC**, a Michigan limited liability company, with offices at 2301 W. Main Street, Lansing, MI 48917 (the “Developer”).

RECITALS

A. Pursuant to Act 381, the Authority has prepared a Brownfield Plan which was duly approved by the City Council of the City (the “Brownfield Plan”).

B. The Developer intends to redevelop property located at 400 Dexter Road, Eaton Rapids, MI 48827 (“Property”). The Property is legally described on the attached **Exhibit A**. The Property is included in the Brownfield Plan as an “eligible property” as the property meets the definition of a “housing property” under Section 2(y)(ii) of Act 381, as described in the Brownfield Plan, and is therefore commonly referred to as a “brownfield.”

C. The Developer plans rehabilitate the structure into affordable and attainable housing (the “Improvements”). The estimated investment in the Improvements is expected to be approximately \$6,821,325.00. The Improvements are expected to create temporary construction jobs, increase the tax base within the City, and otherwise enhance the economic vitality and

quality of life within the City. The Developer acknowledges that the City and the Authority have relied on the investment of the Improvements as consideration for the benefits extended under this Agreement.

D. Act 381 permits the use of the real and personal property tax revenues generated from the increase in value to brownfield sites constituting “eligible property” under Act 381 resulting from their redevelopment to pay or reimburse the payment of costs of conducting activities that meet the requirements under Act 381 of “eligible activities” and permits the reimbursement to the property owner or developer of such Eligible Costs incurred by the property owner or developer. Act 381 also permits the reimbursement of the costs to prepare and develop a brownfield plan and Act 381 work plan for “eligible property” (“Brownfield Plan Costs”).

E. In order to make the Improvements on the Property, the Developer will incur costs associated with Eligible Activities - including baseline environmental activities, demolition, asbestos and lead abatement, infrastructure, and site preparation activities - and Brownfield Plan Costs, each of which will also require the services of various contractors, engineers, environmental consultants, attorneys and other professionals (the “Eligible Costs”). The estimated Developer Eligible Costs shall not exceed the sum of \$1,911,901.00. The Eligible Costs for the project are set forth on the attached **Exhibit B**.

F. The Authority has incurred and will incur certain expenses in the preparation and administration of the Brownfield Plan (the “Administrative Costs”), for which it seeks reimbursement from Tax Increment Revenues (as defined below). The Administrative Costs are estimated to be approximately \$53,680.00.

G. In accordance with Act 381 and the Brownfield Plan, the parties desire to use the property tax revenues that are generated from an increase in the taxable value of the Property resulting from its development (“Tax Increment Revenues”) to reimburse the Developer for Eligible Costs, the Authority and the City for its Administrative Costs.

H. The parties are entering into this Agreement to establish the procedure for the reimbursement from Tax Increment Revenues under Act 381.

NOW, THEREFORE, the parties agree with each other as follows:

1. Definitions

“Additional Response Activities” are defined by Section 2(a) of Act 381;

“Baseline Environmental Assessment Activities” is defined by Section 2(d) of Act 381;

“Brownfield Redevelopment Financing Act” means Act No. 381 of the Public Acts of 1996, MCLA 125.2651 et seq.;

“Brownfield Plan or Plans” is defined by Section 2(g) of Act 381;

“Due Care Activities” is defined by Section 2(k) of Act 381;

“Eligible Activities” is defined by Section 2(l) of Act 381;

“Eligible Property or Property” is defined by Section 2(m) Act 381;

“Eligible Party” is defined by Section 2(l) of Act 381;

“Tax Increment Revenues” is defined by Section 2(aa) of Act 381.

2. The Plan

(a) Developer’s Brownfield Plan, which the Authority approved on July 8, 2026, and the City Council approved on July 28, 2025, is attached hereto as **Exhibit C** and incorporated herein. To the extent provisions of the Plan conflict with this Agreement, the terms and conditions of this Agreement control. To the extent provisions of the Plan or this Agreement conflicts with the Act, the Act controls Unless the parties agree

otherwise, the Developer shall complete the Improvements by December 31, 2027.

3. Term of Agreement

Per the Brownfield Plan, the Authority shall capture the Tax Increment Revenues generated from local taxes imposed on the Property until the earlier of: (i) December 31, 2057; or (ii) the date on which Developer receives full payment of the Eligible Costs under paragraph 8. If this Agreement ends before the payment of all Eligible Costs, the last tax payment by the Authority shall be the summer and winter taxes distributed during the final year of this Agreement.

4. Eligible Activities

The Authority recognizes that before the date of this Agreement, Developer may have initiated activities which may be submitted with a Request for Cost Reimbursement for Eligible Activities. The Developer shall diligently pursue to complete the Eligible Activities set forth in the Plan. The Developer will be reimbursed for Eligible Costs incurred before this Agreement only if permitted under Act 381.

5. Reimbursement Source

During the term of this Agreement (unless limited by paragraph 2(b) and except as set forth in Paragraph 7 below), the Developer shall be reimbursed for Eligible Costs from the Tax Increment Revenues collected from local and school taxes imposed on the Property (including both real and personal property) after all the Authority's administrative costs have been deducted.

6. Excess Captured Taxes

The Authority may use any Tax Increment Revenues captured from the Property in excess of the amount authorized for reimbursement under Paragraph 5 hereof for reimbursement of any additional Eligible Activities included in the Brownfield Plan.

7. Transfer of Ownership/Termination of Operations/Early Reimbursement

The sale or transfer of the Property during the term of this Agreement shall require the consent of the City and the Authority to continue the reimbursements pursuant to this Agreement. The consent of the City and the Authority shall not be unreasonably withheld. If the transferee undertakes and provides reasonable assurance that it will complete the development of the Property consistent with the Brownfield Plan and this Agreement, as determined by the Authority and the City in its reasonable discretion, then the Authority and the City shall consent to the sale or transfer. The Authority and the City will pay reimbursements solely to the Developer unless (a) the Developer pledges or assigns the right to reimbursement to a transferee and the City receives notice by or on behalf of the Developer directing payment to a transferee prior to payment or (b) as otherwise required by law. All administrative and out-of-pocket costs (including attorneys' fees) incurred by the City in connection with the sale or transfer of the Property during the term of the Agreement shall be reimbursed to the City with Tax Increment Revenues as a condition of approval.

8. Reimbursement Process

(a) Subject to any limitation set forth in paragraph 2(b), on a quarterly basis, the Developer shall submit to the Authority Requests for Cost Reimbursement for Eligible Activities paid by the Developer through the end of the prior period. This request shall be in the form attached hereto as **Exhibit D** ("Petition"). The Petition shall identify whether the Eligible

Activities are: (1) Baseline Environmental Assessment Activities; (2) Due Care Activities; (3) Additional Response Activities; or (4) Eligible Activities permitted under Section 2(1)(iv) of the Act. The Petition shall describe each individual activity claimed as an Eligible Activity and the associated costs of each individual activity. Documentation of the costs incurred shall be included with the Petition including proof of payment and detailed invoices for the costs

incurred sufficient to determine whether the costs incurred were for Eligible Activities. The Petition shall be signed by a duly authorized representative of Developer and the representations, facts, and documentation included therein shall be sworn to as accurate in the presence of a notary. In the event the Eligible Activities and Costs for which the Developer seeks reimbursement have been rendered by a related party or entity, the Authority and the City may request documentation to substantiate the reasonableness of such costs prior to reimbursement.

(b) Petitions shall be reviewed by the Authority within thirty (30) days after receipt of the Petition by the City. The Developer shall cooperate in the review by the Authority by providing information and documentation to supplement the Petition as deemed reasonable and necessary by the Authority. The Authority shall identify in writing to Developer any costs deemed ineligible for reimbursement and the basis for the determination. Developer shall be given forty-five (45) days in which to provide supplemental information or documents in support of a request for cost reimbursement deemed ineligible by the Authority. Thereafter, except as otherwise agreed to in writing by Developer and Authority, the Authority shall make a final decision on the eligibility of the disputed cost and inform the Developer in writing of its determination, which decision shall be binding upon Developer.

(c) Twice a year, after the summer and winter taxes are captured and collected on the Property, the Authority shall pay approved costs for Eligible Activities to the Developer from the taxes captured in accordance with the Plan and Paragraph 5 of this Agreement to the extent that taxes have been captured and are available in that fiscal year (less Authority's operating out-of-pocket expenses to review the Petition) to reimburse approved costs of Eligible Activities. No reimbursement shall be paid if the Developer or any tenant of Developer is delinquent in the payment of real or personal property taxes on the property. No payment to the Developer shall be made if Developer files a property tax appeal with the Michigan Tax Tribunal regarding the valuation of the real or

personal property assessment on the Property during the term of the tax appeal. The Developer shall not be reimbursed for any Eligible Costs and Activities incurred after any deadline set forth in paragraph 2(b) is missed.

(d) Subject to paragraph 2(b), interest shall accrue on the balance of the Developer's Eligible Costs at the rate under the Authority's policy on interest in effect as of the date of this Agreement, computed annually, provided interest at such rate is also approved by the Michigan Strategic Fund. Interest shall begin to accrue on the date that Eligible Costs are approved by the Authority. Interest shall not accrue on any unreimbursed Eligible Costs during any period that the Developer has real and personal property taxes on the Developer's Property remaining unpaid after their due date. Interest shall not accrue during any period for which the Developer has filed a property tax appeal with the Michigan Tax Tribunal regarding the valuation of the real or personal property assessment.

(e) If there are no funds available from taxes captured from the sources identified in Paragraph 5 herein for Developer, then there is no repayment obligation to Developer and no repayment shall be made.

(f) Reimbursement of Costs of Eligible Activities shall be effectuated to Developer with:

Checks shall be payable to: 400 Dexter Road, LLC

Delivered to the following address: 2301 W. Main St.
Lansing, MI 48917

By certified mail.

9. Income, Rent Documentation and Reporting

(a) The Developer shall monitor and annually provide to the SCBRA that four (4) units are occupied by households or individuals that meet income requirements, and that the rents being charged on an annual basis are at or below 120% of the Area Median Income (AMI), consistent

with the requirements as set forth by the Michigan State Housing Development Authority (MSHDA).

(b) Households must prove eligibility at the time of initial occupancy using the MSHDA Household Income Self-Certification form, or as otherwise provided by MSHDA.

10. Short-Term Rentals

(a) In accordance with Section 15(12)(m)(iv) of the Act, no short-term rentals are allowed in any of the MSHDA income limited residential units.

(b) The Developer agrees to abide by any future local ordinances regarding short-term rentals.

11. Annual Reporting

The Developer shall report annually to the Authority, no later than June 15 of each year as part of the Act 381 reporting requirements under MCL 125.2666(7,9) a report of the following as of December 31 of the previous year, as applicable:

(a) Number of residential units constructed or rehabilitated;

(b) Square feet of new or rehabilitated residential, retail, commercial, or industrial space

(c) Number of new jobs created;

(d) For projects actively capturing TIR, amount of actual capital investment;

(e) Number of income qualified purchaser households served;

(f) Number of income qualified renting households assisted;

(g) Housing unit rental rates or prices at which the housing units were sold;

(h) Racial and socioeconomic data on the individuals purchasing or renting the housing units, or, if this data is not available, racial and socioeconomic data on the census tract in which the housing units are located;

(i) Any additional information deemed necessary by the Authority.

12. Legislative Authorization

This Agreement is governed by and subject to the restrictions set forth in the Act. In the event that there is legislation enacted in the future which alters or affects the amount of Tax Increment Revenues subject to capture, Eligible Properties, or Eligible Activities, then the Developer's rights and the Authority's obligations under this Agreement may be modified accordingly by agreement of the parties.

13. Freedom of Information Act

Developer stipulates that all Petitions and documentation submitted by Developer shall be open to the public under the Freedom of Information Act, Act No. 442 of the Public Acts of 1976, and no claim of trade secrets or other privilege or exception to the Freedom of Information Act will be claimed by Petitioners as it relates to this Agreement, Petitions for Reimbursement and supporting documentation.

14. Plan Modification.

The Plan and this Agreement may be modified to the extent allowed under the Act by mutual agreement of the Parties affected by the modification.

15. Notices

All notices shall be given by registered or certified mail addressed to the parties at their respective addresses as shown below their respective signatures to this Agreement. Either party may change the address by written notice sent by registered or certified mail to the other party.

16. Assignment

The interest of any party under this Agreement shall not be assignable without the other parties' written consent, which shall not be unreasonably withheld. If the Developer seeks to assign this Agreement for purposes of securing financing for the Project, the assignment of this Agreement shall be subject to the terms and conditions reasonably required by the City and the City shall be reimbursed with Tax Increment Revenues for its administrative and out-of-pocket

costs (including attorneys fees) incurred to process and approve such assignment.

17. Entire Agreement

This Agreement supersedes all agreements previously made between the parties relating to the subject matter. There are no other understandings or agreements between them.

18. Non-waiver

No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

19. Headings

Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

20. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.

21. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

22. Binding Effect

The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties and their respective heirs, legal representatives, successors, and assigns.

In witness whereof, the parties have executed this Agreement as of the day and date first written above.

Witnesses:

CITY OF EATON RAPIDS

By: _____
Pamela Colestock, Mayor

By: _____
Robin Webb, City Clerk

Date: February 23, 2026

APPROVED AS TO FORM ONLY:

By: _____
Cullen Harkness, City Attorney

Date: _____, 2025

Witnesses:

**BROWNFIELD REDEVELOPMENT
AUTHORITY OF THE CITY OF EATON
RAPIDS**

By: _____

Title: _____

Date: February 10, 2026

Address: 200 S. Main St., Eaton Rapids,
MI 48827

Witnesses:

400 DEXTER ROAD, LLC

By: _____

Title: _____

Address:

DRAFT

Exhibit A

Property Legal Description

Property Address: 400 Dexter Road, Eaton Rapids, MI 48827

Parcel ID #: 300-033-200-226-01

Legally Described as: COM E ¼ COR SEC 33; N89°48'42"W 663.4 FT TO E LINE OF W 1/2 OF E 1/2 OF NE 1/4 & POB; N89°48'42"W 96.89 FT TO C/L HWY M-50/DEXTER RD; 216.35 FT NWLY ALONG C/L & ARC OF SURVE TO R, W/RADIUS OF 85943.7 FT, DELTA ANGLE 0°08'39" & CHORD LENGTH OF 216.35 FT BEARING N73°09'46"W; N73°05'26"W 375.02 FT TO W LINE OF E ½ OF NE 1/4; N0°12'38"E 895.4 FT; E 663.91 FT; S0°14'15"W 1067.46 FT TO POB. PARCEL SUBJ TO INGRESS-EGRESS EASEMENT & SIGN EASEMENT. SEC 33, T2N, R3W, CITY OF EATON RAPIDS. D 7-26-16 R 7-28-16 (APPROVED) SPLIT FROM 300-033-200-226-00 FOR 2017.

Exhibit B

Eligible Costs

TABLE 1 Eligible Activity	Cost Estimate
1. Baseline Environmental Activities, including Phase I, Phase II and BEA	\$14,350
2. Demolition including internal and external demolition and soft costs	\$241,020
3. Asbestos and Lead Activities	\$271,705
4. Infrastructure Improvements Public Roads, fire hydrants, electrical service, public soft costs, parking lot, curbs and gutters, sidewalks, private soft costs	\$835,800
5. Contingencies (15%)	\$188,325
6. Preparation and implementation of brownfield plan and work plan	\$36,800
7. Brownfield Authority Application Fee	\$15,880
8. Interest*	\$308,021
TOTAL	\$1,911,901

Exhibit C

Brownfield Plan

DRAFT

Exhibit D

Brownfield Reimbursement Agreement

Date	Contractor	Description	Invoice Date*	Invoice No.*	Invoice Amount	Total Amount for Reimbursement
BEA / Phase I and II						
Due Care Activities						
Additional Response Activities						
Demolition						
Asbestos Abatement						
Infrastructure						
Site Preparation						
Brownfield Plan/Work Plan Preparation						

DRAFT

THE CITY OF
Eaton Rapids
MICHIGAN

Pamela Colestock – *Mayor*
William Steele – *Mayor Pro Tem*
Deb Malewski – *Council Member*
Stacey Robison – *Council Member*
Ken Nicholas – *Council Member*

Yvonne Ridge – *City Manager*
Larry Joe Weeks – *Police Chief*
Roger McNutt – *Fire Chief*
LeRoy Hummel – *Building Official*
Rob Pierce – *Public Works/Utilities Director*
Genny Allen – *Treasurer/Finance Director*
Robin Webb – *City Clerk*
Corey Cagle – *Director of Parks, Recreation and Events*
Randy Jewell – *City Assessor*
Cullen Harkness – *City Attorney*

MEETING DATE: FEBRUARY 23, 2026

TREASURER/FINANCE DIRECTOR

To: Mayor and City Council

Work Session

From: Genny Allen

Regular Meeting

Submitted: 02/19/2026

Subject: Budget Amendments for Fiscal Year 2025-2026

SUMMARY

Budget amendments are used periodically to adjust accounts to the appropriate levels as no fund may have a budget deficit or exceed amended appropriations at fiscal year-end. Budget amendments must be made prior to the end of the fiscal year.

Any changes to budget numbers require approval from the City Council.

Attached for your consideration is Budget Amendment Resolution 2026-12 for the 2025–2026 fiscal year.

The first budget amendment is to recognize and appropriate a \$50,000 grant award from the Michigan Economic Development Corporation (MEDC). This amendment will increase revenue by \$50,000 and authorize corresponding expenditures of \$50,000 for a contracted consultant to prepare a Master Plan for the City of Eaton Rapids. The funds will be recorded in the General Fund, Department 721 (Planning Commission).

The second amendment authorizes a capital expenditure in the amount of \$61,632 for the purchase of a 2026 Chevrolet Silverado 2500 for the Department of Public Works (DPW). Funds allocated to the DPW are available within the Motor Pool and will be expensed to Capital Outlay.

These amendments ensure the budget accurately reflects grant funding received and planned capital expenditure for the fiscal year.

STAFF RECOMMENDATION/MOTION

Motion to approve Resolution 2026-12 amending the Fiscal Year 2025–2026 budget to recognize \$50,000 in revenue and \$50,000 in expenditures in the General Fund, Department 721 (Planning Commission) for the Michigan Economic Development Corporation (MEDC) Grant for preparation of a Master Plan for the City of Eaton Rapids, and to authorize an additional Capital Outlay expenditure in the amount of \$61,632 for the purchase of a 2026 Chevrolet Silverado for the Department of Public Works, funded through available Motor Pool funds.

LIST OF SUPPORTING DOCUMENTS

- Resolution 2026-12



*Pamela Colestock – Mayor
William Steele – Mayor Pro Tem
Deb Malewski – Council Member
Rick Loftus – Council Member
Ken Nicholas – Council Member*

*Yvonne Ridge – City Manager
Larry Joe Weeks – Police Chief
Roger McNutt – Fire Chief
LeRoy Hummel – Building Official
Rob Pierce – Public Works/Utilities Director
Genny Allen – Treasurer/Finance Director
Robin Webb – City Clerk
Corey Cagle – Director of Parks,
Recreation & Events
Yvonne Ridge, Interim Community & Economic
Development Specialist
Randy Jewell – City Assessor
Cullen Harkness – City Attorney*

RESOLUTION NO. 2026-12

A RESOLUTION TO AMEND THE BUDGET FOR THE GENERAL MUNICIPAL PURPOSES OF THE CITY OF EATON RAPIDS FOR THE FISCAL YEAR OF 2025-2026

WHEREAS, the City of Eaton Rapids is prepared to engage a qualified consultant to create a Master Plan for the City; and,

WHEREAS, the Michigan Economic Development Corporation has awarded grant funding in the amount of \$50,000 for the creation of the City's Master Plan; and,

WHEREAS, the Department of Public Works is in need of a truck for operational purposes; and,

WHEREAS, the Department of Public Works has funds saved and allocated within the Motor Pool Fund Balance for Capital Purchases; and,

WHEREAS, the revenue and expenditures associated with these items must be recognized and appropriated within the Fiscal Year 2025–2026 budget; and,

WHEREAS, the revenue and expenditures will be distributed to and from the following funds and departments:

- \$50,000 Grant Revenue received into the General Fund, Department 721, Planning Commission to Grant Revenue
- \$50,000 expenditure from the General Fund, Department 721, Planning Commission to Contracted Consultant
- \$61,632 expensed from the Motor Pool Fund to Motor Pool Capital Outlay; and,

THEREFORE, BE IT RESOLVED, the Eaton Rapids City Council hereby amends the Fiscal Year 2025-2026 budget as follows:

- Increase revenue in the amount of \$50,000 to the General Fund, Department 721 – Planning Commission, representing grant funds received from the Michigan Economic Development Corporation.

- Appropriate \$50,000 from the General Fund, Department 721 – Planning Commission, for expenditure to a contracted consultant for preparation of the City’s Master Plan.
- Appropriate \$61,632 from the Motor Pool Fund for Capital Outlay for the purchase of a truck for the Department of Public Works.

The foregoing resolution offered by Council Member _____ and seconded by Council Member _____.

Upon roll call vote, the following voted:

Aye:

Nay:

Absent:

The resolution is adopted by the City of Eaton Rapids and approved by the Mayor on this 23rd day of February 2026.

Pamela Colestock, Mayor

RESOLUTION DECLARED ADOPTED:

STATE OF MICHIGAN)

)ss.

COUNTY OF EATON)

I, the undersigned, the duly qualified and acting Clerk of the City of Eaton Rapids, County of Eaton, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Eaton Rapids at a regular meeting held on the 23rd day of February 2026, the original of which resolution is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in compliance with the Open Meetings Act, Act No. 267 of the Michigan Public Acts of 1976, including the case of a special or rescheduled meeting, notice by posting at least 18 hours prior to the time set for said meeting.

IN WITNESS WHEREOF, I have hereunto set my official signature, this 23rd day of February 2026.

Robin Webb, City Clerk



MEETING DATE: FEBRUARY 23, 2026

CITY MANAGER

To: Mayor and City Council

Work Session

From: Yvonne Ridge, City Manager

Regular Meeting

Submitted: February 20, 2026

Subject: Audit Proposal

SUMMARY

Siegfried Crandall P.C. has served as the City's auditor for the past three (3) years. Staff believes the firm is well qualified to continue providing audit services to the City for the upcoming engagement period.

Siegfried Crandall P.C. has highlighted the following qualifications:

- The firm has substantial long-term experience working with local units of government, providing the audit expertise necessary to effectively serve municipal clients.
- They are committed to maintaining ongoing contact throughout the year and being accessible when needed. This proactive approach allows them to better understand the City's operations and challenges, resulting in more efficient and effective service.
- Due to strong recruiting and personnel policies and continued growth, staff turnover within the firm is low. This ensures continuity in audit staffing, minimizes disruption, and reduces training time for City staff.
- The firm meets mandatory practice monitoring, continuing education, and independence standards established by the U.S. Government Accountability Office, which may be required for the City's audit.

Based on their experience, qualifications, and familiarity with the City's financial operations, staff recommends approval of the audit proposal.

STAFF RECOMMENDATION/MOTION

Adopt Resolution 2026-13 to amend the Budget for General Municipal Purposes of the City of Eaton Rapids for the Fiscal Year of 2025-2026

LIST OF SUPPORTING DOCUMENTS

Resolution 2026-13
Siegfried Crandal P.C. Audit Proposal

February 16, 2026

Members of the City Council
City of Eaton Rapids
200 South Main Street
Eaton Rapids, MI 48827

Dear Council Members:

We are pleased to respond to the City of Eaton Rapids' request to provide audit services for the fiscal years ending June 30, 2026 through 2030.

We believe that Siegfried Crandall P.C. is uniquely qualified to serve you for the following reasons:

- We have substantial long-term experience working with local units of government. This background has given us the audit expertise needed to serve you.
- We are committed to maintaining contact with you throughout the year and to being accessible to you when you need us. This enables us to know your organization and its challenges better and allows us to serve you more efficiently and effectively.
- Due to our recruiting policies, personnel policies, and continuing growth, our staff turnover is low. This enables us to staff our assignments with a minimal amount of turnover, which saves time for our clients' staff and keeps our audit training hours to a minimum.
- We meet the mandatory practice monitoring, continuing education, and independence standards of the U.S. Government Accountability Office, which may be required for your audit.

The remaining portions of this proposal describe our firm's background and philosophies and our proposal in more specific detail. We have organized it as follows:

- Mandatory criteria
- Firm profile
- Firm qualifications and experience
- Audit approach
- Audit calendar
- Fees
- List of Michigan municipal clients
- Peer Review Report

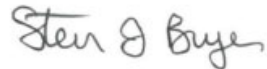
Members of the City Council
City of Eaton Rapids
Page 2

In summary, the firm you select should be the firm best qualified to meet your requirements based upon its expertise, experience, and method of operation. This, in the long run, will result in you obtaining the maximum value at the lowest cost, which is our objective. We feel we are in a position to assist you in achieving your objectives. We are committed to meeting, and even exceeding, your expectations, and we will perform our service in a timely manner. We will be happy to meet with you to discuss any of the matters in this proposal.

This proposal is a firm and irrevocable offer for sixty days. If you have any questions regarding this proposal, please contact me.

Sincerely,

SIEGFRIED CRANDALL P.C.

A handwritten signature in cursive script that reads "Steven J. Bryer".

Steven J Bryer, Shareholder

City of Eaton Rapids
AUDIT PROPOSAL

SUBMITTED BY:
SIEGFRIED CRANDALL P.C.
5220 LOVERS LANE SUITE 130
PORTAGE, MICHIGAN 49002
CONTACT PERSON: STEVEN J BRYER
EMAIL: sbryer@scpro.net
February 16, 2026

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MANDATORY CRITERIA

We hereby affirm the following:

1. Siegfried Crandall P.C. is a properly licensed certified public accounting firm and is registered to do business in the State of Michigan.
2. We hereby affirm that Steven J Bryer, CPA, the engagement shareholder and audit team leader, is a licensed certified public accountant and is qualified to perform municipal audits in the State of Michigan.
3. We hereby affirm that Siegfried Crandall P.C. meets the independence standards of the AICPA and the independence standards contained in the U.S. Government Accountability Office's *Government Auditing Standards*.
4. We hereby affirm that Siegfried Crandall P.C. meets the continuing education requirements contained in the U.S. Government Accountability Office's *Government Auditing Standards*.
5. We hereby affirm that Siegfried Crandall P.C. does not discriminate against any individual because of race or any other protected status under applicable state and federal law. Furthermore, Siegfried Crandall P.C. complies with all applicable laws in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.
6. The audit shall be conducted to satisfy the requirements of the Michigan Department of Treasury.
7. The audit shall be an audit of the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City.
8. We will conduct our audit in accordance with U.S. generally accepted auditing standards.
9. If necessary, we will plan and perform the audit to meet audit requirements of federal grants:
 - We will issue an independent auditor's report on compliance and on internal control over financial reporting under *Government Auditing Standards*.
 - When required, we will issue an independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance. We will also provide an in-relation-to opinion on the schedule of expenditures of federal awards.
10. We will retain all working papers and reports for a minimum of seven (7) years.

FIRM PROFILE

DESCRIPTION AND SIZE OF FIRM

Siegfried Crandall P.C., based in Kalamazoo, Michigan, was founded in 1958. The firm has grown to become one of the top certified public accounting and management consulting firms in western Michigan. The firm, with offices in Portage and Grand Rapids, Michigan, currently employs twenty-one individuals. Siegfried Crandall P.C. offers a full range of professional assistance in the areas of audit, review and compilation, tax, management consulting, and accounting services.

We presently service a widely-diversified clientele, including a variety of municipalities, special districts and authorities, not-for-profit organizations, legal and other service firms, and various commercial enterprises, representing a broad cross-section of the public and private economic sectors.

Siegfried Crandall P.C. is a firm committed to quality work as demonstrated by our membership in the AICPA Division for Firms, which requires a peer review every three years. To date, the firm's system of quality control has successfully undergone fourteen such reviews, the latest of which was January 2020, and resulted in a positive report. A copy of the report is attached. The firm is also a member of the AICPA Governmental Audit Quality Center.

The firm's commitment to governmental services is evidenced by its membership and active participation in the following affiliations:

- Government Financial Officers' Association
- Michigan Government Financial Officers' Association
- Allegan County Treasurers' Association
- Allegan County Clerks' Association
- Kalamazoo County Treasurers' Association
- Kalamazoo County Clerks' Association
- Kent County Treasurers' Association
- Kent County Clerks' Association

LOCAL OFFICE TO PERFORM AUDIT

The audit will be performed from our Portage office, which is served full time by one shareholder and two audit associates, all of whom have extensive experience in governmental auditing. The firm has a total of three shareholders and three associates who have extensive experience in governmental auditing and accounting. All of these individuals are available for consulting.

LICENSE TO PRACTICE IN MICHIGAN

Siegfried Crandall P.C. asserts that the audit organization and its key professional staff are properly licensed to practice in the State of Michigan.

FIRM PROFILE (Continued)

INDEPENDENCE

In all matters relating to the audit work, Siegfried Crandall P.C. asserts that the firm, as an audit organization, and its individual auditors are free both in fact and in appearance from personal, external, and organizational impairments to independence, as defined by the U.S. Government Accountability Office's *Government Auditing Standards*. This assertion applies to the City of Eaton Rapids, as well as all contracted service providers of the City.

In the past five years, we have had no professional relationships that would affect our independence including the City or any of its contracted service providers.

CONTINUING PROFESSIONAL EDUCATION

Many hours are spent each year in seminars and in other training and educational projects in an effort to maintain and improve our expertise. Our continuing professional education meets or exceeds the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.

NON-DISCRIMINATION AFFIRMATION

Siegfried Crandall P.C. does not discriminate against any individual because of race or any other protected status under applicable state and federal law. Furthermore, Siegfried Crandall P.C. complies with all applicable laws in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay or other forms of compensation, demotion, or separation.

EXPERIENCE WITH AUDITS OF FEDERAL PROGRAMS

The City may administer federal programs, which will necessitate additional audit requirements during the term of the engagement. If a program or single audit becomes necessary, each of the individuals to be assigned to your audit meet the current educational requirements mandated by *Government Auditing Standards* and have substantial experience with federal and state grant compliance audits.

FIRM QUALIFICATIONS AND EXPERIENCE

RESUMES OF THE AUDIT TEAM

One of the greatest strengths of our firm is our ability to maintain a consistent audit team on each engagement. This saves time for our clients' staff, provides for more consistency, and allows for more efficient audits. We will make every effort to maintain the same audit team for the entire term of our engagement.

The shareholder assigned to the engagement will be Steven J Bryer and he will be the audit team leader. Joshua H. Gabrielse, another shareholder, and audit associate Joel D. Frederickson, Jr., will also be assigned to the engagement. Their resumes follow:

STEVEN J BRYER, CPA

BA, Western Michigan University 1995
MSA, Western Michigan University 1998
Shareholder since 2011

Steve has been a member of the firm since 2005, after previous experience with both national and regional accounting firms. He has served as engagement shareholder on numerous governmental and not-for-profit audit engagements for the firm.

Steve was most recently the Treasurer of the Portage Public Safety Foundation and has served on the board of various church and civic groups.

Steve is a member of the following professional organizations:

- The American Institute of Certified Public Accountants (AICPA)
- The Michigan Association of Certified Public Accountants (MICPA)
- The Government Finance Officers Association (GFOA)
- The Michigan Government Finance Officers Association (MGFOA)
- The Association of Government Accountants (AGA)

JOEL D. FREDERICKSON, JR., CPA

BBA, Western Michigan University 1994

Joel began his career in public accounting with Siegfried Crandall P.C. in 1995. He has auditing, accounting, and consulting experience with a variety of governmental and not-for-profit organizations.

Joel is a member of the AICPA and MICPA.

JOSHUA H. GABRIELSE, CPA

BS, Calvin College 2010
Shareholder since 2020

Josh began his career in public accounting with Siegfried Crandall P.C. in 2011. He has auditing experience with many governmental clients.

Josh is a member of the AICPA and MICPA.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

REFERENCES - SIMILAR ENGAGEMENTS

Please note that our firm currently has more than 120 municipal audit clients, including cities, villages, townships, and special purpose governments. A list of our Michigan municipal clients is included in "additional data."

The following individuals represent entities that are similar to the City of Eaton Rapids and are offered as references:

City of Gobles

Audited for over 25 years

Engagement shareholder: Steven J Bryer

Paula Sipes, City Clerk-Treasurer

269-628-2246

Total staff hours: 120

City of Plainwell

Audited for more than 25 years

Engagement shareholder: Daniel L. Veldhuizen

Erik J. Wilson, City Manager

269-685-6821

Total staff hours: 130

City of Wayland

Audited for more than 20 years

Engagement shareholder: Steven J Bryer

Joshua Eggleston, City Manager

269-792-2265

Total staff hours: 130

Village of Mattawan

Audited for over 25 years

Engagement shareholder: Steven J. Bryer

Jolie Storm, Village Manager

(269) 668-2128

Total staff hours: 300

AUDIT APPROACH

Our audit approach is prepared under the assumption that the City will *not* be subject to *Government Auditing Standards* or the Uniform Guidance.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based upon our audit.

Our audit will include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control. However, during the audit, we will communicate to management, and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards. If conditions are discovered which lead to the belief that material errors or fraud may exist, we will promptly advise the appropriate level of oversight within the City of Eaton Rapids.

Our firm uses industry specific auditing programs and checklists prepared by Practitioners Publishing Company in planning and performing audits using a risk-based approach. The use of such materials assists us in demonstrating compliance with applicable audit standards.

General procedures include:

- Developing an audit strategy, making an appropriate assessment of audit risk, and developing an audit plan. When applicable, subsequent changes to planning matters will be appropriately considered and documented.
- Understanding and evaluating the design and implementation of the City's internal control, including entity-level and activity-level controls. This will include inquiry, observation, and preparation of written narratives to describe major components of control processes and procedures.
- Documenting inquiries of management and others about fraud risks, illegal acts, and compliance with laws, regulations, and the provisions of contracts or grant agreements.
- Performing preliminary analytic review of financial data to identify unusual or unexpected balances or relationships and consider whether matters identified have financial statement and audit planning implications.

AUDIT APPROACH (Continued)

Tests of transactions and balances include:

- Testing internal controls that are properly designed and in place. This will most likely include controls over regular and payroll disbursements. Walkthroughs and control tests will be performed based on identified levels of materiality, risk, and internal control effectiveness. Samples will be selected for tests of controls based on the attributes of the populations tested and other available audit evidence. Populations will be stratified by dollar amount, if possible, and items will be selected randomly from different dollar level strata.
- Performing additional substantive tests within the following key audit areas:
 - Cash and investments
 - Governmental revenues, related receivables, and deferred inflows of resources
 - Proprietary fund revenues and related receivables
 - Capital assets, including infrastructure, and related depreciation
 - Nonpayroll expenses and related liabilities
 - Payroll and related liabilities
 - Long-term liabilities
 - Net position/fund equity

The types of substantive tests to be used will include account analysis and verification of transactions and/or balances, such as:

Cash and investments:

- Verification and/or confirmation of account balances
- Cut-off procedures applied to subsequent bank statements
- Analysis of restriction requirements and balances

Governmental revenues:

- Analysis of property tax levies, collections, payments, tax captures, and verification of IFT reporting
- Verification of receipts via remittance advices and bank deposits
- Examination of contracts for terms and amounts for other revenues
- Examination of supporting documentation and re-computation of fees for services
- Analysis of subsequent receipts for items receivable at fiscal year end

Proprietary fund revenues:

- Predictive tests of utility service charges based on usage and rates
- Analysis of utility service billings
- Verification of receipts via bank deposits
- Examination of subsequent receipts for items receivable at fiscal year end

Capital assets:

- Examination of the City's capitalization policy
- Account analysis of beginning balances, additions, deletions, and ending balances
- Re-computation of depreciation
- Examination of invoices and supporting documentation for material additions
- Reference additions to Council minutes
- Analysis of related financing or lease agreements

Nonpayroll expenses and related liabilities:

- Account analysis and verification of significant posted transactions
- Examination of subsequent disbursements
- Examination of unpaid invoices

AUDIT APPROACH (Continued)

Payroll and related liabilities:

- Obtaining approved salary and wage rates
- Comparison of 941 forms to general ledger balances
- Verification of accrued payroll computations
- Verification of tax withholding and deposits
- Verification of pension contributions
- Obtain Pension actuarial reports and test pension liability
- Obtain OPEB actuarial reports and test OPEB liability

Long-term debt:

- Obtaining debt agreements and statements
- Vouching significant debt proceeds and repayments
- Re-computation of interest accruals

Net position:

- Verification of restriction requirements through examination of debt agreements, contracts, etc.
- Re-computation of restricted, committed, and assigned amounts

Substantive tests may include analytic or predictive procedures. The nature and extent of testing is based upon our evaluation of the most reliable and accessible data. To the extent available, data or information will be requested in electronic format (Microsoft Excel format preferred).

Analytic procedures may include the following:

Governmental revenues:

- Comparison to prior balances and budgeted amounts
- Use of nonfinancial data (e.g., number of participants) to predict fees for services

Utility revenues:

- Analysis of expected revenues based on utility department measurements of usage

Payroll, fringes, and related liabilities:

- Predictive analysis based on employee eligibility and rates for medical insurance
- Computation of pension expense based on covered payroll and contribution rates

Microsoft Excel will be used to sort and select data, for example: to sort disbursements by dollar amount and by vendor. Most audit work papers will be prepared using Microsoft Excel and Word. Trial balances and variance analysis will be performed using Engagement Manager software.

AUDIT APPROACH (Continued)

Other general procedures include:

- Review of Council minutes, budgets (original and final amended), and significant contracts and agreements.
- Inquire regarding management's risk assessments and response to these assessments.
- Review of general journal entries.
- Obtain an understanding of related party relationships and transactions, if any.
- Review of subsequent events through the date of the auditor's report.
- Inquire as to the existence of commitments or contingencies that must be included in the financial statements.
- Inquire regarding compliance with laws and regulations.
- Present proposed audit adjustments, if any, to management for review and acceptance.
- Obtain a management representation letter.
- Review with management any findings or comments to be included in our reports.

We will be available throughout the contract period to provide the City with advice and guidance on financial accounting and reporting issues. Either Steve Bryer or Joel Frederickson will be responsible for responding to the City's phone calls and e-mail communications within one business day. The cost of these services will be included in our proposed fees.

Responsibilities of City staff concerning the audit include:

- Providing adjusted trial balances, receipts and disbursements registers, and general ledger transaction reports, in electronic format, at least one week prior to the scheduled start of fieldwork.
- Providing copies (in electronic format when available) of significant agreements, employee benefit plans, contracts, bond documents, budgets - original and final, and Council meeting minutes.
- Preparation of account reconciliations for cash, accounts receivable, accounts payable, compensated absences, fixed assets, debt, pension and OPEB liabilities, and other year-end accrual balances.
- Providing reports of property tax levies, receipts, and balances for the fiscal year, with related tax warrants, information concerning assessed and taxable values, and reports of DDA captures of property taxes.
- Providing reports related to utility charges which support balances at year-end, current year charges, and adjustments.
- Providing specific items selected for audit testing and documentation, such as receipts, paid invoices, and payroll records and reports.
- Providing listings of subsequent receipts and disbursements for the period from July 1 through the date of audit fieldwork completion.

AUDIT APPROACH (Continued)

TIME ESTIMATES

The following chart presents the level of staff and the number of hours to be assigned to each proposed segment of the engagement:

Audit area	<u>Shareholder</u> Steve	<u>Shareholder</u> Josh	<u>Associate</u> Joel	<u>Consulting</u> <i>shareholder</i>	Totals
Planning	12				12
Risk assessments	16				16
Cash		8			8
Governmental revenues		8			8
Business-type revenues			8		8
Capital assets			8		8
Nonpayroll expenditures		8	16		24
Payroll expenditures		8			8
Payroll benefit analysis			8		8
Debt			8		8
Custodial funds		8			8
Component units			8		8
Reporting	6	34			40
Review	16			16	32
Conferences	4				4
Totals	54	74	56	16	200

ADDITIONAL REQUIREMENTS FOR A SINGLE AUDIT

For any year in which the City incurs expenditures of federal awards of \$750,000 or more, it would become subject to the Uniform Guidance and the Single Audit Act, in which case we would conduct our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, the Single Audit Act (OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*).

These standards require us to perform additional procedures necessary to report on (a) the schedule of expenditures of federal awards, (b) compliance with laws and regulations governing the administration of federal awards, and (c) the internal controls over grant administration.

The schedule of expenditures of federal awards is considered additional information and is, therefore, subject to those audit procedures applied in the audit of the basic financial statements. The objective of tests performed is to determine whether any of the expenditures is materially misstated in relation to the basic financial statements taken as a whole.

The testing of compliance with laws and regulations must be sufficient to allow us as auditors to express an opinion over each compliance element for each federal program tested. The nature and extent of testing internal controls is to be sufficient to permit us to opine as to the effectiveness of controls over grant administration.

AUDIT CALENDAR

In June, during each year of our engagement, our firm will provide an audit planning memo to City personnel that will include a detailed list of the documents and schedules to be provided by the City.

Audit fieldwork will be scheduled in September or October each year and will be completed annually by the end of October based on our receipt of a backup of your accounting software files and all other schedules to be provided by the City.

We will plan to issue a draft of the financial statements and our reports by the end of November each year.

We will issue the final copies of the audited financial statements and submit the financial statements to the state by December 31 each year. We will present the audit to the City Council at a public meeting as required.

FEES

Based upon our understanding of your audit requirements, we propose that our fee for an audit of the City's financial statements for the years ended June 30, 2026 through 2030, will not exceed the following amounts:

<i>Service Description</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>
Financial audit	\$ 43,000	\$ 43,500	\$ 44,000	\$ 44,500	\$ 45,000
ACT 51 Street Financial Report	1,000	1,000	1,000	1,000	1,000
Form 5572	750	750	750	750	750
Form 5047	500	500	500	500	500
Form F-65	750	750	750	750	750
Totals	<u>\$ 46,000</u>	<u>\$ 46,500</u>	<u>\$ 47,000</u>	<u>\$ 47,500</u>	<u>\$ 48,000</u>

* If a single audit is required, our fee would increase by \$8,000 for each major program tested.

The above fees represent approximately 200 hours of professional services and include the performance of audit procedures, the documentation of internal controls and required audit risk assessments for significant balances and transaction classes, internal reviews, and the additional costs of administrative services. Travel time will not be billed as part of the engagement. No additional out-of-pocket expenses will be charged.

We will be available throughout the contract period to provide the City with advice and guidance on financial accounting and reporting issues. We will respond to the City's phone calls and e-mail communications within one business day, if possible. The cost of these services is included in our proposed fees.

These fees are based upon conditions observed relating to number and types of funds, programs and activities, and accounting controls. Should conditions change in the future that significantly affect the scope of the audit, we would discuss the extent of the audit requirements considered necessary and provide you with an estimate of fees at that time.

LIST OF MICHIGAN MUNICIPAL CLIENTS

TOWNSHIPS:

Ada
Alamo
Algoma
Almena
Alpine
Antwerp
Athens
Aurelius
Barry
Bath
Bedford
Bengal
Big Rapids
Bingham
Blendon
Bloomingdale
Brady
Caledonia
Cannon
Casco
Castleton
Charleston
Clyde
Columbia
Comstock
Convis
Cooper
Courtland
Dallas
Delhi
Dorr
Eagle
Essex
Fabius
Fillmore
Flowerfield
Gaines
Galien
Ganges
Grand Rapids
Grass Lake
Gun Plain
Hamilton
Hamlin
Hartford
Hastings
Heath
Homer
Howard
Irving
Jamestown
Johnstown
Kenockee
Kinderhook
Laketown
Lawrence
Lee
Leighton
Leroy
Lima
Manlius
Milton
Nelson
Newberg
Newton

Oakfield
Odessa
Orangeville
Oshtemo
Otsego
Overisel
Pavilion
Paw Paw
Pennfield
Pierson
Pine Grove
Portland
Port Sheldon
Prairieville
Richland
Ross
Rutland
Salem
Saugatuck
Schoolcraft
Sheridan
South Haven
Sparta
Spring Lake
Texas
Thornapple
Valley
Volinia
Watson
Waverly
Wayne
Weesaw
Westphalia
Woodland
Wright
Yankee Springs

CITIES:

Allegan
Douglas
Eaton Rapids
Galesburg
Gobles
Otsego
Parchment
Plainwell
Wayland

VILLAGES:

Baldwin
Bloomingdale
Breedsville
Casnovia
Decatur
Edwardsburg
Galien
Kent City
Lawton
Mattawan
Michiana
Middleville
Mulliken
Paw Paw
Pierson
Richland
Shepherd
Sparta
Vicksburg

SPECIAL DISTRICTS AND AUTHORITIES:

ABB Fire District
Albion District Library
Athens Community Library
Bellevue Community Fire Department
Benton Harbor Public Library
Berrien Springs Community Library
Buchanan District Library
Byron-Gaines Utility Authority
Castleton Fire Department
Clarksville-Morrison Lake Sewer Authority
Coloma Public Library
Delton District Library
Delton Fire Department
Dorr-Leighton Wastewater Authority
Dorr Township Library
Edwardsburg Joint Fire Board
Fabius Park Fire Department
Graafschap Fire Department
Gun Lake Area Sewer Authority
Hamilton Fire Department
Hartford Fire Board
Hopkins Public Library
Ingham Conservation District
Kalamazoo Area Building Authority
Kalamazoo Regional Water & Wastewater Commission
Lawton Fire Department
Looking Glass Regional Fire Authority
Lyons Township District Library
Marshall Fire-Ambulance Authority
Ontwa-Edwardsburg Police Department
Otsego District Library
Parchment Community Library
Paw Paw District Library
Paw Paw Fire Department
Portland Area Fire Authority
Putnam District Library
Charles A. Ransom District Library
Richland Community Library
River Country Recreational Authority
Saugatuck Township Fire District
Southeast Berrien County Landfill Authority
South Haven Regional Airport
South Kalamazoo County Fire Authority
Southwest Michigan Library Cooperative
Southwestern Michigan Community Ambulance Service
Sparta Fire Department
Sparta Recreational Authority
Thornapple Area Parks & Recreation Commission
Vicksburg District Library
Watervliet Library
Wayland Area Emergency Medical Services

Report on the Firm's System of Quality Control

January 27, 2023

To the shareholders of Siegfried Crandall P.C. and
the Peer Review Committee of the Michigan Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Siegfried Crandall P.C. (the firm) in effect for the year ended September 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Siegfried Crandall P.C. in effect for the year ended September 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Siegfried Crandall P.C. has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

Centennial, Colorado



Pamela Colestock – Mayor
William Steele – Mayor Pro Tem
Deb Malewski – Council Member
Rick Loftus – Council Member
Ken Nicholas – Council Member

Yvonne Ridge – City Manager
Larry Joe Weeks – Police Chief
Roger McNutt – Fire Chief
LeRoy Hummel – Building Official
Rob Pierce – Public Works/Utilities Director
Genny Allen – Treasurer/Finance Director
Robin Webb – City Clerk
*Corey Cagle – Director of Parks,
Recreation & Events*
*Jake Forquer, Community & Economic
Development Specialist*
Randy Jewell – City Assessor
Cullen Harkness – City Attorney

**CITY OF EATON RAPIDS
RESOLUTION NO. 2026-13**

**A RESOLUTION TO APPROVE AUDIT PROPOSAL FOR FISCAL
YEARS ENDED JUNE 30, 2026 THROUGH JUNE 30, 2030**

WHEREAS, the City of Eaton Rapids is required to obtain an annual independent financial audit in accordance with Michigan law; and

WHEREAS, the City received a proposal from Siegfried Crandall P.C. to provide professional auditing services for the fiscal years ending June 30, 2026, through June 30, 2030; and

WHEREAS, the proposed services include the annual Financial Audit, ACT 51 Street Financial Report, Form 5572, Form 5047, and Form F-65; and

WHEREAS, if a Single Audit is required in any fiscal year, the fee shall increase by \$8,000 for each major federal program tested; and

WHEREAS, the proposed fees represent approximately 200 hours of professional services annually; and

WHEREAS, Siegfried Crandall P.C. has indicated its availability to provide advice and guidance to the City on financial accounting and reporting matters; and

WHEREAS, the City Council finds that acceptance of the proposal is in the best interest of the City to ensure compliance with statutory audit requirements and to maintain sound financial oversight.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Council hereby adopts Resolution 2026-13 approving the audit proposal from Siegfried Crandall P.C. for professional auditing services for fiscal years ending June 30, 2026, through June 30, 2030.

2. The City Manager is hereby authorized to execute the engagement agreement and any related documents necessary to implement this Resolution on behalf of the City.
3. The City Council acknowledges that if a Single Audit is required, the additional fee of \$8,000 per major program tested shall apply as outlined in the proposal.

The Foregoing resolution offered by _____ and seconded by _____.

Upon roll call vote, the following voted:

Aye:

Nay:

Absent:

The resolution is adopted by the City of Eaton Rapids and approved by the Mayor on this 23rd day of February 2026.

Pamela Colestock, Mayor

RESOLUTION DECLARED ADOPTED:

STATE OF MICHIGAN)

)ss.

COUNTY OF EATON)

I, the undersigned, the duly qualified and acting Clerk of the City of Eaton Rapids, County of Eaton, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Eaton Rapids at a regular meeting held on the 23rd day of February, 2026, the original of which resolution is on file in my office and available to the public. Public notice of said meeting was given pursuant to and in compliance with the Open Meetings Act, Act No. 267 of the Michigan Public Acts of 1976, including the case of a special or rescheduled meeting, notice by posting at least 18 hours prior to the time set for said meeting.

IN WITNESS WHEREOF, I have hereunto set my official signature, this 23rd day of February 2026.

Robin Webb, City Clerk