

**CITY OF GRAND LEDGE**  
**ADDITIONAL REPORTS REQUIRED BY**  
**UNIFORM GUIDANCE**  
**YEAR ENDED JUNE 30, 2025**

**TABLE OF CONTENTS**

Page

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE..... 1-3

Schedule of Expenditures of Federal Awards .....4

Notes to Schedule of Expenditures of Federal Awards.....5

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS* ..... 6-7

Schedule of Findings and Questioned Costs .....8

Schedule of Prior Audit Findings.....9

Corrective Action Plan ..... 10



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
of City of Grand Ledge  
Grand Ledge, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Grand Ledge's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Grand Ledge's major federal program for the year ended June 30, 2025. City of Grand Ledge's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Grand Ledge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Grand Ledge and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of City of Grand Ledge's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Grand Ledge's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Grand Ledge's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Grand Ledge's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Grand Ledge's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Grand Ledge's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Grand Ledge's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Ledge as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Grand Ledge's basic financial statements. We issued our report thereon dated December 3, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maney Costeiran PC*

December 3, 2025

**CITY OF GRAND LEDGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantors Number	Current Year Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct			
Bulletproof Vest Program	16.607	N/A	\$ 394
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>394</u>
U.S. DEPARTMENT OF TREASURY			
Passed through Michigan Department of Environment, Great Lakes, and Energy	21.027		
Coronavirus State and Local Fiscal Recovery Funds			
COVID-19-Drinking Water Asset Management		DWA-110	68,552
COVID-19-Drinking Water State Revolving Fund		7666-10	<u>309,644</u>
			<u>378,196</u>
Passed through Michigan Strategic Fund	21.027		
Coronavirus State and Local Fiscal Recovery Funds			
Revitalization and Placemaking Program		CASE-373003	<u>500,000</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>878,196</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 878,590</u>

The accompanying notes are an integral part of this schedule.

**CITY OF GRAND LEDGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**PROVIDED TO SUBRECIPIENTS**  
**YEAR ENDED JUNE 30, 2025**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Grand Ledge under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Grand Ledge, it is not intended to and does not present the financial position or changes in net position of City of Grand Ledge.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. City of Grand Ledge has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for awards executed on or before September 30, 2024 and also has not elected to use the 15-percent de minimis indirect cost rate for awards executed on or after October 1, 2024.

**NOTE 3 - SUBRECEIPEINTS**

No federal awards were passed through by the City to any subrecipients during the year.



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

To the City Council  
of City of Grand Ledge  
Grand Ledge, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Grand Ledge, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Grand Ledge's basic financial statements, and have issued our report thereon dated December 3, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2025-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **City of Grand Ledge's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Grand Ledge's response to the findings identified in our audit and describe in the accompanying schedule of findings and questioned costs. City of Grand Ledge's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

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

*Manes Costerian PC*

December 3, 2025



**CITY OF GRAND LEDGE  
SCHEDULE OF FINDINGS AND QUESTION COSTS  
YEAR ENDED JUNE 30, 2025**

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**Section II - Financial Statement Findings**

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2025-001 UNAUTHORIZED CHECK SIGNER ON BANK ACCOUNT

Finding Type: Material Weakness

Condition: During our preliminary audit procedures over disbursements, we inquired of the City, regarding authorized check signers during the fiscal year under audit. Through, this discussion, we identified that one of the signatures used on disbursement checks during the period of July 1, 2024, through June 2, 2025 was that of a former employee.

Criteria: Bank account access and check-signing authority should be restricted to current, authorized personnel as formally approved by the governing body.

Cause: The City did not update bank account signatories in a timely manner following the employee's departure.

Effect: This resulted in unauthorized check signings and increased the risk of unauthorized transactions and compromises the integrity of the disbursement process.

Recommendation: We recommend that the City implement formal procedures to ensure that signatory authority is promptly removed upon an employee's resignation or termination. Additionally, we suggest that management review all current authorized signers and verify their continued appropriateness in accordance with City policies and best practices in internal control.

View of Responsible Officials: Management concurs with the finding.

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**Section III - Federal Award Findings**

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None noted.

## CORRECTIVE ACTION PLAN

2025-001 UNAUTHORIZED CHECK SIGNER ON BANK ACCOUNT

City personnel responsible for resolution: Gregory Newman, City Clerk; Ameer King, Assistant City Manager; Adam Smith, City Manager (in the absence of a Finance Director/City Treasurer)

Corrective action plan response: The City implemented a formal procedure to ensure that signatory authority is promptly removed upon an employee's resignation or termination. City management reviewed all current authorized signers and verified their appropriateness in accordance with the implemented formal procedure.

Accordingly, the former Finance Director/City Treasurer was removed. The City Clerk and the Assistant City Manager were provided with adequate authorization levels, and the City Manager now has viewing rights for verification purposes. Additionally, all non-senior level management had administrative rights removed and the City Clerk now conducts random audits of physical check signatures.

Anticipated completion date: Completed June 18, 2025