

**CITY OF MARSHALL  
CALHOUN COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS  
(with required and additional  
Supplementary information)**

**YEAR ENDED JUNE 30, 2023**



## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4-11
BASIC FINANCIAL STATEMENTS.....	12
Government-wide Financial Statements	
Statement of Net Position .....	13-14
Statement of Activities .....	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	18
Reconciliation of the Changes in Fund Balances of the Governmental Funds to the Statement of Activities .....	19
Proprietary Funds	
Statement of Net Position.....	20-21
Statement of Revenues, Expenses, and Changes in Net Position.....	22-23
Statement of Cash Flows.....	24-25
Fiduciary Funds	
Statement of Fiduciary Net Position .....	26
Statement of Changes in Fiduciary Net Position.....	27
Component Unit Financial Statements	
Statement of Net Position .....	28
Statement of Activities .....	29
Notes to Financial Statements .....	30-66
REQUIRED SUPPLEMENTARY INFORMATION.....	67
Budgetary Comparison Schedule - General Fund.....	68-69
Defined Benefit Pension Plan	
Schedule of Changes in the City's Net Pension Liability and Related Ratios .....	70
Schedule of City Contributions .....	71
Other Post-Employment Benefits Plan	
Schedule of Changes in the Plan's Net OPEB Liability and Related Ratios .....	72
Schedule of Employer OPEB Contributions.....	73
Notes to Required Supplementary Information .....	74

## TABLE OF CONTENTS

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION .....	75
Nonmajor Governmental Funds	
Combining Balance Sheet .....	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	77
Nonmajor Enterprise Funds	
Combining Statement of Net Position.....	78
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	79
Combining Statement of Cash Flows.....	80
Internal Service Funds	
Combining Statement of Net Position.....	81
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	82
Combining Statement of Cash Flows.....	83
Dial-A-Ride Fund Transit Schedules.....	84
Schedule of Local Revenues.....	85
Schedule of Expenditures of Federal and State Awards.....	86
Schedule of Federal and State Awards - Operating Revenue Only.....	87
Operating and Contract Expenses .....	88
Operating Expenses by Program.....	89
Nonurban Regular Service Revenue Report - Schedule 4R .....	90
Nonurban Regular Service Expense Report - Schedule 4E .....	91
Nonurban Regular Service Nonfinancial Report - Schedule 4N (unaudited) .....	92
Operating Assistance Calculation .....	93



2425 E. Grand River Ave.,  
Suite 1, Lansing, MI 48912  
☎ 517.323.7500  
📠 517.323.6346

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Council  
City of Marshall, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

## ***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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and transit schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and transit schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Nonurban Regular Service Nonfinancial Report, as identified in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maner Costerian PC*

November 24, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Marshall, Michigan (the "City" or "government"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$41.1 million (*net position*).
- The City had total revenue of \$39.59 million and total expenses of \$34.9 million resulting in an increase in total net position by \$4.7 million.
- As of the close of the 2023 fiscal year, the City's *governmental funds* reported combined ending fund balances of \$8.5 million, a decrease of \$1.1 million in comparison of the prior year. Approximately 28% of the combined fund balances, or \$2.38 million was available for spending at the government's discretion ("unassigned fund balance").
- The General Fund balance was \$3.62 million, or 45% of the total General Fund budgetary revenues and other financing sources. Of the total \$3.62 million fund balance, \$1.06 million was nonspendable, leaving \$2.56 million, or 70.73% of budgetary revenues and other financing sources. The unassigned fund balance for the General Fund was \$2.38 million, or 29.36% of total General Fund revenues and other financing sources.

### Overview and Analysis of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Marshall's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### 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 private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items reported as *net position*. Over time, increases and 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 government'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 timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, and recreation and culture. The business-type activities of the City include electric, wastewater, water, public transit, public housing, fiber to the premise, and solid waste disposal.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental Funds***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's General Fund, which is considered to be a major fund of the City. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ***Proprietary Funds***

The City maintains two different types of proprietary funds, *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the electric, wastewater, water, Dial-A-Ride, public housing (Marshall House), solid waste disposal, and fiber to the premise funds. *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the City's various functions. The City uses an internal service funds to account for its motor pool, employee safety services, and data processing/computer technology. These services predominantly benefit governmental rather than business-type functions, therefore, they have been allocated to *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, wastewater, water, and FiberNet, which are considered to be major funds of the City. The nonmajor enterprise funds and internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements include the *statement of cash flows*. The *statement of cash flows* allows financial statement users to assess the proprietary funds' adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **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.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds, as well as Dial-A-Ride transit schedules, are presented immediately following the required supplementary information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Marshall, assets exceeded liabilities by \$41,080,093 at the close of the most recent fiscal year. The following chart illustrates the composition of net position:

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
<b>ASSETS</b>						
Current and other assets	\$ 13,715,415	\$ 10,595,255	\$ 10,921,881	\$ 17,086,931	\$ 24,637,296	\$ 27,682,186
Capital assets, net	<u>31,472,130</u>	<u>31,875,372</u>	<u>30,209,229</u>	<u>30,236,739</u>	<u>61,681,359</u>	<u>62,112,111</u>
<b>TOTAL ASSETS</b>	<b>45,187,545</b>	<b>42,470,627</b>	<b>41,131,110</b>	<b>47,323,670</b>	<b>86,318,655</b>	<b>89,794,297</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>956,431</b>	<b>2,123,463</b>	<b>735,768</b>	<b>1,392,120</b>	<b>1,692,199</b>	<b>3,515,583</b>
<b>LIABILITIES</b>						
Current liabilities	4,118,237	2,141,962	3,222,636	3,186,043	7,340,873	5,328,005
Noncurrent liabilities	<u>20,432,785</u>	<u>22,762,661</u>	<u>21,719,825</u>	<u>24,024,600</u>	<u>42,152,610</u>	<u>46,787,261</u>
<b>TOTAL LIABILITIES</b>	<b>24,551,022</b>	<b>24,904,623</b>	<b>24,942,461</b>	<b>27,210,643</b>	<b>49,493,483</b>	<b>52,115,266</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,364,241</b>	<b>114,521</b>	<b>759,112</b>	<b>-</b>	<b>2,123,353</b>	<b>114,521</b>
<b>NET POSITION</b>						
Investment in capital assets	24,666,799	24,444,135	17,016,153	15,645,937	41,682,952	40,090,072
Restricted	5,261,845	4,683,257	966,024	972,012	6,227,869	5,655,269
Unrestricted	<u>(9,699,931)</u>	<u>(9,552,446)</u>	<u>(1,816,872)</u>	<u>4,887,198</u>	<u>(11,516,803)</u>	<u>(4,665,248)</u>
<b>TOTAL NET POSITION</b>	<b>\$ 20,228,713</b>	<b>\$ 19,574,946</b>	<b>\$ 16,165,305</b>	<b>\$ 21,505,147</b>	<b>\$ 36,394,018</b>	<b>\$ 41,080,093</b>

A significant portion of the City's net position, \$40,090,072, reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$5,655,269, represents resources that are subject to external restrictions on how they may be used. Restricted net position includes amounts set aside for endowments, debt service, debt-financed projects, and externally mandated commitments. The remaining balance of *unrestricted net position*, the amount that may be used to meet the government's ongoing obligations to citizens and creditors, is (\$4,65,248), representing the amount of resources that the City could utilize to promptly satisfy all accrued future liabilities.

Generally accepted accounting principles (GAAP) require that the City show our liability for pension benefits promised in the future as a liability on our entity-wide financial statements. An actuarial valuation as of December 31, 2022, provided a total pension liability of \$41,520,372. The City had plan fiduciary net position of \$22,520,846 as of plan year-end, with a net pension liability of \$18,999,526. The net pension liability was allocated to the Governmental Activities and Business-type Activities.

GAAP also require that the City show our liability for retiree health care and death benefits or other post-employment benefits (OPEB) promised in the future as a liability on our entity-wide financial statements. An actuarial valuation as of June 30, 2023 provided a total OPEB liability of \$6,501,336. The City's plan fiduciary net position was \$2,145,799. The resulting net OPEB liability of \$4,355,537 was allocated to the Governmental Activities and Business-type Activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The government's total net position increased by \$4.7 million or 12.92%. This net increase was a combination of a \$0.65 million decrease in governmental activities net position and a \$5.35 million increase in business-type activities net position.

### City of Marshall's Changes in Net Position For the Year Ended June 30, 2022 and June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
<b>REVENUES</b>						
Program revenue						
Charges for services	\$ 1,225,624	\$ 1,802,749	\$ 22,807,243	\$ 25,328,307	\$ 24,032,867	\$ 27,131,056
Operating grants and contributions	2,836,801	3,722,130	1,008,054	947,312	3,844,855	4,669,442
Capital grants and contributions	84,943	118,439	-	-	84,943	118,439
General revenue						
Property taxes	4,698,214	4,926,077	220,778	209,600	4,918,992	5,135,677
State shared revenues - unrestricted	866,453	879,307	-	-	866,453	879,307
Investment earnings	(35,284)	313,641	40,381	244,074	5,097	557,715
Gain on disposal of capital assets	33,302	28,674	-	-	33,302	28,674
Other	241,407	800,753	214,645	273,332	456,052	1,074,085
<b>TOTAL REVENUES</b>	<b>9,951,460</b>	<b>12,591,770</b>	<b>24,291,101</b>	<b>27,002,625</b>	<b>34,242,561</b>	<b>39,594,395</b>
<b>EXPENSES</b>						
General government	2,169,641	2,906,019	-	-	2,169,641	2,906,019
Public safety	3,925,073	5,126,545	-	-	3,925,073	5,126,545
Public works	2,452,705	2,717,863	-	-	2,452,705	2,717,863
Community development	916,807	1,810,453	-	-	916,807	1,810,453
Recreation and culture	436,263	453,824	-	-	436,263	453,824
Interest on long-term debt	267,485	237,262	-	-	267,485	237,262
Electric	-	-	13,214,253	15,163,352	13,214,253	15,163,352
Wastewater	-	-	1,574,065	1,842,746	1,574,065	1,842,746
Water	-	-	1,463,989	2,034,864	1,463,989	2,034,864
DART	-	-	427,132	424,464	427,132	424,464
Marshall house	-	-	836,777	805,670	836,777	805,670
Solid waste	-	-	346,154	420,951	346,154	420,951
FiberNet	-	-	1,013,484	964,307	1,013,484	964,307
<b>TOTAL EXPENSES</b>	<b>10,167,974</b>	<b>13,251,966</b>	<b>18,875,854</b>	<b>21,656,354</b>	<b>29,043,828</b>	<b>34,908,320</b>
Change in net position before transfers	(216,514)	(660,196)	5,415,247	5,346,271	5,198,733	4,686,075
Transfers (out) in	1,330,854	6,429	(1,330,854)	(6,429)	-	-
Change in net position	1,114,340	(653,767)	4,084,393	5,339,842	5,198,733	4,686,075
Net position - beginning of year	19,114,373	20,228,713	12,080,912	16,165,305	31,195,285	36,394,018
Net position - end of year	<b>\$ 20,228,713</b>	<b>\$ 19,574,946</b>	<b>\$ 16,165,305</b>	<b>\$ 21,505,147</b>	<b>\$ 36,394,018</b>	<b>\$ 41,080,093</b>

#### **Governmental Activities**

Governmental activities decreased the City's net position \$0.65 million in 2023 as compared to a net increase of \$1.11 million in 2022. Governmental revenues increased by \$2.64 million or 26.53% due primarily to operating grants and contributions. There was an increase of total governmental expenses as compared to 2022 of 29.49%, due primarily to public safety and community development projects.

#### **Business-type Activities**

Business-type activities increased the City's net position by \$5.34 million as compared to a prior year increase of \$4.08m. The net increase is primarily related to increase in charges for services due to rate increases.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$8,497,326, a decrease of \$1,104,741 in comparison of the prior year. This is primarily due to increases in expenditures for public safety and community development. Approximately 28% of the combined fund balances, or \$2,376,495 was available for spending at the government's discretion ("*unassigned fund balance*").

The remainder of fund balance is *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been committed 1) for encumbrances, inventories, and prepaid expenditures, 2) for advances to other funds and component units, 3) to generate income to pay for the municipal cemetery and future recreation programs, and 4) designated for use for next year's expenditures.

#### **General Fund**

The General Fund fund balance was \$3,619,919, or 45% of the total General Fund revenues. Of the total, \$3.62 million fund balance, \$1.24 million was nonspendable or committed, leaving \$2.38 million of unassigned fund balance, or 29.3% of revenues.

During the year the City amended the General Fund's budgeted revenues and other financing sources to reflect an increase of \$179,961, primarily related to intergovernmental revenues and charges for services. Actual revenues and other financing sources were \$187,850 more than the amended budget. The City also amended the General Fund's budgeted expenditures and other financing uses to reflect an increase of \$969,905, primarily related to general government, public works, and transfers out. The savings in General Fund operating expenditures of \$277k was due primarily to tightened budgetary control. Expenditures exceeded revenue by \$10,784 largely due to an increase in projects being done in the CY. The General Fund fund balance decreased by a total of \$435k, which is \$478k lower than the amended budget.

#### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

#### **Electric Fund**

The electric fund had an unrestricted net position of \$2,438,843 with a total net position of \$9,006,856. The fund had an increase in net position of \$3,672,182.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Wastewater Fund**

The wastewater fund had an unrestricted net position of \$1,656,348 with a total net position of \$3,863,466. The fund had an increase in net position of \$342,862.

### **Water Fund**

The water fund had an unrestricted net position of \$1,940,270 with a total net position of \$5,602,205. The fund had an increase in net position of \$195,679.

### **FiberNet Fund**

The FiberNet fund had a deficit unrestricted net position of \$(3,273,502) with a total deficit net position of \$(388,377). The fund had an increase in net position of \$579,701.

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

#### ***Capital Assets***

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$62.11 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, and infrastructure. Construction in progress includes capital outlay expenditures for projects that are not completed at June 30, 2023 and the asset has not yet been placed into service.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	\$ 1,759,160	\$ 1,759,160	\$ 377,033	\$ 377,033	\$ 2,136,193	\$ 2,136,193
Building and improvements	15,366,724	14,808,144	1,614,775	1,455,637	16,981,499	16,263,781
Land improvements	205,808	148,058	517,150	487,256	722,958	635,314
Machinery and equipment	950,500	946,045	3,729,694	3,697,604	4,680,194	4,643,649
Vehicles	2,253,621	2,150,847	175,937	135,868	2,429,558	2,286,715
Infrastructure	9,969,815	10,665,745	23,092,367	22,933,476	33,062,182	33,599,221
Construction in progress	966,502	1,397,373	702,273	1,149,865	1,668,775	2,547,238
Total	\$ 31,472,130	\$ 31,875,372	\$ 30,209,229	\$ 30,236,739	\$ 61,681,359	\$ 62,112,111

Additional information on the City's capital assets can be found in note 6 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Long-term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$22,960,000.

The City's balance of long-term obligations increased by \$514k during the current fiscal year. The City made scheduled bond principal payments totaling \$1.42 million.

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
General obligation bonds	\$ 9,310,000	\$ 8,640,000	\$ 8,860,000	\$ 8,220,000	\$ 18,170,000	\$ 16,860,000
Revenue Bonds	-	-	4,010,000	6,100,000	4,010,000	6,100,000
<b>Total bonded debt</b>	<b>\$ 9,310,000</b>	<b>\$ 8,640,000</b>	<b>\$ 12,870,000</b>	<b>\$ 14,320,000</b>	<b>\$ 22,180,000</b>	<b>\$ 22,960,000</b>

The following table depicts the City's credit rating for the various outstanding debt by Standard & Poor's:

	Standard & Poor's
General obligation limited tax bonds	AA-
General obligation unlimited tax bonds	AA-
Revenue bonds	AA

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$30,930,870 which is greater than the amount of issued general obligation debt as of year-end.

Additional information on the City's long-term debt can be found in Note 7.

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

In FY2024, the City plans to use current revenues to provide essential services and to maintain the City's financial reserves at levels in line with financial policies. The City is currently contracting to have professional rate studies completed for all of its utilities in order to assure rates remain competitive while continuing to cover the costs associated with maintaining sustainable operations.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 323 West Michigan Avenue, Marshall, Michigan 49068-1578.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MARSHALL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Primary Government</b>			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 8,741,241	\$ 10,806,779	\$ 19,548,020	\$ 1,969,920
Receivables				
Accounts, net	183,218	1,217,211	1,400,429	9,602
Interest	125,000	86,422	211,422	125,000
Leases	114,521	-	114,521	-
Special assessments	-	26,893	26,893	-
Due from other governmental units	320,052	-	320,052	-
Inventories	52,376	1,288,364	1,340,740	-
Prepays	58,847	10,719	69,566	500
Total current assets	<u>9,595,255</u>	<u>13,436,388</u>	<u>23,031,643</u>	<u>2,105,022</u>
Noncurrent assets				
Cash - restricted	-	972,012	972,012	-
Internal balances	1,000,000	(1,000,000)	-	-
Advances to primary government	-	-	-	1,000,000
Investment in MSCPA	-	3,678,531	3,678,531	-
Capital assets not being depreciated/amortized	3,156,533	1,526,898	4,683,431	6,882,866
Capital assets, net of accumulated depreciation/amortization	28,718,839	28,709,841	57,428,680	1,333,179
Total noncurrent assets	<u>32,875,372</u>	<u>33,887,282</u>	<u>66,762,654</u>	<u>9,216,045</u>
<b>TOTAL ASSETS</b>	<b><u>42,470,627</u></b>	<b><u>47,323,670</u></b>	<b><u>89,794,297</u></b>	<b><u>11,321,067</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	-	27,073	27,073	-
Deferred outflows of resources related to pensions	2,079,426	1,336,751	3,416,177	-
Deferred outflows of resources related to OPEB	44,037	28,296	72,333	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>2,123,463</u></b>	<b><u>1,392,120</u></b>	<b><u>3,515,583</u></b>	<b><u>-</u></b>

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 290,708	\$ 1,639,061	\$ 1,929,769	\$ 260,316
Accrued liabilities	241,425	121,577	363,002	1,296
Accrued interest payable	56,314	456,977	513,291	68,103
Unearned revenue	676,022	25,817	701,839	-
Current portion of compensated absences	91,654	52,734	144,388	-
Current portion of long-term debt	<u>785,839</u>	<u>889,877</u>	<u>1,675,716</u>	<u>351,563</u>
Total current liabilities	<u>2,141,962</u>	<u>3,186,043</u>	<u>5,328,005</u>	<u>681,278</u>
Noncurrent liabilities				
Advances from component unit		1,000,000	1,000,000	-
Noncurrent portion of compensated absences	274,961	158,200	433,161	-
Noncurrent portion of long-term debt	8,271,039	13,727,998	21,999,037	6,878,005
Net other post-employment benefits liability	2,651,651	1,703,886	4,355,537	-
Net pension liability	<u>11,565,010</u>	<u>7,434,516</u>	<u>18,999,526</u>	<u>-</u>
Total noncurrent liabilities	<u>22,762,661</u>	<u>24,024,600</u>	<u>46,787,261</u>	<u>6,878,005</u>
<b>TOTAL LIABILITIES</b>	<b><u>24,904,623</u></b>	<b><u>27,210,643</u></b>	<b><u>52,115,266</u></b>	<b><u>7,559,283</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to leases	<u>114,521</u>	<u>-</u>	<u>114,521</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	24,444,135	15,645,937	40,090,072	986,477
Restricted				
Nonexpendable	321,851	-	321,851	-
Expendable, restricted for:				
Debt service	107,285	972,012	1,079,297	-
Streets	3,367,955	-	3,367,955	-
Regional Law Enforcement Center	511,751	-	511,751	-
Drug law enforcement	1,826	-	1,826	-
Capital projects	50	-	50	-
Leaf, brush, and trash removal	23,560	-	23,560	-
ARPA	14,765	-	14,765	-
RAP Grant	24,475	-	24,475	-
Cemetery perpetual care	309,727	-	309,727	-
Unrestricted	<u>(9,552,446)</u>	<u>4,887,198</u>	<u>(4,665,248)</u>	<u>2,775,307</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 19,574,946</u></b>	<b><u>\$ 21,505,147</u></b>	<b><u>\$ 41,080,093</u></b>	<b><u>\$ 3,761,784</u></b>

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units	
<b>Primary government</b>									
Governmental activities									
General government	\$ 2,906,019	\$ 460,704	\$ 571,760	\$ 5,555	\$ (1,868,000)	\$ -	\$ (1,868,000)	\$ -	\$ -
Public safety	5,126,545	323,432	210,911	3,836	(4,588,366)	-	(4,588,366)	-	-
Public works	2,717,863	741,873	1,149,593	80,732	(745,665)	-	(745,665)	-	-
Community development	1,810,453	36,301	1,706,125	-	(68,027)	-	(68,027)	-	-
Recreation and culture	453,824	240,439	27,278	28,316	(157,791)	-	(157,791)	-	-
Interest on long-term debt	237,262	-	56,463	-	(180,799)	-	(180,799)	-	-
<b>Total governmental activities</b>	<b>13,251,966</b>	<b>1,802,749</b>	<b>3,722,130</b>	<b>118,439</b>	<b>(7,608,648)</b>	<b>-</b>	<b>(7,608,648)</b>	<b>-</b>	<b>-</b>
<b>Business-type activities</b>									
Electric	15,163,352	18,572,038	-	-	-	3,408,686	3,408,686	-	-
Wastewater	1,842,746	2,105,748	-	-	-	263,002	263,002	-	-
Water	2,034,864	2,105,386	32,632	-	-	103,154	103,154	-	-
FiberNet	964,307	1,533,561	-	-	-	569,254	569,254	-	-
Marshall House	805,670	442,395	608,130	-	-	244,855	244,855	-	-
DART	424,464	32,248	306,550	-	-	(85,666)	(85,666)	-	-
Solid waste	420,951	536,931	-	-	-	115,980	115,980	-	-
<b>Total business-type activities</b>	<b>21,656,354</b>	<b>25,328,307</b>	<b>947,312</b>	<b>-</b>	<b>-</b>	<b>4,619,265</b>	<b>4,619,265</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 34,908,320</b>	<b>\$ 27,131,056</b>	<b>\$ 4,669,442</b>	<b>\$ 118,439</b>	<b>(7,608,648)</b>	<b>4,619,265</b>	<b>(2,989,383)</b>	<b>-</b>	<b>-</b>
<b>Component units</b>									
Local Development Finance Authority	\$ 104,836	\$ -	\$ 207,026	\$ -	-	-	-	102,190	-
Downtown Development Authority	180,088	-	101,627	-	-	-	-	(78,461)	-
Northeast Neighborhood Improvement Authority	4,049	-	-	-	-	-	-	(4,049)	-
South Neighborhood Improvement Authority	71,879	-	-	-	-	-	-	(71,879)	-
<b>Total component units</b>	<b>\$ 360,852</b>	<b>\$ -</b>	<b>\$ 308,653</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,199)</b>	<b>-</b>
<b>General revenues</b>									
Property taxes				4,926,077	209,600	5,135,677	898,415		
Unrestricted state shared revenues				879,307	-	879,307	-		
Investment earnings				313,641	244,074	557,715	48,049		
Gain on disposal of capital assets				28,674	97,063	125,737	-		
Miscellaneous				800,753	176,269	977,022	35		
Transfers				6,429	(6,429)	-	-		
<b>Total general revenues and transfers</b>	<b>6,954,881</b>	<b>720,577</b>	<b>7,675,458</b>	<b>-</b>	<b>946,499</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>									
Net position, beginning of the year				(653,767)	5,339,842	4,686,075	894,300		
<b>Net position, end of the year</b>	<b>\$ 19,574,946</b>	<b>\$ 21,505,147</b>	<b>\$ 41,080,093</b>	<b>\$ 3,761,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2023**

	General	Nonmajor Governmental Funds	Total
<b>ASSETS</b>			
Cash and investments	\$ 2,655,263	\$ 5,337,259	\$ 7,992,522
Receivables			
Accounts, net	145,306	26,139	171,445
Interest	125,000	-	125,000
Leases	114,521	-	114,521
Due from other funds	115,000	-	115,000
Due from other governmental units	32,000	288,052	320,052
Advances to other funds	1,000,000	-	1,000,000
Inventories	37,254	15,121	52,375
Prepays	22,170	-	22,170
 TOTAL ASSETS	 \$ 4,246,514	 \$ 5,666,571	 \$ 9,913,085
<b>LIABILITIES</b>			
Accounts payable	\$ 170,654	\$ 102,441	\$ 273,095
Accrued liabilities	226,546	10,575	237,121
Due to other funds	-	115,000	115,000
Unearned revenue	114,874	561,148	676,022
 TOTAL LIABILITIES	 512,074	 789,164	 1,301,238
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - leases	114,521	-	114,521
<b>FUND BALANCES</b>			
Nonspendable	1,059,424	336,972	1,396,396
Restricted	-	4,402,599	4,402,599
Committed	184,000	137,836	321,836
Unassigned	2,376,495	-	2,376,495
 TOTAL FUND BALANCES	 3,619,919	 4,877,407	 8,497,326
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	 \$ 4,246,514	 \$ 5,666,571	 \$ 9,913,085

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**Total Fund Balance - Governmental Funds** \$ 8,497,326

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 53,191,209
Accumulated depreciation/amortization is	<u>(24,173,398)</u>
Capital assets, net	

29,017,811

Governmental fund report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consisted of:

Deferred outflows of resources related to pensions	2,060,833
Deferred outflows of resources related to OPEB	<u>43,646</u>

2,104,479

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in the governmental activities in the government-wide statement of net position.

Net position of governmental activities accounted for in governmental activities internal service funds	3,474,781
--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Long-term obligations	(9,010,955)
Net other post-employment benefits liability	(2,628,131)
Net pension liability	(11,461,601)
Accrued interest payable	(56,314)
Compensated absences	<u>(362,450)</u>
	(23,519,451)

**Net Position of Governmental Activities** \$ 19,574,946

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	General	Nonmajor Governmental Funds	Total
<b>REVENUES</b>			
Property taxes	\$ 4,261,976	\$ 664,376	\$ 4,926,352
Licenses and permits	466,981	-	466,981
Intergovernmental	1,256,284	1,955,806	3,212,090
Charges for services	365,866	325,131	690,997
Fines and forfeits	13,913	214	14,127
Interest and rents	747,507	180,674	928,181
Other	<u>976,066</u>	<u>1,261,928</u>	<u>2,237,994</u>
<b>TOTAL REVENUES</b>	<b><u>8,088,593</u></b>	<b><u>4,388,129</u></b>	<b><u>12,476,722</u></b>
<b>EXPENDITURES</b>			
Current			
General government	2,201,197	113,312	2,314,509
Public safety	3,635,152	612,514	4,247,666
Public works	1,587,669	2,118,692	3,706,361
Community and economic development	74,168	1,598,807	1,672,975
Recreation and culture	453,824	-	453,824
Debt service	56,796	911,637	968,433
Capital outlay	<u>90,571</u>	<u>133,553</u>	<u>224,124</u>
<b>TOTAL EXPENDITURES</b>	<b><u>8,099,377</u></b>	<b><u>5,488,515</u></b>	<b><u>13,587,892</u></b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b><u>(10,784)</u></b>	<b><u>(1,100,386)</u></b>	<b><u>(1,111,170)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,429	430,819	437,248
Transfers out	<u>(430,819)</u>	-	<u>(430,819)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(424,390)</u></b>	<b><u>430,819</u></b>	<b><u>6,429</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>(435,174)</u></b>	<b><u>(669,567)</u></b>	<b><u>(1,104,741)</u></b>
Fund balances, beginning of year	<u>4,055,093</u>	<u>5,546,974</u>	<u>9,602,067</u>
Fund balances, end of year	<u>\$ 3,619,919</u>	<u>\$ 4,877,407</u>	<u>\$ 8,497,326</u>

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,104,741)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Capital outlay	\$ 1,753,521
Depreciation/amortization expense	<u>(1,204,536)</u>
Excess of capital outlay over depreciation/amortization expense	548,985

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain individual funds are included in the governmental activities.

Change in net position of governmental activities internal service funds	95,611
--	--------

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts

Debt principal retirement	719,452
---------------------------	---------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in deferred outflows of resources related to pensions	1,173,111
(Decrease) in deferred outflows of resources related to OPEB	(15,556)
Decrease in deferred inflows of resources related to pensions	1,029,445
Decrease in unamortized bond premiums	14,378
Decrease in accrued interest payable	4,400
(Increase) in compensated absences	(81,215)
(Increase) in net pension liability	(3,191,557)
Decrease in net OPEB liability	<u>153,920</u>
	<u>(913,074)</u>

**Change in Net Position of Governmental Activities** \$ (653,767)

**CITY OF MARSHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>ASSETS</b>								
Current assets								
Cash and investments	\$ 1,881,658	\$ 2,176,642	\$ 3,143,403	\$ 628,929	\$ 2,976,147	\$ 10,806,779	\$ 748,719	
Receivables								
Accounts, net	697,561	138,163	147,208	135,689	98,590	1,217,211	11,773	
Interest	23,922	62,500	-	-	-	86,422	-	
Special assessments	26,893	-	-	-	-	26,893	-	
Inventories	1,096,325	-	78,679	113,360	-	1,288,364	1	
Prepays	4,944	716	1,393	2,500	1,166	10,719	36,677	
Total current assets	3,731,303	2,378,021	3,370,683	880,478	3,075,903	13,436,388	797,170	
Noncurrent assets								
Cash - restricted	672,706	49,310	249,996	-	-	972,012	-	
Advance to other funds	1,196,111	500,000	-	-	-	1,696,111	-	
Equity interest in MSCPAs	3,678,531	-	-	-	-	3,678,531	-	
Capital assets not being depreciated/amortized	241,472	875,682	409,744	-	-	1,526,898	-	
Capital assets, net of accumulated depreciation/amortization	11,006,358	2,925,596	10,624,077	2,885,125	1,268,685	28,709,841	2,857,561	
Total noncurrent assets	16,795,178	4,350,588	11,283,817	2,885,125	1,268,685	36,583,393	2,857,561	
<b>TOTAL ASSETS</b>	<b>20,526,481</b>	<b>6,728,609</b>	<b>14,654,500</b>	<b>3,765,603</b>	<b>4,344,588</b>	<b>50,019,781</b>	<b>3,654,731</b>	
<b>DEFERRED OUTFLOW OF RESOURCES</b>								
Deferred amounts on refunding	22,186	-	4,887	-	-	27,073	-	
Deferred outflows of resources related to pensions	813,528	193,121	199,346	-	130,756	1,336,751	18,593	
Deferred outflows of resources related to OPEB	17,222	4,087	4,224	-	2,763	28,296	391	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>852,936</b>	<b>197,208</b>	<b>208,457</b>	<b>-</b>	<b>133,519</b>	<b>1,392,120</b>	<b>18,984</b>	

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2023**

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds		Total	Internal Service Funds
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable	\$ 1,221,017	\$ 34,766	\$ 152,380	\$ 100,309	\$ 130,589	\$ 1,639,061	\$ 17,613	
Accrued liabilities	63,922	20,051	17,400	13,100	7,104	121,577	4,304	
Accrued interest payable	41,093	12,684	66,778	336,422	-	456,977	-	
Unearned revenue	-	-	-	-	25,817	25,817	-	
Current portion of compensated absences	33,102	7,807	9,815	2,010	-	52,734	1,041	
Current portion of long-term debt	314,553	163,154	412,170	-	-	889,877	14,189	
Total current liabilities	<u>1,673,687</u>	<u>238,462</u>	<u>658,543</u>	<u>451,841</u>	<u>163,510</u>	<u>3,186,043</u>	<u>37,147</u>	
Noncurrent liabilities								
Advances from other funds	-	-	-	2,696,111	-	2,696,111	-	
Advances from component unit	-	-	-	1,000,000	-	1,000,000	-	
Noncurrent portion of compensated absences	99,306	23,420	29,446	6,028	-	158,200	3,124	
Noncurrent portion of long-term debt	5,037,970	1,480,316	7,209,712	-	-	13,727,998	31,734	
Net other post-employment benefits liability	1,037,053	246,088	254,363	-	166,382	1,703,886	23,520	
Net pension liability	4,524,545	1,074,065	1,108,688	-	727,218	7,434,516	103,409	
Total noncurrent liabilities	<u>10,698,874</u>	<u>2,823,889</u>	<u>8,602,209</u>	<u>3,702,139</u>	<u>893,600</u>	<u>26,720,711</u>	<u>161,787</u>	
<b>TOTAL LIABILITIES</b>	<b><u>12,372,561</u></b>	<b><u>3,062,351</u></b>	<b><u>9,260,752</u></b>	<b><u>4,153,980</u></b>	<b><u>1,057,110</u></b>	<b><u>29,906,754</u></b>	<b><u>198,934</u></b>	
<b>NET POSITION</b>								
Net investment in capital assets	5,917,493	2,157,808	3,416,826	2,885,125	1,268,685	15,645,937	2,811,638	
Restricted for debt service	672,706	49,310	249,996	-	-	972,012	-	
Unrestricted	2,416,657	1,656,348	1,935,383	(3,273,502)	2,152,312	4,887,198	663,143	
<b>TOTAL NET POSITION</b>	<b><u>\$ 9,006,856</u></b>	<b><u>\$ 3,863,466</u></b>	<b><u>\$ 5,602,205</u></b>	<b><u>\$ (388,377)</u></b>	<b><u>\$ 3,420,997</u></b>	<b><u>\$ 21,505,147</u></b>	<b><u>\$ 3,474,781</u></b>	

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2023**

	Enterprise Funds						Governmental Activities
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>							
Charges for services	\$ 18,510,814	\$ 2,105,748	\$ 2,105,386	\$ 1,533,561	\$ 1,011,574	\$ 25,267,083	\$ 1,151,645
Other	53,604	51,876	18,459	7,935	44,395	176,269	-
<b>TOTAL OPERATING REVENUES</b>	<b>18,564,418</b>	<b>2,157,624</b>	<b>2,123,845</b>	<b>1,541,496</b>	<b>1,055,969</b>	<b>25,443,352</b>	<b>1,151,645</b>
<b>OPERATING EXPENSES</b>							
Personnel services	2,097,955	671,270	655,429	381,642	444,889	4,251,185	113,506
Material and supplies	190,402	181,214	65,616	48,795	74,709	560,736	215,392
Utilities	10,468,312	152,371	48,716	12,999	127,437	10,809,835	33,305
Contractual	428,872	112,466	95,448	192,536	738,380	1,567,702	170,239
Insurance	85,428	27,065	14,449	-	10,906	137,848	106,151
Maintenance	183,415	78,727	65,174	35,239	71,962	434,517	77,513
Other expenses	947,467	236,256	271,994	79,140	49,315	1,584,172	19,377
Depreciation/amortization	603,519	332,304	507,412	140,034	133,487	1,716,756	428,540
<b>TOTAL OPERATING EXPENSES</b>	<b>15,005,370</b>	<b>1,791,673</b>	<b>1,724,238</b>	<b>890,385</b>	<b>1,651,085</b>	<b>21,062,751</b>	<b>1,164,023</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,559,048</b>	<b>365,951</b>	<b>399,607</b>	<b>651,111</b>	<b>(595,116)</b>	<b>4,380,601</b>	<b>(12,378)</b>

See accompanying notes to financial statements.

**CITY OF MARSHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)**  
**YEAR ENDED JUNE 30, 2023**

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Internal Service Funds	
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Intergovernmental	\$ -	\$ -	\$ 32,632	\$ -	\$ 914,680	\$ 947,312	\$ 80,732	
Property taxes	-	-	-	-	209,600	209,600	-	
Interest earnings	112,829	27,984	74,066	2,512	26,683	244,074	5,642	
Change in equity interest	61,224	-	-	-	-	61,224	-	
Gain on sale of capital assets	97,063	-	-	-	-	97,063	28,674	
Bond issuance costs	-	-	(51,996)	-	-	(51,996)	-	
Interest expense and fiscal charges	(157,982)	(51,073)	(258,630)	(73,922)	-	(541,607)	(7,059)	
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>113,134</b>	<b>(23,089)</b>	<b>(203,928)</b>	<b>(71,410)</b>	<b>1,150,963</b>	<b>965,670</b>	<b>107,989</b>	
<b>NET INCOME BEFORE TRANSFERS</b>	<b>3,672,182</b>	<b>342,862</b>	<b>195,679</b>	<b>579,701</b>	<b>555,847</b>	<b>5,346,271</b>	<b>95,611</b>	
<b>TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,429)</b>	<b>(6,429)</b>	<b>-</b>	
<b>CHANGE IN NET POSITION</b>	<b>3,672,182</b>	<b>342,862</b>	<b>195,679</b>	<b>579,701</b>	<b>549,418</b>	<b>5,339,842</b>	<b>95,611</b>	
Net position, beginning of year	5,334,674	3,520,604	5,406,526	(968,078)	2,871,579	16,165,305	3,379,170	
Net position, end of year	<b>\$ 9,006,856</b>	<b>\$ 3,863,466</b>	<b>\$ 5,602,205</b>	<b>\$ (388,377)</b>	<b>\$ 3,420,997</b>	<b>\$ 21,505,147</b>	<b>\$ 3,474,781</b>	

See accompanying notes to financial statements.

**CITY OF MARSHALL  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

	Enterprise Funds						Governmental Activities Internal Service Funds
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash receipts from customers and interfund services	\$ 18,303,838	\$ 2,139,170	\$ 2,084,696	\$ 1,418,792	\$ 941,664	\$ 24,888,160	\$ 1,145,956
Cash paid to suppliers	(12,696,979)	(768,901)	(515,958)	(389,067)	(1,014,963)	(15,385,868)	(734,654)
Cash paid to employees	(2,446,402)	(684,379)	(689,718)	(375,411)	(481,927)	(4,677,837)	(116,385)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>3,160,457</b>	<b>685,890</b>	<b>879,020</b>	<b>654,314</b>	<b>(555,226)</b>	<b>4,824,455</b>	<b>294,917</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Intergovernmental	-	-	32,632	-	941,652	974,284	-
Property taxes	-	-	-	-	209,600	209,600	-
Changes in interfund and advances balances	(1,105,703)	602,344	802,387	(299,028)	-	-	-
Transfers out	-	-	-	-	(6,429)	(6,429)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,105,703)</b>	<b>602,344</b>	<b>835,019</b>	<b>(299,028)</b>	<b>1,144,823</b>	<b>1,177,455</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Intergovernmental	-	-	-	-	-	-	80,732
Purchases of capital assets	(315,981)	(377,515)	(1,050,770)	-	-	(1,744,266)	(282,797)
Proceeds from disposal of capital asset	97,063	-	-	-	-	97,063	28,674
Payments on borrowings	(285,000)	(155,000)	(310,000)	-	-	(750,000)	(259,401)
Interest paid	(174,525)	(55,390)	(235,641)	(29,903)	-	(495,459)	(10,243)
Bond issuance costs	-	-	(51,996)	-	-	(51,996)	-
Proceeds from debt issuance	-	-	2,200,000	-	-	2,200,000	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(678,443)</b>	<b>(587,905)</b>	<b>551,593</b>	<b>(29,903)</b>	<b>-</b>	<b>(744,658)</b>	<b>(443,035)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received	118,810	17,984	74,066	2,512	26,683	240,055	5,642
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>1,495,121</b>	<b>718,313</b>	<b>2,339,698</b>	<b>327,895</b>	<b>616,280</b>	<b>5,497,307</b>	<b>(142,476)</b>
Cash and investments, beginning of year	1,059,243	1,507,639	1,053,701	301,034	2,359,867	6,281,484	891,195
Cash and investments, end of year	<b>\$ 2,554,364</b>	<b>\$ 2,225,952</b>	<b>\$ 3,393,399</b>	<b>\$ 628,929</b>	<b>\$ 2,976,147</b>	<b>\$ 11,778,791</b>	<b>\$ 748,719</b>

See accompanying notes to financial statements.

**CITY OF MARSHALL  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (continued)  
YEAR ENDED JUNE 30, 2023**

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Insurance and Benefits	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 3,559,048	\$ 365,951	\$ 399,607	\$ 651,111	\$ (595,116)	\$ 4,380,601	\$ (12,378)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities								
Depreciation/amortization	603,519	332,304	507,412	140,034	133,487	1,716,756	428,540	
(Increase) decrease in:								
Accounts receivable	(260,580)	(18,454)	(39,149)	(122,704)	(7,875)	(448,762)	(5,689)	
Inventories	(195,838)	-	(8,094)	(25,611)	-	(229,543)	429	
Prepads	23,972	2,787	10,489	3,051	8,534	48,833	(35,423)	
Deferred outflows of resources related to pension	(409,257)	(101,207)	(103,615)	-	(68,067)	(682,146)	(9,676)	
Deferred outflows of resources related to OPEB	9,736	2,047	2,159	-	1,416	15,358	199	
Increase (decrease) in:								
Accounts payable	(221,217)	16,411	43,044	2,202	49,212	(110,348)	(77,683)	
Accrued liabilities	4,786	5,859	1,842	3,950	(7,175)	9,262	1,135	
Unearned revenue	-	-	-	-	(106,430)	(106,430)	-	
Compensated absences	(13,471)	11,177	5,062	2,281	(3,711)	1,338	(343)	
Net pension liability	758,340	217,783	216,849	-	143,205	1,336,177	20,336	
Net other post-employment benefits liability	(229,769)	(42,180)	(45,571)	-	(30,009)	(347,529)	(4,189)	
Deferred inflows of resources related to pension	(468,812)	(106,588)	(111,015)	-	(72,697)	(759,112)	(10,341)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,160,457</u>	<u>\$ 685,890</u>	<u>\$ 879,020</u>	<u>\$ 654,314</u>	<u>\$ (555,226)</u>	<u>\$ 4,824,455</u>	<u>\$ 294,917</u>	

Note: The City adjusted its equity interest in the Michigan South Central Power Agency (MSCPA) operations by \$61,224 to reflect the current year change in its investment in the Agency.

**CITY OF MARSHALL**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2023**

	Other Employee Benefit Trust Fund	Custodial Fund
	Retiree Health Insurance Plan Trust	Current Tax Collection
<b>TOTAL ASSETS</b>		
Cash and investments	\$ 2,145,799	\$ -
Pooled investment funds	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	\$ -	\$ -
<b>TOTAL NET POSITION</b>		
Restricted for other post-employment benefits (health insurance)	<u>\$ 2,145,799</u>	<u>\$ -</u>

**CITY OF MARSHALL**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2023**

	Other Employee Benefit Trust Fund	Custodial Fund
	Retiree Health Insurance Plan Trust	Current Tax Collection
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 740,661	\$ -
Investment earnings (loss)	141,409	-
Collection of taxes for other governments	-	9,410,596
<b>TOTAL ADDITIONS</b>	<b>882,070</b>	<b>9,410,596</b>
<b>DEDUCTIONS</b>		
Administrative expenses	3,721	-
Benefit payments	540,661	-
Payment of taxes collected for other governments	-	9,410,596
<b>TOTAL DEDUCTIONS</b>	<b>544,382</b>	<b>9,410,596</b>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	<b>337,688</b>	-
Net position, beginning of year	<u>1,808,111</u>	-
Net position, end of year	<u>\$ 2,145,799</u>	<u>\$ -</u>

**CITY OF MARSHALL**  
**COMPONENT UNITS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Local Development Finance Authority	Economic Development Corporation	Downtown Development Authority	Northeast Neighborhood Improvement Authority	South Neighborhood Improvement Authority	Total Component Units
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ 1,556,157	\$ 9,310	\$ 243,315	\$ 114,542	\$ 46,596	\$ 1,969,920
Accounts receivable	-	-	5,658	-	3,944	9,602
Interest receivable	125,000	-	-	-	-	125,000
Prepays	500	-	-	-	-	500
Total current assets	<u>1,681,657</u>	<u>9,310</u>	<u>248,973</u>	<u>114,542</u>	<u>50,540</u>	<u>2,105,022</u>
Noncurrent assets						
Advances to primary government	1,000,000	-	-	-	-	1,000,000
Capital assets not being depreciated	6,827,196	-	55,670	-	-	6,882,866
Capital assets, net of accumulated depreciation	<u>676,401</u>	<u>-</u>	<u>-</u>	<u>14,884</u>	<u>641,894</u>	<u>1,333,179</u>
Total noncurrent assets	<u>8,503,597</u>	<u>-</u>	<u>55,670</u>	<u>14,884</u>	<u>641,894</u>	<u>9,216,045</u>
<b>TOTAL ASSETS</b>	<b><u>10,185,254</u></b>	<b><u>9,310</u></b>	<b><u>304,643</u></b>	<b><u>129,426</u></b>	<b><u>692,434</u></b>	<b><u>11,321,067</u></b>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	230,396	-	16,167	-	13,753	260,316
Accrued liabilities	-	-	1,296	-	-	1,296
Accrued interest payable	61,600	-	-	-	6,503	68,103
Current portion of long-term debt	<u>351,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,563</u>
Total current liabilities	<u>643,559</u>	<u>-</u>	<u>17,463</u>	<u>-</u>	<u>20,256</u>	<u>681,278</u>
Noncurrent liabilities						
Noncurrent portion of long-term debt	<u>6,113,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>765,000</u>	<u>6,878,005</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,756,564</u></b>	<b><u>-</u></b>	<b><u>17,463</u></b>	<b><u>-</u></b>	<b><u>785,256</u></b>	<b><u>7,559,283</u></b>
<b>NET POSITION</b>						
Net investment in capital assets	1,039,029	-	55,670	14,884	(123,106)	986,477
Unrestricted	<u>2,389,661</u>	<u>9,310</u>	<u>231,510</u>	<u>114,542</u>	<u>30,284</u>	<u>2,775,307</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 3,428,690</u></b>	<b><u>\$ 9,310</u></b>	<b><u>\$ 287,180</u></b>	<b><u>\$ 129,426</u></b>	<b><u>\$ (92,822)</u></b>	<b><u>\$ 3,761,784</u></b>

See accompanying notes to financial statements.

**CITY OF MARSHALL  
COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position						Total Component Units
		Operating Grants and Contributions	Local Development Finance Authority	Economic Development Corporation	Downtown Development Authority	Northeast Neighborhood Improvement Authority	South Neighborhood Improvement Authority			
<b>Governmental Activities</b>										
Local Development Finance Authority	\$ 104,836	\$ 207,026	\$ 102,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,190	
Downtown Development Authority	180,088	101,627	-	-	(78,461)	-	-	-	(78,461)	
Northeast Neighborhood Improvement Authority	4,049	-	-	-	-	(4,049)	-	-	(4,049)	
South Neighborhood Improvement Authority	71,879	-	-	-	-	-	(71,879)	-	(71,879)	
<b>TOTALS</b>	<b>\$ 360,852</b>	<b>\$ 308,653</b>	<b>102,190</b>	<b>-</b>	<b>(78,461)</b>	<b>(4,049)</b>	<b>(71,879)</b>	<b>-</b>	<b>(52,199)</b>	
<b>General revenues</b>										
Property taxes		641,386	-	172,870	60,932	23,227	898,415			
Investment earnings		42,676	-	3,514	375	1,484	48,049			
Miscellaneous		-	-	35	-	-	-			35
Total general revenues		684,062	-	176,419	61,307	24,711	946,499			
Change in net position		786,252	-	97,958	57,258	(47,168)	894,300			
Net position, beginning of year		2,642,438	9,310	189,222	72,168	(45,654)	2,867,484			
Net position, end of year		<b>\$ 3,428,690</b>	<b>\$ 9,310</b>	<b>\$ 287,180</b>	<b>\$ 129,426</b>	<b>\$ (92,822)</b>	<b>\$ 3,761,784</b>			

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Marshall (the City) is located within Calhoun County, Michigan and has a population of approximately 6,820. The City of Marshall, Michigan is a municipal corporation formed in 1830 and governed by a seven-member Council and administered by an appointed City Manager.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

**Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City of Marshall (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. The blended and discretely presented component units each have a June 30 year-end.

**Blended Component Unit**

The City of Marshall Building Authority is a blended component unit which finances and constructs the City's public buildings and other structures. It is included within the reporting entity as it provides services exclusively to the City.

The blended component units' financial statements are included in the City's audited financial statements and are not audited separately.

**Discretely Presented Component Units**

The Downtown Development Authority (the "DDA") is a discretely presented component unit which corrects and prevents deterioration in the downtown district, encourages historical preservation, and promotes economic growth within the district. It is included within the reporting entity as the City Council appoints and may remove the DDA board and approves the DDA budget.

The Local Development Finance Authority (the "LDFA") is a discretely presented component unit which enhances and expands industrial development to eliminate the conditions of joblessness and underemployment. It is included within the reporting entity as the City Council appoints and may remove the LDFA board and approves the LDFA budget.

The Economic Development Corporation (the "EDC") is a discretely presented component unit which promotes economic development within the community. It is included within the reporting entity as the City Council appoints and may remove the EDC board and approves the EDC budget.

The Northeast Neighborhood Improvement Authority (the "NIA") is a discretely presented component unit which promotes economic development for the Northeast Marshall neighborhood. It is included within the reporting entity as the City Council appoints and may remove the NIA board and approves the NIA budget.

**CITY OF MARSHALL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Discretely Presented Component Units (continued)

The South Neighborhood Improvement Authority (the “SNIA”) is a discretely presented component unit which promotes economic development for the South Marshall neighborhood. It is included within the reporting entity as the City Council appoints and may remove the SNIA board and approves the SNIA budget.

The discretely presented component units’ financial statements are included in the City’s audited financial statements and are not audited separately.

Fiduciary Component Unit

The Retiree Health Insurance Plan Trust Fund was established to account for the assets set aside to fund the City of Marshall Retiree Health Insurance Plan. The primary purpose of the Trust is to provide the necessary funding for the retiree health insurance premiums provided to eligible City employees during retirement. The Trust was established through MERS Retiree Health Funding Vehicle, with the City Council serving as the trustees. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purchase prior to the satisfaction of all liabilities. The assets are protected from any of the City’s creditors. The City Council has the ability to exercise responsibility, specifically in the area of designation of management.

Joint Venture

The City is a member of the Michigan South Central Power Agency (MSCPA), which provided electric services to the residents of its member communities. The participating communities provide annual funding for its operations. During the current year, the City paid \$10,468,312 for purchased power. The City is unaware of any other circumstances that would cause any additional benefit or burden to participating governments in the near future. Complete financial statements for the Michigan South Central Power Agency can be obtained from the administrative offices at 168 Division St., Coldwater, Michigan 49036. The City owns an approximate 19.08% interest in the MSCPA. The City records the investment using the equity method and calculates 19.08% of the MSCPA’s equity at year end. The MSCPA also holds assets of the City, which have been included in the MSCPA’s equity over the years. The calculation of the investment includes 100% of the City’s assets held at the MSCPA plus 19.08% of the equity net of the City’s assets. At June 30, 2023, the City’s equity interest in MSCPA was \$3,678,531.

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them, demonstrating how governmental functions are either self-financing or supported by general revenues. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. General revenues include all taxes, interest, unrestricted State revenue sharing payments, and other revenues that are not required to be presented as program revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. 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.

The City reports the following *Major Governmental Fund*:

- a. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

The City reports the following *Major Enterprise Funds*:

- a. The *Electric Fund* accounts for the operations and maintenance of the electric supply system; financing is provided primarily by user charges.
- b. The *Wastewater Fund* accounts for the activities of the City's sewage disposal and treatment system; financing is provided primarily by user charges.
- c. The *Water Fund* accounts for the activities of the City's water distribution and treatment system; financing is provided primarily by user charges.
- d. The *FiberNet Fund* accounts for the building, operation, and maintenance of the fiber system; financing is provided through the internal advances and charges for services.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

Additionally, the reports the following *Fund Types*:

- a. *Special Revenue Funds* account for revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects or permanent funds.
- b. *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
- d. *Permanent Funds* account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support specified government programs.
- e. *Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.
- f. The *Internal Service Funds* account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes data processing, motor pool, and safety programs.
- g. The *Other Employee Benefits Trust Fund* accounts for the activities of the Other Post-Employment Benefits Plan, which accumulates resources for other post-employment benefit payments to qualified employees.
- h. The *Custodial Fund* accounts for taxes collected and distributed to other governments.

Measurement Focus

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

All proprietary (i.e. enterprise and internal service) funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the City to disburse fiduciary resources.

If/when both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

**Budgets and Budgetary Accounting**

The General Fund budget shown as required supplementary information was prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. All annual appropriations lapse at year end. The legal level of budgetary control is the departmental level. On or before its first meeting in April of each year, the City Manager must present the proposed budget to the government's council for review. The proposed budget must be on file and available for public inspection for a period of not less than one week prior to adoption by City Council, which must occur not later than the first meeting in June.

Formal budgetary integration is employed as a management control device during the year. Supplemental appropriations were approved by the Council in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds, or notes, the total of which was not significant in relation to the original budget appropriation valuations.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgets and Budgetary Accounting (continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Cash and Investments

Cash and investments consist of various cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. The United States government or federal agency obligations repurchase agreements.
- d. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Restricted Cash

Certain proceeds of bond issues as well as other resources set aside for the repayment of debt are classified as restricted cash on the statement of net position because their use is limited by applicable bond covenants.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Receivables

Receivables consist of amounts due from individuals, and businesses related to charges for services, amounts owed to the City from taxes levied, leases, and interest that have not been collected.

Inventories

Inventories are values at cost using the first in/first out (FIFO) method and consist of expendable supplies and vehicles repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when purchased, except for fuel included in the General Fund and road salt included in the Major Street Fund.

Prepays

Prepaid expenditures in the governmental and proprietary funds, such as memberships, software agreements, and insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. Prepaid expenditures in the governmental funds are reported using the consumption method.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activity and component units columns in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The measurement of intangible right-to-use assets is discussed below under the heading "leases". Donated capital assets are valued at their estimated acquisition cost on the date received. In accordance with the provisions of GASB Statement No. 34, the government has only capitalized infrastructure assets acquired or constructed since 1980.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Right-to-use assets of the City are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 50 years
Buildings and improvements	5 - 50 years
Systems infrastructure	25 - 50 years
Machinery, Vehicles, and Equipment	3 - 25 years
Public infrastructure	50 years
Right-to-use - leased equipment	5 years

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, subject to certain limitations. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term. 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. Issuance costs, whether or not withheld from debt proceeds received, are reported as expenses.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. 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.

Unearned Revenue

Unearned revenues are reported for resources that have been received, but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position and in the proprietary funds statement of net position.

The City reports items in both categories, deferred outflows and inflows of resources, which correspond to the City's net pension liability and net OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions subsequent to the measurement date. The City also reports deferred outflows of resources in the business-type activities and certain enterprise funds for deferred charges on refunding.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Pension Liability

A net pension liability is calculated by subtracting the pension net position from the total pension liability. The net pension liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements as well as the enterprise funds.

Net OPEB Liability

A net OPEB liability is calculated by subtracting the OPEB net position from the total OPEB liability. The net OPEB liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements as well as the enterprise funds.

Leases

Lessee: The City is a lessee for a noncancelable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Lessor: The City is a lessor for noncancelable leases of a cellular towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Leases (continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

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

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

Property Taxes

The City of Marshall bills and collects its own property taxes and taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of Marshall on August 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date, and are payable without penalty through September 15. The August 1 levy was composed of the County's levy, the State Education Tax assessment and the City's millage and assessments. The City bills and collects its own property taxes for general governmental services, recreation, DART, and leaf and trash removal, and also collects for Calhoun County, the District Library, and various school districts. Collections of property taxes and remittances of them to the appropriate authorities are accounted for in the Current Tax Collection custodial fund.

The City is permitted by state statute to levy taxes up to 20 mills (\$20 per \$1,000 of assessed valuation) for general governmental services other than the payment of principal and interest on long-term debt. For the year ended June 30, 2023, the City levied 17.1629 mills for general governmental services, 0.9020 mills for recreation, 0.9020 mills for DART, 0.7376 mills for leaf and trash removal and 2.0000 mills for debt service. The total original taxable value for the 2022 levy for property within the City was \$260,012,554.

The Downtown Development Authority is permitted by P.A. 197 of Michigan to levy taxes up to \$2.00 per \$1,000 of assessed valuation of property in the downtown district. The Authority's current year tax rate was \$1.5592 per \$1,000 of assessed valuation.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Advances to Other Governmental Units

Long-term advances from the primary government to component units are made to finance activities during their operations and to finance capital acquisitions. The applicable governmental fund balance is reported as nonspendable in the fund financial statements for such advances to reflect the amount of fund balance not currently available for expenditure.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The Internal Service Funds record charges for motor pool, technology, and safety provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses. The net revenues or losses of the Internal Service Fund, as well as the net position are included in the reconciliation to the government-wide financial statements.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

For committed fund balance, City of Marshall's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Council Resolution.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Balance Classifications (continued)

For assigned fund balance, the City Council has delegated the responsibility for making fund balance assignments to the Finance Director and City Treasurer.

For the classification of fund balances, the City of Marshall considers restricted or unrestricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, after restricted amounts have been depleted, the City considers committed, assigned, or unassigned amounts to have been spent, in succession when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Policy

The City Council has adopted a fund balance reserve policy to provide a general framework for setting unassigned fund balance. The ratios vary depending on the fund, ranging from 18-25 percent of the annual operating expenditures or 1.2 debt service ratio. If the unassigned fund balance falls below the minimum range, the City will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. At year end, total fund balance of the general fund met the minimum percentage requirement.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

Federal Programs

Federal programs are accounted for in the funds to which the programs pertain. The single audit reports and financial data will be issued under separate cover as supplementary information to the basic financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2023, the City had deposits subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, \$11,113,800 of the City's bank balance of \$12,360,022 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$12,307,397. The financial statements report \$1,070 of imprest cash on hand and \$482,901 of cash on deposit with the MSCPAs.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City 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's banking and investment policy does not specifically address custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics. The City's policy is that, unless matched to a specific cash flow, the government will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

	Fair Value	Weighted Average Maturity
<b>PRIMARY GOVERNMENT</b>		
Michigan CLASS Investment Pool	\$ 5,951,418	< 60 days
Michigan CLASS Edge Investment Pool	1,557,850	> 60 days
Federal Home Loan Bank	1,859,220	2.5 years
U.S. Treasury notes	249,822	0.5 years
<b>COMPONENT UNIT</b>		
Michigan CLASS Investment Pool	<u>80,274</u>	< 60 days
	<u><u>\$ 9,698,584</u></u>	

The City's investment in MERS total market portfolio is reported at its individual Net Asset Value. The weighted average maturity for the underlying investments held by each portfolio is not calculated or provided.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2023, the City investment in the MI Class investments was rated AAAm by S&P Global Ratings, the City's investment in the MI Class Edge investments was rated AAAf/S1 by Fitch Ratings, the City's investment in U.S. Treasury notes and Federal Home Loan Bank bonds were rated Aaa by Moody's. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by security type and institution. Among other provisions, the City's investment policy provides that, except for U.S. treasuries and authorized investment pools, no more than 50 percent of the total investment portfolio may be invested in a single security type or with a single financial institution.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

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

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of June 30, 2023, the carrying amount and fair value for each investment type are as follows:

	Level 1	Level 2	Level 3	Total
Primary Government				
Federal Home Loan Bank	\$ -	\$ 1,859,220	\$ -	\$ 1,859,220
U.S. Treasury notes	<hr/> -	<hr/> 249,822	<hr/> -	<hr/> 249,822
	<hr/> \$ -	<hr/> \$ 2,109,042	<hr/> \$ -	<hr/> \$ 2,109,042

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in MERS, Michigan CLASS, and Michigan CLASS Edge investment pools where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pools invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At the year ended June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Weighted Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
<b>PRIMARY GOVERNMENT</b>				
Michigan CLASS Investment Pool	\$ 5,951,418	\$ -	No restrictions	None
Michigan CLASS Edge Investment Pool	1,557,850	- -	No restrictions	None
<b>COMPONENT UNIT</b>				
Michigan CLASS Investment Pool	80,274	- -	No restrictions	None
<b>FIDUCIARY FUNDS</b>				
MERS total market portfolio	<u>2,145,799</u>	<u>- -</u>	No restrictions	None
	<u><u>\$ 9,735,341</u></u>	<u><u>\$ -</u></u>		

The cash and investments referred to above have been reported in the cash and investments captions on the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and investments	\$ 19,548,020	\$ 1,969,920	\$ 2,145,799	\$ 23,663,739
Cash and investments - restricted	<u>972,012</u>	<u>-</u>	<u>-</u>	<u>972,012</u>
	<u><u>\$ 20,520,032</u></u>	<u><u>\$ 1,969,920</u></u>	<u><u>\$ 2,145,799</u></u>	<u><u>\$ 24,635,751</u></u>

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at June 30, 2023, are as follows:

Due to General Fund from:	
Nonmajor governmental funds	<u><u>\$ 115,000</u></u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (continued)**

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transactions that have not cleared as of the balance sheet date.

**NOTE 4 - ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable between funds of the primary government at June 30, 2023:

Advance to FiberNet Fund from:	
General Fund	\$ 1,000,000
Wastewater Fund	500,000
Electric Fund	<u>1,196,111</u>
	<u>\$ 2,696,111</u>

The \$2,696,111 interfund balance between the FiberNet Fund and other funds listed above represents the amount advanced to the FiberNet Fund to finance the installation of a fiber system. The amounts are not expected paid back in the next fiscal year. The FiberNet Fund also has a \$1,000,000 long-term advance from the Local Development Financing Authority, a component unit of the City.

**NOTE 5 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and enterprise funds have been eliminated.

Fund	Transfers In	Transfers Out
General Fund	\$ 6,429	\$ (430,819)
Nonmajor governmental funds	430,819	-
Nonmajor enterprise funds	-	<u>(6,429)</u>
	<u>\$ 437,248</u>	<u>\$ (437,248)</u>

Transfers are used to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

**Primary Government**

	Restated Balance July 1, 2022	Additions/ Reclassifications	Reductions/ Reclassifications	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,759,160	\$ -	\$ -	\$ 1,759,160
Construction in progress	<u>966,502</u>	<u>1,635,469</u>	<u>(1,204,598)</u>	<u>1,397,373</u>
Subtotal	<u>2,725,662</u>	<u>1,635,469</u>	<u>(1,204,598)</u>	<u>3,156,533</u>
Capital assets being depreciated/amortized				
Land improvements	5,727,676	-	-	5,727,676
Buildings and improvements	25,444,966	6,460	-	25,451,426
Vehicles	5,261,864	224,945	(120,416)	5,366,393
Machinery and equipment	2,943,786	169,445	(118,414)	2,994,817
Right-to-use - equipment	71,331	-	-	71,331
Infrastructure	<u>16,648,367</u>	<u>1,204,597</u>	<u>-</u>	<u>17,852,964</u>
Subtotal	<u>56,097,990</u>	<u>1,605,447</u>	<u>(238,830)</u>	<u>57,464,607</u>
Less accumulated depreciation/amortization for:				
Land improvements	(5,521,868)	(57,750)	-	(5,579,618)
Buildings and improvements	(10,078,242)	(565,040)	-	(10,643,282)
Vehicles	(3,008,243)	(327,719)	120,416	(3,215,546)
Machinery and equipment	(2,050,351)	(159,634)	118,414	(2,091,571)
Right-to-use - equipment	(14,266)	(14,266)	-	(28,532)
Infrastructure	<u>(6,678,552)</u>	<u>(508,667)</u>	<u>-</u>	<u>(7,187,219)</u>
Subtotal	<u>(27,351,522)</u>	<u>(1,633,076)</u>	<u>238,830</u>	<u>(28,745,768)</u>
Net capital assets being depreciated/amortized	<u>28,746,468</u>	<u>(27,629)</u>	<u>-</u>	<u>28,718,839</u>
Capital assets, net	<u>\$ 31,472,130</u>	<u>\$ 1,607,840</u>	<u>\$ (1,204,598)</u>	<u>\$ 31,875,372</u>

Depreciation/amortization expense was charged to the following governmental activities:

General government	\$ 123,963
Public safety	456,303
Public works	596,031
Parks and recreation	28,239
Internal service funds	<u>428,540</u>
	<u><u>\$ 1,633,076</u></u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (continued)**

**Primary Government (continued)**

	Restated Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 377,033	\$ -	\$ -	\$ 377,033
Construction in progress	<u>702,273</u>	<u>1,400,861</u>	<u>(953,269)</u>	<u>1,149,865</u>
Subtotal	<u>1,079,306</u>	<u>1,400,861</u>	<u>(953,269)</u>	<u>1,526,898</u>
Capital assets being depreciated				
Land improvements	889,149	-	-	889,149
Building and improvements	8,540,319	-	-	8,540,319
Vehicles	602,037	-	(19,673)	582,364
Machinery and equipment	14,783,300	231,273	(69,331)	14,945,242
Infrastructure	<u>41,318,534</u>	<u>1,065,401</u>	<u>-</u>	<u>42,383,935</u>
Subtotal	<u>66,133,339</u>	<u>1,296,674</u>	<u>(89,004)</u>	<u>67,341,009</u>
Less accumulated depreciation for:				
Land improvements	(371,999)	(29,894)	-	(401,893)
Building and improvements	(6,925,544)	(159,138)	-	(7,084,682)
Vehicles	(426,100)	(40,069)	19,673	(446,496)
Machinery and equipment	(11,053,606)	(263,363)	69,331	(11,247,638)
Infrastructure	<u>(18,226,167)</u>	<u>(1,224,292)</u>	<u>-</u>	<u>(19,450,459)</u>
Subtotal	<u>(37,003,416)</u>	<u>(1,716,756)</u>	<u>89,004</u>	<u>(38,631,168)</u>
Net capital assets being depreciated	<u>29,129,923</u>	<u>(420,082)</u>	<u>-</u>	<u>28,709,841</u>
Capital assets, net	<u>\$ 30,209,229</u>	<u>\$ 980,779</u>	<u>\$ (953,269)</u>	<u>\$ 30,236,739</u>

Depreciation expense was charged to the following business-type activities:

Electric	\$ 603,519
Wastewater	332,304
Water	507,412
FiberNet	140,034
Marshall House	91,930
DART	<u>41,557</u>
	<u><u>\$ 1,716,756</u></u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (continued)**

**Component Units**

	Balance			Balance
	July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated				
Land	\$ 473,300	\$ 14,824	\$ -	\$ 488,124
Construction in progress	<u>1,093,139</u>	<u>5,301,603</u>	<u>-</u>	<u>6,394,742</u>
Subtotal	<u>1,566,439</u>	<u>5,316,427</u>	<u>-</u>	<u>6,882,866</u>
Capital assets being depreciated				
Infrastructure	1,445,815	-	-	1,445,815
Machinery and equipment	<u>97,240</u>	<u>-</u>	<u>-</u>	<u>97,240</u>
Subtotal	<u>1,543,055</u>	<u>-</u>	<u>-</u>	<u>1,543,055</u>
Less accumulated depreciation for:				
Infrastructure	(70,800)	(45,196)	-	(115,996)
Machinery and equipment	<u>(93,320)</u>	<u>(560)</u>	<u>-</u>	<u>(93,880)</u>
Subtotal	<u>(164,120)</u>	<u>(45,756)</u>	<u>-</u>	<u>(209,876)</u>
Net capital assets being depreciated	<u>1,378,935</u>	<u>(45,756)</u>	<u>-</u>	<u>1,333,179</u>
Capital assets, net	<u>\$ 2,945,374</u>	<u>\$ 5,270,671</u>	<u>\$ -</u>	<u>\$ 8,216,045</u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended June 30, 2023:

**Primary Government**

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amounts Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
General obligation bonds	\$ 9,310,000	\$ -	\$ (670,000)	\$ 8,640,000	\$ 705,000
Direct borrowings	546,710	-	(308,853)	237,857	66,179
Compensated absences	285,743	80,872	-	366,615	91,654
Unamortized bond premiums	193,399	-	(14,378)	179,021	14,660
Total Governmental Activities	<u>10,335,852</u>	<u>80,872</u>	<u>(993,231)</u>	<u>9,423,493</u>	<u>877,493</u>
Business-type Activities					
General obligation bonds	8,860,000	-	(640,000)	8,220,000	670,000
Revenue bonds	4,010,000	2,200,000	(110,000)	6,100,000	195,000
Compensated absences	209,596	1,338	-	210,934	52,734
Unamortized bond premiums	323,076	-	(25,201)	297,875	24,877
Total Business-type Activities	<u>13,402,672</u>	<u>2,201,338</u>	<u>(775,201)</u>	<u>14,828,809</u>	<u>942,611</u>
Total Primary Government Long-term Obligations	<u>\$ 23,738,524</u>	<u>\$ 2,282,210</u>	<u>\$ (1,768,432)</u>	<u>\$ 24,252,302</u>	<u>\$ 1,820,104</u>
<b>COMPONENT UNIT</b>					
Local Development Finance Authority					
General obligation bonds	\$ 6,445,000	\$ -	\$ (285,000)	\$ 6,160,000	\$ 335,000
Unamortized bond premiums	318,659	-	(14,091)	304,568	16,563
Total Local Development Finance Authority	<u>\$ 6,763,659</u>	<u>\$ -</u>	<u>\$ (299,091)</u>	<u>\$ 6,464,568</u>	<u>\$ 351,563</u>
South Neighborhood Improvement Authority					
General obligation bonds	\$ 765,000	\$ -	\$ -	\$ 765,000	\$ -

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (continued)**

Significant details regarding outstanding long-term obligations (including current portion) are presented below:

**Primary Government**

Governmental Activities

General Obligation Bonds

\$5,325,000 2014 Building Authority General Obligation Bonds dated July 29, 2014 due in annual installments ranging from \$180,000 to \$320,000 through April 1, 2039, with interest of 4.00% payable semiannually.

\$ 3,995,000

\$1,680,000 2013 Michigan Transportation General Obligation Bonds dated April 10, 2013 due in annual installments ranging from \$115,000 to \$135,000 through October 1, 2028, with interest ranging from 2.15% to 3.00% payable semiannually.

745,000

\$4,750,000 2021 Roads General Obligation Bonds dated May 18, 2021 due in annual installments ranging from \$410,000 to \$595,000 through April 1, 2031, with interest ranging from 1.00% to 2.00% payable semiannually.

3,900,000

\$ 8,640,000

Direct Borrowings

\$145,000 Fire Truck Installment Purchase dated July 9, 2015 due in annual installments ranging from \$23,159 through \$43,747 through July 9, 2025, with interest of 2.33%, payable semiannually.

\$ 109,642

\$100,000 Airport Loan dated September 28, 2020 due in annual installments ranging from \$9,254 through \$11,382 through September 28, 2030, with interest of 3.00%.

82,292

\$71,331 Copier Lease dated September 28, 2021 due in monthly installments ranging from \$1,172 to \$1,246 through August 1, 2026, with interest of 2.00%.

45,923

\$ 237,857

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (continued)**

**Primary Government (continued)**

Business-type Activities

General Obligation Bonds

\$1,345,000 2009 General Obligation Bonds dated July 7, 2009 due in annual installments ranging from \$75,000 to \$100,000 through April 1, 2029, with interest ranging from 5.10% to 5.10% payable semiannually.	\$ 525,000
\$1,615,000 2012 Water General Obligation Bond dated September 5, 2012 due in annual installments ranging from \$90,000 to \$115,000 through April 1, 2032, with interest ranging from 3.00% to 3.30%, payable semiannually.	910,000
\$2,175,000 2012 Wastewater General Obligation Bond dated September 5, 2012 due in annual installments ranging from \$160,000 to \$205,000 through April 1, 2032, with interest ranging from 3.00% to 3.30%, payable semiannually	1,635,000
\$460,000 2016 Refunding Bond dated July 20, 2016 due in annual installments ranging from \$45,000 to \$55,000 through April 1, 2027, with interest of 4.00%, payable semiannually.	200,000
\$310,000 2016 Refunding Bond dated July 20, 2016 due in an annual installment of \$50,000 on April 1, 2024, with interest of 4.00%, payable semiannually.	50,000
\$3,370,000 2016 General Obligation Bonds dated July 20, 2016 due in annual installments ranging from \$145,000 to \$230,000 through April 1, 2036, with interest ranging from 3.00% to 4.00%, payable semiannually.	2,430,000
\$2,665,000 2021 Dam General Obligation Bonds dated May 13, 2021 due in annual installments ranging from \$100,000 to \$175,000 through April 1, 2041, with interest of 2.75%, payable semiannually.	<u>2,470,000</u>
	<u>\$ 8,220,000</u>

Revenue Bonds

\$4,200,000 2019 Water Revenue Bonds dated July 9, 2019 due in annual installments ranging from \$110,000 to \$370,000 through April 1, 2040, with interest of 3.00%, payable semiannually.	\$ 3,900,000
\$2,200,000 2022 Water Revenue Bonds date April 1, 2023 due in annual installments ranfing from \$75,000 to \$165,000 through April 1, 2042, with interest of 4.25% payable semiannually.	<u>2,200,000</u>

**Component Unit**

General Obligation Bonds

\$6,445,000 2022 General Obligation Bonds dated May 17, 2022 due in annual installments ranging from \$335,000 to \$560,000 through April 1, 2037, with interest of 4.00%, payable semiannually.	\$ 6,160,000
\$765,000 2021 Revenue Bonds dated May 13, 2021 due in annual installments ranging from \$0 to \$65,000 through October 1, 2037, with interest of 3.40%, payable semiannually.	<u>765,000</u>
	<u>\$ 6,925,000</u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (continued)**

Compensated Absences

In accordance with City personnel policies and/or contracts negotiated with various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$366,615 and \$210,934 for vacation and sick for governmental and business-type activities, respectively, at June 30, 2023. Of those amounts, \$91,654 and \$52,734 have been recorded as current liabilities for governmental and business-type activities, respectively.

The City's outstanding obligations from direct borrowings and direct placements related to governmental activities of \$237,857 contain provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

All City departments and funds with employees liquidate vacation, compensated absences, and normal sick leave as a direct payout. For governmental activities, compensated absences are generally liquidated by the General Fund.

Year Ending June 30,	Primary Government							
	General Obligation / Revenue Bonds				Direct Borrowing			
	Governmental Activities		Business-Type Activities		Governmental Activities		Interest	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 705,000	\$ 223,700	\$ 865,000	\$ 482,225	\$ 66,179	\$ 5,595		
2025	740,000	209,874	855,000	452,026	67,755	4,019		
2026	775,000	195,454	895,000	421,907	47,745	2,387		
2027	810,000	179,799	940,000	390,385	12,602	1,617		
2028	850,000	163,124	910,000	357,258	10,416	1,307		
2029-2033	3,005,000	552,006	4,490,000	1,464,488	33,160	2,009		
2034-2038	1,435,000	240,800	3,520,000	747,376	-	-		
2039-2042	320,000	12,800	1,845,000	202,650	-	-		
	<b>\$ 8,640,000</b>	<b>\$ 1,777,557</b>	<b>\$ 14,320,000</b>	<b>\$ 4,518,315</b>	<b>\$ 237,857</b>	<b>\$ 16,934</b>		
Component Units								
Year Ending June 30,	General Obligation Bonds							
	Principal		Interest					
2024	\$ 335,000	\$ 272,410						
2025	350,000	259,010						
2026	415,000	244,160						
2027	430,000	227,860						
2028	445,000	210,960						
2029-2033	2,505,000	872,100						
2034-2038	2,445,000	358,590						
	<b>\$ 6,925,000</b>	<b>\$ 2,445,090</b>						

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - LEASES RECEIVABLE**

The City leases tower space to a cellular company. The lease is for thirty years and the City will receive annual escalating payments. For the year ended June 30, 2023, the City recognized \$34,645 in lease revenue and \$3,579 in interest revenue related to this leases due to one of the cellular companies terminating their lease during the CY. As of June 30, 2023, the City reports a receivable and deferred inflow of resources associated with this lease of \$114,521. The deferred inflow of resources will be recognized as revenue over the lease term.

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Summary of Significant Accounting Policies

For the 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 Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

Benefits provided include plans with multipliers ranging from 2.50% to 3.00%.

Vesting period of 10 years.

Normal retirement age is 60 with early retirement of 50 to 55 with 25 years of service or reduced early retirement at 50 with 25 years of service or 55 with 15 years of service.

Final average compensation is calculated based on three to five years.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Benefit terms may be subject to binding arbitration in certain circumstances.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

Benefits Provided (continued)

At the December 31, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>38</u>
Total employees covered by the Plan	<u><u>168</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Payable to the Pension Plan

At June 30, 2023, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2023.

Net Pension Liability

The employer's net pension liability reported at June 30, 2023 was determined using a measure of the total pension liability and the pension net position as of December 31, 2022. The December 31, 2022 total pension liability was determined by an actuarial valuation performed as of that date.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

**Net Pension Liability (continued)**

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Changes in Net Pension Liability</b>			
Balances at December 31, 2021	\$ 40,497,096	\$ 26,045,640	\$ 14,451,456
Changes for the Year			
Service cost	443,110	-	443,110
Interest on total pension liability	2,844,314	-	2,844,314
Difference between expected and actual experience	709,332	-	709,332
Employer contributions	-	1,868,810	(1,868,810)
Employee contributions	-	300,007	(300,007)
Net investment income (loss)	-	(2,672,801)	2,672,801
Benefit payments, including employee refunds	(2,973,480)	(2,973,480)	-
Administrative expense	-	(47,330)	47,330
Net changes	1,023,276	(3,524,794)	4,548,070
Balances as of December 31, 2022	<u>\$ 41,520,372</u>	<u>\$ 22,520,846</u>	<u>\$ 18,999,526</u>

**Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2023, the City recognized pension expense of \$2,898,896. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 354,666	\$ -
Net difference between projected and actual earnings on pension plan investments	2,058,184	-
Contributions subsequent to the measurement date*	1,003,327	-
Total	<u>\$ 3,416,177</u>	<u>\$ -</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition in the net pension liability for the year ending June 30, 2024.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

<u>Years Ending June 30,</u>	<u>Pension Expense</u>
2024	\$ 515,166
2025	389,045
2026	602,594
2027	<u>906,045</u>
	<u>\$ 2,412,850</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return: 7.00%, net of investment expenses, including inflation.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in the valuation were based on the results of the 2014-2018 Five-Year Experience Study.

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Changes in Assumptions

There were no changes in assumptions during plan year 2022.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

Projected Cash Flows

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	20.00%	7.00%	1.40%
<b>100.00%</b>			
Inflation			2.50%
Assumed investment rate of return			7.00%
Administrative expense netted above			0.25%
Investment rate of return (discount rate)			7.25%

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rates 7.25%, as well as what the employer's Net Position Liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease Rate 6.25%	Current Discount Rate 7.25%	1% Increase Rate 8.25%
Net pension liability	\$ 23,581,505	\$ 18,999,526	\$ 15,156,452

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN**

The City provides a defined contribution pension plan, which provides retirement benefits to qualified employees who were hired after July 1, 2013. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on years of service with 100% vesting occurring after 5 years of service. The City and participants contribute a percentage of participant's salary to the plans. City contributions to the MERS plan are 10% of salary and participant contributions are 7.7% of salary. City contributions for the fiscal year 2023 were \$282,443 and participant contributions were \$217,371. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council. The plan is administered along with the defined benefit pension plans, through MERS.

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

The City of Marshall Other Post-Employment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City using MERS' retiree health funding vehicle (RHFV). The Plan provides certain retiree medical benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. Benefit provisions are established by the City Council. The Plan does not issue a separate stand-alone financial statement.

Benefits Provided

The Plan was established and is being funded under the authority of the City. The Plan's funding policy is that the employer will contribute \$200,000 per year to the OPEB Trust in addition to paying retiree benefits from general operating funds at least until the Plan is 40% funded. There are no long-term contracts for contributions to the Plan. The Plan has no legally required reserves.

Summary of Plan Participants

At the June 30, 2022 valuation date, the following employees were covered by the benefit terms:

Active plan members	1
Retirees and beneficiaries	<u>67</u>
Total employees covered by the plan	<u>68</u>

Net OPEB Liability

The net OPEB liability of the City 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.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	3.00%
Investment rate of return	7.00%, including inflation
Healthcare cost trend rate	7.25% graded down 4.50% by 0.25% per year
20-year Municipal bond rate	4.31%

Mortality rates were based on the 2010 public general and public safety employees and healthy and disabled retirees, headcount weighted with improvement scale MP-2021.

The assumptions used in the June 30, 2022 valuation were determined by the City's management as of June 30, 2022.

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

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

Asset Class	Target Allocation	Real Rate of Return
Global equity	60.00%	4.50%
Global fixed income	20.00%	2.00%
Private investments	20.00%	7.00%
<b>Total</b>	<b>100.00%</b>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be \$200,000 in addition to paying retiree benefits from general operating funds for the foreseeable future. Thus, based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. There is no cross-over point. This discount rate is used to determine the Total OPEB Liability. As of June 30, 2021, the discount rate used to value OPEB liabilities was 7.00%.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)**

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- 20-year Municipal bond rate changed from 3.46% to 4.31%.

Change in Net OPEB Liability

The change in the net OPEB liability for the year ended June 30, 2023 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPB Liability (a)-(b)
<b>Changes in Net OPEB Liability</b>			
Balances at June 30, 2022	\$ 6,669,286	\$ 1,808,111	\$ 4,861,175
<b>Changes for the Year</b>			
Service cost	4,985	-	4,985
Interest on total OPEB liability	448,276	-	448,276
Difference between expected and actual experience	(133,017)	-	(133,017)
Changes of assumptions	52,467	-	52,467
Employer contributions	-	740,661	(740,661)
Net investment income	-	141,409	(141,409)
Benefit payments, including employee refunds	(540,661)	(540,661)	-
Administrative expense	-	(3,721)	3,721
Net changes	<u>(167,950)</u>	<u>337,688</u>	<u>(505,638)</u>
Balances as of June 30, 2023	<u>\$ 6,501,336</u>	<u>\$ 2,145,799</u>	<u>\$ 4,355,537</u>

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-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 4,925,203</u>	<u>\$ 4,355,537</u>	<u>\$ 3,871,743</u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 3,798,930</u>	<u>\$ 4,355,537</u>	<u>\$ 5,003,119</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized an OPEB benefit of \$266,137. 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 plan investments	<u>\$ 72,333</u>	<u>\$ -</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2024	\$ 14,152
2025	1,413
2026	58,363
2027	<u>(1,595)</u>
	<u><u>\$ 72,333</u></u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for excess claims for general and auto liability, auto physical damage, and property loss claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The City also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in any of the past three fiscal years.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

The City participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The periodic program compliance audits of many of the programs have not yet been completed or final resolution has not been received. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Contingent liabilities represent items that are not recognized in the Statement of Net Position at June 30, 2023 because there is significant uncertainty as to the outcome of a future event. Contingent liabilities are recorded in the Statement of Net Position only when the contingency is probable, and the amount can be estimated. The City estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

**NOTE 14 - DIAL-A-RIDE DISCLOSURES**

The following disclosures are required by the Michigan Department of Transportation (MDOT) relative to the City's Dial-A-Ride program which is funded by and through MDOT:

*Cost Allocation Plans*

The Dial-A-Ride has one cost allocation plan (central service - building) where the methodology has been approved by the Office of Passenger Transportation (OPT). The cost allocation plan was adhered to in the preparation of the financial statements.

*Nonfinancial Methodology*

The methodology used for compiling vehicle mileage is adequate and reliable.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - DIAL-A-RIDE DISCLOSURES (continued)**

*Depreciation*

The depreciation expense reported in 51300 equals the ineligible depreciation reported in 55007. Therefore, the depreciation assurance regarding approval of useful life is not required.

*Capital Funds Used to Pay for Operating*

No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses for the fiscal year ended June 30, 2023.

*Expenses Associated with PTMS Codes 406 & 407*

Expenses associated with 406xx Auxiliary Transportation Revenue (advertising revenue) and / or 407xx Non-transportation, if any, are subtracted out as ineligible under 56002 Ineligible Expenses Associated with Advertising Revenue for the fiscal year ended September 30, 2022.

*Retirement Benefits*

The Dial-A-Ride offers two pension compensation plans: MERS defined benefit and MERS defined contribution. During the fiscal year ended September 30, 2022 the Dial-A-Ride paid \$0 in 50210 DC Pensions under its MERS defined contribution plan. The entire amount was expensed on the books and reported in 50210 DC Pensions. The entire sum of \$0 was paid (e.g., an out-of-pocket payment) and, therefore, no DC pension is subtracted out under 58010 Ineligible DC Pensions.

Pension costs incurred for the MERS defined benefit plan were calculated pursuant to the MERS GASB 68 Implementation Guide. The total pension expense recognized as calculated in STEP 6 of the guide was \$23,158 for the Dial-A-Ride's fiscal year end of September 30, 2022. The entire amount of \$23,158 was expensed on the books and is reported in 50220 DB Pensions as of September 30, 2022. The transit agency paid (e.g., an out of pocket payment) \$37,091, therefore, \$13,933 of defined benefit pension costs are eligible for reimbursement from prior year ineligibles. \$13,933 has been added in as negative ineligible on the OAR schedule under 58020 Ineligible DB Pension.

OPEB costs incurred for the OPEB plan were calculated in accordance with GASB 75. The total OPEB expense recognized in the actuarial valuation is \$(16,173). The entire amount of \$(16,173) was expensed on the books and is reported in 50230 Other Post-employment Benefits (OPEB). The transit agency paid (e.g., an out of pocket payment) \$50,583, therefore, \$(16,173) of OPEB costs are eligible for reimbursement.

	<u>Defined Benefit Pension</u>
Cumulative ineligible expenses/cost, beginning of year	\$ 119,162
Current year ineligible expenses/cost	<u>(13,933)</u>
Cumulative ineligible expenses/cost, end of year	<u><u>\$ 105,229</u></u>

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 15 - FUND BALANCE CLASSIFICATIONS**

The following are the various fund balance classifications as of June 30, 2023:

	General Fund	Nonmajor Governmental Funds		Total
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory	\$ 37,254	\$ 15,121	\$ 52,375	
Prepays	22,170	-	22,170	
Advances	1,000,000	-	1,000,000	
Endowments	-	321,851	321,851	
<b>Restricted</b>				
Streets	-	3,352,834	3,352,834	
Regional law enforcement center	-	511,751	511,751	
Capital projects	-	50	50	
Leaf, brush, and trash removal	-	23,560	23,560	
Drug and law enforcement	-	1,826	1,826	
Cemetery perpetual care	-	309,727	309,727	
Debt service	-	163,599	163,599	
ARPA	-	14,765	14,765	
RAP Program	-	24,475	24,475	
<b>Committed</b>				
Fire truck	184,000	-	184,000	
Special projects	-	137,836	137,836	
<b>Unassigned</b>	<u>2,376,495</u>	<u>-</u>	<u>2,376,495</u>	
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 3,619,919</u></b>	<b><u>\$ 4,877,407</u></b>	<b><u>\$ 8,497,326</u></b>	

**NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the City implemented the following new pronouncement:

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

**Summary:**

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the City's financial statements after the adoption of GASB Statement No. 96.

**CITY OF MARSHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**NOTE 18 - NET POSITION DEFICITS**

The following funds had net position deficits at June 30, 2023:

	<b>Net Position</b>	
	<b>Unrestricted</b>	<b>Total</b>
PRIMARY GOVERNMENT		
Business-type Activities		
FiberNet Fund	\$ (3,273,502)	\$ (388,377)
COMPONENT UNITS		
South Neighborhood Improvement Authority	30,284	(92,822)

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MARSHALL**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,351,433	\$ 4,351,433	\$ 4,261,976	\$ (89,457)
Licenses and permits	442,000	442,000	466,981	24,981
Intergovernmental	1,080,331	1,211,292	1,256,284	44,992
Charges for services	411,386	451,386	365,866	(85,520)
Fines and forfeits	13,000	13,000	13,913	913
Interest and rents	598,944	602,944	747,507	144,563
Other	<u>800,117</u>	<u>805,117</u>	<u>976,066</u>	<u>170,949</u>
<b>TOTAL REVENUES</b>	<b><u>7,697,211</u></b>	<b><u>7,877,172</u></b>	<b><u>8,088,593</u></b>	<b><u>211,421</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
Council	2,957	3,707	3,151	556
Manager	256,499	256,499	223,861	32,638
Assessor	71,633	71,633	70,906	727
Attorney	100,000	100,000	127,679	(27,679)
Human resources	104,338	104,338	72,196	32,142
Clerk	73,094	118,194	113,253	4,941
Treasurer	615,373	615,373	533,776	81,597
City hall	78,829	142,484	139,850	2,634
Chapel	1,715	1,715	515	1,200
Other City properties	62,000	62,000	61,412	588
Non-departmental	<u>684,262</u>	<u>833,260</u>	<u>854,598</u>	<u>(21,338)</u>
Total general government	<b><u>2,050,700</u></b>	<b><u>2,309,203</u></b>	<b><u>2,201,197</u></b>	<b><u>108,006</u></b>
Public safety				
Police	2,047,331	2,047,331	2,004,757	42,574
Crossing guards	2,677	6,377	5,441	936
Dispatch operations	190,000	190,000	187,932	2,068
Fire	1,245,916	1,325,916	1,297,287	28,629
Inspection	<u>152,391</u>	<u>152,391</u>	<u>139,735</u>	<u>12,656</u>
Total public safety	<b><u>3,638,315</u></b>	<b><u>3,722,015</u></b>	<b><u>3,635,152</u></b>	<b><u>86,863</u></b>
Public works				
Street	939,370	939,370	927,009	12,361
Composting	36,757	66,757	63,298	3,459
Engineering	58,900	58,900	41,325	17,575
Cemetery	153,942	188,942	203,217	(14,275)
Airport	158,608	206,108	187,369	18,739
Public services building	<u>125,762</u>	<u>153,262</u>	<u>165,451</u>	<u>(12,189)</u>
Total public works	<b><u>1,473,339</u></b>	<b><u>1,613,339</u></b>	<b><u>1,587,669</u></b>	<b><u>25,670</u></b>

**CITY OF MARSHALL**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (continued)**  
**YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
<b>EXPENDITURES (continued)</b>				
Current (continued)				
Community and economic development				
Farmers market	\$ 24,911	\$ 24,911	\$ 14,703	\$ 10,208
Planning and zoning	<u>60,444</u>	<u>60,444</u>	<u>59,465</u>	<u>979</u>
Total community and economic development	<u>85,355</u>	<u>85,355</u>	<u>74,168</u>	<u>11,187</u>
Recreation and culture				
Recreation	364,271	364,271	339,260	25,011
Parks	<u>128,186</u>	<u>128,186</u>	<u>114,564</u>	<u>13,622</u>
Total recreation and culture	<u>492,457</u>	<u>492,457</u>	<u>453,824</u>	<u>38,633</u>
Debt service	-	56,796	56,796	-
Capital outlay	-	97,606	90,571	7,035
<b>TOTAL EXPENDITURES</b>	<b><u>7,740,166</u></b>	<b><u>8,376,771</u></b>	<b><u>8,099,377</u></b>	<b><u>277,394</u></b>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(42,955)</u>	<u>(499,599)</u>	<u>(10,784)</u>	<u>488,815</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	6,429	(23,571)
Transfers out	<u>(110,374)</u>	<u>(443,674)</u>	<u>(430,819)</u>	<u>12,855</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(80,374)</u></b>	<b><u>(413,674)</u></b>	<b><u>(424,390)</u></b>	<b><u>(10,716)</u></b>
NET CHANGE IN FUND BALANCE	<u>(123,329)</u>	<u>(913,273)</u>	<u>(435,174)</u>	<u>478,099</u>
Fund balance, beginning of year	<u>4,055,093</u>	<u>4,055,093</u>	<u>4,055,093</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,931,764</u>	<u>\$ 3,141,820</u>	<u>\$ 3,619,919</u>	<u>\$ 478,099</u>

**CITY OF MARSHALL**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>CHANGE IN TOTAL PENSION LIABILITY</b>									
Service cost	\$ 443,110	\$ 425,726	\$ 382,455	\$ 408,090	\$ 394,120	\$ 433,744	\$ 479,907	\$ 499,467	\$ 494,170
Interest	2,844,314	2,846,747	2,734,814	2,752,916	2,682,389	2,674,178	2,624,048	2,516,972	2,450,825
Changes of benefit terms			70			4,811			
Difference between expected and actual experience	709,332	(27,590)	224,980	(80,974)	288,807	(639,786)	(201,324)	(31,309)	-
Changes of assumptions	-	1,387,534	815,496	1,114,526	-	-	-	1,499,182	-
Benefit payments, including employee refunds	(2,973,480)	(2,759,318)	(2,653,844)	(2,563,879)	(2,417,509)	(2,283,549)	(2,222,675)	(2,142,685)	(2,143,777)
<b>Net Change in Total Pension Liability</b>	<b>1,023,276</b>	<b>1,873,099</b>	<b>1,503,901</b>	<b>1,630,749</b>	<b>947,807</b>	<b>189,398</b>	<b>679,956</b>	<b>2,341,627</b>	<b>801,218</b>
<b>Total Pension Liability, beginning</b>	<b>40,497,096</b>	<b>38,623,997</b>	<b>37,120,096</b>	<b>35,489,347</b>	<b>34,541,540</b>	<b>34,352,142</b>	<b>33,672,186</b>	<b>31,330,559</b>	<b>30,529,341</b>
<b>Total Pension Liability, ending</b>	<b>\$ 41,520,372</b>	<b>\$ 40,497,096</b>	<b>\$ 38,623,997</b>	<b>\$ 37,120,096</b>	<b>\$ 35,489,347</b>	<b>\$ 34,541,540</b>	<b>\$ 34,352,142</b>	<b>\$ 33,672,186</b>	<b>\$ 31,330,559</b>
<b>CHANGE IN PLAN FIDUCIARY NET POSITION</b>									
Contributions - employer	\$ 1,868,810	\$ 1,522,547	\$ 1,259,552	\$ 1,104,995	\$ 984,063	\$ 862,172	\$ 790,417	\$ 710,139	\$ 611,791
Contributions - employee	300,007	256,274	275,570	248,537	269,424	282,382	311,834	329,215	353,729
Net investment income (loss)	(2,672,801)	3,285,702	2,712,878	2,751,161	(856,613)	2,742,993	2,241,410	(311,804)	1,337,330
Benefit payments, including employee refunds	(2,973,480)	(2,759,318)	(2,653,844)	(2,563,879)	(2,417,509)	(2,283,549)	(2,222,675)	(2,142,685)	(2,143,777)
Administrative expenses	(47,330)	(37,687)	(43,800)	(47,356)	(43,320)	(43,520)	(44,490)	(46,163)	(48,890)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(3,524,794)</b>	<b>2,267,518</b>	<b>1,550,356</b>	<b>1,493,458</b>	<b>(2,063,955)</b>	<b>1,560,478</b>	<b>1,076,496</b>	<b>(1,461,298)</b>	<b>110,183</b>
<b>Plan Fiduciary Net Position, beginning</b>	<b>26,045,640</b>	<b>23,778,122</b>	<b>22,227,766</b>	<b>20,734,308</b>	<b>22,798,263</b>	<b>21,237,785</b>	<b>20,161,289</b>	<b>21,622,587</b>	<b>21,512,404</b>
<b>Plan Fiduciary Net Position, ending</b>	<b>\$ 22,520,846</b>	<b>\$ 26,045,640</b>	<b>\$ 23,778,122</b>	<b>\$ 22,227,766</b>	<b>\$ 20,734,308</b>	<b>\$ 22,798,263</b>	<b>\$ 21,237,785</b>	<b>\$ 20,161,289</b>	<b>\$ 21,622,587</b>
<b>City's Net Pension Liability</b>	<b>\$ 18,999,526</b>	<b>\$ 14,451,456</b>	<b>\$ 14,845,875</b>	<b>\$ 14,892,330</b>	<b>\$ 14,755,039</b>	<b>\$ 11,743,277</b>	<b>\$ 13,114,357</b>	<b>\$ 13,510,897</b>	<b>\$ 9,707,972</b>
Plan fiduciary net position as a percentage of the total pension liability	54.24%	64.31%	61.56%	59.88%	58.42%	66.00%	61.82%	59.88%	69.01%
<b>Covered payroll</b>	<b>\$ 2,671,417</b>	<b>\$ 2,866,513</b>	<b>\$ 2,781,676</b>	<b>\$ 2,978,869</b>	<b>\$ 2,879,640</b>	<b>\$ 3,220,900</b>	<b>\$ 3,544,724</b>	<b>\$ 3,714,381</b>	<b>\$ 3,702,727</b>
City's net pension liability as a percentage of covered payroll	711.2%	504.1%	533.7%	499.9%	512.4%	364.6%	370.0%	363.7%	262.2%

**CITY OF MARSHALL**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**(AMOUNTS WERE DETERMINED AS OF 6/30 EACH FISCAL YEAR)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 2,011,143	\$ 1,670,079	\$ 1,351,493	\$ 1,166,246	\$ 984,063	\$ 862,172	\$ 815,277	\$ 710,139	\$ 654,990	\$ 568,171
Contributions in relation to the actuarially determined contribution	<u>2,011,143</u>	<u>1,670,079</u>	<u>1,351,493</u>	<u>1,166,246</u>	<u>984,063</u>	<u>862,172</u>	<u>815,277</u>	<u>710,139</u>	<u>654,990</u>	<u>568,171</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,856,931	\$ 3,029,723	\$ 2,950,962	\$ 2,919,292	\$ 2,822,047	\$ 3,317,527	\$ 3,459,896	\$ 3,751,525	\$ 3,702,728	\$ 4,139,755
Contributions as a percentage of covered payroll	70.40%	55.12%	45.80%	39.95%	34.87%	25.99%	23.56%	18.93%	17.69%	13.72%

**CITY OF MARSHALL**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF CHANGES IN THE PLAN'S NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	2023	2022	2021	2020	2019
<b>CHANGE IN TOTAL OPEB LIABILITY</b>					
Service cost	\$ 4,985	\$ 8,222	\$ 8,348	\$ 31,537	\$ 165,819
Interest	448,276	640,587	658,434	690,180	761,974
Difference between expected and actual experience	(133,017)	(2,629,273)	(78,507)	(1,272,562)	(78,697)
Changes of assumptions	52,467	197,259	(226,421)	(287,369)	(14,990,818)
Benefit payments, including refunds of member contributions	<u>(540,661)</u>	<u>(509,541)</u>	<u>(699,489)</u>	<u>(575,706)</u>	<u>(587,200)</u>
Net Change in Total OPEB Liability	(167,950)	(2,292,746)	(337,635)	(1,413,920)	(14,728,922)
Total OPEB Liability, beginning	<u>6,669,286</u>	<u>8,962,032</u>	<u>9,299,667</u>	<u>10,713,587</u>	<u>25,442,509</u>
Total OPEB Liability, ending	<u><u>\$ 6,501,336</u></u>	<u><u>\$ 6,669,286</u></u>	<u><u>\$ 8,962,032</u></u>	<u><u>\$ 9,299,667</u></u>	<u><u>\$ 10,713,587</u></u>
<b>CHANGE IN PLAN FIDUCIARY NET POSITION</b>					
Employer contributions	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Contributions/benefits paid from general operating funds	540,661	509,541	699,489	575,706	587,200
OPEB plan net investment income (loss)	141,409	(162,190)	386,713	26,540	27,816
Benefit payments, including refunds of member contributions	<u>(540,661)</u>	<u>(509,541)</u>	<u>(699,489)</u>	<u>(575,706)</u>	<u>(587,200)</u>
Administrative expenses	(3,721)	(3,537)	(2,862)	(2,111)	(1,972)
Net Change in Plan Fiduciary Net Position	337,688	34,273	583,851	224,429	25,844
Plan Fiduciary Net Position, beginning	<u>1,808,111</u>	<u>1,773,838</u>	<u>1,189,987</u>	<u>965,558</u>	<u>939,714</u>
Plan Fiduciary Net Position, ending	<u><u>\$ 2,145,799</u></u>	<u><u>\$ 1,808,111</u></u>	<u><u>\$ 1,773,838</u></u>	<u><u>\$ 1,189,987</u></u>	<u><u>\$ 965,558</u></u>
Plan's Net OPEB Liability	\$ 4,355,537	\$ 4,861,175	\$ 7,188,194	\$ 8,109,680	\$ 9,748,029
Plan fiduciary net position as a percentage of the total OPEB liability	33.01%	27.11%	19.79%	12.80%	9.01%
Covered payroll	\$ 55,549	\$ 51,855	\$ 336,660	\$ 456,791	\$ 301,626
Plan's net OPEB liability as a percentage of covered payroll	7840.89%	9374.55%	2135.15%	1775.36%	3231.83%

**CITY OF MARSHALL**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**  
**LAST SIX FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 1,025,188	\$ 7,725,352	\$ 4,516,130	\$ 3,721,006	\$ 1,579,522	\$ 8,242,097
Contributions in relation to the actuarially determined contribution	<u>740,661</u>	<u>709,541</u>	<u>899,489</u>	<u>775,706</u>	<u>587,200</u>	<u>548,507</u>
Contribution deficiency	<u>\$ 284,527</u>	<u>\$ 7,015,811</u>	<u>\$ 3,616,641</u>	<u>\$ 2,945,300</u>	<u>\$ 992,322</u>	<u>\$ 7,693,590</u>
Covered payroll	\$ 55,549	\$ 51,855	\$ 336,660	\$ 456,791	\$ 301,626	N/A
Contributions as a percentage of covered payroll	1333.35%	1368.32%	267.18%	169.82%	194.68%	N/A

**CITY OF MARSHALL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City's budgeted expenditures have been shown at the activity level for the General Fund. The approved budgets for the City have been adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds.

During the year ended June 30, 2023, the City incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Attorney	\$ 100,000	\$ 127,679	\$ (27,679)
Non-departmental	833,260	854,598	(21,338)
Public works			
Cemetery	188,942	203,217	(14,275)
Public services building	153,262	165,451	(12,189)

**NOTE 2 - DEFINED BENEFIT PENSION PLAN**

Changes of Benefits Terms: There were no significant changes in benefit terms for the plan year 2022.

Changes in Assumptions: There were no changes in assumptions for the plan year 2022.

**NOTE 3 - OTHER POST-EMPLOYMENT BENEFITS PLAN**

Changes of Benefit Terms: There were no changes of benefit terms during plan year 2023.

Changes of Assumptions: 20-year Municipal bond rate changed from 3.46% to 4.31%.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MARSHALL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2023**

	Special Revenue										Debt Service		Capital Projects		Permanent				
	Marshall			Regional Law Enforcement Center							Building Authority		Capital Improvement Bond		Building Authority Construction		Special Projects		
	Major Streets	Local Streets	Municipal Streets	Leaf, Brush, and Trash Removal	Drug Forfeiture	SAFER Grant	ARPA Grant	CDBG	RAP Program	Building Authority	Capital Improvement Bond	Building Authority Construction	Special Projects	Cemetery	Total				
<b>ASSETS</b>																			
Cash and investments	\$ 790,846	\$ 769,081	\$ 1,625,641	\$ 526,608	\$ 23,560	\$ 1,826	\$ 377	\$ 608,545	\$ 922	\$ 40,612	\$ 1,145	\$ 162,454	\$ 50	\$ 154,014	\$ 631,578	\$ 5,337,259			
Accounts receivable, net	-	-	-	9,562	-	-	6,577	-	-	-	-	-	-	10,000	-	26,139			
Due from other governmental units	131,584	43,187	-	-	-	-	101,191	-	12,090	-	-	-	-	-	-	288,052			
Inventories	15,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,121			
<b>TOTAL ASSETS</b>	<b>\$ 937,551</b>	<b>\$ 812,268</b>	<b>\$ 1,625,641</b>	<b>\$ 536,170</b>	<b>\$ 23,560</b>	<b>\$ 1,826</b>	<b>\$ 108,145</b>	<b>\$ 608,545</b>	<b>\$ 13,012</b>	<b>\$ 40,612</b>	<b>\$ 1,145</b>	<b>\$ 162,454</b>	<b>\$ 50</b>	<b>\$ 164,014</b>	<b>\$ 631,578</b>	<b>\$ 5,666,571</b>			
<b>LIABILITIES</b>																			
Accounts payable	\$ 157	\$ 49	\$ 5,114	\$ 22,174	\$ -	\$ -	\$ -	\$ 32,632	\$ -	\$ 16,137	\$ -	\$ -	\$ -	\$ 26,178	\$ -	\$ 102,441			
Accrued liabilities	1,287	736	162	2,245	-	-	6,145	-	-	-	-	-	-	-	-	10,575			
Due to other funds	-	-	-	-	-	-	102,000	-	13,000	-	-	-	-	-	-	115,000			
Unearned revenue	-	-	-	-	-	-	-	561,148	-	-	-	-	-	-	-	-	561,148		
<b>TOTAL LIABILITIES</b>	<b>1,444</b>	<b>785</b>	<b>5,276</b>	<b>24,419</b>	<b>-</b>	<b>-</b>	<b>108,145</b>	<b>593,780</b>	<b>13,000</b>	<b>16,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,178</b>	<b>-</b>	<b>789,164</b>			
<b>FUND BALANCES</b>																			
Nonspendable	15,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	321,851	336,972		
Restricted	920,986	811,483	1,620,365	511,751	23,560	1,826	-	14,765	12	24,475	1,145	162,454	50	-	-	309,727	4,402,599		
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137,836	-	137,836	
<b>TOTAL FUND BALANCES</b>	<b>936,107</b>	<b>811,483</b>	<b>1,620,365</b>	<b>511,751</b>	<b>23,560</b>	<b>1,826</b>	<b>-</b>	<b>14,765</b>	<b>12</b>	<b>24,475</b>	<b>1,145</b>	<b>162,454</b>	<b>50</b>	<b>137,836</b>	<b>631,578</b>	<b>4,877,407</b>			
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 937,551</b>	<b>\$ 812,268</b>	<b>\$ 1,625,641</b>	<b>\$ 536,170</b>	<b>\$ 23,560</b>	<b>\$ 1,826</b>	<b>\$ 108,145</b>	<b>\$ 608,545</b>	<b>\$ 13,012</b>	<b>\$ 40,612</b>	<b>\$ 1,145</b>	<b>\$ 162,454</b>	<b>\$ 50</b>	<b>\$ 164,014</b>	<b>\$ 631,578</b>	<b>\$ 5,666,571</b>			

**CITY OF MARSHALL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	Special Revenue										Debt Service		Capital Projects		Permanent	
	Major Streets	Local Streets	Municipal Streets	Marshall Regional Law Enforcement Center	Leaf, Brush, and Trash Removal	Drug Forfeiture	SAFER Grant	ARPA Grant	CDBG	RAP Program	Building Authority	Capital Improvement Bond	Building Authority Construction	Special Projects	Cemetery	Total
REVENUES																
Property taxes	\$ 855,574	\$ 254,490	\$ -	\$ -	\$ 165,884	\$ 6,062	\$ -	\$ 210,911	\$ 37,632	\$ 534,674	\$ -	\$ 56,463	\$ -	\$ -	\$ 664,376	
Intergovernmental	-	-	-	-	312,756	-	-	-	-	-	-	-	-	-	1,955,806	
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	325,131	
Fines and forfeits	-	-	-	-	-	214	-	-	-	-	-	-	-	-	214	
Interest	26,372	12,296	109,826	4,755	350	12	-	14,572	1,344	155	-	1,257	-	3,132	6,603	180,674
Other	-	-	-	4,529	56,851	-	-	-	1,062,309	100,000	-	532	-	37,707	-	1,261,928
TOTAL REVENUES	<b>881,946</b>	<b>266,786</b>	<b>114,355</b>	<b>374,362</b>	<b>172,296</b>	<b>226</b>	<b>210,911</b>	<b>52,204</b>	<b>1,598,327</b>	<b>100,155</b>	<b>-</b>	<b>556,744</b>	<b>-</b>	<b>40,839</b>	<b>18,978</b>	<b>4,388,129</b>
EXPENDITURES																
Current																
General government	-	-	-	-	-	-	-	37,632	-	75,680	-	-	-	-	-	113,312
Public safety	-	-	-	398,733	-	2,870	210,911	-	-	-	-	-	-	-	-	612,514
Public works	191,067	344,422	1,397,373	-	185,830	-	-	-	-	-	-	-	-	-	-	2,118,692
Community and economic development	-	-	-	-	-	-	-	-	1,598,807	-	-	-	-	-	-	1,598,807
Debt service	130,613	-	-	-	-	-	-	-	-	-	333,300	447,724	-	-	-	911,637
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133,553
TOTAL EXPENDITURES	<b>321,680</b>	<b>344,422</b>	<b>1,397,373</b>	<b>398,733</b>	<b>185,830</b>	<b>2,870</b>	<b>210,911</b>	<b>37,632</b>	<b>1,598,807</b>	<b>75,680</b>	<b>333,300</b>	<b>447,724</b>	<b>-</b>	<b>133,553</b>	<b>-</b>	<b>5,488,515</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<b>560,266</b>	<b>(77,636)</b>	<b>(1,283,018)</b>	<b>(24,371)</b>	<b>(13,534)</b>	<b>(2,644)</b>	<b>-</b>	<b>14,572</b>	<b>(480)</b>	<b>24,475</b>	<b>(333,300)</b>	<b>109,020</b>	<b>-</b>	<b>(92,714)</b>	<b>18,978</b>	<b>(1,100,386)</b>
OTHER FINANCING SOURCES																
Transfers in	-	-	-	97,519	-	-	-	-	-	-	333,300	-	-	-	-	430,819
NET CHANGE IN FUND BALANCES	<b>560,266</b>	<b>(77,636)</b>	<b>(1,283,018)</b>	<b>73,148</b>	<b>(13,534)</b>	<b>(2,644)</b>	<b>-</b>	<b>14,572</b>	<b>(480)</b>	<b>24,475</b>	<b>-</b>	<b>109,020</b>	<b>-</b>	<b>(92,714)</b>	<b>18,978</b>	<b>(669,567)</b>
Fund balances, beginning of year	<b>375,841</b>	<b>889,119</b>	<b>2,903,383</b>	<b>438,603</b>	<b>37,094</b>	<b>4,470</b>	<b>-</b>	<b>193</b>	<b>492</b>	<b>-</b>	<b>1,145</b>	<b>53,434</b>	<b>50</b>	<b>230,550</b>	<b>612,600</b>	<b>5,546,974</b>
Fund balances, end of year	<b>\$ 936,107</b>	<b>\$ 811,483</b>	<b>\$ 1,620,365</b>	<b>\$ 511,751</b>	<b>\$ 23,560</b>	<b>\$ 1,826</b>	<b>\$ -</b>	<b>\$ 14,765</b>	<b>\$ 12</b>	<b>\$ 24,475</b>	<b>\$ 1,145</b>	<b>\$ 162,454</b>	<b>\$ 50</b>	<b>\$ 137,836</b>	<b>\$ 631,578</b>	<b>\$ 4,877,407</b>

**CITY OF MARSHALL**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Marshall House	DART	Solid Waste	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 1,731,579	\$ 1,134,031	\$ 110,537	\$ 2,976,147
Receivables				
Accounts receivable	-	54	98,536	98,590
Prepays	277	831	58	1,166
Total current assets	1,731,856	1,134,916	209,131	3,075,903
Noncurrent assets				
Capital assets, net of accumulated depreciation/amortization	1,132,817	135,868	-	1,268,685
TOTAL ASSETS	2,864,673	1,270,784	209,131	4,344,588
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	61,590	69,166	-	130,756
Deferred outflows of resources related to OPEB	1,302	1,461	-	2,763
TOTAL DEFERRED OUTFLOWS OF RESOURCES	62,892	70,627	-	133,519
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	95,799	2,810	31,980	130,589
Accrued liabilities	784	5,992	328	7,104
Unearned revenue	-	25,817	-	25,817
Total current liabilities	96,583	34,619	32,308	163,510
Noncurrent liabilities				
Net other post-employment benefits liability	78,400	87,982	-	166,382
Net pension liability	342,545	384,673	-	727,218
Total noncurrent liabilities	420,945	472,655	-	893,600
TOTAL LIABILITIES	517,528	507,274	32,308	1,057,110
<b>NET POSITION</b>				
Investment in capital assets	1,132,817	135,868	-	1,268,685
Unrestricted	1,277,220	698,269	176,823	2,152,312
TOTAL NET POSITION	\$ 2,410,037	\$ 834,137	\$ 176,823	\$ 3,420,997

**CITY OF MARSHALL**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2023**

	Marshall House	DART	Solid Waste	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 442,395	\$ 32,248	\$ 536,931	\$ 1,011,574
Other	40,795	3,600	-	44,395
<b>TOTAL OPERATING REVENUES</b>	<b>483,190</b>	<b>35,848</b>	<b>536,931</b>	<b>1,055,969</b>
<b>OPERATING EXPENSES</b>				
Personnel services	138,719	293,833	12,337	444,889
Material and supplies	29,161	41,583	3,965	74,709
Utilities	119,099	8,338	-	127,437
Contractual	317,541	17,825	403,014	738,380
Insurance	8,957	1,949	-	10,906
Maintenance	63,176	8,786	-	71,962
Other expenses	37,087	10,593	1,635	49,315
Depreciation/amortization	91,930	41,557	-	133,487
<b>TOTAL OPERATING EXPENSES</b>	<b>805,670</b>	<b>424,464</b>	<b>420,951</b>	<b>1,651,085</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(322,480)</b>	<b>(388,616)</b>	<b>115,980</b>	<b>(595,116)</b>
<b>NONOPERATING REVENUES</b>				
Intergovernmental	608,130	306,550	-	914,680
Property taxes	-	209,600	-	209,600
Interest earnings	7,770	18,502	411	26,683
<b>TOTAL NONOPERATING REVENUES</b>	<b>615,900</b>	<b>534,652</b>	<b>411</b>	<b>1,150,963</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>293,420</b>	<b>146,036</b>	<b>116,391</b>	<b>555,847</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>(6,429)</b>	<b>-</b>	<b>(6,429)</b>
<b>CHANGE IN NET POSITION</b>	<b>293,420</b>	<b>139,607</b>	<b>116,391</b>	<b>549,418</b>
Net position, beginning of year	2,116,617	694,530	60,432	2,871,579
Net position, end of year	<b>\$ 2,410,037</b>	<b>\$ 834,137</b>	<b>\$ 176,823</b>	<b>\$ 3,420,997</b>

**CITY OF MARSHALL**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**

	Marshall House	DART	Solid Waste	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 483,190	\$ 36,351	\$ 422,123	\$ 941,664
Cash paid to suppliers	(552,333)	(85,879)	(376,751)	(1,014,963)
Cash paid to employees	(157,092)	(311,937)	(12,898)	(481,927)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(226,235)</u>	<u>(361,465)</u>	<u>32,474</u>	<u>(555,226)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental receipts	608,130	333,522	-	941,652
Property taxes received	-	209,600	-	209,600
Transfers out	-	(6,429)	-	(6,429)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>608,130</u>	<u>536,693</u>	<u>-</u>	<u>1,144,823</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>7,770</u>	<u>18,502</u>	<u>411</u>	<u>26,683</u>
NET INCREASE IN CASH AND INVESTMENTS	<u>389,665</u>	<u>193,730</u>	<u>32,885</u>	<u>616,280</u>
Cash and investments, beginning of year	<u>1,341,914</u>	<u>940,301</u>	<u>77,652</u>	<u>2,359,867</u>
Cash and investments, end of year	<u>\$ 1,731,579</u>	<u>\$ 1,134,031</u>	<u>\$ 110,537</u>	<u>\$ 2,976,147</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (322,480)	\$ (388,616)	\$ 115,980	\$ (595,116)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation/amortization	91,930	41,557	-	133,487
(Increase) decrease in:				
Accounts receivable	-	503	(8,378)	(7,875)
Prepays	1,776	6,816	(58)	8,534
Deferred outflows of resources related to pension	(32,070)	(35,997)	-	(68,067)
Deferred outflows of resources related to OPEB	663	753	-	1,416
Increase (decrease) in:				
Accounts payable	20,912	(3,621)	31,921	49,212
Accrued liabilities	(4,395)	(2,219)	(561)	(7,175)
Unearned revenue	-	-	(106,430)	(106,430)
Compensated absences	(1,911)	(1,800)	-	(3,711)
Net pension liability	67,535	75,670	-	143,205
Net other post-employment benefits liability	(13,962)	(16,047)	-	(30,009)
Deferred inflows of resources related to pension	(34,233)	(38,464)	-	(72,697)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (226,235)</u>	<u>\$ (361,465)</u>	<u>\$ 32,474</u>	<u>\$ (555,226)</u>

**CITY OF MARSHALL**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Data Processing	Motor Pool	Safety	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 363,496	\$ 376,887	\$ 8,336	\$ 748,719
Accounts receivable	484	11,289	-	11,773
Inventories	-	-	1	1
Prepays	<u>36,400</u>	<u>277</u>	<u>-</u>	<u>36,677</u>
Total current assets	<u>400,380</u>	<u>388,453</u>	<u>8,337</u>	<u>797,170</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation/amortization	<u>51,251</u>	<u>2,806,310</u>	<u>-</u>	<u>2,857,561</u>
TOTAL ASSETS	<u>451,631</u>	<u>3,194,763</u>	<u>8,337</u>	<u>3,654,731</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	-	18,593	-	18,593
Deferred outflows related to OPEB	<u>-</u>	<u>391</u>	<u>-</u>	<u>391</u>
Total deferred outflows of resources	<u>-</u>	<u>18,984</u>	<u>-</u>	<u>18,984</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	6,225	11,113	275	17,613
Accrued liabilities	907	3,397	-	4,304
Current portion of compensated absences	-	1,041	-	1,041
Current portion of long-term debt	<u>14,189</u>	<u>-</u>	<u>-</u>	<u>14,189</u>
Total current liabilities	<u>21,321</u>	<u>15,551</u>	<u>275</u>	<u>37,147</u>
Noncurrent liabilities				
Net other post-employment benefits liability	-	23,520	-	23,520
Net pension liability	-	103,409	-	103,409
Noncurrent portion of compensated absences	-	3,124	-	3,124
Noncurrent portion of long-term debt	<u>31,734</u>	<u>-</u>	<u>-</u>	<u>31,734</u>
Total noncurrent liabilities	<u>31,734</u>	<u>130,053</u>	<u>-</u>	<u>161,787</u>
TOTAL LIABILITIES	<u>53,055</u>	<u>145,604</u>	<u>275</u>	<u>198,934</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,328	2,806,310	-	2,811,638
Unrestricted	<u>393,248</u>	<u>261,833</u>	<u>8,062</u>	<u>663,143</u>
TOTAL NET POSITION	<u>\$ 398,576</u>	<u>\$ 3,068,143</u>	<u>\$ 8,062</u>	<u>\$ 3,474,781</u>

**CITY OF MARSHALL**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2023**

	Data Processing	Motor Pool	Safety	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 272,671	\$ 878,674	\$ 300	\$ 1,151,645
<b>OPERATING EXPENSES</b>				
Personnel services	907	112,599	-	113,506
Material and supplies	116,864	97,711	817	215,392
Utilities	-	33,305	-	33,305
Contractual	109,475	60,764	-	170,239
Insurance	-	106,151	-	106,151
Maintenance	17,314	60,199	-	77,513
Other expenses	2,155	15,618	1,604	19,377
Depreciation/amortization	17,648	410,892	-	428,540
<b>TOTAL OPERATING EXPENSES</b>	<b>264,363</b>	<b>897,239</b>	<b>2,421</b>	<b>1,164,023</b>
<b>OPERATING INCOME (LOSS)</b>	<b>8,308</b>	<b>(18,565)</b>	<b>(2,121)</b>	<b>(12,378)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	80,732	-	80,732
Interest earnings	2,786	2,826	30	5,642
Gain on sale of capital assets	-	28,674	-	28,674
Interest expense	(1,070)	(5,989)	-	(7,059)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,716</b>	<b>106,243</b>	<b>30</b>	<b>107,989</b>
<b>CHANGE IN NET POSITION</b>	<b>10,024</b>	<b>87,678</b>	<b>(2,091)</b>	<b>95,611</b>
Net position, beginning of year	388,552	2,980,465	10,153	3,379,170
Net position, end of year	<b>\$ 398,576</b>	<b>\$ 3,068,143</b>	<b>\$ 8,062</b>	<b>\$ 3,474,781</b>

**CITY OF MARSHALL**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**

	Data Processing	Motor Pool	Safety	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from interfund services provided	\$ 272,671	\$ 872,985	\$ 300	\$ 1,145,956
Cash paid to suppliers	(278,382)	(454,555)	(1,717)	(734,654)
Cash paid to employees	-	(116,385)	-	(116,385)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(5,711)</b>	<b>302,045</b>	<b>(1,417)</b>	<b>294,917</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Intergovernmental	-	80,732	-	80,732
Purchases of capital assets, net	-	(282,797)	-	(282,797)
Proceeds from sale of capital assets	-	28,674	-	28,674
Payments on borrowings	(13,909)	(245,492)	-	(259,401)
Interest and fees paid	(1,070)	(9,173)	-	(10,243)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(14,979)</b>	<b>(428,056)</b>	<b>-</b>	<b>(443,035)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	2,786	2,826	30	5,642
<b>NET DECREASE IN CASH AND INVESTMENTS</b>	<b>(17,904)</b>	<b>(123,185)</b>	<b>(1,387)</b>	<b>(142,476)</b>
Cash and investments, beginning of year	381,400	500,072	9,723	891,195
Cash and investments, end of year	<b>\$ 363,496</b>	<b>\$ 376,887</b>	<b>\$ 8,336</b>	<b>\$ 748,719</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 8,308	\$ (18,565)	\$ (2,121)	\$ (12,378)
Adjustment to reconciled operating income (loss) to net cash provided (used) by operating activities				
Depreciation/amortization	17,648	410,892	-	428,540
(Increase) decrease in:				
Accounts receivable	-	(5,689)	-	(5,689)
Prepays	(36,400)	977	-	(35,423)
Inventories	-	-	429	429
Deferred outflows of resources related to pension	-	(9,676)	-	(9,676)
Deferred outflows of resources related to OPEB	-	199	-	199
Increase (decrease) in:				
Accounts payable	3,826	(81,784)	275	(77,683)
Accrued liabilities	907	228	-	1,135
Compensated absences	-	(343)	-	(343)
Net pension liability	-	20,336	-	20,336
Other post-employment benefits liability	-	(4,189)	-	(4,189)
Deferred inflows of resources related to pension	-	(10,341)	-	(10,341)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (5,711)</b>	<b>\$ 302,045</b>	<b>\$ (1,417)</b>	<b>\$ 294,917</b>

**DIAL A RIDE FUND  
TRANSIT SCHEDULES**

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**SCHEDULE 1 - SCHEDULE OF LOCAL REVENUES**  
**YEAR ENDED JUNE 30, 2023**

Description	7/1/2022 - 9/30/2022	10/1/2022 - 6/30/2023	Total
Demand Response (Farebox)			
Regular Service	\$ 6,942	\$ 25,306	\$ 32,248
Advertising	6,352	(2,752)	3,600
Other revenues	18,403	(18,403)	-
Tax levy	201,878	7,722	209,600
Contributions from local units	-	5,000	5,000
Interest income	1,930	16,572	18,502
 TOTAL LOCAL REVENUES	 <u>\$ 235,505</u>	 <u>\$ 33,445</u>	 <u>\$ 268,950</u>

**DIAL-A-RIDE FUND**  
**SCHEDULE 1A - SCHEDULE OF LOCAL REVENUES**  
**YEAR ENDED SEPTEMBER 30, 2022**

Description	10/1/2021 - 6/30/2022	7/1/2022 - 9/30/2022	Total
Demand Response (Farebox)			
Regular Service	\$ 25,297	\$ 6,942	\$ 32,239
Advertising	(2,752)	6,352	3,600
Other revenues	(18,403)	18,403	-
Tax levy	24,426	201,878	226,304
Contributions from local units	3,500	-	3,500
Interest income	479	1,930	2,409
 TOTAL LOCAL REVENUES	 <u>\$ 32,547</u>	 <u>\$ 235,505</u>	 <u>\$ 268,052</u>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2023**

Federal and State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant No./ Authorization Number	Program Award Amount	Current Year's Expenditures			Prior Years' Expenditures	Award Amount Remaining
				Total	Federal	State		
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>								
Passed through Michigan Department of Transportation								
Formula Grants for Other than Urbanized Areas	20.509							
Operating Assistance - Section 5311 (FY23)		N/A	\$ 116,861	\$ 116,861	\$ 116,861	\$ -	\$ -	\$ -
Operating Assistance - Section 5311 (FY22)		N/A	<u>158,508</u>	<u>38,321</u>	<u>38,321</u>	<u>-</u>	<u>120,187</u>	<u>-</u>
			<u>275,369</u>	<u>155,182</u>	<u>155,182</u>	<u>-</u>	<u>120,187</u>	<u>-</u>
<b>MICHIGAN DEPARTMENT OF TRANSPORTATION</b>								
Operating Assistance - Act 51		N/A						
Nonurban/Small Urban		N/A	<u>146,368</u>	<u>146,368</u>	<u>-</u>	<u>146,368</u>	<u>-</u>	<u>-</u>
<b>TOTALS</b>			<b>\$ 421,737</b>	<b>\$ 301,550</b>	<b>\$ 155,182</b>	<b>\$ 146,368</b>	<b>\$ 120,187</b>	<b>\$ -</b>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**SCHEDULE 2A - SCHEDULE OF FEDERAL AND STATE AWARDS**  
**OPERATING REVENUE ONLY**  
**YEAR ENDED JUNE 30, 2023**

Description	7/1/2022 - 9/30/2022	10/1/2022 - 6/30/2023	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ (49,014)	\$ 195,382	\$ 146,368
Federal Transit Administration			
Section 5311 (CRRSA)	38,321	-	38,321
Section 5311 (CARES)	-	116,861	116,861
	<hr/> <u>\$ (10,693)</u>	<hr/> <u>\$ 312,243</u>	<hr/> <u>\$ 301,550</u>

**DIAL-A-RIDE FUND**  
**SCHEDULE 2B - SCHEDULE OF FEDERAL AND STATE AWARDS**  
**OPERATING REVENUE ONLY**  
**YEAR ENDED SEPTEMBER 30, 2022**

Description	10/1/2021 - 6/30/2022	7/1/2022 - 9/30/2022	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 198,679	\$ (49,014)	\$ 149,665
Federal Transit Administration			
Section 5311 (CRRSA)	<hr/> <u>120,187</u>	<hr/> <u>38,321</u>	<hr/> <u>158,508</u>
	<hr/> <u>\$ 318,866</u>	<hr/> <u>\$ (10,693)</u>	<hr/> <u>\$ 308,173</u>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**SCHEDULE 3 - OPERATING AND CONTRACT EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	<u>Nonurban</u>
<b>EXPENSES</b>	
Labor	\$ 265,971
Fringe benefits	27,862
Services	17,825
Materials and supplies	50,369
Utilities	8,338
Insurance	1,949
Miscellaneous	(2,293)
Operating lease and rentals	12,886
Depreciation	<u>41,557</u>
 <b>TOTAL EXPENSES</b>	 <u>\$ 424,464</u>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**SCHEDULE 3A - OPERATING EXPENSES BY PROGRAM**  
**YEAR ENDED JUNE 30, 2023**

	<u>7/1/2022 -</u> <u>9/30/2022</u>	<u>10/1/2022 -</u> <u>6/30/2023</u>	<u>Total</u>
<b>EXPENSES</b>			
Labor	\$ 25,576	\$ 240,395	\$ 265,971
Fringe benefits	56,283	(28,421)	27,862
Services	42,579	(24,754)	17,825
Materials and supplies	10,760	39,609	50,369
Utilities	(20,670)	29,008	8,338
Insurance	1,949	-	1,949
Taxes and fees	1,068	(1,068)	-
Miscellaneous	(2,593)	300	(2,293)
Operating lease and rentals	24,913	(12,027)	12,886
Depreciation	<u>16,185</u>	<u>25,372</u>	<u>41,557</u>
 Total expenses	 <u>\$ 156,050</u>	 <u>\$ 268,414</u>	 <u>\$ 424,464</u>

**DIAL-A-RIDE FUND**  
**SCHEDULE 3B - OPERATING EXPENSES BY PROGRAM**  
**YEAR ENDED SEPTEMBER 30, 2022**

	<u>10/1/2021 -</u> <u>6/30/2022</u>	<u>7/1/2022 -</u> <u>9/30/2022</u>	<u>Total</u>
<b>EXPENSES</b>			
Labor	\$ 202,743	\$ 25,576	\$ 228,319
Fringe benefits	(23,110)	56,283	33,173
Services	(11,790)	42,579	30,789
Materials and supplies	43,694	10,760	54,454
Utilities	33,468	(20,670)	12,798
Insurance	-	1,949	1,949
Taxes and fees	(96)	1,068	972
Miscellaneous	3,323	(2,593)	730
Operating lease and rentals	(5,643)	24,913	19,270
Depreciation	<u>37,689</u>	<u>16,185</u>	<u>53,874</u>
 Total expenses	 <u>\$ 280,278</u>	 <u>\$ 156,050</u>	 <u>\$ 436,328</u>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**NONURBAN REGULAR SERVICE REVENUE REPORT - SCHEDULE 4R**  
**YEAR ENDED SEPTEMBER 30, 2022**

Code	Description	Amount
401	Farebox revenue	
	40100      Regular service	\$ 32,239
406	Auxiliary transportation revenue	
	40615      Advertising	3,600
408	Local revenue	
	40800      Tax levied directly for/by transit agency	226,304
409	Local revenue	
	40910      Local operating assistance	3,500
411	State formula and contracts	
	41101      State operating assistance	149,665
413	Federal contracts	
	41362      CRRSA Act	158,508
414	Other revenue	
	41400      Interest income	<u>2,409</u>
	TOTAL NONURBAN SERVICE REVENUE	<u><u>\$ 576,225</u></u>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**NONURBAN REGULAR SERVICE EXPENSE REPORT - SCHEDULE 4E**  
**YEAR ENDED SEPTEMBER 30, 2022**

Code	Description	Amount
501	Labor	
50101	Operators' salaries and wages	\$ 126,013
50102	Other salaries and wages	65,040
50103	Dispatchers' salaries and wages	37,266
502	Fringe benefits	
50200	Payroll taxes and fringe benefits	26,188
50220	DB Pensions	23,158
50230	DB other post-employment benefits	(16,173)
503	Services	
50302	Advertising	328
50305	Audit	1,603
50399	Professional services	28,858
504	Materials and supplies	
50401	Fuel and lubricants	42,276
50402	Tires and tubes	2,586
50499	Other materials and supplies	9,592
505	Utilities	
50500	Utilities	12,798
506	Insurance	
50603	Liability insurance	1,949
507	Taxes and fees	
50700	Taxes and fees	972
509	Miscellaneous expenses	
50902	Travel, meetings and training	30
50903	Association dues and subscriptions	700
512	Operating leases and rentals	
51200	Operating leases and rentals	19,270
513	Depreciation	
51300	Depreciation	53,874
550	Ineligible expenses	
55007	Ineligible depreciation	53,874
55009	Ineligible dues	117
580	Ineligible expenses	
58020	Ineligible pension	<u>(13,933)</u>
	Total expenses	436,328
	Total ineligible expenses	<u>40,058</u>
	Total eligible expenses	<u>\$ 396,270</u>

**CITY OF MARSHALL**  
**DIAL-A-RIDE FUND**  
**NONURBAN REGULAR SERVICE NONFINANCIAL REPORT - SCHEDULE 4N (UNAUDITED)**  
**YEAR ENDED SEPTEMBER 30, 2022**

	<u>Miles</u>	<u>Hours</u>
Demand Response	<u>81,382</u>	<u>8,296</u>

**CITY OF MARSHALL  
DIAL-A-RIDE FUND  
OPERATING ASSISTANCE CALCULATION  
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Total</u>
Total expenses	<u>\$ 436,328</u>
Less ineligible expenses	
Depreciation	(53,874)
Percent of association dues	(117)
Ineligible DB pensions	<u>13,933</u>
	<u>(40,058)</u>
<b>TOTAL STATE ELIGIBLE EXPENSES</b>	<u>\$ 396,270</u>
Eligible expense for state reimbursement	\$ 396,270
x Reimbursement percentage	<u>37.7685%</u>
	<u>\$ 149,665</u>
Eligible expense for federal reimbursement	\$ 149,665
x Reimbursement percentage	<u>40.0000%</u>
Federal Section 5311 operating assistance	<u>\$ 158,508</u>