

McBride - Manley

& COMPANY P.C.



CERTIFIED PUBLIC
ACCOUNTANTS

GLEN E. MCBRIDE, C.P.A. (1948-2013)

PATRICIA A. MANLEY, C.P.A.

CURTIS J. MCBRIDE, C.P.A., M.S.T.

GWENDOLYN S. BRESINSKI, C.P.A.

December 22, 2023

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

Honorable Members:

We have examined the financial statements of the City of Marine City for the year ended June 30, 2023, and have issued our report thereon dated December 22, 2023. Our examination included a study and evaluation of internal control to the extent we considered necessary to establish a basis for reliance on the accounting records. As a result of our examination, we offer the following comments and recommendations.

PURCHASING

As part of our audit procedures, we review copies of invoices for evidence of approvals, that the items ordered were received, and compliance with the purchasing ordinance and charter provisions. During our audit, we noted instances where invoices lacked proper supporting documentation from the vendor. Additionally, there were instances where there was no evidence of approval or items were received and bills were being paid late.

During the fiscal year, the City Commission approved a new Purchasing Ordinance that requires all purchases to be supported by a purchase order. Our review of the purchasing system showed Purchase Orders were not being utilized consistently.

We recommend the City Staff review the purchasing ordinance and the recommendations from the State of Michigan Accounting Manual to assure compliance. Additionally, the City should make improvements to the procedures for bill paying to assure all bills are being paid timely.

PAYROLL

During our testing, we were unable to verify the wage allocations for employees whose payroll is split among different departments or funds based on their job function. Examples are the Clerk, Treasurer, City Manager, and Office Staff. We recommend the City document the wage allocations being used. Additionally, any changes made to the allocations should have evidence of approval.

We noted during our examination of payroll liabilities, there were instances where payroll liabilities were paid incorrectly, and minor penalties were incurred. These instances occurred multiple times during the year and resulted in the City being overpaid at the end of the year. We recommend the City improve processes to ensure payroll liabilities are paid accurately and on time.

EQUIPMENT RENT

The General Fund charges equipment rent to the Major and Local Street funds for use of DPW equipment on the streets during the year. It was noted during our audit there was no equipment rent charged even though the equipment was used during the year. Additionally, it appears the equipment rental rates were not updated to the rates approved by MDOT's Schedule C Rent Rates since 2020. We recommend the City update the accounting policies to ensure equipment rent is being posted at least monthly and rental rates are being charged at the correct amounts.

PENSION AND RETIREE HEALTH CARE FUNDS

During our audit, we noted several instances where contributions to the pension and retiree health care funds were not being made properly or timely. Additionally, interfund liabilities and receivables were not tracked in the accounting records.

We recommend the City implement procedures so contributions are made timely and any amounts owed between the funds are timely reimbursed and recorded in the accounting records.

CAPITAL OUTLAY AND FIXED ASSETS

During our audit, we noted the City's capitalization policy does not appear to be consistently followed. The current policy is to capitalize all assets with a life of more than one year and a cost of \$1,000 or more. Based on review of invoices and the City's ongoing projects, it appears this threshold may be too low. The City should consider reviewing the policy and establish a higher threshold. Additionally, it should be consistently followed so items not meeting the definition of a capital asset are not included in capital outlay.

OTHER

Restricted fund balances were not being properly tracked and reconciled during the year. We recommend the City consider updating the accounting policies and procedures to review these balances and related transactions monthly to ensure restricted funds are being accounted for and expended appropriately.

It was noted during our review of the tax collections and disbursements that the City has collected delinquent personal property taxes in 2021, 2022, and 2023 that have not been remitted to the various tax agencies. While these amounts are relatively small, we recommend the City review the delinquent personal property taxes and remit all funds being held. Additionally, all delinquent personal property taxes should be paid to the respective tax unit in a similar manner as the current property tax collections.

The City has not had a qualified full-time Treasurer for multiple fiscal years to oversee the financial transactions and accounting department. We recommend the City consider providing the Treasurer's department with resources, support, and training to correct audit findings, implement recommendations, and update the accounting policies and procedures.

CONCLUSION

We would like to thank the City Manager, Treasurer, and other City personnel for the cooperation and courtesies extended to us during our audit.

Respectfully submitted,



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

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

December 22, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF MARINE CITY, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Marine City's basic financial statements and have issued our report thereon dated December 22, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-1, 2023-2, 2023-3, 2023-4, and 2023-5 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marine City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-6.

City of Marine City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Marine City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Marine City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Respectfully submitted,



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

CITY OF MARINE CITY
Schedule of Findings and Responses
For the Year Ended June 30, 2023

INTERNAL CONTROL FINDINGS

Material Weaknesses

2023-1 Financial Statements

Criteria:	Strong financial reporting requires all transactions to be recorded in accordance with GAAP, including the ability to generate complete financial statements.
Condition:	The Auditor provides assistance in preparing Generally Accepted Accounting Principles (GAAP) financial statements and proposes certain material adjustments to assure transactions are recorded in accordance with GAAP.
Cause:	The City did not have a qualified City Treasurer for most of the fiscal year.
Effect:	Interim financial statements were materially misstated and Management and the City Commission may have been relying on inaccurate information for decision making.
Recommendation:	Emphasis should be placed on providing support and training in the accounting department. The City may want to consider training a deputy treasurer for backup.
Management's Response:	See Corrective Action Plan attached.

2023-2 Tax Fund Reconciliation

Criteria:	Michigan law requires municipalities who collect property taxes to reconcile and remit property taxes on specified due dates. This should include reconciling cash receipts to the general ledger and assuring all taxing agencies are paid for the proper collections.
Condition:	Property taxes are being settled with the County and reconciled. However, the general ledger and account balances are not reconciled, which makes it difficult to determine all property taxes and board of review adjustments have been properly accounted for.
Cause:	The City's accounting policies do not include procedures on reconciling the funds on a regular basis to assure balance sheet accounts properly reconcile.
Effect:	The City may not remit the correct amounts to the various taxing authorities. Additionally, reports provided to the City Commission may be materially misstated if not periodically reconciled.
Recommendation:	The City should consider implementing a procedure to reconcile property tax collections and liabilities with the general ledger after each settlement. As part of the process, the tax fund bank account should return to a nominal amount after settlement as proof property taxes were properly collected and remitted.
Management's Response:	See Corrective Action Plan attached.

CITY OF MARINE CITY
Schedule of Findings and Responses
For the Year Ended June 30, 2023

INTERNAL CONTROL FINDINGS

Material Weaknesses (Continued)

2023-3 Bank Reconciliations

Criteria:	The State of Michigan Accounting and Budget Manual for local governments requires all bank accounts to be reconciled to their respective statements monthly.
Condition:	Bank reconciliations are not being properly reconciled and reconciling items are not resolved in a timely manner.
Cause:	The City does not have sufficient preparation and review processes over bank reconciliations and assuring reconciling items are followed up on and resolved in a timely manner. Additionally, the City did not have a qualified Treasurer during the year to perform the reconciliations.
Effect:	Bank balances and related accounts could be materially misstated due to unposted or unreconciled adjustments.
Recommendation:	The City should assure bank reconciliations are performed shortly after the end of each month. Any reconciling items should be properly reviewed and corrected.
Management's Response:	See Corrective Action Plan attached.

2023-4 Purchasing

Criteria:	A strong system of internal controls allows the City to properly track payables and know what bills are outstanding, due, and paid at all times.
Condition:	The City does not have appropriate procedures in place to track outstanding invoices. Current procedures do not allow for proper tracking and accountability over purchases.
Cause:	The City does not have proper procedures in place to assure all vendor invoices are sent to the City's Administrative Offices. Additionally, there are no procedures in place to track open purchase orders or monitor budget variances.
Effect:	The City could have unpaid or duplicated bills which could result in the financial statements and budgets being materially misstated.
Recommendation:	The City should have a procedure in place to assure that all vendor invoices are being sent to the administrative offices. Procedures should be implemented to track the status of open purchase orders and monitor budget variances.
Management's Response:	See Corrective Action Plan attached.

CITY OF MARINE CITY

Schedule of Findings and Responses
For the Year Ended June 30, 2023

INTERNAL CONTROL FINDINGS

Material Weaknesses (Continued)

2023-5 Segregation of Duties

Criteria:	A sound system of internal controls relies upon proper support and separation of duties and review by management at all levels of financial reporting.
Condition:	During our review, it was noted not all manual adjusting journal entries had evidence of review. Additionally, support for most manual adjusting journal entries was unable to be provided.
Cause:	The City was in the process of implementing new processes for approving these adjustments, but the processes were not fully implemented.
Effect:	Adjustments may not be proper or accurate without a second review and approval of the adjustment and supporting documentation.
Recommendation:	The City should fully implement processes to ensure all adjustments have support and are properly reviewed.
Management's Response:	See Corrective Action Plan attached.

CITY OF MARINE CITY
Schedule of Findings and Responses
For the Year Ended June 30, 2023

COMPLIANCE FINDINGS

2023-6 Budget Amendments

Criteria:	The Michigan Budget Act requires local governments to amend the budget when events or conditions occur that were not contemplated in the original budget. Additionally, governments are required to monitor the budget and propose budget amendments before going over the budget.
Condition:	At the time the fiscal year 2023 budget was amended, the City had departments over budget.
Cause:	Budget amendments were not made timely due to the accounting records not being reconciled timely.
Effect:	The City was out of compliance with the Michigan Budget Act.
Recommendation:	Budget amendments should be proposed and brought to the City Commission when new information is known that was not contemplated in the original budget.
Management's Response:	See Corrective Action Plan attached.



CITY OF MARINE CITY

260 SOUTH PARKER STREET
MARINE CITY, MI 48039

PHONE: (810) 765-8846 FAX: (810) 765-4010

December 22, 2023

McBride-Manley & Company P.C.
1115 S. Parker Street
Marine City, MI 48039

RE: Corrective Action Plan for Audit Findings in Fiscal Year 2023

The below corrective action plan (CAP) is being submitted in response to the schedule of findings for the year ending June 30, 2023.

2023-1 Financial Statements: Interim financial statements were materially misstated.

Management's Response: The City of Marine City outsources the preparation of the financial statements and footnotes to the auditors rather than preparing in-house. The City commits to on-going training for retention of qualified staff. Some of the training identified is participation in the Michigan Municipal Treasurer's Association annual conference, Michigan Department of Treasury specialized webinars and trainings and other formal training programs directly related to job duties. The City would like to consider a Deputy Treasurer for backup. This would allow for checks and balances throughout the accounting department, as well as providing backup support. Further the accounting staff would be able to operate status quo in the event of a change in leadership and/or staff.

Timeframe: Immediate with staffing change by fiscal year end 2024.

2023-2 Tax Fund Reconciliation: The City may not remit the correct amounts to the various taxing authorities due to lack of internal procedures on reconciling the funds on a regular basis to assure balance sheet accounts properly reconcile.

Management's Response: A full-time treasurer was hired to handle bank reconciliations, including the tax account. Tax account bank statements are being pulled monthly to check for any returned payments and to reconcile with the general ledger. Also, tax payments received are being balanced prior to the disbursement to other taxing jurisdictions, with the goal to balance and disburse tax payments received every 15 days.

Timeframe: Immediate

2023-3 Bank Reconciliations: Bank balances and related accounts could be materially misstated due to unposted or unreconciled adjustments.

Management's Response: A full-time treasurer was hired to handle bank reconciliations on all accounts. Bank statements are being pulled monthly to reconcile with the general ledger. Any adjustments for unreconciled items will be completed within the reconciliation process. The goal is to have the prior month's accounts reconciled during the month immediately following. The City is currently revising operational procedures to ensure this.

Timeframe: Immediate.

2023-4 Purchasing: The City could have unpaid or duplicated bills administration is not aware of which could result in the financial statements and budgets being materially misstated.

Management's Response: The City of Marine City will continue to work at streamlining the AP process. Future goals include invoices input into BS&A, signed, and assigned an account number, all electronically. An e-mail address is going to be created specifically for accounts payable to allow for a single point of location for all invoices from vendors. We also plan to start to using POs for any purchases over \$2,000, as these need approval from the Commission prior to purchase. Using the PO system allows for tracking and making sure all approvals from met prior to payment to the vendor.

Timeframe: Starting immediately and hoping to have in place prior to fiscal year end 2024.

2023-5 Segregation of Duties: Adjustments may not be proper or accurate without a second review and approval of the adjustment and supporting documentation.

Management's Response: All adjustment entries will be signed by the initiator (Finance Director) and then verified as correct with accurate supporting documentation by the City Manager. A binder will be kept to include all journal entries for the fiscal year.

Timeframe: Immediate

2023-6 Budget Amendments: Budget Amendments were not made timely due to the accounting records not being reconciled timely.

Management's Response: If possible, amendments to the budget will be made prior to the budget going over. The goal for 2025 is to have a more precise budget where any amendments would not be needed. It is our intent to hold quarterly administrative review of the budget to ensure timely budget adjustments if necessary.

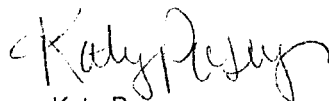
Timeframe: Fiscal year 2025, as an amendment for fiscal year 2024 will occur in 1st quarter 2024 with accounts already over budget.

Please contact us if you have any questions regarding our action plans.

Sincerely,



Scott Adkins
City Manager



Katy Posey
Finance Director/Treasurer

CITY OF MARINE CITY
St. Clair County, Michigan
AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

CITY OF MARINE CITY

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INDEPENDENT AUDITOR'S REPORT

December 22, 2023

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Marine City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marine City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and retiree health trust schedules on pages 4–8 and 50–60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marine City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the supplemental 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 22, 2023, 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 the City of Marine City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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, 2023

Using this Annual Report

This annual report consists of a series of financial statements. These financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Management's Discussion and Analysis is intended to provide a basis of understanding the City of Marine City's basic financial statements and is designed to assist the reader in focusing on the significant issues and activities as well as identify significant changes in financial position.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

Both the government-wide financial statements distinguish functions of the City that are principally supported by property taxes, intergovernmental revenues, and other sources (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and other charges (business-type activities).

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to demonstrate compliance with financial related legal requirements.

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

Because the focus of the governmental fund statements is narrower than the government-wide financial statements, it is useful to compare the information presented for the governmental fund statements with similar information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions.

The City adopts an annual budget for all governmental funds. A budgetary comparison statement is presented for all major funds to demonstrate compliance with this budget.

Proprietary Funds - The City has only one proprietary fund. The fund is used to report the same functions presented in the business-type activities column in the government-wide financial statements, only in more detail.

Fiduciary Funds - The City has three fiduciary funds which report the collections and disbursements for the benefit of others. This fund is not included in the government-wide financial statements.

CITY OF MARINE CITY

Management's Discussion and Analysis For the Year Ended June 30, 2023

Notes to the Financial Statements

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

The City as a Whole

The City's combined net position increased 19% from a year ago from \$12.0 million to \$14.3 million. This is primarily due to increases in grant funding and other revenues in the governmental funds. As we look at the governmental activities separately from the business-type activities, we can see the governmental activities experienced an increase of \$1.8 million during the year, which represents a 23% increase from the prior year. This increase was primarily the result of increases in revenues and grant spending in the governmental funds entity-wide statements. The business-type activities experienced a \$471,000 increase in net position, primarily as a result of changes in the net pension and OPEB liabilities and utility rate increases for water and sewer usage. 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	
	2023	2022	2023	2022	2023	2022
Current Assets *	\$ 5,708	\$ 4,658	\$ 2,431	\$ 2,216	\$ 7,899	\$ 6,626
Capital Assets	8,307	8,145	4,749	4,943	13,056	13,088
Other Noncurrent Assets	416	447	--	--	416	447
Deferred Outflows of Resources	515	672	196	287	711	959
Total Assets and Deferred Outflows	14,946	13,922	7,376	7,446	22,082	21,120
Current Liabilities *	970	986	523	360	1,253	1,098
Long-Term Debt Outstanding	287	326	300	510	587	836
Pension and OPEB Liabilities	3,283	3,972	1,634	2,103	4,917	6,075
Deferred Inflows of Resources	873	913	162	187	1,035	1,100
Total Liabilities and Deferred Inflows	5,413	6,197	2,619	3,160	7,792	9,109
Net Position						
Invested in Capital Assets - Net of Debt	8,307	8,089	4,239	4,293	12,546	12,382
Restricted	2,653	1,798	1,354	1,111	4,007	2,909
Unrestricted	(1,427)	(2,162)	(835)	(1,118)	(2,262)	(3,280)
Total Net Position	\$ 9,533	\$ 7,725	\$ 4,758	\$ 4,286	\$ 14,291	\$ 12,011

* Internal balances eliminated in total column.

The current level of unrestricted net position for our governmental activities, the part of net position that can be used to finance day-to-day operations, stands at approximately (\$1.4 million). Unrestricted net position increased by \$735,000 for the governmental activities. This represents an increase of 34% from the prior year and was primarily a result of the change in grants activities and the net pension and OPEB liabilities.

CITY OF MARINE CITY**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services	\$ 603	\$ 567	\$ 2,004	\$ 2,054	\$ 2,607	\$ 2,621
Operating Grants and Contributions	675	626	-	-	675	626
Capital Grants and Contributions	954	59	-	-	954	59
General Revenues						
Taxes	1,813	1,741	-	-	1,813	1,741
State-Shared Revenues	645	643	-	-	645	643
Other	263	87	1	1	264	88
Total Revenues	4,953	3,723	2,005	2,055	6,958	5,778
Program Expenses						
Legislative	14	18	-	-	14	18
General Government	791	753	-	-	791	753
Public Safety	1,081	536	-	-	1,081	536
Highways and Streets	429	593	-	-	429	593
Public Works	642	599	-	-	642	599
Recreation and Cultural	146	138	-	-	146	138
Other	119	102	-	-	119	102
Unallocated pension and OPEB expense (recovery)	(109)	860	-	-	(109)	860
Cemetery operations	32	41	-	-	32	41
Water and Sewer	-	-	1,534	2,108	1,534	2,108
Total Expenses	3,145	3,640	1,534	2,108	4,679	5,748
Change in Net Position	\$ 1,808	\$ 83	\$ 471	\$ (53)	\$ 2,279	\$ 30

The City's net position increased by \$2.3 million. This was primarily due to changes in the governmental activities related to grant activity and changes in the pension and retiree health care actuarial valuations to determine the net pension and OPEB liabilities during the year.

Governmental Activities

The City's total governmental revenues increased by \$1.2 million, primarily due to increases in grants and other contributions. Expenses of the governmental activities decreased approximately \$495,000 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, 2023

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 the 2023 actuarial valuations for the pension and OPEB liabilities.

The City's Funds

Our analysis of the City's major funds begins on page 12, 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 \$1,123,000. These services are supported by general tax revenues of the City and State Revenue Sharing which represent approximately 66% of total revenues for the fund. In addition, the General Fund expended approximately \$664,000 on Public Works. These two areas represent approximately 51% 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 15% during the year. The various departments stayed within the budget, resulting in total expenditures approximately \$248,000 under the budget. The General Fund's fund balance increased by \$357,000 from a year ago. This is the result of increased grant activity during fiscal year 2023.

Capital Asset and Debt Administration

As of June 30, 2023, there was \$13.0 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 \$445,000 with scheduled repayments occurring through fiscal year 2026. Additionally, the City has financed purchases of \$65,000 outstanding as of June 30, 2023, 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, 2023, there was \$205,000 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, 2023

Economic Factors and Next Year's Budgets and Rates

The budget for the year ending June 30, 2024, 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 2023 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 has received 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 develop 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 was awarded a \$26 million project with the Michigan Department of Environmental Quality (EGLE) to make the improvements. The City is currently working with EGLE and engineers for the project which will not begin construction until fiscal year 2025. Water/Sewer usage rates were increased slightly for the year ending June 30, 2024.

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 2024 has been increased slightly from the amount required in 2023. However, with a volatile investment market, the contributions could be significantly increased in future years. 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 which could result in a requirement to significantly increase contributions in the future.

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 5,001,396	\$ 1,653,343	\$ 6,654,739
Restricted cash	48	--	48
Accounts and assessments receivable	21,715	537,673	559,388
Current portion of lease receivable	30,291	--	30,291
Due from other units of government	565,950	--	565,950
Other assets	1,252	--	1,252
Due from pension and retiree health care trusts	87,086	--	87,086
Internal Balances*	103	239,709	--
Total Current Assets	5,707,841	2,430,725	7,898,754
<i>Noncurrent Assets</i>			
Capital assets, net of accumulated depreciation	8,306,739	4,748,674	13,055,413
Lease receivable, net of current portion	415,993	--	415,993
Total Assets	14,430,573	7,179,399	21,370,160
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	514,807	196,509	711,316
Total Deferred Outflows of Resources	514,807	196,509	711,316
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	235,612	215,935	451,547
Payroll liabilities	304	--	304
Accrued wages and vacation pay	96,730	10,195	106,925
Accrued interest payable	843	2,358	3,201
Short term loans and notes payable	--	64,532	64,532
Current portion of debt	24,316	145,000	169,316
Due to other units and taxpayers	210	74,065	74,275
Unearned revenue	346,176	--	346,176
Due to fiduciary funds	25,972	11,010	36,982
Internal Balances*	239,709	103	--
Total Current Liabilities	969,872	523,198	1,253,258
<i>Noncurrent Liabilities</i>			
Accrued sick pay	106,348	--	106,348
Long-term obligations, net of current portion	180,735	300,000	480,735
Net pension liability	1,874,774	693,409	2,568,183
Net OPEB liability	1,408,297	938,865	2,347,162
Total Liabilities	4,540,026	2,455,472	6,755,686
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	873,030	162,216	1,035,246
Total Deferred Inflows of Resources	873,030	162,216	1,035,246
NET POSITION			
Investment in capital assets, net of related debt	8,306,739	4,239,142	12,545,881
<i>Restricted for:</i>			
Drug enforcement	9,037	--	9,037
Perpetual care	137,263	--	137,263
Highways and streets - Act 51	1,589,323	--	1,589,323
Cemetery	88,508	--	88,508
Water monitoring system	--	167,377	167,377
Highways and streets	134,219	--	134,219
Parks and recreation	74,300	--	74,300
Police	188	--	188
Beach	3,505	--	3,505
Infrastructure improvements	--	1,186,247	1,186,247
Economic development	4,430	--	4,430
General government	137	--	137
Community center	218,405	--	218,405
Marina	393,000	--	393,000
<i>Unrestricted</i>	(1,426,730)	(834,546)	(2,261,276)
Total Net Position	\$ 9,532,324	\$ 4,758,220	\$ 14,290,544

* Amounts have been eliminated in total column

CITY OF MARINE CITY
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	\$ 13,593	\$ --	\$ --	\$ --
General government	791,147	125,054	331	--
Public safety	1,081,282	132,850	42,562	81,418
Public works	641,531	306,179	--	--
Community and economic development	9,627	--	49,584	24,988
Recreation and cultural	145,916	3,300	40,823	847,683
Highways and streets	428,642	--	541,396	--
Other	91,057	17,515	--	--
Health and welfare	973	--	--	--
Unallocated pension and OPEB expense (recovery)	(109,174)	--	--	--
Debt service interest	3,873	--	--	--
Water and sewer charges - Intergovernmental	14,000	--	--	--
Cemetery operations	32,107	18,575	--	--
Total Governmental Activities	3,144,574	603,473	674,696	954,089
Business-type Activities:				
Water and Sewer Disposal	1,534,025	2,004,297	--	--
Total Business-type Activities	1,534,025	2,004,297	--	--
Total Primary Government	\$ 4,678,599	\$ 2,607,770	\$ 674,696	\$ 954,089

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
\$ (13,593)	\$ --	\$ (13,593)
(665,762)	--	(665,762)
(824,452)	--	(824,452)
(335,352)	--	(335,352)
64,945	--	64,945
745,890	--	745,890
112,754	--	112,754
(73,542)	--	(73,542)
(973)	--	(973)
109,174	--	109,174
(3,873)	--	(3,873)
(14,000)	--	(14,000)
(13,532)	--	(13,532)
(912,316)	--	(912,316)
--	470,272	470,272
--	470,272	470,272
\$ (912,316)	\$ 470,272	\$ (442,044)
1,812,711	--	1,812,711
28,539	1,100	29,639
644,800	--	644,800
20,217	--	20,217
213,314	--	213,314
2,719,581	1,100	2,720,681
1,807,265	471,372	2,278,637
7,725,059	4,286,848	12,011,907
\$ 9,532,324	\$ 4,758,220	\$ 14,290,544

CITY OF MARINE CITY
Balance Sheet
Governmental Funds
June 30, 2023

		Special Revenue	
	General	Local Street	Major Street
ASSETS			
Cash and cash equivalents	\$ 2,761,764	\$ 649,334	\$ 1,100,537
Restricted cash	48	--	--
Accounts and assessments receivable	21,715	--	--
Current portion of lease receivable	30,291	--	--
Due from other units of government	386,153	24,635	64,249
Other assets	1,252	--	--
Due from pension and retiree health care trusts	87,086	--	--
Due from other funds	64,639	18,052	15,142
Lease receivable, net of current portion	415,980	--	--
Total Assets	3,768,928	692,021	1,179,928
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 3,768,928	\$ 692,021	\$ 1,179,928
LIABILITIES			
Accounts payable	\$ 233,445	\$ 1,640	\$ 397
Payroll liabilities	304	--	--
Accrued wages and vacation pay	47,987	1,822	266
Due to other units and taxpayers	210	--	--
Unearned revenue	346,176	--	--
Due to fiduciary funds	22,718	1,577	1,051
Due to other funds	34,172	54,127	221,746
Total Liabilities	685,012	59,166	223,460
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	719,315	--	--
Total Liabilities and Deferred Inflows of Resources	1,404,327	59,166	223,460
FUND BALANCE			
Restricted	610,762	632,855	956,468
Committed	44,887	--	--
Unassigned	1,708,952	--	--
Total Fund Balance	2,364,601	632,855	956,468
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,768,928	\$ 692,021	\$ 1,179,928

Other Governmental Funds	Total Governmental Funds
\$ 489,761	\$ 5,001,396
--	48
--	21,715
--	30,291
90,913	565,950
--	1,252
--	87,086
--	97,833
--	415,980
<u>580,674</u>	<u>6,221,551</u>
--	--
\$ 580,674	\$ 6,221,551
\$ 130	\$ 235,612
--	304
938	51,013
--	210
--	346,176
626	25,972
<u>27,394</u>	<u>337,439</u>
29,088	996,726
90,913	810,228
<u>120,001</u>	<u>1,806,954</u>
460,673	2,660,758
--	44,887
--	1,708,952
<u>460,673</u>	<u>4,414,597</u>
\$ 580,674	\$ 6,221,551

CITY OF MARINE CITY**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023**

Total Fund Balance - Governmental Funds	\$	4,414,597
Accrued interest expense included on the entity-wide statements are expensed as paid on the governmental fund statements		(843)
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		(152,065)
Receivables not available to pay current liabilities are deferred on the governmental fund statements but are recognized as revenue on the Statement of Activities		363,957
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		8,306,739
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported on the governmental fund statements		(205,051)
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		(1,402,480)
Additional amounts due to related party on fire contract is not due in the current period and has not been recognized as a liability on the governmental fund statements		13
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		(1,792,543)
Total Net Position-Governmental Funds	\$	9,532,324

CITY OF MARINE CITY
**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023**

		Special Revenue	
	General	Local Street	Major Street
Revenues			
Tax collections	\$ 1,812,711	\$ --	\$ --
Distributions from State of Michigan	694,120	145,170	378,812
Licenses, permits, fines, and fees	190,357	--	--
Local grants and reimbursements	654,317	--	--
Federal grants	81,019	--	--
Rentals	49,321	--	--
Refuse	305,618	--	--
Intergovernmental	2,886	--	--
Other	27,760	8,707	8,707
User fees and other charges	35,978	--	--
Interest revenue	21,870	1,092	5,367
Total Revenues	3,875,957	154,969	392,886
Expenditures			
<i>Current:</i>			
Legislative	13,593	--	--
General government	710,590	--	--
Public safety	1,026,772	--	--
Public works	664,066	--	--
Community and economic development	9,627	--	--
Recreation and cultural	108,232	--	--
Highways and streets	--	96,290	49,267
Other	91,057	--	--
Health and welfare	973	--	--
Unallocated pension and OPEB expense (recovery)	334,283	--	--
Cemetery operations	--	--	--
<i>Debt Service:</i>			
Debt service interest	--	967	967
Debt service principal	--	28,068	28,068
<i>Capital Outlay:</i>			
General government	89,031	--	--
Public safety	95,879	--	--
Recreation and cultural	347,438	--	--
Highways and streets	--	190,007	--
<i>Intergovernmental:</i>			
Water and sewer charges	14,000	--	--
Equipment rent	--	1,509	1,377
Total Expenditures	3,505,541	316,841	79,679
Excess of Revenues Over (Under) Expenditures	370,416	(161,872)	313,207
Other Financing Sources (Uses)			
Gain (loss) on disposal of fixed assets	9,344	--	--
Transfers from other funds	--	192,581	3,175
Transfers to other funds	(22,350)	--	(189,406)
Net Other Financing Sources (Uses)	(13,006)	192,581	(186,231)
Net Change in Fund Balance	357,410	30,709	126,976
<i>Fund Balance at Beginning of Period</i>	<i>2,007,191</i>	<i>602,146</i>	<i>829,492</i>
Fund Balance at End of Period	\$ 2,364,601	\$ 632,855	\$ 956,468

Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,812,711
--	1,218,102
--	190,357
--	654,317
--	81,019
--	49,321
--	305,618
--	2,886
26	45,200
18,575	54,553
210	28,539
<u>18,811</u>	<u>4,442,623</u>
--	13,593
--	710,590
--	1,026,772
--	664,066
--	9,627
--	108,232
--	145,557
--	91,057
--	973
--	334,283
34,514	34,514
3,435	5,369
23,956	80,092
--	89,031
--	95,879
--	347,438
--	190,007
--	14,000
--	2,886
<u>61,905</u>	<u>3,963,966</u>
<u>(43,094)</u>	<u>478,657</u>
218,369	227,713
16,000	211,756
--	(211,756)
<u>234,369</u>	<u>227,713</u>
<u>191,275</u>	<u>706,370</u>
<u>269,398</u>	<u>3,708,227</u>
<u>\$ 460,673</u>	<u>\$ 4,414,597</u>

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, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Tax collections	\$ 1,751,193	\$ 2,001,193	\$ 1,812,711	\$ (188,482)
Distributions from State of Michigan	641,900	913,900	694,120	(219,780)
Licenses, permits, fines, and fees	137,600	171,100	190,357	19,257
Local grants and reimbursements	99,500	99,500	654,317	554,817
Federal grants	3,100	143,100	81,019	(62,081)
Rentals	44,990	44,990	49,321	4,331
Refuse	320,000	305,000	305,618	618
Intergovernmental	750	750	2,886	2,136
Other	18,500	18,500	27,760	9,260
User fees and other charges	287,500	15,500	35,978	20,478
Interest	17,140	17,140	21,870	4,730
Total Revenues	3,322,173	3,730,673	3,875,957	145,284
Other Financing Sources				
Gain on sale of fixed assets	--	--	9,344	9,344
Total Revenues and Other Financing Sources	3,322,173	3,730,673	3,885,301	154,628
Expenditures				
Legislative	15,720	15,720	13,593	2,127
General government	659,555	829,920	803,621	26,299
Public safety	1,029,073	1,199,643	1,122,651	76,992
Public works	659,690	693,195	664,066	29,129
Community and economic development	13,150	13,150	9,627	3,523
Recreation and cultural	394,128	500,026	455,670	44,356
Other	470,140	486,205	435,340	50,865
Health and welfare	2,600	2,600	973	1,627
Total Expenditures	3,244,056	3,740,459	3,505,541	234,918
Other Financing Uses				
Transfers to other funds	35,000	35,000	22,350	12,650
Total Expenditures and Other Financing Uses	3,279,056	3,775,459	3,527,891	247,568
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	43,117	(44,786)	357,410	402,196
Net Change in Fund Balance	43,117	(44,786)	357,410	402,196
Fund Balance at Beginning of Period	2,007,191	2,007,191	2,007,191	--
Fund Balance at End of Period	\$ 2,050,308	\$ 1,962,405	\$ 2,364,601	\$ 402,196

CITY OF MARINE CITY

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

Major Street

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Distributions from State of Michigan	\$ 345,000	\$ 345,000	\$ 378,812	\$ 33,812
Other	--	--	8,707	8,707
Interest	500	500	5,367	4,867
Total Revenues	<u>345,500</u>	<u>345,500</u>	<u>392,886</u>	<u>47,386</u>
Other Financing Sources				
Transfers from other funds	5,000	5,000	3,175	(1,825)
Total Revenues and Other Financing Sources	<u>350,500</u>	<u>350,500</u>	<u>396,061</u>	<u>45,561</u>
Expenditures				
Highways and streets	91,985	93,160	50,644	42,516
Debt service principal	29,053	29,053	28,068	985
Debt service interest	1,000	1,000	967	33
Total Expenditures	<u>122,038</u>	<u>123,213</u>	<u>79,679</u>	<u>43,534</u>
Other Financing Uses				
Transfers to other funds	165,250	165,250	189,406	(24,156)
Total Expenditures and Other Financing Uses	<u>287,288</u>	<u>288,463</u>	<u>269,085</u>	<u>19,378</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>63,212</u>	<u>62,037</u>	<u>126,976</u>	<u>64,939</u>
Net Change in Fund Balance	<u>63,212</u>	<u>62,037</u>	<u>126,976</u>	<u>64,939</u>
Fund Balance at Beginning of Period	<u>829,492</u>	<u>829,492</u>	<u>829,492</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 892,704</u>	<u>\$ 891,529</u>	<u>\$ 956,468</u>	<u>\$ 64,939</u>

See accompanying notes.

CITY OF MARINE CITY

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

Local Street

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Distributions from State of Michigan	\$ 131,000	\$ 131,000	\$ 145,170	\$ 14,170
Other	--	--	8,707	8,707
Interest	500	500	1,092	592
Total Revenues	131,500	131,500	154,969	23,469
Other Financing Sources				
Transfers from other funds	170,250	170,250	192,581	22,331
Total Revenues and Other Financing Sources	301,750	301,750	347,550	45,800
Expenditures				
Highways and streets	136,688	327,963	287,806	40,157
Debt service principal	29,035	29,035	28,068	967
Debt service interest	1,000	1,000	967	33
Total Expenditures	166,723	357,998	316,841	41,157
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	166,723	357,998	316,841	41,157
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	135,027	(56,248)	30,709	86,957
Net Change in Fund Balance	135,027	(56,248)	30,709	86,957
Fund Balance at Beginning of Period	602,146	602,146	602,146	--
Fund Balance at End of Period	\$ 737,173	\$ 545,898	\$ 632,855	\$ 86,957

See accompanying notes.

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, 2023**

Total Net Change in Fund Balances - Governmental Funds	\$	706,370
Accrued interest expense included on the entity-wide statements are expensed as paid on the governmental fund statements		1,496
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		16,037
Receivables not available to pay current liabilities are deferred on the governmental fund statements but are recognized as revenue on the Statement of Activities		298,788
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		377,806
Governmental funds report capital outlays as expenditures, but these costs are capitalized and depreciated over their estimated useful lives on the Statement of Activities		176,016
Principal payments of long-term debt expensed on the governmental fund statements are a reduction of liabilities on the Statement of Net Position		80,092
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		165,059
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		(14,399)
Changes in Net Position-Governmental Funds	\$	<u>1,807,265</u>

CITY OF MARINE CITY
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds
	Water and Sewer Disposal
ASSETS	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 1,653,343
Accounts and assessments receivable	537,673
Due from other funds	239,709
Total Current Assets	2,430,725
<i>Noncurrent Assets</i>	
Capital assets, net of accumulated depreciation	4,748,674
Total Assets	7,179,399
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	196,509
Total Deferred Outflows of Resources	196,509
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable	215,935
Accrued wages and vacation pay	10,195
Accrued interest payable	2,358
Short term loans and notes payable	64,532
Current portion of debt	145,000
Due to other units and taxpayers	74,065
Due to fiduciary funds	11,010
Due to other funds	103
Total Current Liabilities	523,198
<i>Noncurrent Liabilities</i>	
Long-term obligations, net of current portion	300,000
Net pension liability	693,409
Net OPEB liability	938,865
Total Liabilities	2,455,472
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	162,216
Total Deferred Inflows of Resources	162,216
NET POSITION	
Investment in capital assets, net of related debt	4,239,142
<i>Restricted for:</i>	
Water monitoring system	167,377
Infrastructure improvements	1,186,247
<i>Unrestricted</i>	(834,546)
Total Net Position	\$ 4,758,220

CITY OF MARINE CITY

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds
	<u>Water and Sewer Disposal</u>
Operating Revenues	
Metered sales	\$ 1,485,208
Sewage treatment contract	113,989
Hydrant rental and city usage	14,000
Water taps and meter sales	17,854
Other	1,816
Total Operating Revenues	<u>1,632,867</u>
Operating Expenses	
Water	767,667
Sewer	754,668
Total Operating Expenses	<u>1,522,335</u>
Operating Income (Loss)	<u>110,532</u>
Non-Operating Revenues (Expenses)	
Interest revenue	1,100
Capital improvement fees	99,657
Ready to serve fees	271,773
Interest expense and agent fees	(11,690)
Net Non-Operating Revenues (Expenses)	<u>360,840</u>
Change In Net Position	<u>471,372</u>
Net Position at Beginning of Period	4,286,848
Net Position at End of Period	<u>\$ 4,758,220</u>

CITY OF MARINE CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds
	Water and Sewer Disposal
Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,701,424
Receipts from interfund services	14,000
Payments to suppliers	(1,233,430)
Payments to employees	(251,691)
Other receipts (payments)	19,670
Net Cash Provided By (Used In) Operating Activities	249,973
Cash Flows From Noncapital Financing Activities:	
Advances to other funds	893
Net Cash Provided By (Used In) Noncapital Financing Activities	893
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(228,088)
Principal paid on long term debt	(140,000)
Interest and agent fees paid on revenue bonds	(12,431)
Capital improvement fees	371,430
Net Cash Provided By (Used In) Capital and Related Financing Activities	(9,089)
Cash Flows From Investing Activities:	
Interest on investments	1,100
Net Cash Provided By (Used In) Investing Activities	1,100
Net Increase (Decrease) In Cash and Cash Equivalents	242,877
Cash and Cash Equivalents at July 1, 2022	1,410,466
Cash and Cash Equivalents at June 30, 2023	\$ 1,653,343
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Operating income	\$ 110,532
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	422,367
Change in assets and liabilities:	
Accounts receivable	(9,306)
Due from other governments	37,471
Other assets	747
Deferred outflow of resources	90,401
Accounts payable	15,386
Due to other units and taxpayers	74,065
Accrued wages and compensated absences	2,794
Net pension liability	(214,219)
Net OPEB liability	(256,004)
Deferred inflow of resources	(24,261)
Net Cash Provided By (Used In) Operating Activities	\$ 249,973

CITY OF MARINE CITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Pension and Benefit Trust		Custodial Funds
	Retiree Health Trust	Pension Fund	Tax Collection Fund
ASSETS			
Cash and cash equivalents	\$ --	\$ --	\$ 167,405
Cash and money market funds at fair value	61,747	132,055	--
Investments - mutual funds at fair value	323,934	5,138,030	--
Taxes receivable	--	--	56,325
Due from primary government	32,819	4,163	--
Total Assets	418,500	5,274,248	223,730
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Deferred Outflows of Resources	--	--	--
LIABILITIES			
Accounts payable	372	--	--
Accounts payable - investment management fees	--	640	--
Due to primary government	--	--	199,799
Due to other units and taxpayers	--	--	23,931
Due to other funds	87,086	--	--
Total Liabilities	87,458	640	223,730
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	--	--	--
Total Deferred Inflows of Resources	--	--	--
NET POSITION			
Restricted for pensions	--	5,273,608	--
Restricted for postemployment benefits other than pensions	331,042	--	--
Total Net Position	\$ 331,042	\$ 5,273,608	\$ --

CITY OF MARINE CITY

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Pension and Benefit Trust		Custodial Funds
	Retiree Health Trust	Pension Fund	Tax Collection Fund
ADDITIONS			
<i>Contributions</i>			
Employer contributions	\$ 216,099	\$ 349,087	\$ --
Employee contributions	--	12,345	--
Total Contributions	<u>216,099</u>	<u>361,432</u>	<u>--</u>
<i>Investment Earnings</i>			
Net increase (decrease) in fair value	18,428	386,840	--
Interest, dividends, and realized gains	7,433	115,855	--
<i>Less: Investment Expenses</i>			
Investment Expense	--	(36,948)	--
Net Investment Earnings	<u>25,861</u>	<u>465,747</u>	<u>--</u>
Taxes collected for other governments	--	--	5,520,494
Total Additions	<u>241,960</u>	<u>827,179</u>	<u>5,520,494</u>
DEDUCTIONS			
Benefits	202,981	623,092	--
Administrative expenses	3,097	640	--
Taxes remitted to other governments	--	--	5,520,494
Total Deductions	<u>206,078</u>	<u>623,732</u>	<u>5,520,494</u>
Net Increase (Decrease) in Net Position	<u>35,882</u>	<u>203,447</u>	<u>--</u>
<i>Net Position at Beginning of Period</i>	<u>295,160</u>	<u>5,070,161</u>	<u>--</u>
Net Position at End of Period	<u>\$ 331,042</u>	<u>\$ 5,273,608</u>	<u>\$ --</u>

CITY OF MARINE CITY

Notes to Financial Statements For the Year Ended June 30, 2023

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, 2023

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 2022 taxable valuation of the City totaled \$114.2 million (exclusive of any Michigan Tax Tribunal or Board of Review adjustments), on which ad valorem taxes levied consisted of 15.7007 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, 2023

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, 2023

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, 2023

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>
Federal grants	\$ --	\$ 346,176
State and Local Revenue	363,957	--
Leases	446,271	--
	<u>\$ 810,228</u>	<u>\$ 346,176</u>

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 two items, 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. Additionally, the City has deferred inflows of resources related to leases. See Note 7 for information regarding leases. See Notes 9 and 10 regarding amounts reported as deferred inflows of resources related to the net pension and net OPEB obligations which are reported on the entity-wide statements only.

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, 2022	\$ (100,901)
Permit revenues	99,181
Related expenditures	(78,343)
Cumulative surplus (shortfall)	<u>\$ (80,063)</u>

CITY OF MARINE CITY

Notes to Financial Statements For the Year Ended June 30, 2023

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

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The City's budget was approved at the departmental level and has been presented at the functional level in the financial statements. Budget amendments require approval from the City Commission. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). There were no significant budget overages for the year.

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, 2023. The above investment restrictions do not apply to the City's Pension Fund or the Retiree Health Trust.

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.

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

Total governmental funds	\$ 5,001,444
Total proprietary funds	1,653,343
Less: cash on hand	(867)
Total Deposits	<u>\$ 6,653,920</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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	\$ 667,467	\$ 5,844,307	\$ 6,459,378	\$ 6,511,774
Savings and CD's	194,542	--	194,542	194,542
Total Cash	<u>\$ 862,009</u>	<u>\$ 5,844,307</u>	<u>6,653,920</u>	<u>\$ 6,706,316</u>
<u>Investments - Nonrisk Categorized</u>				
Money market account			193,802	\$ 146,029
Mutual funds			5,461,964	5,461,964
Total Investments			<u>5,655,766</u>	<u>\$ 5,607,993</u>
Total Cash and Investments			<u>\$ 12,309,686</u>	

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, 2023, \$5.8 million of the government's bank balance of \$6.7 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.

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	\$ 193,802
Raymond James Mutual Fund Portfolio	Variable	5,461,964
		<u>\$ 5,655,766</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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	\$ 48
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NOTE 5: CAPITAL ASSETS

Governmental Activities Fixed Assets:

A summary of changes in governmental fixed assets follows:

	Balance 06/30/2022	Additions	Disposals	Balance 06/30/2023
Legislative:				
Equipment	\$ 3,342	\$ --	\$ --	\$ 3,342
General Government:				
Equipment and vehicles	255,818	20,868	(10,250)	266,436
Buildings	1,885,023	--	(71,562)	1,813,461
Land	1,438,650	--	--	1,438,650
Public Safety:				
Equipment and vehicles	409,348	90,883	(48,376)	451,855
Buildings	618,268	4,995	--	623,263
Public Works:				
Equipment and vehicles	373,822	34,350	--	408,172
Buildings	263,230	--	--	263,230
Recreation and Culture:				
Land	258,116	5,000	--	263,116
Equipment	456,516	8,000	--	464,516
Buildings	639,723	--	--	639,723
Beach	61,388	--	--	61,388
Kayak launch	50,739	9,437	--	60,176
Marina land	31,638	358,815	--	390,453
Highways and Streets:				
Equipment	1,063,515	--	--	1,063,515
Roads and sidewalks	6,821,852	190,007	--	7,011,859
Cemetery:				
Equipment	10,172	--	--	10,172
Buildings	246,209	--	--	246,209
Total Capital Assets	14,887,369	722,355	(130,188)	15,479,536
Accumulated Depreciation	(6,742,247)	(546,339)	115,789	(7,172,797)
Total Carrying Value of Fixed Assets	<u>\$ 8,145,122</u>	<u>\$ 176,016</u>	<u>\$ (14,399)</u>	<u>\$ 8,306,739</u>

The cost of land totaling \$2.0 million is not subject to depreciation.

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

General Government	\$ 68,128
Public Safety	52,503
Public Works	7,938
Recreation and Culture	37,684
Highways and Streets	379,648
Cemetery	438
Total	<u>\$ 546,339</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 5: CAPITAL ASSETS (Continued)

Business-Type Activities Fixed Assets:

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

	Balance 06/30/2022	Additions	Disposals	Balance 06/30/2023
Water plant, lines, and equipment	\$ 7,686,782	\$ 122,343	\$ --	\$ 7,809,125
Sewer plant, lines, and equipment	15,244,932	93,245	--	15,338,177
Construction in process - sewer	251,354	12,500	--	263,854
Land	63,174	--	--	63,174
Total Capital Assets	23,246,242	228,088	--	23,474,330
Accumulated Depreciation	(18,303,289)	(422,367)	--	(18,725,656)
Total Carrying Value of Fixed Assets	\$ 4,942,953	\$ (194,279)	\$ --	\$ 4,748,674

The above amounts include land and construction in process with a cost of \$63,174 and \$263,854, respectively, not subject to depreciation. Depreciation for the water and sewer systems totaled \$232,697 and \$189,670, respectively, for the year ended June 30, 2023.

NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
		General Fund	\$ 978
		Major Street	208,731
		Local Street	30,000
Water and Sewer	\$ 239,709		\$ 239,709
Pension Fund	\$ 4,163	General Fund	\$ 4,163
Major Street	\$ 15,142		
Local Street	18,052		
	\$ 33,194	General Fund	\$ 33,194
		Brownfield Redevelopment	\$ 27,391
		Major Street	13,015
		Local Street	24,127
		Woodlawn Cemetery	3
		Water and Sewer	103
General Fund	\$ 64,639		\$ 64,639

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General Fund	<u>\$ 87,086</u>	Retiree Health Care	<u>\$ 87,086</u>
		General Fund	\$ 18,555
		Major Street	1,051
		Local Street	1,577
		Woodlawn Cemetery	626
		Water and Sewer	<u>11,010</u>
Retiree Health Care	<u>\$ 32,819</u>		<u>\$ 32,819</u>
<i>Interfund transfers:</i>			
<u>Transfers In</u>		<u>Transfers Out</u>	
Local Street	<u>\$ 189,406</u>	Major Street	<u>\$ 189,406</u>
Major Street	\$ 3,175		
Local Street	3,175		
Woodlawn Cemetery	<u>16,000</u>		
	<u>\$ 22,350</u>	General Fund	<u>\$ 22,350</u>

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

NOTE 7: LEASES

The City is a lessor in three lease agreements that qualify as long-term leases because the City will not surrender control of the assets at the end of the term and the non-cancelable term of the agreements exceed one year. The agreements are generally fixed monthly or annual payments with a periodic percentage increase. Total lease revenue for the year was \$43,856, including interest of \$15,407. Discount rates were determined using the lessee's weighted average interest rate on leases. The assets leased are described below.

<u>Asset Type</u>	<u>Remaining Term of Agreements</u>
Cellular towers	17-22 years
Homeland security tower	7 years

At June 30, 2023, lease receivable and deferred inflows of resources amounted to \$446,271.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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.

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, 2023, the City does not have unused lines of credit or other obligations.

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

Description	Balance at 07/01/2022	Balance at 06/30/2023
Accrued sick pay	\$ 121,381	\$ 106,348
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 06/30/2022	Increase	Decrease	Payable at 06/30/2023	Payable Within One Year
Total Business-Type Activities Indebtedness	\$ 649,532	\$ --	\$ 140,000	\$ 509,532	\$ 209,532
Total Governmental Activities Indebtedness	285,143	--	80,092	205,051	24,316
Total Indebtedness	<u>\$ 934,675</u>	<u>\$ --</u>	<u>\$ 220,092</u>	<u>\$ 714,583</u>	<u>\$ 233,848</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 8: LONG-TERM DEBT (Continued)

SUMMARY OF INDEBTEDNESS

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Direct Borrowings:				
MDEQ loan	1	1.500%	2031	\$ 205,051
Lease Purchase Agreement	1	3.862%	2024	64,532
Total Direct Borrowings				<u>\$ 269,583</u>
Revenue Bonds:				
Drinking Water Revolving Funds	2	2.125-2.50%	2026	\$ 445,000
Total Revenue Bonds				<u>\$ 445,000</u>

CHANGES IN INDEBTEDNESS BY TYPE

	Payable at 06/30/2022	Increase	Decrease	Payable at 06/30/2023	Payable Within One Year
Direct Borrowings:					
MDEQ loan	\$ 229,007	\$ --	\$ 23,956	\$ 205,051	\$ 24,316
Lease Purchase	64,532	--	--	64,532	64,532
Lease Purchase	56,136	--	56,136	--	--
Total General Obligation	349,675	--	80,092	269,583	88,848
Revenue Bonds:					
Drinking Water Revolving Fund	585,000	--	140,000	445,000	145,000
Total Revenue Bonds	585,000	--	140,000	445,000	145,000
Total Indebtedness	<u>\$ 934,675</u>	<u>\$ --</u>	<u>\$ 220,092</u>	<u>\$ 714,583</u>	<u>\$ 233,848</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

Year Ending June 30	Governmental Activities		Business-Type Activities			
	Notes and Direct Borrowings		Direct Borrowings		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	25,426	1,965	--	--	--	--
2028	25,808	1,583	--	--	--	--
2029 - 2033	79,770	2,403	--	--	--	--
	<u>\$ 205,051</u>	<u>\$ 14,077</u>	<u>\$ 64,532</u>	<u>\$ 2,492</u>	<u>\$ 445,000</u>	<u>\$ 19,019</u>

Total interest expense for the City for the year was \$15,563.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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, 2023, was approximately \$175,000 with total payroll for the year totaling approximately \$1.3 million. Membership in the Retirement System as of June 30, 2023 (latest actuarial report available), is comprised of the following:

<u>Group</u>	<u>Employees</u>
Inactive members - Retirees and beneficiaries currently receiving benefits	28
- Retirees eligible for benefits but not receiving benefits	3
Active employees - fully vested	2

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, 2023

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	5.6%
Proshares S&P 500 Dividend Aristocrats	15.0%
SPDR Gold Shares	6.5%
Vanguard Information Technology	6.5%

Rate of return: For the year ended, June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.19%. 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, 2023, the City's contribution rate was approximately 200% of annual covered payroll. Total contributions to the plan were \$349,087 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	\$ 152,781
Fund Balance Reserved for Employer Contribution	3,045,224
Fund Balance Reserved for Annuity	2,075,603
Balance at June 30, 2023	<u>\$ 5,273,608</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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, 2023, were as follows:

Total pension liability	\$ 7,841,791
Plan fiduciary net position	(5,273,608)
City's net pension liability	<u>\$ 2,568,183</u>

Plan fiduciary net position as a percentage of the total pension liability: 67.25%

Actuarial assumptions and methods: The total pension liability was determined based on the annual actuarial valuation as of June 30, 2023. 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% net of expenses
Cost of living assumption adjustments	None

Mortality rates were based on PubG-2010 Mortality with generational improvements projected beginning in 2010 with Scale MP-2021. 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, 2023, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	54.5%	5.74%
Fixed Income	30.5	1.48
Alternatives	12.0	2.54
Cash	3.0	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, 2023

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 5.00%	Computed Rate 6.00%	1% Increase Rate 7.00%
City's net pension liability	\$3,375,573	\$2,568,183	\$1,881,781

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, 2022	\$ 8,157,331	\$ 5,070,161	\$ 3,087,170
Changes for the year:			
Service cost	24,243	--	24,243
Interest on the net pension liability	472,202	--	472,202
Differences between expected and actual experience	(188,891)	--	(188,891)
Contributions - employer	--	349,087	(349,087)
Contributions - employee	--	12,345	(12,345)
Net investment income	--	465,747	(465,747)
Benefit payments, including refunds of employee contributions	(623,092)	(623,092)	--
Administrative expense	--	(640)	640
Other adjustments	(2)	--	(2)
Net Changes	(315,540)	203,447	(518,987)
Balances at June 30, 2023	\$ 7,841,791	\$ 5,273,608	\$ 2,568,183

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

For the year ended June 30, 2023, the City recognized total pension expense of \$31,816. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 9: EMPLOYEE RETIREMENT SYSTEM (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 677,062	\$ 564,416
Total	<u>\$ 677,062</u>	<u>\$ 564,416</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
2024	\$ 225,721	\$ 240,714
2025	225,671	240,716
2026	225,670	41,493
2027	--	41,493
Total	<u>\$ 677,062</u>	<u>\$ 564,416</u>

Payable to the Pension Plan: At June 30, 2023, the City had \$4,163 due to the pension plan for employee and employer contributions.

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, 2023 (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	18
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>2</u>
	<u>20</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, 2023

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 \$216,099 and benefits paid totaled \$202,981.

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.65%. 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	5.6%
Pimco Total Return Fund	5.0%
Proshares S&P 500 Dividend Aristocrats	15.0%
SPDR Gold Shares	6.5%
Vanguard Information Technology	6.6%

NET OPEB LIABILITY OF THE CITY

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. The components of the net OPEB liability of the City at June 30, 2023, were as follows:

Total OPEB liability	\$ 2,678,204
Plan fiduciary net position	(331,042)
City's net OPEB liability	<u>\$ 2,347,162</u>

Plan fiduciary net position as a percentage of total OPEB liability 12.4%

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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

Actuarial Cost Method:	Entry Age Normal Level % of Salary
Inflation:	2.50% per year
Salary increases:	3.00% per year
Investment rate of return:	5.86% as of July 1, 2022 and 6.42% as of June 30, 2023
Healthcare cost trend rates:	
- Pre-65	Actual health care trend rate for the year of valuation, graded down 0.5% increments over the next 6 years to 4.5% thereafter for Medical/Rx.
- Post-65	Actual health care trend rate for the year of valuation, graded down 0.25% increments over the next 8 years to 4.5% thereafter for Medical/Rx.
- Dental	Actual rate for the year of valuation and 4.0% thereafter for Dental.
- Vision	Actual rate for the year of valuation and 3.0% thereafter for Vision.
General Employees & Healthy Retirees:	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Police Employees & Healthy Retirees:	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021
Surviving Spouses:	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021
Disabled General Retirees:	SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021
Disabled Police Retirees:	SOA Pub-2010 Public Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021

Discount rate: The discount rate used to measure the total OPEB liability was 6.42%. 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	Discount Rate	1% Increase Rate
	<u>5.42%</u>	<u>6.42%</u>	<u>7.42%</u>
City's net OPEB liability	\$2,645,554	\$2,347,162	\$2,095,342

CITY OF MARINE CITY

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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 healthcare trend cost rate:

	1% Decrease Rate	Healthcare Cost Trend Rate	1% Increase Rate
	<u>6.00-3.50%</u>	<u>7.00-4.50%</u>	<u>8.00-5.50%</u>
City's net OPEB liability	\$2,059,371	\$2,347,162	\$2,685,623

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, 2023 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>L/T Expected Rate of Return</u>
U.S. Large Cap Equity	28.00%	7.97%
U.S. Small/Mid Cap Equity	15.00	8.70
Non-U.S. Developed Large Cap Equity Unhedged	11.00	8.25
Emerging Markets Equity Unhedged	3.00	10.13
U.S. Aggregate FI	13.50	3.72
U.S. High Yield FI	3.50	6.08
U.S. Cash	10.50	2.51
Non-U.S. Broad FI Unhedged	3.50	3.69
U.S. Real Estate - REITS	1.00	8.25
Commodities - Long Only	11.00	4.41
Total	<u>100.00%</u>	<u>6.42%</u>

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

For the year ended June 30, 2023, the City recognized total OPEB expense (recovery) of \$(413,578). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 34,254	\$ 24,559
Total	<u>\$ 34,254</u>	<u>\$ 24,559</u>

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

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 11,798	\$ 10,624
2025	11,229	10,625
2026	11,227	1,655
2027	--	1,655
Total	<u>\$ 34,254</u>	<u>\$ 24,559</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

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

CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 3,282,332	\$ 295,160	\$ 2,987,172
Changes for the year:			
Service cost	9,765	--	9,765
Interest	187,054	--	187,054
Differences between expected and actual experience	(437,280)	--	(437,280)
Changes of assumptions or other inputs	(160,686)	--	(160,686)
Contributions - employer	--	216,099	(216,099)
Net investment income	--	25,861	(25,861)
Benefit payments, including refunds of employee contributions	(202,981)	(202,981)	--
Administrative expense	--	(3,097)	3,097
Net Changes	(604,128)	35,882	(640,010)
Balances at June 30, 2023	\$ 2,678,204	\$ 331,042	\$ 2,347,162

Payable to the OPEB Plan: At June 30, 2023, the City had \$32,819 due to the OPEB plan for employer contributions.

NOTE 11: DEFERRED COMPENSATION PLAN

The City of Marine City Deferred Compensation Plan is a defined contribution plan created in accordance with section 457 of the Internal Revenue Code of 1986, as amended. The plan is open to all employees and 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 defined benefit pension plan. Currently, the City is matching contributions for eighteen employees. The City Commission approves the matching contribution rate each year. Employees are required to contribute 5% to receive a 10% match. Employee deferrals amounted to \$77,619 and employer contributions amounted to \$42,529 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, 2023

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.

COMMITMENTS

The City of Marine City is committed to an agreement with Six Rivers Conservation to develop a property in the City for a municipal marina. Additionally, the City has secured grant funding from the Michigan Department of Natural Resources (DNR) and other local organizations to help with the acquisition costs. The property has been acquired but is still under development.

CONTINGENCIES

The City received a written complaint in the 31st Circuit Court of St. Clair County, Michigan from a former employee alleging breach of contract. The claim has been presented to the carrier and there is no coverage for the alleged breach. The claim is still being evaluated and no judgement has been made. Accordingly, the amount of any loss cannot reasonably be estimated at this time. At June 30, 2023, there has been no liability recognized.

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	--	983	--	--
Beach	--	3,505	--	--
Streets and highways - County	--	134,219	--	--
Capital projects	--	--	44,887	--
General government	--	137	--	--
Community & economic development	--	4,430	--	--
Parks and recreation - Tot Lot	--	50,300	--	--
Parks and recreation - Bridge to Bay	--	24,000	--	--
Parks and recreation - Marina	--	393,000	--	--
Drug Law Enforcement Fund				
Drug forfeitures	--	9,037	--	--
Local Street				
Highways and streets - Act 51	--	632,855	--	--
Major Street				
Highways and streets - Act 51	--	956,468	--	--
Woodlawn Cemetery				
Cemetery	--	88,508	--	--
Guy Center Fund				
Community center	--	218,405	--	--
Cemetery Perpetual Care				
Perpetual care	--	137,263	--	--
Brownfield Redevelopment				
Debt service	--	7,460	--	--
Total Governmental Funds	<u>\$ --</u>	<u>\$ 2,660,758</u>	<u>\$ 44,887</u>	<u>\$ --</u>

CITY OF MARINE CITY

Notes to Financial Statements For the Year Ended June 30, 2023

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. At June 30, 2023, the Marine City Area Fire Authority had total net position of \$800,843 and fund balance of \$304,544.

During the fiscal year, the City paid \$252,816 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 \$13 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.

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, 2023, the City of Marine City had the following tax abatements:

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, 2023, the City's real and personal property taxes were reduced approximately \$17,000 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, 2023, the City had \$90,913 due from the St. Clair County Brownfield Redevelopment Authority.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 15: TAX ABATEMENT PROGRAMS (Continued)

COMMERCIAL FACILITIES EXEMPTION

The Commercial Redevelopment Act (known as the Commercial Facilities Exemption), PA 255 of 1978, as amended, affords tax incentive for the redevelopment of commercial property for the primary purpose and use of a commercial business enterprise. The property must be located within an established Commercial Redevelopment District. Exemptions are approved for a term of 1-12 years as determined by the local unit of government and the taxable value is frozen for the duration of the certificate. For restored facilities, the property taxes are based upon the previous year's (prior to restoration) taxable value and 100% of the mills levied. For new or replacement facilities, the property taxes are based upon the current year's taxable value and 50% of the mills levied. Applications are filed, reviewed, and certificates are issued by the local unit of government. Certificates are also filed with the State Tax commission.

For the year ended June 30, 2023, the City's real and personal property taxes were reduced approximately \$7,200 under this program.

NOTE 16: 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.

In November 2023, the City was awarded a \$13 million grant and is seeking financing for an additional \$13 million for a project with the Michigan Department of Environmental Quality (EGLE) for upgrades to the water and sewer system. It is anticipated for construction to begin in April 2025 and be completed in August 2026.

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, 2023
(Per actuarial report dated June 30, 2023)

	2023	2022	2021
Total pension liability			
Service cost	\$ 24,243	\$ 23,034	\$ 22,918
Interest	472,202	470,225	483,796
Changes of benefit terms	--	--	--
Differences between expected and actual experience	(188,891)	155,496	(150,115)
Changes of assumptions	--	13,110	(35,237)
Benefit payments, including refunds of member contributions	(623,092)	(637,189)	(458,116)
Other	(2)	3	--
Net change in total pension liability	(315,540)	24,679	(136,754)
<i>Total pension liability - beginning</i>	<i>8,157,331</i>	<i>8,132,652</i>	<i>8,269,406</i>
Total pension liability - ending (a)	\$ 7,841,791	\$ 8,157,331	\$ 8,132,652
Plan fiduciary net position			
Contributions - employer	\$ 349,087	\$ 404,384	\$ 322,237
Contributions - member	12,345	12,196	10,756
Net investment income	465,747	(813,002)	1,250,835
Benefit payments, including refunds of member contributions	(623,092)	(637,189)	(458,116)
Administrative expense	(640)	(13,050)	(8,500)
Other	--	--	--
Net change in plan fiduciary net position	203,447	(1,046,661)	1,117,212
<i>Plan fiduciary net position - beginning</i>	<i>5,070,161</i>	<i>6,116,822</i>	<i>4,999,610</i>
Plan fiduciary net position - ending (b)	\$ 5,273,608	\$ 5,070,161	\$ 6,116,822
City of Marine City's net pension liability - ending (a)-(b)	\$ 2,568,183	\$ 3,087,170	\$ 2,015,830
 Plan fiduciary net position as a percentage of the total pension liability	 67.25%	 62.15%	 75.21%
 Covered employee payroll	 \$ 174,780	 \$ 242,038	 \$ 223,300
 City of Marine City's net pension liability as a percentage of covered employee payroll	 1,469.38%	 1,275.49%	 902.75%

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.

Latest actuarial report for the pension plan was dated June 30, 2023, for the plan year ending June 30, 2023.

2020	2019	2018	2017	2016	2015	2014
\$ 19,468	\$ 23,076	\$ 38,798	\$ 36,772	\$ 40,993	\$ 49,202	\$ 63,069
484,799	504,485	490,001	495,822	508,700	481,650	491,659
--	--	--	--	--	--	--
(3,742)	(59,838)	(38,499)	(174,896)	(242,523)	605,816	123,250
566,865	525,749	207,276	--	--	--	--
(473,919)	(505,750)	(458,395)	(458,395)	(506,981)	(1,011,947)	(606,249)
--	--	--	--	--	--	--
593,471	487,722	239,181	(100,697)	(199,811)	124,721	71,729
7,675,935	7,188,213	6,949,032	7,049,729	7,249,540	7,124,819	7,053,090
\$ 8,269,406	\$ 7,675,935	\$ 7,188,213	\$ 6,949,032	\$ 7,049,729	\$ 7,249,540	\$ 7,124,819
\$ 247,245	\$ 209,930	\$ 209,928	\$ 211,847	\$ 158,748	\$ 164,043	\$ 190,302
10,999	13,274	14,284	14,194	15,249	16,265	22,046
277,408	267,017	171,760	440,552	(180,052)	115,716	809,302
(473,919)	(505,750)	(458,395)	(458,395)	(506,981)	(1,011,947)	(606,249)
(10,550)	(14,710)	(1,600)	(12,597)	(1,645)	(14,899)	(7,806)
--	--	--	--	--	--	--
51,183	(30,239)	(64,023)	195,601	(514,681)	(730,822)	407,595
4,948,427	4,978,666	5,042,689	4,847,088	5,361,769	6,092,591	5,684,996
\$ 4,999,610	\$ 4,948,427	\$ 4,978,666	\$ 5,042,689	\$ 4,847,088	\$ 5,361,769	\$ 6,092,591
\$ 3,269,796	\$ 2,727,508	\$ 2,209,547	\$ 1,906,343	\$ 2,202,641	\$ 1,887,771	\$ 1,032,228
60.46%	64.47%	69.26%	72.57%	68.76%	73.96%	85.51%
\$ 220,609	\$ 224,481	\$ 285,980	\$ 304,657	\$ 335,085	\$ 379,897	\$ 479,446
1,482.17%	1,215.03%	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, 2023

(Per actuarial report dated June 30, 2023)

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 349,087	\$ 404,384	\$ 322,237	\$ 247,217	\$ 209,066
Contributions in relation to the actuarially determined contribution	349,087	404,384	322,237	247,245	209,930
Contribution excess (deficiency)	\$ --	\$ --	\$ --	\$ 28	\$ 864
Covered-employee payroll	\$ 174,780	\$ 242,038	\$ 223,300	\$ 220,609	\$ 224,481
Contributions as a percentage of covered-employee payroll	199.73%	167.07%	144.31%	112.07%	93.52%

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 year closed level dollar amortization

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:

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

2018	2017	2016	2015	2014
\$ 209,066	\$ 189,645	\$ 158,748	\$ 164,043	\$ 190,302
209,928	211,847	158,748	164,043	190,302
<u>\$ 862</u>	<u>\$ 22,202</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 285,980	\$ 304,657	\$ 335,085	\$ 318,492	\$ 379,897
73.41%	69.54%	47.38%	51.51%	50.09%

CITY OF MARINE CITY
Pension Trust Fund
Required Supplementary Information
Schedule of Investment Returns (Pension)
June 30, 2023

	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	10.19 %	(12.91) %	26.26 %	6.49 %

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.

2019	2018	2017	2016	2015	2014
6.32 %	4.30 %	10.10 %	(2.86) %	2.75 %	15.69 %

CITY OF MARINE CITY

Retiree Health Trust

Required Supplementary Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

June 30, 2023

(Per actuarial report dated June 30, 2023)

	2023	2022	2021	2020
Total OPEB liability				
Service cost	\$ 9,765	\$ 7,291	\$ 9,441	\$ 13,914
Interest	187,054	197,893	232,992	244,273
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	(437,280)	(132,954)	(681,635)	(228,010)
Changes of assumptions	(160,686)	264,567	(171,041)	(26,663)
Benefit payments	(202,981)	(227,024)	(230,702)	(229,349)
Other	--	1	(1)	2
Net change in total OPEB liability	(604,128)	109,774	(840,946)	(225,833)
Total OPEB liability - beginning	3,282,332	3,172,558	4,013,504	4,239,337
Adjustment to beginning OPEB liability - see below	--	--	--	--
Total OPEB liability - ending (a)	\$ 2,678,204	\$ 3,282,332	\$ 3,172,558	\$ 4,013,504
Plan fiduciary net position				
Contributions - employer	\$ 216,099	\$ 265,037	\$ 245,916	\$ 244,636
Contributions - member	--	--	--	--
Net investment income	25,861	(35,936)	58,756	10,221
Benefit payments, including refunds of member contributions	(202,981)	(227,024)	(230,702)	(229,349)
Administrative expense	(3,097)	(2,914)	(7,662)	(4,631)
Other	--	--	--	--
Net change in plan fiduciary net position	35,882	(837)	66,308	20,877
Plan fiduciary net position - beginning	295,160	295,997	229,689	208,812
Plan fiduciary net position - ending (b)	\$ 331,042	\$ 295,160	\$ 295,997	\$ 229,689
City of Marine City's net OPEB liability - ending (a)-(b)	\$ 2,347,162	\$ 2,987,172	\$ 2,876,561	\$ 3,783,815
Plan fiduciary net position as a percentage of the total OPEB liability	12.36%	8.99%	9.33%	5.72%
Covered employee payroll	\$ 301,028	\$ 242,038	\$ 231,601	\$ 226,609
City of Marine City's net OPEB liability as a percentage of covered employee payroll	779.7%	1,234.2%	1,242.0%	1,669.8%

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, 2022 rolled forward to get to the June 30, 2023 measurement date.

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.

2019	2018	2017
\$ 11,348	\$ 18,400	\$ 61,170
287,503	319,964	422,821
--	--	--
(554,926)	(1,312,300)	(716,603)
460,618	151,350	(974,163)
(237,169)	(254,036)	(260,734)
(1)	(6,818)	--
(32,627)	(1,083,440)	(1,467,509)
4,271,964	5,355,404	15,876,701
--	--	(9,053,788)
\$ 4,239,337	\$ 4,271,964	\$ 5,355,404
\$ 255,751	\$ 265,096	\$ 256,929
--	--	--
10,266	10,121	16,311
(237,169)	(254,036)	(260,734)
(6,133)	(8,063)	(6,407)
--	--	--
22,715	13,118	6,099
186,097	172,979	166,880
\$ 208,812	\$ 186,097	\$ 172,979
\$ 4,030,525	\$ 4,085,867	\$ 5,182,425

4.93%	4.36%	3.23%
\$ 229,481	\$ 259,705	\$ 335,629
1,756.4%	1,573.3%	1,544.09%

CITY OF MARINE CITY**Retiree Health Trust****Required Supplementary Information****Schedule of OPEB Contributions****June 30, 2023****(Per actuarial report dated June 30, 2023)**

	2023	2022	2021
Actuarially determined contribution	\$ 224,317	\$ 227,024	\$ 283,718
Contributions in relation to the actuarially determined contribution	216,099	265,037	245,916
Contribution excess (deficiency)	<u>\$ (8,218)</u>	<u>\$ 38,013</u>	<u>\$ (37,802)</u>
Covered-employee payroll	\$ 301,028	\$ 242,038	\$ 231,601
Contributions as a percentage of covered-employee payroll	71.79%	109.50%	106.18%

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:

Entry Age

Level percentage of salary

26 years

Market

Implicit price inflation of 2.5% annually

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

3.25% per year

6.42% net of expenses

Not provided by actuary

General Employees & Healthy Retirees: SOA Pub-2010

General Headcount Weighted Mortality Table fully

generational using Scale MP-2021

Police Employees & Healthy Retirees: SOA Pub-2010

Public Safety Headcount Weighted Mortality Table fully

generational using Scale MP-2021

Surviving Spouses: SOA Pub-2010 Contingent Survivor

Headcount Weighted Mortality Table fully generational

using Scale MP-2021.

Disabled Police Retirees: SOA Pub-2010 Public Safety

Disabled Retiree Headcount Weighted Mortality Table

fully generational using Scale MP-2021

2020	2019	2018	2017	2016	2015	2014
\$ 303,118	\$ 331,458	\$ 329,021	\$ 569,428	\$ 547,526	\$ 551,877	\$ 531,930
244,636	255,751	265,096	256,929	233,279	206,250	215,788
<u>\$ (58,482)</u>	<u>\$ (75,707)</u>	<u>\$ (63,925)</u>	<u>\$ (312,499)</u>	<u>\$ (314,247)</u>	<u>\$ (345,627)</u>	<u>\$ (316,142)</u>
\$ 226,609	\$ 229,481	\$ 259,705	\$ 335,629	\$ 283,719	\$ 300,535	\$ 500,641
107.96%	111.45%	102.08%	76.55%	82.22%	68.63%	43.10%

CITY OF MARINE CITY
 Retiree Health Trust
 Required Supplementary Information
 Schedule of Investment Returns (OPEB)
 June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	8.65 %	-12.49 %	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, 2023

	Special Revenue		Debt Service		Permanent	Total
	Woodlawn Cemetery	Drug Enforcement Law Fund	Guy Community Center	Brownfield Redevelopment	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 90,205	\$ 9,037	\$ 218,405	\$ 34,851	\$ 137,263	\$ 489,761
Due from other units of government	--	--	--	90,913	--	90,913
Total Assets	90,205	9,037	218,405	125,764	137,263	580,674
DEFERRED OUTFLOWS OF RESOURCES						
Aggregated deferred outflows	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 90,205	\$ 9,037	\$ 218,405	\$ 125,764	\$ 137,263	\$ 580,674
LIABILITIES						
Accounts payable	\$ 130	\$ --	\$ --	\$ --	\$ --	\$ 130
Accrued wages and vacation pay	938	--	--	--	--	938
Due to fiduciary funds	626	--	--	--	--	626
Due to other funds	3	--	--	27,391	--	27,394
Total Liabilities	1,697	--	--	27,391	--	29,088
DEFERRED INFLOWS OF RESOURCES						
Aggregated deferred inflows	--	--	--	90,913	--	90,913
Total Liabilities and Deferred Inflows of Resources	1,697	--	--	118,304	--	120,001
FUND BALANCE						
Restricted	88,508	9,037	218,405	7,460	137,263	460,673
Total Fund Balance	88,508	9,037	218,405	7,460	137,263	460,673
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 90,205	\$ 9,037	\$ 218,405	\$ 125,764	\$ 137,263	\$ 580,674

CITY OF MARINE CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			Debt Service	Permanent	Total
	Woodlawn Cemetery	Drug Enforcement Law Fund	Guy Community Center	Brownfield Redevelopment	Cemetery Perpetual Care	Nonmajor Governmental Funds
Revenues						
Other	\$ --	\$ 26	\$ --	\$ --	\$ --	\$ 26
User fees and other charges	18,575	--	--	--	--	18,575
Interest revenue	51	--	36	36	87	210
Total Revenues	18,626	26	36	36	87	18,811
Expenditures						
Cemetery operations	34,499	--	--	--	15	34,514
Debt service interest	--	--	--	3,435	--	3,435
Debt service principal	--	--	--	23,956	--	23,956
Total Expenditures	34,499	--	--	27,391	15	61,905
Excess of Revenues Over (Under) Expenditures	(15,873)	26	36	(27,355)	72	(43,094)
Other Financing Sources (Uses)						
Gain (loss) on disposal of fixed assets	--	--	218,369	--	--	218,369
Transfers from other funds	16,000	--	--	--	--	16,000
Net Other Financing Sources (Uses)	16,000	--	218,369	--	--	234,369
Net Change in Fund Balance	127	26	218,405	(27,355)	72	191,275
Fund Balance at Beginning of Period	88,381	9,011	--	34,815	137,191	269,398
Fund Balance at End of Period	\$ 88,508	\$ 9,037	\$ 218,405	\$ 7,460	\$ 137,263	\$ 460,673

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Woodlawn Cemetery
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	Actual
Revenues				
User fees and other charges	\$ 15,000	\$ 15,000	\$ 18,575	\$ 3,575
Interest	60	60	51	(9)
Total Revenues	<u>15,060</u>	<u>15,060</u>	<u>18,626</u>	<u>3,566</u>
Other Financing Sources				
Transfers from other funds	25,000	25,000	16,000	(9,000)
Total Revenues and Other Financing Sources	<u>40,060</u>	<u>40,060</u>	<u>34,626</u>	<u>(5,434)</u>
Expenditures				
Cemetery operations	38,030	38,030	34,499	3,531
Total Expenditures	<u>38,030</u>	<u>38,030</u>	<u>34,499</u>	<u>3,531</u>
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	<u>38,030</u>	<u>38,030</u>	<u>34,499</u>	<u>3,531</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>2,030</u>	<u>2,030</u>	<u>127</u>	<u>(1,903)</u>
Net Change in Fund Balance	<u>2,030</u>	<u>2,030</u>	<u>127</u>	<u>(1,903)</u>
Fund Balance at Beginning of Period	<u>88,381</u>	<u>88,381</u>	<u>88,381</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 90,411</u>	<u>\$ 90,411</u>	<u>\$ 88,508</u>	<u>\$ (1,903)</u>

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, 2023

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Interest	\$ --	\$ 135	\$ 87	\$ (48)
<i>Total Revenues</i>	--	135	87	(48)
Other Financing Sources	--	--	--	--
<i>Total Revenues and Other Financing Sources</i>	--	135	87	(48)
Expenditures				
Cemetery operations	--	40	15	25
<i>Total Expenditures</i>	--	40	15	25
Other Financing Uses	--	--	--	--
<i>Total Expenditures and Other Financing Uses</i>	--	40	15	25
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	95	72	(23)
<i>Net Change in Fund Balance</i>	--	95	72	(23)
Fund Balance at Beginning of Period	137,191	137,191	137,191	--
Fund Balance at End of Period	\$ 137,191	\$ 137,286	\$ 137,263	\$ (23)

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, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Licenses, permits, fines, and fees	\$ 500	\$ 500	\$ --	\$ (500)
Other	--	--	26	26
Total Revenues	500	500	26	(474)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	500	500	26	(474)
Expenditures				
Public safety	500	500	--	500
Total Expenditures	500	500	--	500
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	500	500	--	500
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	26	26
Net Change in Fund Balance	--	--	26	26
Fund Balance at Beginning of Period	9,011	9,011	9,011	--
Fund Balance at End of Period	<u>\$ 9,011</u>	<u>\$ 9,011</u>	<u>\$ 9,037</u>	<u>\$ 26</u>

CITY OF MARINE CITY

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

Guy Community Center

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Interest	\$ --	\$ --	\$ 36	\$ 36
<i>Total Revenues</i>	--	--	36	36
Other Financing Sources				
Gain on sale of fixed assets	--	218,370	218,369	(1)
<i>Total Revenues and Other Financing Sources</i>	--	218,370	218,405	35
Expenditures	--	--	--	--
<i>Total Expenditures</i>	--	--	--	--
Other Financing Uses	--	--	--	--
<i>Total Expenditures and Other Financing Uses</i>	--	--	--	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	218,370	218,405	35
<i>Net Change in Fund Balance</i>	--	218,370	218,405	35
Fund Balance at Beginning of Period	--	--	--	--
<i>Fund Balance at End of Period</i>	\$ --	\$ 218,370	\$ 218,405	\$ 35

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2023

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%	2024	\$ 145,000	\$ 9,456	\$ 154,456
Principal due April 1			2025	150,000	6,375	156,375
Interest due October 1 and April 1			2026	150,000	3,188	153,188
Total Drinking Water Revolving Fund Bonds				445,000	\$ 19,019	\$ 464,019

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%	2024	\$ 24,316	\$ 3,075	\$ 27,391
Additional Proceeds 10/2017	113,000		2025	24,680	2,711	27,391
			2026	25,051	2,340	27,391
Principal and interest due March 22			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
Total Debt Service Indebtedness				205,051	\$ 14,077	\$ 219,128

Water & Sewer Lease Purchase Agreement:

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%	2024	\$ 64,532	\$ 2,492	\$ 67,024
Principal and interest due July 15						
Total General Obligation Indebtedness				64,532	\$ 2,492	\$ 67,024

TOTAL INDEBTEDNESS **\$ 714,583**