

**CITY OF MARINE CITY**  
St. Clair County, Michigan  
**AUDITED FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2021

# CITY OF MARINE CITY

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## INDEPENDENT AUDITOR'S REPORT

December 23, 2021

Honorable Mayor and City Commission  
City of Marine City  
260 S. Parker Street  
Marine City, Michigan 48039

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF MARINE CITY as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marine City, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the Consolidated General Fund, Major Street Fund, and Local Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 17 to the financial statements, in 2021, the City adopted new accounting guidance, GASBS 84, *Fiduciary Activities*. Our opinion is not modified with respect to that matter.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and retiree health trust schedules on pages 3-6 and 48-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marine City's basic financial statements. The combining and individual nonmajor fund financial statements and additional supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplementary schedules are 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 23, 2021, on our consideration of the City of Marine 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marine City's internal control over financial reporting and compliance.

Respectfully submitted,



MCBRIDE-MANLEY & COMPANY P.C.  
Certified Public Accountants

## CITY OF MARINE CITY

### Management's Discussion and Analysis For the Year Ended June 30, 2021

#### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

#### The City as a Whole

The City's combined net position increased 14.3% from a year ago from \$10.5 million to \$12.0 million. This is primarily due to decreases in the net pension and OPEB liabilities due to increased investment performance during the fiscal year. As we look at the governmental activities separately from the business-type activities, we can see the governmental activities experienced an increase of \$1.0 million during the year, which represents a 15.54% increase from the prior year. This increase was primarily the result of decreases in net pension and OPEB liabilities in the governmental funds entity-wide statements. The business-type activities experienced a \$484,000 increase in net position, primarily as a result of changes in the net pension and OPEB liabilities. In a condensed format, the table below shows a comparison of the net position (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current Assets *	\$ 3,931	\$ 3,762	\$ 2,437	\$ 2,305	\$ 6,366	\$ 6,064
Noncurrent Assets	8,181	7,915	4,966	5,200	13,147	13,115
Deferred Outflows of Resources	37	65	16	28	53	93
Total Assets and Deferred Outflows	12,149	11,742	7,419	7,533	19,566	19,272
Long-Term Debt Outstanding	3,581	4,932	2,455	3,386	6,036	8,318
Other Liabilities *	342	182	375	286	717	465
Deferred Inflows of Resources	584	14	249	6	833	20
Total Liabilities and Deferred Inflows	4,507	5,128	3,079	3,678	7,586	8,803
Net Position						
Invested in Capital Assets - Net of Debt	8,071	7,915	4,054	3,977	12,125	11,892
Restricted	1,716	1,610	920	1,052	2,636	2,662
Unrestricted	(2,145)	(2,911)	(635)	(1,174)	(2,780)	(4,085)
Total Net Position	\$ 7,642	\$ 6,614	\$ 4,339	\$ 3,855	\$ 11,981	\$ 10,469

\* Internal balances eliminated in total column.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by \$766,000 for the governmental activities. This represents a 26.31% increase from the prior year and was primarily a result of the change in the net pension and OPEB liabilities.

**CITY OF MARINE CITY****Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

The current level of unrestricted net position for our governmental activities stands at approximately (\$2.1 million).

The following table shows the changes of the net position (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	\$ 563	\$ 494	\$ 1,851	\$ 2,047	\$ 2,414	\$ 2,541
Operating Grants and Contributions	621	536	-	-	621	536
Capital Grants and Contributions	19	51	24	29	43	80
General Revenues						
Taxes	1,782	1,713	-	-	1,782	1,713
State-Shared Revenues	520	454	-	-	520	454
Other	2	29	8	8	10	37
Total Revenues	<u>3,507</u>	<u>3,277</u>	<u>1,883</u>	<u>2,084</u>	<u>5,390</u>	<u>5,361</u>
Program Expenses						
Legislative	14	14	-	-	14	14
General Government	557	520	-	-	557	520
Public Safety	1,006	967	-	-	1,006	967
Highways and Streets	425	563	-	-	425	563
Public Works	610	595	-	-	610	595
Recreation and Cultural	129	122	-	-	129	122
Other	111	119	-	-	111	119
Unallocated pension and OPEB expense (recovery)	(390)	560	-	-	(390)	560
Cemetery operations	17	41	-	-	17	41
Water and Sewer	-	-	1,399	1,822	1,399	1,822
Total Expenses	<u>2,479</u>	<u>3,501</u>	<u>1,399</u>	<u>1,822</u>	<u>3,878</u>	<u>5,323</u>
Change in Net Position	<u>\$ 1,028</u>	<u>\$ (224)</u>	<u>\$ 484</u>	<u>\$ 262</u>	<u>\$ 1,512</u>	<u>\$ 38</u>

The City's net position increased by \$1.5 million. This was primarily due to changes in the net pension and OPEB liabilities.

**Governmental Activities**

The City's total governmental revenues increased by \$230,000, primarily due to increases in grants and state revenue sharing. Expenses of the governmental activities decreased approximately \$1.0 million over those of the previous year. This was primarily due to the changes in the net pension and OPEB liabilities.

## **CITY OF MARINE CITY**

### **Management's Discussion and Analysis For the Year Ended June 30, 2021**

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#### **Business-Type Activities**

The City's business-type activities consist of the Water and Sewer Fund. We provide water and sewer treatments to all City residents. We experienced an increase during the year primarily as a result of budget decisions and the results of the 2021 actuarial valuations for the pension and OPEB liabilities.

#### **The City's Funds**

Our analysis of the City's major funds begins on page 10, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The major funds include the General Fund, the Major Street Fund, and the Local Street Fund.

The General Fund pays for most of the governmental services. The most significant are police, fire, and inspections, which incurred expenditures of \$962,000. These services are supported by general tax revenues of the City and State Revenue Sharing which represent approximately 80% of total revenues for the fund. In addition, the General Fund expended approximately \$584,000 on Public Works. These two areas represent approximately 48% of the General Fund's total expenditures.

The other major funds of the City are the Major and Local Street Funds. These funds account for the majority of the maintenance, preservation, and replacement of the City's streets, bridges, and sidewalks. These funds are funded through distributions from the Michigan Department of Transportation for use on major and local streets within the City.

#### **General Fund Budgetary Highlights**

Over the course of the year, we amended the budget to take into account events occurring during the year. The total budgeted expenditures for the General Fund were increased by approximately 17% during the year. The various departments stayed within the budget, resulting in total expenditures approximately \$219,000 below the budget. The General Fund's fund balance decreased by \$184,000 from a year ago. This is the result of budgeted increases in capital outlay expenditures for the new city hall renovations.

#### **Capital Asset and Debt Administration**

As of June 30, 2021, there was \$13.1 million invested in a broad range of capital assets, including buildings, police equipment, and water and sewer lines. In addition, the City has invested significantly in streets. Streets constructed prior to July 1, 2003, are not reported on the City's financial statements. See Note 5 to the financial statements for more information about the City's capital assets.

At the end of the fiscal year, the City had bonds outstanding in the Water and Sewer Fund totaling \$725,000 with scheduled repayments occurring through fiscal year 2026. Additionally, the City has capital leases of \$296,890 outstanding as of June 30, 2021 with scheduled repayments through fiscal year 2024.

As part of an agreement with the Michigan Department of Environmental Quality, the City has a loan for \$280,000 related to the cleanup of a Brownfield site within the City. Loan repayments began in March 2021 and are to be repaid with reimbursements from the St. Clair County Brownfield Redevelopment Authority. Interest did not accrue until after the first payment in March 2021. Early repayment is permitted under the loan agreement. As of June 30, 2021, there was \$252,609 outstanding on this loan. The debt service expenditures and related revenues are being reported in the City's Debt Service Fund.

See Note 8 to the financial statements for more information about the City's long-term liabilities.



## **CITY OF MARINE CITY**

### **Management's Discussion and Analysis For the Year Ended June 30, 2021**

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

The budget for the year ending June 30, 2022, kept tax levels at the same level as in the previous year. Because of the impact of state law on property tax assessments, the City needs to continue to watch its budget closely. The state-wide tax reform act limits the growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the City will grow by less than inflation, before considering new property additions.

As the City prepares for the next fiscal year, property tax revenue is expected to remain at similar levels to 2021 due to the current economic state of affairs and recent personal property tax reform. Stagnant growth in property tax revenues, coupled with rising health care and pension costs, aging infrastructure, and state and federal budget issues have presented some problems in balancing the budget and maintaining healthy fund balances.

The City will be receiving additional funding passed through the State of Michigan to be used for infrastructure as part of the American Rescue Plan Act (ARPA) and will need to evaluate eligible projects to spend these funds on. Additionally, the City has been awarded grants with the Department of Natural Resources to acquire property for a municipal-owned marina.

The City is also required to make improvements to the water and sewer system as part of a grant from the Michigan Department of Environmental Quality. The project to evaluate the age and deterioration of the system has been completed and the City needs to evaluate the results and plan for the needed infrastructure improvements to the system. Water/Sewer usage rates have not been increased for the year ending June 30, 2022.

Due to the State of Michigan's budget problems and political agendas, the City of Marine City is concerned about State Revenue Sharing distributions, especially as the pandemic continues to impact the state, local, and national economies. In addition, the City's fringe benefit costs have increased. The City's pension contribution rate for the fiscal year 2022 has been increased approximately 25% from the amount required in 2021. The City is also responsible to set aside funds for retiree's health care. The City funds this plan on a pay-as-you-go basis. However, the State of Michigan is requiring municipalities who are under-funded, as defined by the applicable statute, to submit corrective action plans to achieve funded status.

#### **Contacting Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer's office.

**CITY OF MARINE CITY**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 3,634,088	\$ 1,865,309	\$ 5,499,397
Investments	--	79,105	79,105
Restricted cash	284	--	284
Accounts and assessments receivable	31,240	492,271	523,511
Due from other units of government	245,337	--	245,337
Other assets	9,530	--	9,530
Due from pension and retiree health care trusts	8,737	--	8,737
<i>Internal Balances*</i>	1,410	--	--
<b>Total Current Assets</b>	<b>3,930,626</b>	<b>2,436,685</b>	<b>6,365,901</b>
<i>Noncurrent Assets</i>			
Capital assets, net of accumulated depreciation	8,181,250	4,965,614	13,146,864
Lease receivable	15	--	15
<b>Total Assets</b>	<b>12,111,891</b>	<b>7,402,299</b>	<b>19,512,780</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	36,573	15,906	52,479
<b>Total Deferred Outflows of Resources</b>	<b>36,573</b>	<b>15,906</b>	<b>52,479</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable	133,959	81,684	215,643
Due to agency funds	1,439	--	1,439
Accrued wages and vacation pay	105,841	9,033	114,874
Accrued interest payable	3,786	10,747	14,533
Current portion of debt	77,870	199,822	277,692
Due to other units and taxpayers	120	72,540	72,660
Unearned revenue	18,871	--	18,871
<i>Internal Balances*</i>	--	1,410	--
<b>Total Current Liabilities</b>	<b>341,886</b>	<b>375,236</b>	<b>715,712</b>
<i>Noncurrent Liabilities</i>			
Accrued sick pay	146,693	--	146,693
Long-term obligations, net of current portion	285,143	711,664	996,807
Net pension liability	1,423,176	592,654	2,015,830
Net OPEB liability	1,725,937	1,150,624	2,876,561
<b>Total Liabilities</b>	<b>3,922,835</b>	<b>2,830,178</b>	<b>6,751,603</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	584,128	248,635	832,763
<b>Total Deferred Inflows of Resources</b>	<b>584,128</b>	<b>248,635</b>	<b>832,763</b>
<b>NET POSITION</b>			
Investment in capital assets, net of related debt	8,070,846	4,054,128	12,124,974
<i>Restricted for:</i>			
Drug enforcement	8,752	--	8,752
Perpetual care	137,361	--	137,361
Highways and streets - Act 51	1,283,991	--	1,283,991
Cemetery	69,436	--	69,436
Insurance escrow	8,129	--	8,129
Water monitoring system	--	137,395	137,395
Highways and streets	113,700	--	113,700
Parks and recreation	90,420	--	90,420
Police	188	--	188
Beach	3,505	--	3,505
Infrastructure improvements	--	782,689	782,689
General government	137	--	137
<i>Unrestricted</i>	<i>(2,144,964)</i>	<i>(634,820)</i>	<i>(2,779,784)</i>
<b>Total Net Position</b>	<b>\$ 7,641,501</b>	<b>\$ 4,339,392</b>	<b>\$ 11,980,893</b>

\* Amounts have been eliminated in total column

**CITY OF MARINE CITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Legislative	\$ 13,673	\$ --	\$ --	\$ --
General government	557,486	146,835	32,471	--
Public safety	1,005,687	94,209	16,404	11,743
Public works	609,949	281,768	--	--
Community and economic development	6,603	200	44,653	--
Recreation and cultural	129,190	2,950	37,124	7,062
Highways and streets	425,446	--	490,608	--
Other	84,644	16,408	--	--
Health and welfare	955	--	--	--
Unallocated pension and OPEB expense (recovery)	(389,799)	--	--	--
Debt service interest	4,260	--	--	--
Water and sewer charges - Intergovernmental	14,000	--	--	--
Cemetery operations	16,770	20,930	--	--
<b>Total Governmental Activities</b>	<b>2,478,864</b>	<b>563,300</b>	<b>621,260</b>	<b>18,805</b>
<b>Business-type Activities:</b>				
Water and Sewer Disposal	1,399,552	1,851,682	--	23,967
<b>Total Business-type Activities</b>	<b>1,399,552</b>	<b>1,851,682</b>	<b>--</b>	<b>23,967</b>
<b>Total Primary Government</b>	<b>\$ 3,878,416</b>	<b>\$ 2,414,982</b>	<b>\$ 621,260</b>	<b>\$ 42,772</b>

**General Purpose Revenues and Transfers:**

**Revenues**

Tax collections

Interest revenue

Distributions from State of Michigan

Other

Gain (loss) on disposal of fixed assets

**Total General Revenues and Transfers**

**Change in Net Position**

Net Position at Beginning of Period

**Net Position at End of Period**

Net (Expense) Revenue		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (13,673)	\$ --	\$ (13,673)
(378,180)	--	(378,180)
(883,331)	--	(883,331)
(328,181)	--	(328,181)
38,250	--	38,250
(82,054)	--	(82,054)
65,162	--	65,162
(68,236)	--	(68,236)
(955)	--	(955)
389,799	--	389,799
(4,260)	--	(4,260)
(14,000)	--	(14,000)
4,160	--	4,160
(1,275,499)	--	(1,275,499)
--	476,097	476,097
--	476,097	476,097
\$ (1,275,499)	\$ 476,097	\$ (799,402)
1,782,158	--	1,782,158
2,061	40	2,101
520,259	--	520,259
54,793	7,969	62,762
(56,851)	--	(56,851)
2,302,420	8,009	2,310,429
<b>1,026,921</b>	<b>484,106</b>	<b>1,511,027</b>
6,614,580	3,855,286	10,469,866
<b>\$ 7,641,501</b>	<b>\$ 4,339,392</b>	<b>\$ 11,980,893</b>

## CITY OF MARINE CITY

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>Special Revenue</b>		
	<b>General</b>	<b>Local Street</b>	<b>Major Street</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,048,463	\$ 414,523	\$ 908,935
Restricted cash	194	--	--
Accounts and assessments receivable	31,240	--	--
Due from other units of government	120,352	22,210	58,122
Other assets	9,530	--	--
Due from pension and retiree health care trusts	8,737	--	--
Due from other funds	31,568	31,821	1,054
<b>Total Assets</b>	<b>2,250,084</b>	<b>468,554</b>	<b>968,111</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,250,084</b>	<b>\$ 468,554</b>	<b>\$ 968,111</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 129,950	\$ 1,949	\$ 1,619
Due to agency funds	1,439	--	--
Accrued wages and vacation pay	40,095	2,465	482
Due to other units and taxpayers	120	--	--
Unearned revenue	18,871	--	--
Due to other funds	2,635	1,496	31,511
<b>Total Liabilities</b>	<b>193,110</b>	<b>5,910</b>	<b>33,612</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	22,812	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>215,922</b>	<b>5,910</b>	<b>33,612</b>
<b>FUND BALANCE</b>			
Restricted	195,372	462,644	934,499
Committed	44,919	--	--
Unassigned	1,793,871	--	--
<b>Total Fund Balance</b>	<b>2,034,162</b>	<b>462,644</b>	<b>934,499</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 2,250,084</b>	<b>\$ 468,554</b>	<b>\$ 968,111</b>

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Other Governmental Funds	Total Governmental Funds
\$ 262,167	\$ 3,634,088
90	284
--	31,240
44,653	245,337
--	9,530
--	8,737
--	64,443
<u>306,910</u>	<u>3,993,659</u>
--	--
<b>\$ 306,910</b>	<b>\$ 3,993,659</b>
\$ 441	\$ 133,959
--	1,439
1,322	44,364
--	120
--	18,871
<u>27,391</u>	<u>63,033</u>
29,154	261,786
44,653	67,465
<u>73,807</u>	<u>329,251</u>
233,103	1,825,618
--	44,919
--	1,793,871
<u>233,103</u>	<u>3,664,408</u>
<b>\$ 306,910</b>	<b>\$ 3,993,659</b>

**CITY OF MARINE CITY****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021**

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Total Fund Balance - Governmental Funds	\$	3,664,408
Accrued interest expense included on the entity-wide statements are expensed as paid on the governmental fund statements		(3,786)
Compensated absences expensed as paid on the governmental fund statements are expensed as incurred on the entity-wide statements and are reflected as liabilities on the Statement of Net Position		(208,170)
Receivables not available to pay current liabilities are deferred on the governmental fund statements but are recognized as revenue on the Statement of Activities		67,465
Capital assets used in governmental activities included on the Statement of Net Position are not financial resources and are not reported on the governmental fund statements		8,181,250
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported on the governmental fund statements		(363,013)
Components of the net OPEB liability reflected on the Statement of Net Position are not due and payable in the current period and are omitted from the governmental fund statements		(1,744,765)
Long-term receivables are not due in the current period and are not reported on the governmental fund statements		15
Components of the net pension liability reflected on the Statement of Net Position are not due and payable in the current period and are omitted from the governmental fund statements		(1,951,903)
<b>Total Net Position-Governmental Funds</b>	<b>\$</b>	<b>7,641,501</b>

**CITY OF MARINE CITY**
**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2021**

		<b>Special Revenue</b>	
	<b>General</b>	<b>Local Street</b>	<b>Major Street</b>
<b>Revenues</b>			
Tax collections	\$ 1,785,632	\$ --	\$ --
Distributions from State of Michigan	543,633	135,639	354,969
Licenses, permits, fines, and fees	156,647	--	--
Local grants and reimbursements	31,157	--	--
Federal grants	45,906	--	--
Rentals	20,155	--	--
Refuse	281,768	--	--
Intergovernmental	2,779	--	--
Other	61,855	--	--
User fees and other charges	61,579	--	--
Interest revenue	17,676	187	538
<b>Total Revenues</b>	<b>3,008,787</b>	<b>135,826</b>	<b>355,507</b>
<b>Expenditures</b>			
<i>Current:</i>			
Legislative	13,673	--	--
General government	501,433	--	--
Public safety	935,262	--	--
Public works	581,184	--	--
Community and economic development	6,603	--	--
Recreation and cultural	87,103	--	--
Highways and streets	--	98,020	47,311
Other	84,644	--	--
Health and welfare	955	--	--
Unallocated pension and OPEB expense (recovery)	325,462	--	--
Cemetery operations	--	--	--
<i>Debt Service:</i>			
Debt service interest	--	237	237
Debt service principal	--	28,798	28,798
<i>Capital Outlay:</i>			
General government	547,443	--	--
Public safety	27,114	--	--
Public works	3,616	--	--
Recreation and cultural	37,538	--	--
Highways and streets	--	139,436	85,350
Cemetery	--	--	--
<i>Intergovernmental:</i>			
Water and sewer charges	14,000	--	--
Equipment rent	--	1,508	1,271
<b>Total Expenditures</b>	<b>3,166,030</b>	<b>267,999</b>	<b>162,967</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(157,243)</b>	<b>(132,173)</b>	<b>192,540</b>
<b>Other Financing Sources (Uses)</b>			
Gain (loss) on disposal of fixed assets	1,289	--	--
Proceeds from debt issuance	--	84,000	84,000
Transfers from other funds	--	150,004	1,054
Transfers to other funds	(27,635)	--	(148,423)
<b>Net Other Financing Sources (Uses)</b>	<b>(26,346)</b>	<b>234,004</b>	<b>(63,369)</b>
<b>Net Change in Fund Balance</b>	<b>(183,589)</b>	<b>101,831</b>	<b>129,171</b>
<i>Fund Balance at Beginning of Period</i>	<i>2,217,751</i>	<i>360,813</i>	<i>805,328</i>
<b>Fund Balance at End of Period</b>	<b>\$ 2,034,162</b>	<b>\$ 462,644</b>	<b>\$ 934,499</b>

See accompanying notes.



Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,785,632
--	1,034,241
--	156,647
44,945	76,102
--	45,906
--	20,155
--	281,768
--	2,779
--	61,855
20,930	82,509
--	18,401
<u>65,875</u>	<u>3,565,995</u>
--	13,673
--	501,433
848	936,110
--	581,184
--	6,603
--	87,103
--	145,331
--	84,644
--	955
--	325,462
33,701	33,701
--	474
27,391	84,987
--	547,443
--	27,114
--	3,616
--	37,538
--	224,786
8,074	8,074
--	14,000
--	2,779
<u>70,014</u>	<u>3,667,010</u>
<u>(4,139)</u>	<u>(101,015)</u>
--	1,289
--	168,000
25,000	176,058
--	(176,058)
<u>25,000</u>	<u>169,289</u>
<b>20,861</b>	<b>68,274</b>
<u>212,242</u>	<u>3,596,134</u>
<b>\$ 233,103</b>	<b>\$ 3,664,408</b>

See accompanying notes.

## CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Consolidated General Fund**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Tax collections	\$ 1,785,770	\$ 1,786,340	\$ 1,785,632	\$ (708)
Distributions from State of Michigan	489,817	503,400	543,633	40,233
Licenses, permits, fines, and fees	111,500	149,250	156,647	7,397
Local grants and reimbursements	19,000	31,450	31,157	(293)
Federal grants	9,600	64,800	45,906	(18,894)
Rentals	14,030	20,270	20,155	(115)
Refuse	291,000	282,000	281,768	(232)
Intergovernmental	14,000	8,000	2,779	(5,221)
Other	24,750	25,600	61,855	36,255
User fees and other charges	110,880	106,410	61,579	(44,831)
Interest	35,040	19,840	17,676	(2,164)
<b>Total Revenues</b>	<b>2,905,387</b>	<b>2,997,360</b>	<b>3,008,787</b>	<b>11,427</b>
<b>Other Financing Sources</b>				
Gain on sale of fixed assets	2,000	2,000	1,289	(711)
<b>Total Revenues and Other Financing Sources</b>	<b>2,907,387</b>	<b>2,999,360</b>	<b>3,010,076</b>	<b>10,716</b>
<b>Expenditures</b>				
Legislative	15,770	15,670	13,673	1,997
General government	523,970	1,105,745	1,052,876	52,869
Public safety	1,026,080	1,001,965	962,376	39,589
Public works	664,240	622,540	584,800	37,740
Community and economic development	15,950	10,900	6,603	4,297
Recreation and cultural	184,320	193,840	124,641	69,199
Other	436,520	425,020	420,106	4,914
Health and welfare	2,600	1,800	955	845
<b>Total Expenditures</b>	<b>2,869,450</b>	<b>3,377,480</b>	<b>3,166,030</b>	<b>211,450</b>
<b>Other Financing Uses</b>				
Transfers to other funds	35,000	35,000	27,635	7,365
<b>Total Expenditures and Other Financing Uses</b>	<b>2,904,450</b>	<b>3,412,480</b>	<b>3,193,665</b>	<b>218,815</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,937</b>	<b>(413,120)</b>	<b>(183,589)</b>	<b>229,531</b>
<b>Net Change in Fund Balance</b>	<b>2,937</b>	<b>(413,120)</b>	<b>(183,589)</b>	<b>229,531</b>
<i>Fund Balance at Beginning of Period</i>	<i>2,217,751</i>	<i>2,217,751</i>	<i>2,217,751</i>	<i>--</i>
<b>Fund Balance at End of Period</b>	<b>\$ 2,220,688</b>	<b>\$ 1,804,631</b>	<b>\$ 2,034,162</b>	<b>\$ 229,531</b>

## CITY OF MARINE CITY

## Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

## Major Street

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<b>Revenues</b>				
Distributions from State of Michigan	\$ 308,500	\$ 350,000	\$ 354,969	\$ 4,969
Interest	1,600	550	538	(12)
<b>Total Revenues</b>	<b>310,100</b>	<b>350,550</b>	<b>355,507</b>	<b>4,957</b>
<b>Other Financing Sources</b>				
Transfers from other funds	5,000	5,000	1,054	(3,946)
Proceeds from debt issuance	--	--	84,000	84,000
<b>Total Revenues and Other Financing Sources</b>	<b>315,100</b>	<b>355,550</b>	<b>440,561</b>	<b>85,011</b>
<b>Expenditures</b>				
Highways and streets	105,110	105,150	133,932	(28,782)
Debt service principal	--	--	28,798	(28,798)
Debt service interest	--	--	237	(237)
<b>Total Expenditures</b>	<b>105,110</b>	<b>105,150</b>	<b>162,967</b>	<b>(57,817)</b>
<b>Other Financing Uses</b>				
Transfers to other funds	76,250	175,000	148,423	26,577
<b>Total Expenditures and Other Financing Uses</b>	<b>181,360</b>	<b>280,150</b>	<b>311,390</b>	<b>(31,240)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>133,740</b>	<b>75,400</b>	<b>129,171</b>	<b>53,771</b>
<b>Net Change in Fund Balance</b>	<b>133,740</b>	<b>75,400</b>	<b>129,171</b>	<b>53,771</b>
<i>Fund Balance at Beginning of Period</i>	<i>805,328</i>	<i>805,328</i>	<i>805,328</i>	<i>--</i>
<b>Fund Balance at End of Period</b>	<b>\$ 939,068</b>	<b>\$ 880,728</b>	<b>\$ 934,499</b>	<b>\$ 53,771</b>

## CITY OF MARINE CITY

## Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

## Local Street

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
<b>Revenues</b>				
Distributions from State of Michigan	\$ 125,000	\$ 135,800	\$ 135,639	\$ (161)
Interest	1,000	180	187	7
<b>Total Revenues</b>	126,000	135,980	135,826	(154)
<b>Other Financing Sources</b>				
Proceeds from debt issuance	--	--	84,000	84,000
Transfers from other funds	81,250	180,000	150,004	(29,996)
<b>Total Revenues and Other Financing Sources</b>	207,250	315,980	369,830	53,850
<b>Expenditures</b>				
Highways and streets	192,730	212,590	238,964	(26,374)
Debt service principal	--	29,040	28,798	242
Debt service interest	--	--	237	(237)
<b>Total Expenditures</b>	192,730	241,630	267,999	(26,369)
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	192,730	241,630	267,999	(26,369)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	14,520	74,350	101,831	27,481
<b>Net Change in Fund Balance</b>	<b>14,520</b>	<b>74,350</b>	<b>101,831</b>	<b>27,481</b>
<i>Fund Balance at Beginning of Period</i>	360,813	360,813	360,813	--
<b>Fund Balance at End of Period</b>	<b>\$ 375,333</b>	<b>\$ 435,163</b>	<b>\$ 462,644</b>	<b>\$ 27,481</b>

**CITY OF MARINE CITY****Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balance with Statement of Activities  
For the Year Ended June 30, 2021**

Total Net Change in Fund Balances - Governmental Funds	\$ 68,274
Accrued interest expense included on the entity-wide statements are expensed as paid on the governmental fund statements	(3,786)
Compensated absences expensed as paid on the governmental fund statements are expensed as incurred on the entity-wide statements and are reflected as liabilities on the Statement of Net Position	(46,715)
Receivables not available to pay current liabilities are deferred on the governmental fund statements but are recognized as revenue on the Statement of Activities	(4,300)
Components of the net OPEB liability reflected on the Statement of Net Position are not due and payable in the current period and are omitted from the governmental fund statements	521,340
Governmental funds report capital outlays as expenditures, but these costs are capitalized and depreciated over their estimated useful lives on the Statement of Activities	324,003
Principal payments of long-term debt expensed on the governmental fund statements are a reduction of liabilities on the Statement of Net Position	84,987
Components of the net pension liability reflected on the Statement of Net Position are not due and payable in the current period and are omitted from the governmental fund statements	309,258
Proceeds of long-term debt are recognized as other financial sources for the governmental funds but increases liability on the Statement of Net Position	(168,000)
Fund level statements report proceeds from sales of capitalized assets as gains. For entity-wide statements, total gain is reduced by any book value of the asset at time of disposal	(58,140)
<b>Changes in Net Position - Governmental Funds</b>	<b>\$ 1,026,921</b>

**CITY OF MARINE CITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Water and Sewer Disposal</b>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 1,865,309
Investments	79,105
Accounts and assessments receivable	492,271
<b>Total Current Assets</b>	<b>2,436,685</b>
<i>Noncurrent Assets</i>	
Capital assets, net of accumulated depreciation	4,965,614
<b>Total Assets</b>	<b>7,402,299</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	15,906
<b>Total Deferred Outflows of Resources</b>	<b>15,906</b>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts payable	81,684
Accrued wages and vacation pay	9,033
Accrued interest payable	10,747
Current portion of debt	199,822
Due to other units and taxpayers	72,540
Due to other funds	1,410
<b>Total Current Liabilities</b>	<b>375,236</b>
<i>Noncurrent Liabilities</i>	
Long-term obligations, net of current portion	711,664
Net pension liability	592,654
Net OPEB liability	1,150,624
<b>Total Liabilities</b>	<b>2,830,178</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	248,635
<b>Total Deferred Inflows of Resources</b>	<b>248,635</b>
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	4,054,128
<i>Restricted for:</i>	
Water monitoring system	137,395
Infrastructure improvements	782,689
<i>Unrestricted</i>	(634,820)
<b>Total Net Position</b>	<b>\$ 4,339,392</b>

**CITY OF MARINE CITY**
**Statement of Revenues, Expenses, and Changes in Net Position**
**Proprietary Funds**
**For the Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Water and Sewer Disposal</b>
<b>Operating Revenues</b>	
Local grants and reimbursements	\$ 23,967
Other	7,969
Metered sales	1,393,796
Sewage treatment contract	78,193
Hydrant rental and city usage	14,000
Water taps and meter sales	1,210
<b>Total Operating Revenues</b>	<b>1,519,135</b>
<b>Operating Expenses</b>	
Water	637,817
Sewer	736,913
<b>Total Operating Expenses</b>	<b>1,374,730</b>
<b>Operating Income (Loss)</b>	<b>144,405</b>
<b>Non-Operating Revenues (Expenses)</b>	
Interest revenue	40
Debt service	128,098
Ready to serve fees	236,385
Interest expense and agent fees	(24,822)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>339,701</b>
<b>Change In Net Position</b>	<b>484,106</b>
<i>Net Position at Beginning of Period</i>	<i>3,855,286</i>
<b>Net Position at End of Period</b>	<b>\$ 4,339,392</b>

**CITY OF MARINE CITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Water and Sewer Disposal</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 1,587,396
Receipts from interfund services	14,000
Payments to suppliers	(1,034,604)
Payments to employees	(226,942)
Other receipts (payments)	9,179
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>349,029</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(380,899)
Principal paid on long term debt	(238,598)
Interest and agent fees paid on revenue bonds	(28,767)
Debt service charges	128,098
Capital improvement fees	236,385
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>(283,781)</b>
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	40
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>40</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>65,288</b>
Cash and Cash Equivalents at July 1, 2020, restated	1,879,126
<b>Cash and Cash Equivalents at June 30, 2021</b>	<b>\$ 1,944,414</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>	
Operating income	\$ 144,405
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>	
Depreciation	527,166
Loss on disposal of fixed assets	8,926
<b>Change in assets and liabilities:</b>	
Accounts receivable	18,892
Taxes receivable	8
Deferred outflow of resources	12,349
Accounts payable	53,272
Due to other funds	(1,178)
Due to other units and taxpayers	72,540
Accrued wages and compensated absences	1,345
Net pension liability	(368,666)
Net OPEB liability	(362,902)
Deferred inflow of resources	242,872
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 349,029</b>



## CITY OF MARINE CITY

## Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2021

	Pension and Benefit Trust		Custodial Funds
	Retiree Health Trust	Pension Fund	Tax Collection Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ --	\$ --	\$ 63
Cash and money market funds at fair value	46,799	210,376	--
Investments - mutual funds at fair value	257,935	5,906,446	--
Taxes receivable	--	--	31,364
Due from other funds	--	--	1,439
<b>Total Assets</b>	<b>304,734</b>	<b>6,116,822</b>	<b>32,866</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES</b>			
Due to primary government	8,737	--	8,792
Due to other units and taxpayers	--	--	24,074
<b>Total Liabilities</b>	<b>8,737</b>	<b>--</b>	<b>32,866</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>NET POSITION</b>			
Restricted for pensions	--	6,116,822	--
Restricted for postemployment benefits other than pensions	295,997	--	--
<b>Total Net Position</b>	<b>\$ 295,997</b>	<b>\$ 6,116,822</b>	<b>--</b>

## CITY OF MARINE CITY

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	<b>Pension and Benefit Trust</b>		<b>Custodial Funds</b>
	<b>Retiree Health Trust</b>	<b>Pension Fund</b>	<b>Tax Collection Fund</b>
<b>ADDITIONS</b>			
<i>Contributions</i>			
Employer contributions	\$ 245,916	\$ 322,237	\$ --
Employee contributions	--	10,756	--
<b>Total Contributions</b>	<b>245,916</b>	<b>332,993</b>	<b>--</b>
<i>Investment Earnings</i>			
Net increase (decrease) in fair value	49,390	1,072,644	--
Interest, dividends, and realized gains	9,366	218,229	--
<i>Less: Investment Expenses</i>			
Investment Expense	--	(40,038)	--
<b>Net Investment Earnings</b>	<b>58,756</b>	<b>1,250,835</b>	<b>--</b>
Taxes collected for other governments	--	--	5,026,195
<b>Total Additions</b>	<b>304,672</b>	<b>1,583,828</b>	<b>5,026,195</b>
<b>DEDUCTIONS</b>			
Benefits	230,702	458,116	--
Administrative expenses	7,662	8,500	--
Taxes remitted to other governments	--	--	5,026,195
<b>Total Deductions</b>	<b>238,364</b>	<b>466,616</b>	<b>5,026,195</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>66,308</b>	<b>1,117,212</b>	<b>--</b>
<i>Net Position at Beginning of Period</i>	<i>229,689</i>	<i>4,999,610</i>	<i>--</i>
<b>Net Position at End of Period</b>	<b>\$ 295,997</b>	<b>\$ 6,116,822</b>	<b>\$ --</b>

## **CITY OF MARINE CITY**

### **Notes to Financial Statements For the Year Ended June 30, 2021**

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#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***DESCRIPTION OF ENTITY AND ITS OPERATIONS***

The City of Marine City, located in St. Clair County, Michigan, was established in 1887 and is a public corporation created under the constitution and statutes of the State of Michigan which covers an area of 2.2 square miles. The City operates under a Commission-Manager form of government which includes an elected Mayor and Board of six commissioners. Services are provided as authorized by charter including public safety (police, fire, and inspections), highways and streets, recreation, sanitation, and general administration to approximately 4,100 residents.

##### ***REPORTING ENTITY***

The financial reporting entity consists of the primary government of the City of Marine City and its discretely presented component units. The financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria for determining the inclusion of a related entity are the makeup of its governing body, legal status, degree of fiscal independence, the primary entity's ability to appoint a voting majority of its governing body, or to impose its will, and the potential for benefit or burden. Certain other organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization would be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Using this criteria, no component units have been identified.

The City of Marine City has entered into an agreement with the Township of Cottrellville, the Township of East China, and China Township for an area fire authority (Marine City Area Fire Authority) to provide fire and emergency services to the residents of the City and Townships. This entity is not a component unit of the City of Marine City. See Note 14 for additional details.

##### ***GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 revenue.

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.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 fiduciary fund financial statements. Revenue is 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 revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes and other revenues are recognized in the accounting period when they become measurable and available to finance operations. Properties are assessed as of December 31, and the related property taxes are levied on July 1, and become a lien on that date. These taxes are due on August 31, with a final collection date of February 28, before they are delinquent.

The 2020 taxable valuation of the City totaled \$98.5 million (exclusive of any Michigan Tax Tribunal or Board of Review adjustments), on which ad valorem taxes levied consisted of 16.1817 mills for the local governmental operations, raising \$1.8 million for operating. These amounts are recognized in the General Fund as taxes receivable or as tax collections. The delinquent real property taxes of the City are purchased by St. Clair County. The City also receives property taxes from St. Clair County for roads and recreation.

The City reports the following major governmental funds:

**GENERAL FUND** - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, protective services, and other intergovernmental revenues.

**MAJOR AND LOCAL STREET FUNDS** - The Major Street Fund accounts for all financial resources of state gas and weight tax revenues that are restricted for use on major streets. The Local Street Fund accounts for all financial resources of state gas and weight tax revenues that are restricted for use on local streets.

The City reports the following major proprietary funds:

**ENTERPRISE FUNDS** - The Water Supply and Sewage Disposal System Fund reports operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Additionally, the City reports the following fund types:

**PENSION FUND** - This fund is an agent for retirement contributions for the City's employees.

**RETIREE HEALTH TRUST** - This fund is an agent for retiree health insurance contributions for the City's employees.

**CUSTODIAL FUNDS** - These funds are used to account for assets held by the City as an agent for individuals, organizations, other governments, or other funds.

**SPECIAL REVENUE FUNDS** - These funds are used to account for specific governmental activities requiring separate accounting because of legal or regulatory provisions or administrative action.

## **CITY OF MARINE CITY**

### **Notes to Financial Statements For the Year Ended June 30, 2021**

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#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*PERMANENT FUNDS* - These funds are used to account for and report resources that are restricted to the extent only earnings, and not principal, may be used for purposes that support the City's programs.

*DEBT SERVICE FUND* - This fund is used to account for and report resources that are restricted for the repayment of debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for functions of the government when eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances."

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary fund relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

#### **ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY**

##### **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.

##### **RECEIVABLES AND PAYABLES**

In general, outstanding balances between funds are reported as "due to/from other funds." All delinquent trade and property tax receivables are shown net of allowance for uncollectible amounts.

##### **INVENTORY 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 and are recorded as prepaid items in the government-wide financial statements only.

##### **CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Infrastructure assets acquired prior to July 1, 2003, have not been capitalized and are omitted from the Statement of Net Position.

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

<u>Asset Type</u>	<u>Life</u>
Office equipment	3-15 years
Buildings and additions	15-60 years
Roads and sidewalks	20 years
Machinery and equipment	5-10 years
Water and sewer system	20-40 years
Water and sewer plant and equipment	20 years

**COMPENSATED ABSENCES**

The City accrues the liability for future vacation, sick, and other leave benefits that are attributable to employee services already rendered if this obligation relates to vested obligations, the payment of which is probable and can be reasonably estimated. Vacation benefits are treated as current, as they are payable within one year.

All vacation and vested sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**PENSION**

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 of the City of Marine City Retirement System (Pension Fund) and additions to/deductions from the Pension Fund have been determined on the same basis as they are reported by the Pension Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are recorded at fair value.

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Marine City Post-Retirement Health Care Benefits Plan (Retiree Health Trust) and additions to/deductions from the Retiree Health Trust have been determined on the same basis as they are reported by the Retiree Health Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are recorded at fair value.

**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. Bond issuance costs are reported as expenditures in the year the costs were incurred.

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 MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**UNEARNED/UNAVAILABLE REVENUE**

Governmental funds report a deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also recognize unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
State and Local Revenue	\$ 67,465	\$ 18,871

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any amounts that qualify to be reported as deferred outflows of resources on a modified-accrual basis. See Notes 9 and 10 regarding amounts reported as deferred outflows of resources related to the net pension and net OPEB obligations.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which qualifies under a modified-accrual basis of accounting, for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: delinquent property taxes, state and local distributions, special assessments, and contract revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See Notes 9 and 10 regarding amounts reported as deferred inflows of resources related to the net pension and net OPEB obligations.

**FUND EQUITY**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Commitments of fund balance represent amounts committed by the City's highest level of decision-making authority and require resolution by the City Commission. Assignments represent tentative management plans that are subject to change. Management's authority to create these assignments are established by the City Commission.

It is the policy of the City to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed or assigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**CONSTRUCTION CODE FEES**

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity is as follows:

Cumulative shortfall at June 30, 2020	\$ (126,536)
Permit revenues	74,028
Related expenditures	(55,266)
Cumulative surplus (shortfall)	<u>\$ (107,774)</u>

## CITY OF MARINE CITY

### Notes to Financial Statements For the Year Ended June 30, 2021

#### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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

Michigan Law provides a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets, as amended, of the City for these budgetary funds were adopted to the departmental level. Budget amendments require approval from a majority of the City Commission. For fiscal year 2021, actual expenditures exceeding those budgeted are as follows:

<u>Local Street</u>		<u>Cemetery Perpetual Care</u>	
Highways and streets	\$ 26,374	Cemetery operations	\$ 120
Debt service interest	237		
<u>Major Street</u>		<u>Capital Improvement</u>	
Highways and streets	28,782	General government	39
Debt service principal	28,798		
Debt service interest	237		

#### NOTE 3: CASH AND INVESTMENTS

##### DEPOSITS

Deposits are carried at cost. Deposits are at Michigan banks in the name of the City of Marine City Treasurer. Governing statutes allow a city to make various investments with public monies including, but not limited to, the following:

1. Direct bonds and obligations of the U.S., its agencies, or instrumentalities;
2. Certificates of deposit, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency and located in the State of Michigan;
3. Commercial paper - rated within 2 highest rate classifications by at least 2 rating services and matures not later than 270 days;
4. U.S. or agency repurchase agreements;
5. Mutual funds, interlocal unit agreement pools, or investment pools whose portfolios consist solely of investments otherwise allowable for direct investments;
6. Bankers' acceptances of U.S. banks;
7. Obligations of the State of Michigan or any of its political subdivisions at the time of purchase are rated as investment grade by not less than one standard rating service; and
8. Certificates of deposit purchased through a Michigan bank that are subsequently allocated to additional banks or credit unions in order to maintain full federal depository insurance.

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 held public funds may not be deposited in financial institutions located in states other than Michigan. The deposits and investments of the City are not limited beyond statutory authority and are in compliance as of June 30, 2021. The above investment restrictions do not apply to the City's Pension Fund or the Retiree Health Trust.

Deposits and investments are recorded at cost. The carrying amounts are included on the balance sheet as "Cash and cash equivalents", "Restricted cash", and "Investments" and are reflected on the individual fund balance sheet as follows:

Total governmental funds	\$ 3,634,372
Total proprietary funds	1,944,414
Total custodial funds	63
Less: cash on hand	(45,706)
Total Deposits	<u>\$ 5,533,143</u>



**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

Deposits and investments at the balance sheet date consist of the following:

<u>Deposits</u>	<u>Insured (FDIC)</u>	<u>Uninsured and Uncollateralized</u>	<u>Carrying Amount</u>	<u>Bank Balance/ Market Value</u>
Demand deposits	\$ 694,782	\$ 4,844,581	\$ 5,454,038	\$ 5,539,363
Savings and CD's	79,105	--	79,105	79,105
Total Cash	<u>\$ 773,887</u>	<u>\$ 4,844,581</u>	<u>5,533,143</u>	<u>\$ 5,618,468</u>
<u>Investments - Nonrisk Categorized</u>				
Money market account			257,175	\$ 219,562
Mutual funds			6,164,381	6,164,381
Total Investments			<u>6,421,556</u>	<u>\$ 6,383,943</u>
Total Cash and Investments			<u>\$ 11,954,699</u>	

**INTEREST RATE RISK**

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City made no investments that have market value risk during the current fiscal year.

**CREDIT RISK**

Statutes limit investments as stated above. The City's investment policy does not limit its investment choices beyond the statute. The authority to make investment decisions has been granted to the City Manager and City Treasurer.

**CONCENTRATION OF CREDIT RISK**

The City places no limit on the amount it may invest in any one issuer. All of the City's investments are mutual funds invested with Raymond James and Associates.

**CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits is the risk, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$4.8 million of the government's bank balance of \$5.5 million was exposed to custodial credit risk because it was uninsured.

Custodial credit risk for investments is the risk, 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. The City does not have exposure to this type of risk.

**PENSION AND RETIREE HEALTH TRUST**

Michigan law authorizes a political subdivision to make various investments with assets of public employee retirement systems including, but not limited to, the following:

1. The general account of a life insurer authorized to do business in this state, but the total of the assets invested shall not exceed 50% of the capital and surplus of the insurer;
2. Obligations of the United States or its agencies;
3. Banker's acceptances, commercial accounts, certificates of deposit or depository receipts issued by a bank, trust company, savings and loan association, or a credit union; and
4. Commercial paper rated within 3 highest rate classifications by at least 2 rating services and matures not later than 270 days.

The City of Marine City's Pension and Retiree Health Trust deposits and investments are in accordance with statutory authority. The City's investment policy for these funds does not limit investment choices beyond the statute. All of the investments are held in the name of the City's Pension and Retiree Health Trust.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

The Pension and Retiree Health Trust investments are carried at market value as follows:

<u>Investment</u>	<u>Interest Rate</u>	<u>Amount</u>
Raymond James Money Market	Variable	\$ 257,175
Raymond James Mutual Fund Portfolio	Variable	6,164,381
		<u>\$ 6,421,556</u>

**NOTE 4: RESTRICTED ASSETS AND INVESTMENTS**

As of the balance sheet date, certain assets were subject to restrictions as follows:

*General Fund - Restricted Assets:*

Cash restricted for police	<u>\$ 194</u>
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*Drug Law Enforcement Fund - Restricted Assets:*

Restricted cash for drug forfeitures	<u>\$ 90</u>
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**NOTE 5: CAPITAL ASSETS**

*Business-Type Activities Fixed Assets:*

A summary of changes in business-type fixed assets follows:

	<u>Balance</u> <u>06/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/2021</u>
Water plant, lines, and equipment	\$ 7,086,975	\$ 254,893	\$ (300,212)	\$ 7,041,656
Sewer plant, lines, and equipment	14,947,493	103,177	(80,397)	14,970,273
Construction in process - sewer	251,354	--	--	251,354
Construction in process - water	--	22,829	--	22,829
Sewer capital leases	186,165	--	--	186,165
Water capital leases	186,165	--	--	186,165
Land	63,174	--	--	63,174
Total Capital Assets	<u>22,721,326</u>	<u>380,899</u>	<u>(380,609)</u>	<u>22,721,616</u>
Accumulated Depreciation	<u>(17,600,519)</u>	<u>(527,166)</u>	<u>371,683</u>	<u>(17,756,002)</u>
Total Carrying Value of Fixed Assets	<u>\$ 5,120,807</u>	<u>\$ (146,267)</u>	<u>\$ (8,926)</u>	<u>\$ 4,965,614</u>

The above amounts include land and construction in process with a cost of \$63,174 and \$274,183, respectively, not subject to depreciation. The assets above include assets acquired through capital leases with a cost basis of \$372,330 and accumulated depreciation of \$86,876. Depreciation for the water and sewer systems totaled \$212,758 and \$314,408, respectively, for the year ended June 30, 2021. Depreciation expense includes amortization on assets acquired from capitalized leases.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 5: CAPITAL ASSETS (Continued)**

*Governmental Activities Fixed Assets:*

A summary of changes in governmental fixed assets follows:

	Balance 06/30/2020	Additions	Disposals	Balance 06/30/2021
Legislative:				
Equipment	\$ 6,429	\$ --	\$ (3,087)	\$ 3,342
General Government:				
Equipment and vehicles	1,043,292	6,093	(814,166)	235,219
Buildings	1,753,825	435,971	(433,513)	1,756,283
Land	1,472,188	10,500	(33,538)	1,449,150
Public Safety:				
Equipment and vehicles	778,883	30,329	(406,830)	402,382
Buildings	685,358	--	(67,090)	618,268
Capitalized leases	22,598	--	(22,598)	--
Public Works:				
Equipment and vehicles	317,987	2,586	(23,965)	296,608
Buildings	255,640	3,616	--	259,256
Capitalized leases	77,214	--	--	77,214
Recreation and Culture:				
Land	258,116	--	--	258,116
Equipment	524,596	19,410	(94,160)	449,846
Buildings	637,823	1,900	--	639,723
Beach	61,388	--	--	61,388
Kayak launch	--	19,977	--	19,977
Highways and Streets:				
Equipment	980,400	88,028	(172,913)	895,515
Roads and sidewalks	6,515,969	54,086	--	6,570,055
Capital lease	--	168,000	--	168,000
Cemetery:				
Equipment	39,292	--	(29,120)	10,172
Buildings	242,857	8,074	(4,722)	246,209
Total Capital Assets	15,673,855	848,570	(2,105,702)	14,416,723
Accumulated Depreciation	(7,758,468)	(524,567)	2,047,562	(6,235,473)
Total Carrying Value of Fixed Assets	\$ 7,915,387	\$ 324,003	\$ (58,140)	\$ 8,181,250

The cost of land totaling \$1.7 million is not subject to depreciation. Total capital assets include assets acquired through capital leases with a cost of \$245,214 and accumulated depreciation of \$85,614.

Governmental activity depreciation, included on the Statement of Activities, was allocated as follows:

General Government	\$ 45,776
Public Safety	47,259
Public Works	10,924
Recreation and Culture	42,087
Highways and Streets	378,006
Cemetery	515
Total	<u>\$ 524,567</u>

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered.

*Interfund transfers:*

<u>Transfers In</u>		<u>Transfers Out</u>	
Local Street	<u>\$ 148,423</u>	Major Street	<u>\$ 148,423</u>
Major Street	\$ 1,054		
Local Street	1,581		
Woodlawn Cemetery	<u>25,000</u>		
	<u>\$ 27,635</u>	General Fund	<u>\$ 27,635</u>

The above transfers were made to provide various permissible interfund subsidies and reimbursements.

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General Fund	<u>\$ 8,737</u>	Retiree Health Care	<u>\$ 8,737</u>
Tax Fund	<u>\$ 1,439</u>	General Fund	<u>\$ 1,439</u>
Local Street	<u>\$ 30,240</u>	Major Street	<u>\$ 30,240</u>
Major Street	\$ 1,054		
Local Street	<u>1,581</u>		
	<u>\$ 2,635</u>	General Fund	<u>\$ 2,635</u>
		Brownfield Redevelopment	\$ 27,391
		Major Street	1,271
		Local Street	1,496
		Water and Sewer	<u>1,410</u>
General Fund	<u>\$ 31,568</u>		<u>\$ 31,568</u>

**NOTE 7: LEASE OBLIGATIONS**

The City has entered into equipment leases for copying and postage machines. These leases are month-to-month and are being treated as operating leases in the governmental and entity-wide fund financial statements. Lease expense for the period amounted to \$6,108. See Note 8 for information regarding capital leases.

## CITY OF MARINE CITY

### Notes to Financial Statements For the Year Ended June 30, 2021

#### NOTE 8: LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Certain contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

In fiscal year 2018, the City financed the purchase of a vacuum truck with a capital lease in the amount of \$361,829 with the truck as collateral. As of June 30, 2021, there was \$186,486 outstanding on this lease and the book value of the collateral was \$285,454. See below for additional details on this obligation.

In fiscal year 2021, the City financed the purchase of a street sweeper with a capital lease in the amount of \$168,000 with the street sweeper as collateral. As of June 30, 2021, there was \$110,404 outstanding on this lease and the book value of the collateral was \$159,600. See below for additional details on this obligation.

The City received a loan during the 2017 fiscal year from the Michigan Department of Environmental Quality (MDEQ) for the environmental cleanup costs of a Brownfield site located within the City. This loan is to be repaid with future property tax captures on the related property. Additional funds were requested from MDEQ in the 2018 fiscal year for additional project costs. Prior to the 2019 fiscal year, there were no tax captures on the property. Under the terms of the agreement, if the loan goes into default, the State of Michigan has the right to withhold state revenue sharing to reimburse the outstanding amounts on the loan. Loan repayments are to begin no later than five years after the execution date with no penalty for early repayment. No interest will be charged on the principal outstanding if repaid within the first five years. The City has also entered into an agreement with the property owners to indemnify the City if the project fails or the revenues are not sufficient to repay the loan when due.

The City did not have any short-term debt obligations outstanding at the beginning or end of the period. As of June 30, 2021, the City does not have unused lines of credit or other obligations.

In addition to bonds and capital leases, the City has the following long-term liabilities:

Description	Balance at 07/01/2020	Balance at 06/30/2021
Accrued sick pay	\$ 101,015	\$ 146,693
Other post-employment benefits	See Note 10	See Note 10
Net pension liability	See Note 9	See Note 9

#### CHANGES IN INDEBTEDNESS BY FUND TYPE

	Payable at 06/30/2020	Increase	Decrease	Payable at 06/30/2021	Payable Within One Year
Total Business-Type Activities Indebtedness	\$ 1,144,084	\$ --	\$ 232,598	\$ 911,486	\$ 199,822
Total Governmental Activities Indebtedness	280,000	168,000	84,987	363,013	77,870
Total Fiduciary Activities Indebtedness	6,000	--	6,000	--	--
Total Indebtedness	<u>\$ 1,430,084</u>	<u>\$ 168,000</u>	<u>\$ 323,585</u>	<u>\$ 1,274,499</u>	<u>\$ 277,692</u>

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 8: LONG-TERM DEBT (Continued)**

**SUMMARY OF INDEBTEDNESS**

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Direct Borrowings:				
MDEQ loan	1	1.500%	2031	\$ 252,609
Lease Purchase Agreement	1	3.862%	2024	186,486
Lease Purchase Agreement	1	3.390%	2023	110,404
Total Direct Borrowings				<u>\$ 549,499</u>
Revenue Bonds:				
Drinking Water Revolving Funds	2	2.125-2.50%	2026	\$ 725,000
Total Revenue Bonds				<u>\$ 725,000</u>

**CHANGES IN INDEBTEDNESS BY TYPE**

	<u>Payable at 06/30/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Payable at 06/30/2021</u>	<u>Payable Within One Year</u>
Direct Borrowings:					
MDEQ loan	\$ 280,000	\$ --	\$ 27,391	\$ 252,609	\$ 23,602
Lease Purchase	244,084	--	57,598	186,486	59,822
Lease Purchase	--	168,000	57,596	110,404	54,268
Total General Obligation	<u>524,084</u>	<u>168,000</u>	<u>142,585</u>	<u>549,499</u>	<u>137,692</u>
Revenue Bonds:					
Water supply and sewage disposal	40,000	--	40,000	--	--
Drinking Water Revolving Fund	860,000	--	135,000	725,000	140,000
Special assessments	6,000	--	6,000	--	--
Total Revenue Bonds	<u>906,000</u>	<u>--</u>	<u>181,000</u>	<u>725,000</u>	<u>140,000</u>
Total Indebtedness	<u>\$ 1,430,084</u>	<u>\$ 168,000</u>	<u>\$ 323,585</u>	<u>\$ 1,274,499</u>	<u>\$ 277,692</u>

The installment loan revenue bonds are to be retired by the revenues of the Water and Sewer Fund.

**SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
Year Ending	<u>Notes and Direct Borrowings</u>		<u>Direct Borrowings</u>		<u>Revenue Bonds</u>	
June 30	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 77,870	\$ 7,591	\$ 59,822	\$ 7,201	\$ 140,000	\$ 15,406
2023	80,092	5,369	62,132	4,891	140,000	12,431
2024	24,316	3,075	64,532	2,492	145,000	9,456
2025	24,680	2,711	--	--	150,000	6,375
2026	25,051	2,340	--	--	150,000	3,188
2027 - 2031	131,004	5,951	--	--	--	--
	<u>\$ 363,013</u>	<u>\$ 27,037</u>	<u>\$ 186,486</u>	<u>\$ 14,584</u>	<u>\$ 725,000</u>	<u>\$ 46,856</u>

Total interest expense for the City for the year was \$29,082.

# CITY OF MARINE CITY

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## Notes to Financial Statements

### For the Year Ended June 30, 2021

#### NOTE 9: EMPLOYEE RETIREMENT SYSTEM

##### PLAN DESCRIPTION

The City of Marine City Retirement System is a single-employer defined benefit pension plan administered by the City of Marine City. The plan is authorized under applicable Michigan public law and City ordinances. The City does not issue a stand-alone financial report for this fund. Copies of the actuarial valuations are available on the Treasurer section of the City's website.

*Plan administration:* Management of the Marine City Retirement System vests with a pension board consisting of five members. Board make-up must consist of the following: one member must be a City Commissioner; the City Manager; an individual who is not a member, spouse of a member, or child of a member; and two members elected by members of the retirement system with no more than one active and one retired member to be elected by the respective group.

*Benefits provided:* The plan provides retirement benefits to plan members and beneficiaries. The City Commission of the City of Marine City has the authority to establish and amend benefit provisions.

Employees attaining the age of 55 who have completed 25 or more continuous years of service or who have attained the age of 60 with 10 or more years of service, are entitled to annual benefits of 2.25 percent (2.0 percent prior to 2003) of their final average compensation for each year of continuous service. Benefits are reduced by .005 for each month, or fraction thereof, by which the date of benefit commencement precedes the member's attainment of age 60.

The Retirement System allows early retirement at the completion of 15 years of continuous service. Active employees, with 10 or more years of service, who become disabled, are entitled to the same benefit as if voluntarily retired. Disability benefits are paid until the earlier of death or recovery from disability. If the disabled member becomes gainfully employed, the pension benefit is reduced by the amount so earned.

If an employee terminates employment with the City and is not eligible for any other benefits under the Retirement System, the employee is entitled to the following:

- If voluntary retirement conditions have not been met - may receive lump sum payment equal to the larger of (1) the actuarial equivalent of the deferred pension, or (2) their accumulated contributions.
- If voluntary retirement conditions have been met - may receive vested benefits at normal retirement age.

The plan is closed to new entrants.

*Plan membership:* Substantially all of the City's employees participated in the City of Marine City Retirement System. The payroll for employees covered by the Retirement System for the year ended June 30, 2021, was approximately \$223,000 with total payroll for the year totaling approximately \$1.1 million. Membership in the Retirement System as of June 30, 2021 (latest actuarial report available), is comprised of the following:

<u>Group</u>	<u>Employees</u>
Inactive members - Retirees and beneficiaries currently receiving benefits	25
- Retirees eligible for benefits but not receiving benefits	6
Active employees - fully vested	3

##### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

The Pension Fund uses the accrual method of accounting. Contributions from the City and the City's employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the pension plan. Benefits and refunds are recognized when due to members. Investments are reported at fair value.

*Investment policy:* The Pension Board are the trustees of the assets of the retirement system. The City Commission retains full power and authority to invest and reinvest assets subject to any restrictions, limitations, terms, and conditions imposed by the State of Michigan for pension plans. The City's investment policy does not limit investment types beyond those imposed by applicable state statutes.

## CITY OF MARINE CITY

### Notes to Financial Statements For the Year Ended June 30, 2021

#### NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

The City's investment policy focuses on making investments to provide the highest rate of return with maximum security while meeting cashflow needs. The City prioritizes the investment strategy in the following order: maintaining the safety and preservation of capital; diversification by type and institution so potential losses do not exceed income generated from the remaining portfolio; liquidity; and return on investments. There were no investment policy changes during the fiscal year.

*Concentration risk:* Investments, other than U.S. Government securities, that represent 5% or more of the plan's net position are as follows:

<u>Investments</u>	<u>% of Plan Assets</u>
Baird Aggregate Bond Fund	5.7%
Permanent Portfolio Fund	9.8%
T Rowe Price Global Technology Fund	5.9%
Proshares S&P 500	14.3%

*Rate of return:* For the year ended, June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 26.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### FUNDING POLICY AND OTHER MATTERS

The contribution requirements of plan members and the City are established and may be amended by the City Commission. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate as provided by state law. The actuarially determined rate is the estimated amount necessary to finance the costs and benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, the City's contribution rate was approximately 144% of annual covered payroll. Total contributions to the plan were \$322,237 for the year.

The costs of administering the plan are paid from plan assets.

#### FUND BALANCE ALLOCATION

City ordinance requires reserves of fund balance to be maintained for employee and employer contributions to the City of Marine City Employee Retirement System.

The employee reserve accounts for the accumulated contributions deducted from compensation of members plus an allocation of related interest and unrealized gains. The employee reserve accumulates until the employee retires from the plan.

The employer contribution reserve accounts for the accumulated contributions by the City to cover employee retirement benefits plus an allocation of interest and unrealized gains. The objective of this reserve is to require city contributions to the retirement system each fiscal year which, when considering the employee contributions, are sufficient to fully fund the cost of benefits likely to be paid to members and finance unfunded costs of benefits likely to be paid by service of employees prior to the current year. The annuity reserve consists of the total of the reserve for retirement benefits and reserve for undistributed investment income/expenses. This reserve is for the benefit payments that will be made by the retirement system.

Reserve balances as of the current fiscal year are as follows:

Fund Balance Reserved for Employee Contribution	\$ 203,944
Fund Balance Reserved for Employer Contribution	3,812,827
Fund Balance Reserved for Annuity	2,100,051
Balance at June 30, 2021	<u>\$ 6,116,822</u>



**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)**

**ANNUAL PENSION COST AND NET PENSION OBLIGATION**

*Net pension liability:* The components of the net pension liability of the City at June 30, 2021, were as follows:

Total pension liability	\$ 8,132,652
Plan fiduciary net position	(6,116,822)
City's net pension liability	<u>\$ 2,015,830</u>

Plan fiduciary net position as a percentage of the total pension liability: 75.21%

*Actuarial assumptions and methods:* The total pension liability was determined based on the annual actuarial valuation as of June 30, 2021. The following actuarial assumptions were applied to compute the total pension liability:

Actuarial cost method	Entry Age Cost Method % of pay
Inflation	2.00%
Salary increases	2.00% (includes inflation)
Investment rate of return, including inflation, net of investment expense	6.00%
Cost of living assumption adjustments	None

Mortality rates were based on Pub-2010 Mortality with generational improvements projected beginning in 2010 with Scale MP-2020. As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.

*Long-term expected rate of return on plan assets:* The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	55.0%	6.00%
Fixed Income	39.0	1.30
Alternatives	5.0	4.50
Cash	1.0	0.00
Total	<u>100.0%</u>	

*Discount rate:* The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgement on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the City's net pension liability, calculated using the discount rate of 6.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease Rate <u>5.00%</u>	Computed Rate <u>6.00%</u>	1% Increase Rate <u>7.00%</u>
City's net pension liability	\$ 2,898,685	\$ 2,015,830	\$ 1,267,909

**CHANGES IN THE NET PENSION LIABILITY**

The increases and decreases in the net pension liability are summarized as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 8,269,406	\$ 4,999,610	\$ 3,269,796
Changes for the year:			
Service cost	22,918	--	22,918
Interest on the net pension liability	483,796	--	483,796
Differences between expected and actual experience	(150,115)	--	(150,115)
Changes of assumptions or other inputs	(35,237)	--	(35,237)
Contributions - employer	--	322,237	(322,237)
Contributions - employee	--	10,756	(10,756)
Net investment income	--	1,250,835	(1,250,835)
Benefit payments, including refunds of employee contributions	(458,116)	(458,116)	--
Administrative expense	--	(8,500)	8,500
Net Changes	<u>(136,754)</u>	<u>1,117,212</u>	<u>(1,253,966)</u>
Balances at June 30, 2021	<u>\$ 8,132,652</u>	<u>\$ 6,116,822</u>	<u>\$ 2,015,830</u>

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)**

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended June 30, 2021, the City recognized total pension expense (recovery) of \$(115,807). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 47,982	\$ 796,886
Total	<u>\$ 47,982</u>	<u>\$ 796,886</u>

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

Fiscal Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 38,638	\$ 199,221
2023	9,294	199,221
2024	50	199,221
2025	--	199,223
Total	<u>\$ 47,982</u>	<u>\$ 796,886</u>

*Payable to the Pension Plan:* At June 30, 2021, the City had no amounts due to the pension plan.

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PLAN DESCRIPTION**

The City of Marine City Post-Retirement Health Care Benefits Plan and Trust is a single-employer defined benefit plan administered by the City of Marine City. The plan is to provide health care benefits including hospitalization, medical, optical, dental, and life insurance pursuant to insurance plans administered by commercial insurance carriers designated by the City and/or a self-funded health insurance plan. Benefits are provided to members and family members of the Marine City Retirement System.

*Plan administration:* Management of the Marine City Post-Retirement Health Care Benefits Plan and Trust is vested in the Board of Trustees, which consists of the same trustees appointed/elected to the retirement system Board of Trustees. See Note 9 for explanations of the composition of the retirement system board.

*Plan membership:* At June 30, 2021 (latest actuarial valuation available), membership in the Post-Retirement Health Care Benefits Plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	21
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>3</u>
	<u>24</u>

The plan is closed to new entrants.

*Benefits provided:* The plan provides postretirement hospitalization, medical, prescription, vision, and dental insurance to all employees (and their dependents) who were full-time employees on or before December 31, 2007, and who were eligible for the medical plan and the retirement system. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. Chapter 33 of the City of Marine City's Charter grants the authority to establish and amend benefit terms to the City Commission through ordinance (with recommendation from the Board of Trustees) and collective bargaining negotiations.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

*Contributions:* Chapter 33 of the City of Marine City's Charter grants the authority to establish and amend the contribution requirements of the City and plan members to the City Commission. Contributions to the plan are on a pay-as-you-go basis. The City Charter requires the City to pay the trust amounts sufficient to fund current insurance contracts and administrative expenses. Additional contributions are made at the discretion of the City Commission. Plan members are not required to contribute to the plan. Contributions for the current year were \$245,916 and benefits paid totaled \$230,702.

**OPEB FUND FINANCIAL STATEMENTS**

The plan does not issue a stand-alone financial report for this fund. Copies of the actuarial valuations are available on the Treasurer section of the City's website.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Retiree Health Fund uses the accrual method of accounting. Contributions from the City and City's employees are recognized as revenue in the period which employees provide services to the City. Investment income is recognized as earned by the OPEB plan. Benefits and refunds are recognized when due to members.

Investments are stated at fair market value.

*Investment policy:* The Board of Trustees are the trustees of the assets of the retirement system. The City Commission retains full power and authority to invest and reinvest assets subject to any restrictions, limitations, terms, and conditions imposed by the State of Michigan for pension plans. The City's investment policy does not limit investment types beyond those imposed by applicable state statutes. The City's investment policy focuses on making investments to provide the highest rate of return with maximum security while meeting cashflow needs. The City prioritizes the investment strategy in the following order: maintaining the safety and preservation of capital; diversification by type and institution so potential losses do not exceed income generated from the remaining portfolio; liquidity; and return on investments. There were no investment policy changes during the fiscal year.

*Rate of return:* For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 24.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Concentration risk:* Investments, other than U.S. Government securities, that represent 5% or more of the plan's net position are as follows:

<u>Investments</u>	<u>% of Plan Assets</u>
Baird Aggregate Bond Fund	5.2%
Permanent Portfolio Fund	8.8%
T Rowe Price Global Technology Fund	5.4%
Proshares S&P 500 Dividend Aristocrats	13.0%

**NET OPEB LIABILITY OF THE CITY**

The City's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the City at June 30, 2021, were as follows:

Total OPEB liability	\$ 3,172,558
Plan fiduciary net position	(295,997)
City's net OPEB liability	<u>\$ 2,876,561</u>

Plan fiduciary net position as a percentage of total OPEB liability	9.33%
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**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

*Actuarial assumptions:* The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method:	Entry Age Normal Level % of Salary Method
Inflation:	2.00% per year
Salary increases:	2.00% per year
Investment rate of return:	5.96% as of July 1, 2020 and 6.45% as of June 30, 2021
Healthcare cost trend rates:	7.5% for the year of valuation, graded down 0.5% increments over the next 6 years to 4.5% thereafter for Medical/Rx and 4.5% for the year of valuation, graded down 0.5% increments over the next 4 years to 2.5% thereafter for Dental/Vision.

For June 30, 2021 Mortality rates were based on the following:

General Employees & Healthy Retirees:	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
Police Employees & Healthy Retirees:	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020
Surviving Spouses:	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020
Disabled General Retirees:	SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020
Disabled Police Retirees:	SOA Pub-2010 Public Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020

*Discount rate:* The discount rate used to measure the total OPEB liability was 6.45%. The projection of cash flows used to determine the discount rate assumed City contributions will be made at rates equal to the pay-go costs with no additional pre-funding. Based on those assumptions, all OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the net OPEB liability to changes in the discount rate:* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate <u>5.45%</u>	Discount Rate <u>6.45%</u>	1% Increase Rate <u>7.45%</u>
City's net OPEB liability	\$ 3,242,407	\$ 2,876,561	\$ 2,569,711

# CITY OF MARINE CITY

## Notes to Financial Statements For the Year Ended June 30, 2021

### NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare trend cost rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate	Healthcare Cost Trend Rate	1% Increase Rate
	6.50-3.50%	7.50-4.50%	8.50-5.50%
City's net OPEB liability	\$ 2,528,285	\$ 2,876,561	\$ 3,288,962

*Long-term expected rate of return on plan assets:* The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized below:

Asset Class	Target Allocation	L/T Expected Rate of Return
U.S. Large Cap Equity	30.00%	8.08%
U.S. Small/Mid Cap Equity	15.00	8.81
Non-U.S. Developed Large Cap Equity		
Unhedged	10.00	8.48
U.S. Aggregate FI	39.00	3.78
U.S. Cash	1.00	2.53
Hedge Funds - Macro	5.00	7.03
Total	100.00%	6.45%

### OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

For the year ended June 30, 2021, the City recognized total OPEB expense (recovery) of \$(622,985). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 4,497	\$ 35,877
Total	\$ 4,497	\$ 35,877

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

Fiscal Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 2,475	\$ 8,969
2023	1,453	8,969
2024	569	8,969
2025	--	8,970
Total	\$ 4,497	\$ 35,877

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**CHANGES IN THE NET OPEB LIABILITY**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 4,013,504	\$ 229,689	\$ 3,783,815
Changes for the year:			
Service cost	9,441	--	9,441
Interest	232,992	--	232,992
Differences between expected and actual experience	(681,635)	--	(681,635)
Changes of assumptions or other inputs	(171,041)	--	(171,041)
Contributions - employer	--	245,916	(245,916)
Net investment income	--	58,756	(58,756)
Benefit payments, including refunds of employee contributions	(230,702)	(230,702)	--
Administrative expense	--	(7,662)	7,662
Other changes	(1)	--	(1)
Net Changes	<u>(840,946)</u>	<u>66,308</u>	<u>(907,254)</u>
Balances at June 30, 2021	<u>\$ 3,172,558</u>	<u>\$ 295,997</u>	<u>\$ 2,876,561</u>

*Payable to the OPEB Plan:* At June 30, 2021, the City had no amounts due to the OPEB plan.

**NOTE 11: DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code of 1986, as amended. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

The City matches employee contributions for employees who do not participate in the City's pension plan. Currently, the City is matching contributions for twelve employees. The City Commission approves the matching contribution rate each year. Employee deferrals amounted to \$62,258 and employer contributions amounted to \$63,918 for the period.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. The City has relinquished all fiduciary accountability for the assets to the plan trustee. Accordingly, the related assets and liabilities of the plan are not reported in the City's financial statements.

It is the opinion of the City of Marine City that the City has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor.

## CITY OF MARINE CITY

### Notes to Financial Statements For the Year Ended June 30, 2021

#### NOTE 12: CONTINGENCIES AND RISKS

##### RISK FINANCING

The City of Marine City purchases insurance coverage from independent third parties and is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage during the year.

#### NOTE 13: FUND BALANCE/RETAINED EARNINGS RESTRICTIONS, COMMITMENTS AND ASSIGNMENTS

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Fund:				
General				
Police equipment	\$ --	\$ 188	\$ --	\$ --
Parks and recreation - County	--	68,547	--	--
Beach	--	3,505	--	--
Fire insurance program	--	8,129	--	--
Streets and highways - County	--	113,700	--	--
Capital projects	--	--	44,919	--
General government	--	137	--	--
Parklet	--	1,166	--	--
Drug Law Enforcement Fund				
Drug forfeitures	--	8,752	--	--
Local Street				
Highways and streets - Act 51	--	462,644	--	--
Major Street				
Highways and streets - Act 51	--	934,499	--	--
Woodlawn Cemetery				
Cemetery	--	69,436	--	--
Cemetery Perpetual Care				
Perpetual care	--	137,361	--	--
Brownfield Redevelopment				
Debt service	--	17,554	--	--
Total Governmental Funds	<u>\$ --</u>	<u>\$ 1,825,618</u>	<u>\$ 44,919</u>	<u>\$ --</u>

#### NOTE 14: JOINT VENTURE/RELATED PARTY TRANSACTIONS

The City of Marine City entered into an agreement with the Township of Cottrellville, the Township of East China, and China Township for an area fire authority to provide fire and emergency services to the residents of the City and Townships. The Marine City Area Fire Authority is funded by contract revenues paid by the municipalities. The amount due from each municipality is determined based on total budgeted expenditures of the Authority and allocated to each government based on an average of fire and emergency runs from the previous three years.

During the fiscal year, the City paid \$205,534 to the Marine City Area Fire Authority for its portion of fire and emergency services. The City also transferred personal property and the related debt to the Marine City Area Fire Authority upon formation of the Authority subject to an annual lease of \$1 through June 30, 2035. There was \$15 outstanding on this lease at the end of the current period.

The Marine City Area Fire Authority is a separate legal entity and issues its own financial statements. These statements are available from the Marine City Area Fire Authority at 200 S. Parker Street, Marine City, MI 48039.



## **CITY OF MARINE CITY**

### **Notes to Financial Statements For the Year Ended June 30, 2021**

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#### **NOTE 15: TAX ABATEMENT PROGRAMS**

Tax abatements are a reduction in tax revenues between one or more governments and an individual or entity where the individual or entity promises to take a specific action after the agreement, contributes to the economic development, or otherwise benefits the government or citizens of the government. As of June 30, 2021, the City of Marine City had the following tax abatements:

##### **INDUSTRIAL FACILITIES EXEMPTION**

The City has entered into property tax abatement agreements with local businesses under the Plan Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. For the year ended June 30, 2021, the City's real and personal property taxes were reduced approximately \$3,000.

##### **BROWNFIELD REDEVELOPMENT AUTHORITY**

The Brownfield Redevelopment Financing Act, 1996 PA 381, as amended, is an Act to authorize Brownfield Redevelopment Authorities (BRAs) to facilitate the implementation of Brownfield Plans and associated Work Plans that promote the revitalization, redevelopment, and reuse of contaminated, blighted, functionally obsolete, or historic resources. Act 381 authorizes and permits the use of school and local tax increment financing to help reduce the burden of Brownfield related costs when redeveloping affected properties. To be eligible, the property must be included in a Brownfield Plan and qualify as either facility/site, functionally obsolete, blighted, historic resource, transit-oriented property/development or targeted redevelopment area.

Cleanup and redevelopment of a Brownfield property will increase the taxable value of the property and, therefore, will increase the property taxes generated from the property. The increased tax revenues that rise above the base taxable value after redevelopment are known as tax increment revenue. Tax increment revenues that are eligible for capture are all ad valorem, personal property and specific taxes including taxes levied for school operating purposes with approval from the DEQ. These captured revenues are used to reimburse the expenses for eligible environmental response and non-environmental activities. Taxing jurisdictions continue to receive their base year tax revenue until the Brownfield Plan ends, at which time, all tax increment revenues revert to the taxing jurisdictions.

For eligible property included in a Brownfield Plan, the beginning date of capture of tax increment revenues shall be identified to begin up to five years from the Brownfield Plan approval date, after which, the 30-year limit for capture begins. The City has established a Brownfield Redevelopment District for a four-parcel piece of property for redevelopment. Under the agreement, the developer is to incur environmental cleanup costs and develop the site to create fifteen jobs within the City.

For the year ended June 30, 2021, the City's real and personal property taxes were reduced approximately \$48,000 under this program. The St. Clair County Brownfield Redevelopment Authority will reimburse the City for its portion of the captured taxes, less amounts due to the State of Michigan for State Education Tax and administrative fees, to repay the MDEQ loan in the next fiscal year. At June 30, 2021, the City had \$44,653 due from the St. Clair County Brownfield Redevelopment Authority.

#### **NOTE 16: COVID-19 PANDEMIC**

In December 2019, a novel strain of Coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The spread of this virus has caused disruption in operations to the City beginning in March 2020 due to stay-at-home and social distancing orders issued by the State of Michigan. The City expects this matter to negatively impact its results; however, the extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments including the duration, spread, and containment of the outbreak and the length of any additional stay-at-home and social distancing orders, all of which are highly uncertain and cannot be predicted at this time.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

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**NOTE 17: CHANGE IN ACCOUNTING PRINCIPLE**

During the fiscal year, the City adopted Governmental Accounting Standards Board (GASB) *GASB Statement No. 84, Fiduciary Activities*. This Statement establishes criteria of all state and local governments and provides guidance for proper treatment of fiduciary activities. The City has evaluated all of its fiduciary activities in accordance with the new standard and determined the former Special Assessment Fund did not qualify as a fiduciary activity due to the level of control, oversight, and underlying activity that resulted in the creation of the Agency fund under former guidance. Therefore, effective July 1, 2020, these activities are now being tracked in the Water and Sewer Fund. As a result of the change in accounting principle, the City has restated the beginning assets and liabilities as follows:

	Special Assessment Fund 06/30/2020	Water and Sewer Fund 06/30/2020	Special Assessment Fund 06/30/2020 <u>Restated</u>	Water and Sewer Fund 06/30/2020 <u>Restated</u>
Cash and cash equivalents	\$ 5,183	\$ 1,781,125	\$ --	\$ 1,785,795
Accounts and assessments receivable	1,430	509,733	--	511,163
Accrued interest payable	100	14,592	--	14,692
Current portion of long-term debt	6,000	232,598	--	238,598
Due to (from) other funds *	513	--	--	--

As a result of the change in accounting principle, there was no change in the beginning fund balance of the Water and Sewer Fund.

As a result of this change, the City has presented a statement of changes in fiduciary net position for its tax fund. There were no changes in beginning net position as a result of adopting this statement.

\* treated as cash in Water and Sewer Fund at 06/30/2020.

**NOTE 18: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the auditor's report, the date the financial statements were first available for issuance.

An employee has asserted claims of retaliation related to issues about the background investigation for another employee. The claim has been forwarded to the insurance company and the claim has been assigned a claim number. A defense attorney has been put in place. As of the date of the auditor's report, no lawsuit has been filed or served. The City is working to resolve this dispute but negotiations are ongoing. There is no estimate for potential exposure to the City at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MARINE CITY**
**Pension Trust Fund**
**Required Supplementary Information**
**Schedule of Changes in the Net Pension Liability and Related Ratios**
**June 30, 2021**
**(Per actuarial report dated June 30, 2021)**

	2021	2020	2019
<b>Total pension liability</b>			
Service cost	\$ 22,918	\$ 19,468	\$ 23,076
Interest	483,796	484,799	504,485
Changes of benefit terms	--	--	--
Differences between expected and actual experience	(150,115)	(3,742)	(59,838)
Changes of assumptions	(35,237)	566,865	525,749
Benefit payments, including refunds of member contributions	(458,116)	(473,919)	(505,750)
<b>Net change in total pension liability</b>	<b>(136,754)</b>	<b>593,471</b>	<b>487,722</b>
<i>Total pension liability - beginning</i>	<i>8,269,406</i>	<i>7,675,935</i>	<i>7,188,213</i>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,132,652</b>	<b>\$ 8,269,406</b>	<b>\$ 7,675,935</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 322,237	\$ 247,245	\$ 209,930
Contributions - member	10,756	10,999	13,274
Net investment income	1,250,835	277,408	267,017
Benefit payments, including refunds of member contributions	(458,116)	(473,919)	(505,750)
Administrative expense	(8,500)	(10,550)	(14,710)
Other	--	--	--
<b>Net change in plan fiduciary net position</b>	<b>1,117,212</b>	<b>51,183</b>	<b>(30,239)</b>
<i>Plan fiduciary net position - beginning</i>	<i>4,999,610</i>	<i>4,948,427</i>	<i>4,978,666</i>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 6,116,822</b>	<b>\$ 4,999,610</b>	<b>\$ 4,948,427</b>
<b>City of Marine City's net pension liability - ending (a)-(b)</b>	<b>\$ 2,015,830</b>	<b>\$ 3,269,796</b>	<b>\$ 2,727,508</b>
Plan fiduciary net position as a percentage of the total pension liability	75.21%	60.46%	64.47%
Covered employee payroll	\$ 223,300	\$ 220,609	\$ 224,481
City of Marine City's net pension liability as a percentage of covered employee payroll	902.75%	1,482.17%	1,215.03%

**Notes to Schedule:**

*Presentation:* GASB Statement No. 67 *Financial Reporting for Pension Plans* requires presentation of 10 years of comparative information for the Schedule of Changes in the Net Pension Liability and Related Ratios. This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years which data is available, beginning with June 30, 2014.

Latest actuarial report for the pension plan was dated June 30, 2021, for the plan year ending June 30, 2021.

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2018	2017	2016	2015	2014
\$ 38,798	\$ 36,772	\$ 40,993	\$ 49,202	\$ 63,069
490,001	495,822	508,700	481,650	491,659
--	--	--	--	--
(38,499)	(174,896)	(242,523)	605,816	123,250
207,276	--	--	--	--
(458,395)	(458,395)	(506,981)	(1,011,947)	(606,249)
239,181	(100,697)	(199,811)	124,721	71,729
6,949,032	7,049,729	7,249,540	7,124,819	7,053,090
<b>\$ 7,188,213</b>	<b>\$ 6,949,032</b>	<b>\$ 7,049,729</b>	<b>\$ 7,249,540</b>	<b>\$ 7,124,819</b>
\$ 209,928	\$ 211,847	\$ 158,748	\$ 164,043	\$ 190,302
14,284	14,194	15,249	16,265	22,046
171,760	440,552	(180,052)	115,716	809,302
(458,395)	(458,395)	(506,981)	(1,011,947)	(606,249)
(1,600)	(12,597)	(1,645)	(14,899)	(7,806)
--	--	--	--	--
(64,023)	195,601	(514,681)	(730,822)	407,595
5,042,689	4,847,088	5,361,769	6,092,591	5,684,996
<b>\$ 4,978,666</b>	<b>\$ 5,042,689</b>	<b>\$ 4,847,088</b>	<b>\$ 5,361,769</b>	<b>\$ 6,092,591</b>
<b>\$ 2,209,547</b>	<b>\$ 1,906,343</b>	<b>\$ 2,202,641</b>	<b>\$ 1,887,771</b>	<b>\$ 1,032,228</b>
69.26%	72.57%	68.76%	73.96%	85.51%
\$ 285,980	\$ 304,657	\$ 335,085	\$ 379,897	\$ 479,446
772.62%	625.73%	657.34%	496.92%	215.30%

**CITY OF MARINE CITY****Pension Trust Fund****Required Supplementary Information****Schedule of Pension Contributions****June 30, 2021****(Per actuarial report dated June 30, 2021)**

	2021	2020	2019	2018
Actuarially determined contribution	\$ 322,237	\$ 247,217	\$ 209,066	\$ 209,066
Contributions in relation to the actuarially determined contribution	322,237	247,245	209,930	209,928
Contribution excess (deficiency)	\$ --	\$ 28	\$ 864	\$ 862
Covered-employee payroll	\$ 223,300	\$ 220,609	\$ 224,481	\$ 285,980
Contributions as a percentage of covered-employee payroll	144.31%	112.07%	93.52%	73.41%

**Notes to Schedule:**Valuation date:

Current valuation methods:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. Covered employee payroll is as of June 30 of the current fiscal year.

Prior to fiscal year June 30, 2018:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Covered employee payroll is as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:

Entry Age Cost Method % of Pay

Amortization method:

Level dollar, Closed

Remaining amortization period:

11 years as of the June 30, 2021, regular actuarial valuation

Asset valuation method:

4 years smoothing of asset gains and losses

Inflation:

2.00%

Salary increases:

2.00%

Investment rate of return:

6.00% net of expenses

Retirement age:

Not provided by actuary

Mortality:

Pub-2010 Mortality with generational improvements projected beginning in 2010 with Scale MP-2020.

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2017	2016	2015	2014	2013	2012
\$ 189,645	\$ 158,748	\$ 164,043	\$ 190,302	\$ 168,317	\$ 157,716
211,847	158,748	164,043	190,302	171,849	110,871
\$ 22,202	\$ --	\$ --	\$ --	\$ 3,532	\$ (46,845)
\$ 304,657	\$ 335,085	\$ 318,492	\$ 379,897	\$ 479,446	\$ 647,948
69.54%	47.38%	51.51%	50.09%	35.84%	17.11%

**CITY OF MARINE CITY**  
**Pension Trust Fund**  
**Required Supplementary Information**  
**Schedule of Investment Returns (Pension)**  
**June 30, 2021**

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	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	26.26 %	6.49 %	6.32 %	4.30 %	10.10 %	(2.86) %	2.75 %	15.69 %

**Notes to Schedule:**

*Presentation:* GASB Statement No. 67 *Financial Reporting for Pension Plans* requires presentation of 10 years of comparative information for the Schedule of Investment Returns. This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show those years which data is available, beginning with June 30, 2014.



**CITY OF MARINE CITY**
**Retiree Health Trust**
**Required Supplementary Information**
**Schedule of Changes in the Net OPEB Liability and Related Ratios**
**June 30, 2021**
**(Per actuarial report dated June 30, 2021)**

	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>					
Service cost	\$ 9,441	\$ 13,914	\$ 11,348	\$ 18,400	\$ 61,170
Interest	232,992	244,273	287,503	319,964	422,821
Changes of benefit terms	--	--	--	--	--
Differences between expected and actual experience	(681,635)	(228,010)	(554,926)	(1,312,300)	(716,603)
Changes of assumptions	(171,041)	(26,663)	460,618	151,350	(974,163)
Benefit payments	(230,702)	(229,349)	(237,169)	(254,036)	(260,734)
Other	(1)	2	(1)	(6,818)	--
<b>Net change in total OPEB liability</b>	<b>(840,946)</b>	<b>(225,833)</b>	<b>(32,627)</b>	<b>(1,083,440)</b>	<b>(1,467,509)</b>
<i>Total OPEB liability - beginning</i>	<i>4,013,504</i>	<i>4,239,337</i>	<i>4,271,964</i>	<i>5,355,404</i>	<i>15,876,701</i>
Adjustment to beginning OPEB liability - see below	--	--	--	--	(9,053,788)
<b>Total OPEB liability - ending (a)</b>	<b>\$ 3,172,558</b>	<b>\$ 4,013,504</b>	<b>\$ 4,239,337</b>	<b>\$ 4,271,964</b>	<b>\$ 5,355,404</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 245,916	\$ 244,636	\$ 255,751	\$ 265,096	\$ 256,929
Contributions - member	--	--	--	--	--
Net investment income	58,756	10,221	10,266	10,121	16,311
Benefit payments, including refunds of member contributions	(230,702)	(229,349)	(237,169)	(254,036)	(260,734)
Administrative expense	(7,662)	(4,631)	(6,133)	(8,063)	(6,407)
Other	--	--	--	--	--
<b>Net change in plan fiduciary net position</b>	<b>66,308</b>	<b>20,877</b>	<b>22,715</b>	<b>13,118</b>	<b>6,099</b>
<i>Plan fiduciary net position - beginning</i>	<i>229,689</i>	<i>208,812</i>	<i>186,097</i>	<i>172,979</i>	<i>166,880</i>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 295,997</b>	<b>\$ 229,689</b>	<b>\$ 208,812</b>	<b>\$ 186,097</b>	<b>\$ 172,979</b>
<b>City of Marine City's net OPEB liability - ending (a)-(b)</b>	<b>\$ 2,876,561</b>	<b>\$ 3,783,815</b>	<b>\$ 4,030,525</b>	<b>\$ 4,085,867</b>	<b>\$ 5,182,425</b>
Plan fiduciary net position as a percentage of the total OPEB liability	9.33%	5.72%	4.93%	4.36%	3.23%
Covered employee payroll	\$ 231,601	\$ 226,609	\$ 229,481	\$ 259,705	\$ 335,629
City of Marine City's net OPEB liability as a percentage of covered employee payroll	1,242.0%	1,669.8%	1,756.4%	1,573.3%	1,544.09%

**Notes to Schedule:**

*Presentation:* GASB Statement No. 74 & 75 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* requires presentation of 10 years of comparative information for the Schedule of Changes in the Net OPEB Liability and Related Ratios. This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years which data is available, beginning with June 30, 2017.

Latest actuarial report for the OPEB plan was dated June 30, 2021. The computations and assumptions have been updated by the actuary to reflect any significant changes in methods or assumptions in accordance with applicable standards for June 30, 2021.

The actuary valuation as reported for June 30, 2017, was based on an actuarial valuation performed June 30, 2015, and rolled forward to June 30, 2017, according to actuarial standards. During fiscal year 2018, the City contracted with a new actuary firm who performed a valuation for the plan year June 30, 2017 and June 30, 2018, for GASB 74 & 75 reporting. As a result of the new valuation, the assumptions were updated to reflect current market trends which resulted in a decrease in the beginning OPEB liability of approximately \$9 million. This adjustment does not impact the prior period financial statements of the City of Marine City.

**CITY OF MARINE CITY****Retiree Health Trust****Required Supplementary Information****Schedule of OPEB Contributions****June 30, 2021****(Per actuarial report dated June 30, 2021)**

	2021	2020	2019	2018
Actuarially determined contribution	\$ 283,718	\$ 303,118	\$ 331,458	\$ 329,021
Contributions in relation to the actuarially determined contribution	245,916	244,636	255,751	265,096
Contribution excess (deficiency)	<u>\$ (37,802)</u>	<u>\$ (58,482)</u>	<u>\$ (75,707)</u>	<u>\$ (63,925)</u>
Covered-employee payroll	\$ 231,601	\$ 226,609	\$ 229,481	\$ 259,705
Contributions as a percentage of covered-employee payroll	106.18%	107.96%	111.45%	102.08%

**Notes to Schedule:**Valuation date:

Current valuation methods:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. Covered employee payroll is as of June 30 of the current fiscal year.

Prior to fiscal year June 30, 2018:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Covered employee payroll is as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:

Amortization method:

Amortization period:

Asset valuation method:

Inflation:

Healthcare cost trend rates:

Salary increases:

Investment rate of return:

Retirement age:

Mortality:

Entry Age

Level percentage of salary

30 years

Market

2.00% per year

7.5% for the year of valuation, graded down 0.5% increments over the next 6 years to 4.5% then 4.5% thereafter

2.00% per year

6.45% net of expenses

Not provided by actuary

General Employees &amp; Healthy Retirees: SOA Pub-2010 General Headcount

Weighted Mortality Table fully generational using Scale MP-2020

Police Employees &amp; Healthy Retirees: SOA Pub-2010 Public Safety Headcount

Weighted Mortality Table fully generational using Scale MP-2020

Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount

Weighted Mortality Table fully generational using Scale MP-2020

Disabled Police Retirees: SOA Pub-2010 Public Safety Disabled Retiree

Headcount Weighted Mortality Table fully generational using Scale MP-2020

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2017	2016	2015	2014	2013	2012
\$ 569,428	\$ 547,526	\$ 551,877	\$ 531,930	\$ 512,704	\$ 389,665
256,929	233,279	206,250	215,788	204,619	165,967
<u>\$ (312,499)</u>	<u>\$ (314,247)</u>	<u>\$ (345,627)</u>	<u>\$ (316,142)</u>	<u>\$ (308,085)</u>	<u>\$ (223,698)</u>
\$ 335,629	\$ 283,719	\$ 300,535	\$ 500,641	\$ 649,558	\$ 644,253
76.55%	82.22%	68.63%	43.10%	31.50%	25.76%

**CITY OF MARINE CITY****Retiree Health Trust****Required Supplementary Information****Schedule of Investment Returns (OPEB)****June 30, 2021**

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	24.84 %	4.73 %	5.40 %	5.70 %	10.05 %

**Notes to Schedule:**

*Presentation:* GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* requires presentation of 10 years of comparative information for the Schedule of Investment Returns. This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show those years which data is available, beginning with June 30, 2017.

## **SUPPLEMENTAL SCHEDULES**

**CITY OF MARINE CITY**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue		Debt Service	Permanent	Total Nonmajor Governmental Funds
	Woodlawn Cemetery	Drug Enforcement Law Fund	Brownfield Redevelopment	Cemetery Perpetual Care	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 71,199	\$ 8,662	\$ 44,945	\$ 137,361	\$ 262,167
Restricted cash	--	90	--	--	90
Due from other units of government	--	--	44,653	--	44,653
<b>Total Assets</b>	<b>71,199</b>	<b>8,752</b>	<b>89,598</b>	<b>137,361</b>	<b>306,910</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Aggregated deferred outflows	--	--	--	--	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 71,199</b>	<b>\$ 8,752</b>	<b>\$ 89,598</b>	<b>\$ 137,361</b>	<b>\$ 306,910</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 441	\$ --	\$ --	\$ --	\$ 441
Accrued wages and vacation pay	1,322	--	--	--	1,322
Due to other funds	--	--	27,391	--	27,391
<b>Total Liabilities</b>	<b>1,763</b>	<b>--</b>	<b>27,391</b>	<b>--</b>	<b>29,154</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Aggregated deferred inflows	--	--	44,653	--	44,653
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,763</b>	<b>--</b>	<b>72,044</b>	<b>--</b>	<b>73,807</b>
<b>FUND BALANCE</b>					
Restricted	69,436	8,752	17,554	137,361	233,103
<b>Total Fund Balance</b>	<b>69,436</b>	<b>8,752</b>	<b>17,554</b>	<b>137,361</b>	<b>233,103</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 71,199</b>	<b>\$ 8,752</b>	<b>\$ 89,598</b>	<b>\$ 137,361</b>	<b>\$ 306,910</b>

**CITY OF MARINE CITY**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021**

	Special Revenue		Debt Service	Permanent	Total Nonmajor Governmental Funds
	Woodlawn Cemetery	Drug Enforcement Law Fund	Brownfield Redevelopment	Cemetery Perpetual Care	
<b>Revenues</b>					
Local grants and reimbursements	\$ --	\$ --	\$ 44,945	\$ --	\$ 44,945
User fees and other charges	20,930	--	--	--	20,930
<b>Total Revenues</b>	<u>20,930</u>	<u>--</u>	<u>44,945</u>	<u>--</u>	<u>65,875</u>
<b>Expenditures</b>					
<i>Current:</i>					
Public safety	--	848	--	--	848
Cemetery operations	33,581	--	--	120	33,701
<i>Debt Service:</i>					
Debt service principal	--	--	27,391	--	27,391
<i>Capital Outlay:</i>					
Cemetery	8,074	--	--	--	8,074
<b>Total Expenditures</b>	<u>41,655</u>	<u>848</u>	<u>27,391</u>	<u>120</u>	<u>70,014</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(20,725)</u>	<u>(848)</u>	<u>17,554</u>	<u>(120)</u>	<u>(4,139)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from other funds	25,000	--	--	--	25,000
<b>Net Other Financing Sources (Uses)</b>	<u>25,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>25,000</u>
<b>Net Change in Fund Balance</b>	<u>4,275</u>	<u>(848)</u>	<u>17,554</u>	<u>(120)</u>	<u>20,861</u>
<i>Fund Balance at Beginning of Period</i>	<u>65,161</u>	<u>9,600</u>	<u>--</u>	<u>137,481</u>	<u>212,242</u>
<b>Fund Balance at End of Period</b>	<u>\$ 69,436</u>	<u>\$ 8,752</u>	<u>\$ 17,554</u>	<u>\$ 137,361</u>	<u>\$ 233,103</u>

## CITY OF MARINE CITY

**General Fund Combining Balance Sheet**  
**All Funds Treated as General**  
**June 30, 2021**

	Capital Improvement	General Fund	Total General Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,919	\$ 2,003,544	\$ 2,048,463
Restricted cash	--	194	194
Accounts and assessments receivable	--	31,240	31,240
Due from other units of government	--	120,352	120,352
Other assets	--	9,530	9,530
Due from pension and retiree health care trusts	--	8,737	8,737
Due from other funds	--	31,568	31,568
<b>Total Assets</b>	<b>44,919</b>	<b>2,205,165</b>	<b>2,250,084</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 44,919</b>	<b>\$ 2,205,165</b>	<b>\$ 2,250,084</b>
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ 129,950	\$ 129,950
Due to agency funds	--	1,439	1,439
Accrued wages and vacation pay	--	40,095	40,095
Due to other units and taxpayers	--	120	120
Unearned revenue	--	18,871	18,871
Due to other funds	--	2,635	2,635
<b>Total Liabilities</b>	<b>--</b>	<b>193,110</b>	<b>193,110</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	--	22,812	22,812
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>215,922</b>	<b>215,922</b>
<b>FUND BALANCE</b>			
Restricted	--	195,372	195,372
Committed	44,919	--	44,919
Unassigned	--	1,793,871	1,793,871
<b>Total Fund Balance</b>	<b>44,919</b>	<b>1,989,243</b>	<b>2,034,162</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 44,919</b>	<b>\$ 2,205,165</b>	<b>\$ 2,250,084</b>



**CITY OF MARINE CITY**
**General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Funds Treated as General**  
**For the Year Ended June 30, 2021**

	Capital Improvement	General Fund	Total General Funds
<b>Revenues</b>			
Tax collections	\$ --	\$ 1,785,632	\$ 1,785,632
Distributions from State of Michigan	--	543,633	543,633
Licenses, permits, fines, and fees	--	156,647	156,647
Local grants and reimbursements	--	31,157	31,157
Federal grants	--	45,906	45,906
Rentals	--	20,155	20,155
Refuse	--	281,768	281,768
Intergovernmental	--	2,779	2,779
Other	--	61,855	61,855
User fees and other charges	--	61,579	61,579
Interest revenue	--	17,676	17,676
<b>Total Revenues</b>	--	<b>3,008,787</b>	<b>3,008,787</b>
<b>Expenditures</b>			
<i>Current:</i>			
Legislative	--	13,673	13,673
General government	39	501,394	501,433
Public safety	--	935,262	935,262
Public works	--	581,184	581,184
Community and economic development	--	6,603	6,603
Recreation and cultural	--	87,103	87,103
Other	--	84,644	84,644
Health and welfare	--	955	955
Unallocated pension and OPEB expense (recovery)	--	325,462	325,462
<i>Capital Outlay:</i>			
General government	--	547,443	547,443
Public safety	--	27,114	27,114
Public works	--	3,616	3,616
Recreation and cultural	--	37,538	37,538
<i>Intergovernmental:</i>			
Water and sewer charges	--	14,000	14,000
<b>Total Expenditures</b>	<b>39</b>	<b>3,165,991</b>	<b>3,166,030</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(39)</b>	<b>(157,204)</b>	<b>(157,243)</b>
<b>Other Financing Sources (Uses)</b>			
Gain (loss) on disposal of fixed assets	--	1,289	1,289
Transfers to other funds	--	(27,635)	(27,635)
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>(26,346)</b>	<b>(26,346)</b>
<b>Net Change in Fund Balance</b>	<b>(39)</b>	<b>(183,550)</b>	<b>(183,589)</b>
<i>Fund Balance at Beginning of Period</i>	<i>44,958</i>	<i>2,172,793</i>	<i>2,217,751</i>
<b>Fund Balance at End of Period</b>	<b>\$ 44,919</b>	<b>\$ 1,989,243</b>	<b>\$ 2,034,162</b>

## CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund (a consolidated component of the General Fund)**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Tax collections	\$ 1,785,770	\$ 1,786,340	\$ 1,785,632	\$ (708)
Distributions from State of Michigan	489,817	503,400	543,633	40,233
Licenses, permits, fines, and fees	111,500	149,250	156,647	7,397
Local grants and reimbursements	19,000	31,450	31,157	(293)
Federal grants	9,600	64,800	45,906	(18,894)
Rentals	14,030	20,270	20,155	(115)
Refuse	291,000	282,000	281,768	(232)
Intergovernmental	14,000	8,000	2,779	(5,221)
Other	24,750	25,600	61,855	36,255
User fees and other charges	110,880	106,410	61,579	(44,831)
Interest	35,000	19,800	17,676	(2,124)
<b>Total Revenues</b>	<b>2,905,347</b>	<b>2,997,320</b>	<b>3,008,787</b>	<b>11,467</b>
<b>Other Financing Sources</b>				
Gain on sale of fixed assets	2,000	2,000	1,289	(711)
<b>Total Revenues and Other Financing Sources</b>	<b>2,907,347</b>	<b>2,999,320</b>	<b>3,010,076</b>	<b>10,756</b>
<b>Expenditures</b>				
Legislative	15,770	15,670	13,673	1,997
General government	523,970	1,105,745	1,052,837	52,908
Public safety	1,026,080	1,001,965	962,376	39,589
Public works	664,240	622,540	584,800	37,740
Community and economic development	15,950	10,900	6,603	4,297
Recreation and cultural	184,320	193,840	124,641	69,199
Other	436,520	425,020	420,106	4,914
Health and welfare	2,600	1,800	955	845
<b>Total Expenditures</b>	<b>2,869,450</b>	<b>3,377,480</b>	<b>3,165,991</b>	<b>211,489</b>
<b>Other Financing Uses</b>				
Transfers to other funds	35,000	35,000	27,635	7,365
<b>Total Expenditures and Other Financing Uses</b>	<b>2,904,450</b>	<b>3,412,480</b>	<b>3,193,626</b>	<b>218,854</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,897</b>	<b>(413,160)</b>	<b>(183,550)</b>	<b>229,610</b>
<b>Net Change in Fund Balance</b>	<b>2,897</b>	<b>(413,160)</b>	<b>(183,550)</b>	<b>229,610</b>
<i>Fund Balance at Beginning of Period</i>	<i>2,172,793</i>	<i>2,172,793</i>	<i>2,172,793</i>	<i>--</i>
<b>Fund Balance at End of Period</b>	<b>\$ 2,175,690</b>	<b>\$ 1,759,633</b>	<b>\$ 1,989,243</b>	<b>\$ 229,610</b>

## CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual  
 Capital Improvement (a consolidated component of the General Fund)  
 For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Interest	\$ 40	\$ 40	\$ --	\$ (40)
<b>Total Revenues</b>	40	40	--	(40)
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	40	40	--	(40)
<b>Expenditures</b>				
General government	--	--	39	(39)
<b>Total Expenditures</b>	--	--	39	(39)
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	--	--	39	(39)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	40	40	(39)	(79)
<b>Net Change in Fund Balance</b>	<b>40</b>	<b>40</b>	<b>(39)</b>	<b>(79)</b>
<i>Fund Balance at Beginning of Period</i>	44,958	44,958	44,958	--
<b>Fund Balance at End of Period</b>	<b>\$ 44,998</b>	<b>\$ 44,998</b>	<b>\$ 44,919</b>	<b>\$ (79)</b>

## CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Woodlawn Cemetery**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final to Actual</b>
<b>Revenues</b>				
User fees and other charges	\$ 21,000	\$ 23,500	\$ 20,930	\$ (2,570)
Interest	60	60	--	(60)
<b>Total Revenues</b>	<b>21,060</b>	<b>23,560</b>	<b>20,930</b>	<b>(2,630)</b>
<b>Other Financing Sources</b>				
Transfers from other funds	25,000	25,000	25,000	--
<b>Total Revenues and Other Financing Sources</b>	<b>46,060</b>	<b>48,560</b>	<b>45,930</b>	<b>(2,630)</b>
<b>Expenditures</b>				
Cemetery operations	33,370	45,640	41,655	3,985
<b>Total Expenditures</b>	<b>33,370</b>	<b>45,640</b>	<b>41,655</b>	<b>3,985</b>
<b>Other Financing Uses</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>33,370</b>	<b>45,640</b>	<b>41,655</b>	<b>3,985</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>12,690</b>	<b>2,920</b>	<b>4,275</b>	<b>1,355</b>
<b>Net Change in Fund Balance</b>	<b>12,690</b>	<b>2,920</b>	<b>4,275</b>	<b>1,355</b>
<i>Fund Balance at Beginning of Period</i>	<i>65,161</i>	<i>65,161</i>	<i>65,161</i>	<i>--</i>
<b>Fund Balance at End of Period</b>	<b>\$ 77,851</b>	<b>\$ 68,081</b>	<b>\$ 69,436</b>	<b>\$ 1,355</b>

## CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Cemetery Perpetual Care**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Interest	\$ 150	\$ 150	\$ --	\$ (150)
<b>Total Revenues</b>	150	150	--	(150)
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	150	150	--	(150)
<b>Expenditures</b>				
Cemetery operations	--	--	120	(120)
<b>Total Expenditures</b>	--	--	120	(120)
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	--	--	120	(120)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	150	150	(120)	(270)
<b>Net Change in Fund Balance</b>	<b>150</b>	<b>150</b>	<b>(120)</b>	<b>(270)</b>
<i>Fund Balance at Beginning of Period</i>	137,481	137,481	137,481	--
<b>Fund Balance at End of Period</b>	<b>\$ 137,631</b>	<b>\$ 137,631</b>	<b>\$ 137,361</b>	<b>\$ (270)</b>

## CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Drug Enforcement Law Fund**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Licenses, permits, fines, and fees	\$ 500	\$ 500	\$ --	\$ (500)
<b>Total Revenues</b>	500	500	--	(500)
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	500	500	--	(500)
<b>Expenditures</b>				
Public safety	500	1,340	848	492
<b>Total Expenditures</b>	500	1,340	848	492
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	500	1,340	848	492
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	--	(840)	(848)	(8)
<b>Net Change in Fund Balance</b>	--	(840)	(848)	(8)
<b>Fund Balance at Beginning of Period</b>	9,600	9,600	9,600	--
<b>Fund Balance at End of Period</b>	<b>\$ 9,600</b>	<b>\$ 8,760</b>	<b>\$ 8,752</b>	<b>\$ (8)</b>

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2021**

**Drinking Water Revolving Fund Bonds:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
12-23-05	\$ 2,500,000	2.125%	2022	\$ 140,000	\$ 15,406	\$ 155,406
Principal due April 1			2023	140,000	12,431	152,431
Interest due October 1 and April 1			2024	145,000	9,456	154,456
			2025	150,000	6,375	156,375
			2026	150,000	3,188	153,188
<b>Total Drinking Water Revolving Fund Bonds</b>				<b>725,000</b>	<b>\$ 46,856</b>	<b>\$ 771,856</b>

**General Obligation Michigan Department of Environmental Quality (MDEQ) Loan:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
3-22-16	\$ 167,000	1.50%	2022	\$ 23,602	\$ 3,789	\$ 27,391
Additional Proceeds 10/2017	113,000		2023	23,956	3,435	27,391
			2024	24,316	3,075	27,391
Principal and interest due March 22			2025	24,680	2,711	27,391
			2026	25,051	2,340	27,391
			2027	25,426	1,965	27,391
			2028	25,808	1,583	27,391
			2029	26,195	1,196	27,391
			2030	26,588	803	27,391
			2031	26,987	404	27,391
<b>Total Debt Service Indebtedness</b>				<b>252,609</b>	<b>\$ 21,301</b>	<b>\$ 273,910</b>

**Water & Sewer Lease Purchase:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
3-15-18	\$ 361,829	3.862%	2022	\$ 59,822	\$ 7,201	\$ 67,023
			2023	62,132	4,891	67,023
Principal and interest due July 15			2024	64,532	2,492	67,024
<b>Total Capital Lease Indebtedness</b>				<b>186,486</b>	<b>\$ 14,584</b>	<b>\$ 201,070</b>

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2021**

**Major and Local Street Capital Lease:**

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
09-25-20	\$ 168,000	3.390%	2022	\$ 54,268	\$ 3,802	\$ 58,070
			2023	56,136	1,934	58,070
Principal and interest due September 25						
<b>Total Capital Lease Indebtedness</b>				<u>110,404</u>	<u>\$ 5,736</u>	<u>\$ 116,140</u>
<b>TOTAL INDEBTEDNESS</b>				<u>\$ 1,274,499</u>		

**General Government - Operating Leases:**

<u>Payable To</u>	<u>Collateral</u>	<u>Monthly Payment</u>	<u>Payments Remaining</u>	<u>Total Payments</u>
Wells Fargo	Xerox Copier	\$ 174	month-to-month	\$ 2,088
Neopost	Postage Machine	819	month-to-month due quarterly	3,276
Premier	Police Station Copier	62	month-to-month	<u>744</u>
Total lease expense				<u>\$ 6,108</u>