

CITY OF MARSHALL, MICHIGAN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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CITY OF MARSHALL, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared by: Finance Department

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INTRODUCTORY SECTION

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To the Honorable Mayor & City Council, and Citizens of the City of Marshall:

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Maner Costerisan, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Marshall's financial statements for the year ending June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Marshall, founded in 1830, is located in the south-central part of the state. It currently occupies approximately 6.28 square miles and, according to the 2020 US Census, serves a population of 6,947. The City of Marshall is empowered to levy a property tax on real & personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation and PA 425 Conditional Land Transfers, which it has done from time to time.

The City of Marshall operates under the Mayor-Council form of government. Policy-making and legislative authority are vested in the governing council (Council) consisting of the Mayor and six other members. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a two-year term. The Mayor, with Council approval, appoints the Marshall City Manager, who in turn appoints City department heads and directors. The City Attorney is appointed by the Mayor, with Council approval.

The City of Marshall provides a full range of services, including police and fire protection; snow and leaf removal; traffic control; on- and off-street parking; building inspections; licenses and permits; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; Federal subsidized housing; and transit services. The City of Marshall is a public power community, providing electric, water, and wastewater services to the City and surrounding townships. The City is also high-speed fiber-optic utility for Marshall City residents.

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The Council is required to adopt an initial budget for the fiscal year no later than the first meeting in June preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Marshall's financial planning and control. The budget is prepared by fund, function (e.g., General Fund), and department (e.g., police). Department heads may request transfers of resources within a department as they see fit. Transfers in excess of \$20,000 requires approval from City Council.

Local Economy

The City of Marshall is a rural metropolitan area located near the intersection of two major interstates. The City of Marshall is the home for many corporations, and functions as a central shopping area for the surrounding community. Major industries located within the government's boundaries or in close proximity include hospitals, computer hardware and software support firms, automotive supply and other assorted manufacturing, retail stores, and several financial institutions and insurance agencies. Marshall School district and the City of Marshall also have a significant economic presence, employing 330 teachers, professionals, and support staff.

Because of its varied economic base, unemployment has been relatively stable except during the three years between 2009 and 2011. The unemployment rate dropped to 4.9% in fiscal year 2022 from 6.4% in fiscal year 2021 as the effects of the COVID-19 pandemic lessen. The City of Marshall continues to experience unemployment rates slightly higher than state and national averages.

According to DataUSA, the City's median family income was \$58,175, compared to the national average of \$64,994. The City's population remains steady at 6,947. Housing values in the vicinity of the City of Marshall continue to remain strong due to a short supply of houses for sale. The median value of an owner-occupied home in the City of Marshall was \$137,200, as compared to \$229,800 for the national average.

Due to its strong and healthy local economy, the City of Marshall received a credit rating of AA- from Standard & Poor's Service in 2022.

Over the past year, the City experienced a comfortable period of economic growth and investment. Two downtown rehabilitation projects converting obsolete or underutilized buildings into mixed use commercial and residential housing is underway. In addition, the City has seen growth in the commercial sector due to the marijuana industry.

Long-term Financial Planning and Major Initiatives

City Council and Administrative Staff use a five-year budget model for all funds and activities. This budget model is built with parameters set forth by Council and staff that were discussed over several work sessions, and is a continuous work in progress.

As part of its strategic plan, the Council also envisions the continued revitalization of Marshall's Downtown corridor and expansion of the City's Industrial Park. A close working relationship with the Marshall Area Economic Development Alliance (MAEDA) is intended to assure that the needs of the community and the City are accomplished.

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The City of Marshall operates a senior residence facility called Marshall House Apartments. The facility receives rent subsidies through the U.S. Department of Housing and Urban Development to offset reduced rents for qualified residents. In 2020, Marshall House conducted a Rent Comparability Study that was approved by the Department of Housing and Urban Development (HUD) that will ensure the viability of Marshall House for the near-term future. The City is in discussions to sell the Marshall House to a private firm which will continue the operations of the facility.

The City of Marshall maintains a six-year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City of Marshall the ability to plan for its capital needs and allocate short and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with the City's capital projects and budgets resources accordingly. The City of Marshall maintains a vehicle replacement policy which serves as its fleet replacement guide over a ten-year period. The Regional Law Enforcement Center, completed in 2016, is a cooperative project with Calhoun County Sheriff's Department and the Michigan State Police. While the City owns the structure, long-term lease agreements with the County and State will provide for sharing of operational costs. The fiscal year 2022-2023 Capital Improvement Program anticipates \$3,494,505 in capital projects for vehicle replacement, equipment maintenance, and infrastructure upgrades.

Relevant Financial Policies

The City of Marshall has adopted a comprehensive set of financial policies. These policies include amendments to the Investment Policy, Fund Balance Reserves Policy, Grant Policy and Debt Management Policy.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the City of Marshall. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Marshall's finances.

Respectfully submitted,

A blue ink signature of Derek Perry.

Derek Perry, City Manager

A blue ink signature of William Dopp III.

William Dopp III, Finance Director/Treasurer

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Government Finance Officers Association

Certificate of
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Presented to

**City of Marshall
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

**CITY OF MARSHALL
LIST OF CITY OFFICIALS
YEAR ENDED JUNE 30, 2022**

ELECTED OFFICIALS

Joe Caron, Mayor
Scott Wolfersberger, Ward 1
Jim Schwartz, Ward 2
Jacob Gates, Ward 3
Jen Rice, Ward 4
Ryan Underhill, Ward 5
Ryan Traver, At-Large

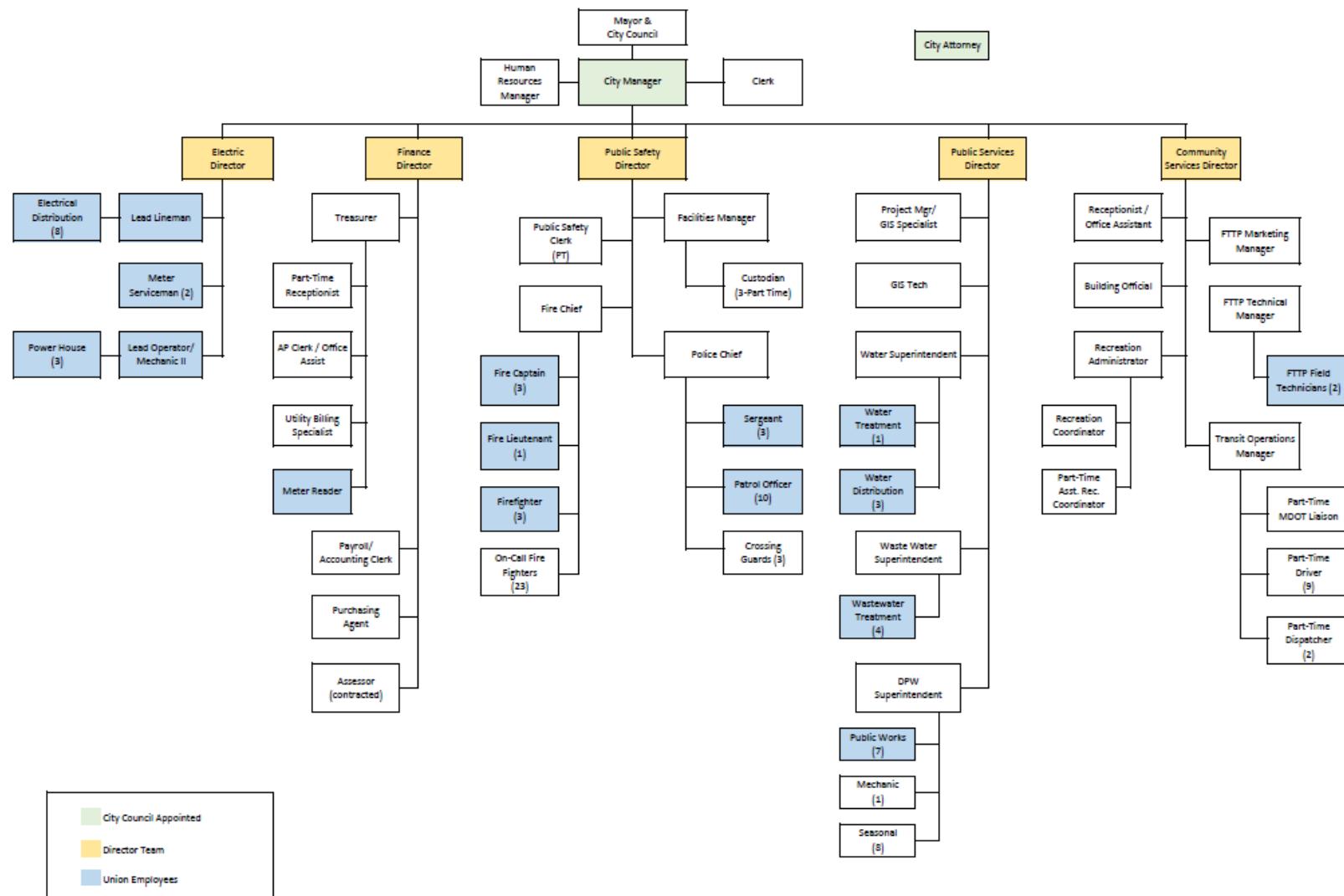
CITY MANAGER

Derek Perry

APPOINTED OFFICIALS

Michelle Eubank, City Clerk
William Dopp III, Treasurer/Finance Director
Ed VanderVries, Assessor
David Revore, City Attorney

City of Marshall - Organization Chart



FINANCIAL SECTION

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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, 2022, 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, 2022, 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.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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, budgetary comparison schedules, 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, budgetary comparison schedules, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, 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 Costerman PC

November 18, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have furnished in our letter of transmittal (pages 3-5).

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 \$36.39 million (*net position*).
- The City had total revenue of \$34.2 million and total expenses of \$29 million resulting in an increase in total net position by \$5.2 million.
- As of the close of the 2022 fiscal year, the City's *governmental funds* reported combined ending fund balances of \$9.6 million, an increase of \$1.07 million in comparison of the prior year. Approximately 27% of the combined fund balances, or \$2.56 million was available for spending at the government's discretion ("*unassigned fund balance*").
- The General Fund balance was \$4.06 million, or 50% of the total General Fund budgetary revenues and other financing sources. Of the total \$4.06 million fund balance, \$1.14 million was nonspendable, leaving \$2.92 million, or 35.65% of budgetary revenues and other financing sources. The unassigned fund balance for the General Fund was \$2.56 million, or 31.32% 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 and Municipal Street Fund, which are considered to be major funds 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 propriety 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 \$36,072,167 at the close of the most recent fiscal year. The following chart illustrates the composition of net position:

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
ASSETS						
Current and other assets	\$ 12,234,413	\$ 13,715,415	\$ 10,540,218	\$ 10,921,881	\$ 22,774,631	\$ 24,637,296
Capital assets, net	<u>30,647,522</u>	<u>31,472,130</u>	<u>29,788,917</u>	<u>30,209,229</u>	<u>60,436,439</u>	<u>61,681,359</u>
TOTAL ASSETS	42,881,935	45,187,545	40,329,135	41,131,110	83,211,070	86,318,655
DEFERRED OUTFLOWS OF RESOURCES	648,766	956,431	591,251	735,768	1,240,017	1,692,199
LIABILITIES						
Current liabilities	1,690,547	4,118,237	3,991,627	3,222,636	5,682,174	7,340,873
Noncurrent liabilities	<u>22,247,848</u>	<u>20,432,785</u>	<u>24,447,593</u>	<u>21,719,825</u>	<u>46,695,441</u>	<u>42,152,610</u>
TOTAL LIABILITIES	23,938,395	24,551,022	28,439,220	24,942,461	52,377,615	49,493,483
DEFERRED INFLOWS OF RESOURCES	477,933	1,364,241	400,254	759,112	878,187	2,123,353
NET POSITION						
Investment in capital assets	24,098,498	24,666,799	15,862,495	17,016,153	39,960,993	41,682,952
Restricted	6,584,668	5,261,845	965,927	966,024	7,550,595	6,227,869
Unrestricted	<u>(11,568,793)</u>	<u>(9,699,931)</u>	<u>(4,747,510)</u>	<u>(1,816,872)</u>	<u>(16,316,303)</u>	<u>(11,516,803)</u>
TOTAL NET POSITION	\$ 19,114,373	\$ 20,228,713	\$ 12,080,912	\$ 16,165,305	\$ 31,195,285	\$ 36,394,018

A significant portion of the City's net position, \$41,682,952, 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, \$6,227,869, 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 (\$11,516,803), 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, 2021, provided a total pension liability of \$40,497,096. The City had plan fiduciary net position of \$26,045,640 as of plan year-end, with a net pension liability of \$14,451,456. 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, 2022 provided a total OPEB liability of \$6,669,286. The City's plan fiduciary net position was \$1,808,111. The resulting net OPEB liability of \$4,861,175 was allocated to the Governmental Activities and Business-type Activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government's total net position increased by \$5.2 million or 16.67%. This net increase was a combination of a \$1.11m increase in governmental activities net position and a \$4.08m increase in business-type activities net position.

City of Marshall's Changes in Net Position For the Year Ended June 30, 2021 and June 30, 2022

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
REVENUES						
Program revenue						
Charges for services	\$ 963,413	\$ 1,225,624	\$ 18,910,738	\$ 22,807,243	\$ 19,874,151	\$ 24,032,867
Operating grants and contributions	2,053,825	2,836,801	1,030,295	1,008,054	3,084,120	3,844,855
Capital grants and contributions	786,152	84,943	-	-	786,152	84,943
General revenue						
Property taxes	4,027,086	4,698,214	213,737	220,778	4,240,823	4,918,992
State shared revenues - unrestricted	754,440	866,453	-	-	754,440	866,453
Investment earnings	25,960	(35,284)	186,129	40,381	212,089	5,097
Gain on disposal of capital assets	61,026	33,302	-	-	61,026	33,302
Other	274,074	241,407	252,370	214,645	526,444	456,052
TOTAL REVENUES	8,945,976	9,951,460	20,593,269	24,291,101	29,539,245	34,242,561
EXPENSES						
General government	2,062,868	2,169,641	-	-	2,062,868	2,169,641
Public safety	4,096,107	3,925,073	-	-	4,096,107	3,925,073
Public works	2,591,943	2,452,705	-	-	2,591,943	2,452,705
Community development	49,691	916,807	-	-	49,691	916,807
Recreation and culture	404,928	436,263	-	-	404,928	436,263
Interest on long-term debt	288,495	267,485	-	-	288,495	267,485
Electric	-	-	14,607,928	13,214,253	14,607,928	13,214,253
Wastewater	-	-	1,433,429	1,574,065	1,433,429	1,574,065
Water	-	-	1,183,889	1,463,989	1,183,889	1,463,989
DART	-	-	(27,114)	427,132	(27,114)	427,132
Marshall house	-	-	653,588	836,777	653,588	836,777
Solid waste	-	-	116,839	346,154	116,839	346,154
FiberNet	-	-	1,037,640	1,013,484	1,037,640	1,013,484
TOTAL EXPENSES	9,494,032	10,167,974	19,006,199	18,875,854	28,500,231	29,043,828
Change in net position before transfers	(548,056)	(216,514)	1,587,070	5,415,247	1,039,014	5,198,733
Transfers (out) in	1,343,892	1,330,854	(1,343,892)	(1,330,854)	-	-
Change in net position	795,836	1,114,340	243,178	4,084,393	1,039,014	5,198,733
Net position - beginning of year	18,318,537	19,114,373	11,837,734	12,080,912	30,156,271	31,195,285
Net position - end of year	\$ 19,114,373	\$ 20,228,713	\$ 12,080,912	\$ 16,165,305	\$ 31,195,285	\$ 36,394,018

Governmental Activities

Governmental activities increased the City's net position \$1.11m in 2022 as compared to a net increase of \$796k in 2021. Governmental revenues increased by \$1.01 million or 11.24% due primarily to taxes. There was a slight increase of total governmental expenses as compared to 2021 of 7.1%, due primarily to a community development project.

Business-type Activities

Business-type activities increased the City's net position by \$4.08m as compared to a prior year increase of \$243k. 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 \$9,602,067, a decrease of \$1,072,057 in comparison of the prior year. This is primarily due to the sale of bonds for the new Municipal Street Fund in the prior year. Approximately 27% of the combined fund balances, or \$2,563,135 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 balance was \$4,055,093, or 50% of the total General Fund revenues. Of the total, \$4.06 million fund balance, \$1.32 million was nonspendable or committed, and \$170k was assigned, leaving \$2.56 million of unassigned fund balance, or 38.55% of revenues.

The General Fund favorably increased the fund balance a total of \$181k, which is \$714k higher than the amended budget. Revenues favorably exceeded budget by \$171k due primarily to favorable intergovernmental revenue due to state shared revenue. The savings in General Fund operating expenditures of \$551k was due primarily to various departmental spending reductions.

Municipal Street Fund

The municipal street fund is used to account for the funds received from bond proceeds for various infrastructure street projects throughout the City. Fund balance decreased \$1.5 million to \$2,903,383. The entire fund balance is restricted.

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 a deficit unrestricted net position of \$(1,212,179) with a total net position of \$5,334,674. The fund had an increase in net position of \$2,718,776.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wastewater Fund

The wastewater fund had an unrestricted net position of \$1,517,154 with a total net position of \$3,520,604. The fund had an increase in net position of \$337,826.

Water Fund

The water fund had an unrestricted net position of \$401,983 with a total net position of \$5,406,526. The fund had an increase in net position of \$410,843.

FiberNet Fund

The FiberNet fund had a deficit unrestricted net position of \$(3,993,237) with a total deficit net position of \$(968,078). The fund had an increase in net position of \$274,912.

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, 2022, totaled \$61.68 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, 2022 and the asset has not yet been placed into service.

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 1,759,160	\$ 1,759,160	\$ 377,033	\$ 377,033	\$ 2,136,193	\$ 2,136,193
Building and improvements	14,873,132	15,233,359	1,632,936	1,614,775	16,506,068	16,848,134
Land improvements	333,528	205,808	547,044	517,150	880,572	722,958
Machinery and equipment	325,025	322,548	2,547,287	3,729,694	2,872,312	4,052,242
Vehicles	5,865	11,634	333,894	175,937	339,759	187,571
Infrastructure	8,630,915	9,969,815	21,779,481	23,092,367	30,410,396	33,062,182
Data processing	23,318	68,899	-	-	23,318	68,899
Motor pool	3,077,060	2,934,405	-	-	3,077,060	2,934,405
Construction in progress	1,619,519	966,502	2,571,242	702,273	4,190,761	1,668,775
Total	\$ 30,647,522	\$ 31,472,130	\$ 29,788,917	\$ 30,209,229	\$ 60,436,439	\$ 61,681,359

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 \$22,180,000.

The City's balance of long-term obligations decreased by \$1.7 million during the current fiscal year. The City issued \$71k in lease obligations. The City made scheduled bond principal payments totaling \$1.36 million.

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
General obligation bonds	\$ 9,965,000	\$ 9,310,000	\$ 9,465,000	\$ 8,860,000	\$ 19,430,000	\$ 18,170,000
Revenue Bonds	-	-	4,110,000	4,010,000	4,110,000	4,010,000
Total bonded debt	\$ 9,965,000	\$ 9,310,000	\$ 13,575,000	\$ 12,870,000	\$ 23,540,000	\$ 22,180,000

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 \$29,888,680 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 FY2023, 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 Electric has a rate increase to assist with the removal of the deficit in that fund.

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, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and investments	\$ 11,043,210	\$ 4,939,215	\$ 15,982,425	\$ 6,960,540
Receivables				
Accounts, net	25,875	768,449	794,324	24,758
Interest	105,000	82,403	187,403	105,000
Leases	324,455	-	324,455	-
Special assessments	-	26,893	26,893	-
Due from other governmental units	1,059,967	26,972	1,086,939	-
Inventories	49,743	1,058,821	1,108,564	-
Prepays	107,165	59,552	166,717	500
Total current assets	<u>12,715,415</u>	<u>6,962,305</u>	<u>19,677,720</u>	<u>7,090,798</u>
Noncurrent assets				
Cash - restricted	-	966,024	966,024	-
Internal balances	1,000,000	(1,000,000)	-	-
Advances to primary government	-	-	-	1,000,000
Investment in MSCPAs	-	3,993,552	3,993,552	-
Capital assets not being depreciated	2,725,662	1,079,306	3,804,968	1,566,439
Capital assets, net of accumulated depreciation	28,746,468	29,129,923	57,876,391	1,378,935
Total noncurrent assets	<u>32,472,130</u>	<u>34,168,805</u>	<u>66,640,935</u>	<u>3,945,374</u>
TOTAL ASSETS	<u>45,187,545</u>	<u>41,131,110</u>	<u>86,318,655</u>	<u>11,036,172</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	37,509	37,509	-
Deferred outflows of resources related to pensions	896,639	654,605	1,551,244	-
Deferred outflows of resources related to OPEB	59,792	43,654	103,446	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>956,431</u>	<u>735,768</u>	<u>1,692,199</u>	<u>-</u>

See accompanying notes to financial statements.

continued

CITY OF MARSHALL
STATEMENT OF NET POSITION (concluded)
YEAR ENDED JUNE 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 940,177	\$ 1,749,409	\$ 2,689,586	\$ 300,424
Due to other governmental units	-	-	-	275,324
Accrued liabilities	250,398	112,315	362,713	1,563
Accrued interest payable	63,898	396,064	459,962	62,718
Unearned revenue	1,797,820	132,247	1,930,067	-
Current portion of compensated absences	71,436	52,400	123,836	299,091
Current portion of long-term debt	994,508	780,201	1,774,709	-
Total current liabilities	<u>4,118,237</u>	<u>3,222,636</u>	<u>7,340,873</u>	<u>939,120</u>
Noncurrent liabilities				
Advances from component unit	-	1,000,000	1,000,000	-
Noncurrent portion of compensated absences	214,307	157,196	371,503	-
Noncurrent portion of long-term debt	9,055,601	12,412,875	21,468,476	7,229,568
Net other post-employment benefits liability	2,809,760	2,051,415	4,861,175	-
Net pension liability	8,353,117	6,098,339	14,451,456	-
Total noncurrent liabilities	<u>20,432,785</u>	<u>21,719,825</u>	<u>42,152,610</u>	<u>7,229,568</u>
TOTAL LIABILITIES	<u>24,551,022</u>	<u>24,942,461</u>	<u>49,493,483</u>	<u>8,168,688</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	1,039,786	759,112	1,798,898	-
Deferred inflows of resources related to leases	324,455	-	324,455	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,364,241</u>	<u>759,112</u>	<u>2,123,353</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	24,666,799	17,016,153	41,682,952	2,262,000
Restricted				
Nonexpendable	321,851	-	321,851	-
Expendable, restricted for:				
Debt service	-	966,024	966,024	-
Streets	4,168,343	-	4,168,343	-
Regional Law Enforcement Center	438,603	-	438,603	-
Drug law enforcement	4,470	-	4,470	-
Capital projects	50	-	50	-
Leaf, brush, and trash removal	37,094	-	37,094	-
ARPA	193	-	193	-
Community development	492	-	492	-
Cemetery perpetual care	290,749	-	290,749	-
Unrestricted	<u>(9,699,931)</u>	<u>(1,816,872)</u>	<u>(11,516,803)</u>	<u>605,484</u>
TOTAL NET POSITION	<u>\$ 20,228,713</u>	<u>\$ 16,165,305</u>	<u>\$ 36,394,018</u>	<u>\$ 2,867,484</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total		
Primary government									
Governmental activities									
General government	\$ 2,169,641	\$ 487,308	\$ 734,473	\$ 300	\$ (947,560)	\$ -	\$ (947,560)	\$ -	
Public safety	3,925,073	303,374	67,487	24,523	(3,529,689)	-	(3,529,689)	-	
Public works	2,452,705	196,297	1,171,393	-	(1,085,015)	-	(1,085,015)	-	
Community development	916,807	30,004	820,517	-	(66,286)	-	(66,286)	-	
Recreation and culture	436,263	208,641	42,931	60,120	(124,571)	-	(124,571)	-	
Interest on long-term debt	267,485	-	-	-	(267,485)	-	(267,485)	-	
Total governmental activities	10,167,974	1,225,624	2,836,801	84,943	(6,020,606)	-	(6,020,606)	-	
Business-type activities									
Electric	13,214,253	16,603,229	-	-	-	3,388,976	3,388,976	-	
Wastewater	1,574,065	2,088,389	-	-	-	514,324	514,324	-	
Water	1,463,989	2,045,630	-	-	-	581,641	581,641	-	
FiberNet	1,013,484	1,323,188	-	-	-	309,704	309,704	-	
Marshall House	836,777	397,780	617,734	-	-	178,737	178,737	-	
DART	427,132	32,288	390,320	-	-	(4,524)	(4,524)	-	
Solid waste	346,154	316,739	-	-	-	(29,415)	(29,415)	-	
Total business-type activities	18,875,854	22,807,243	1,008,054	-	-	4,939,443	4,939,443	-	
Total primary government	\$ 29,043,828	\$ 24,032,867	\$ 3,844,855	\$ 84,943	(6,020,606)	4,939,443	(1,081,163)	-	
Component units									
Local Development Finance Authority	\$ 906,977	\$ -	\$ 211,755	\$ -	-	-	-	(695,222)	
Downtown Development Authority	345,195	-	90,879	-	-	-	-	(254,316)	
Northeast Neighborhood Improvement Authority	3,327	-	-	-	-	-	-	(3,327)	
South Neighborhood Improvement Authority	64,089	-	-	-	-	-	-	(64,089)	
Total component units	\$ 1,319,588	\$ -	\$ 302,634	\$ -	-	-	-	(1,016,954)	
General revenues									
Property taxes					4,698,214	220,778	4,918,992	856,971	
Unrestricted state shared revenues					866,453	-	866,453	-	
Investment earnings (loss)					(35,284)	40,381	5,097	19,542	
Gain on disposal of capital assets					33,302	-	33,302	-	
Miscellaneous					241,407	214,645	456,052	54,064	
Transfers					1,330,854	(1,330,854)	-	-	
Total general revenues and transfers	7,134,946		(855,050)		6,279,896		930,577		
Change in net position									
Change in net position					1,114,340	4,084,393	5,198,733	(86,377)	
Net position, beginning of the year	19,114,373		12,080,912		31,195,285		2,953,861		
Net position, end of the year	\$ 20,228,713		\$ 16,165,305		\$ 36,394,018		\$ 2,867,484		

See accompanying notes to financial statements.

CITY OF MARSHALL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	General	Municipal Street	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 2,796,071	\$ 3,244,778	\$ 4,111,166	\$ 10,152,015
Receivables				
Accounts, net	12,021	-	7,770	19,791
Interest	105,000	-	-	105,000
Leases	324,455	-	-	324,455
Due from other funds	61,799	-	-	61,799
Due from other governmental units	417,099	-	642,868	1,059,967
Advances to other funds	1,000,000	-	-	1,000,000
Inventories	32,414	-	16,899	49,313
Prepays	<u>105,911</u>	<u>-</u>	<u>-</u>	<u>105,911</u>
TOTAL ASSETS	<u>\$ 4,854,770</u>	<u>\$ 3,244,778</u>	<u>\$ 4,778,703</u>	<u>\$ 12,878,251</u>
LIABILITIES				
Accounts payable	\$ 118,687	\$ 338,951	\$ 387,243	\$ 844,881
Accrued liabilities	235,028	2,444	9,757	247,229
Due to other funds	-	-	61,799	61,799
Unearned revenue	<u>121,507</u>	<u>-</u>	<u>1,676,313</u>	<u>1,797,820</u>
TOTAL LIABILITIES	<u>475,222</u>	<u>341,395</u>	<u>2,135,112</u>	<u>2,951,729</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - leases	<u>324,455</u>	<u>-</u>	<u>-</u>	<u>324,455</u>
FUND BALANCES				
Nonspendable	1,138,325	-	338,750	1,477,075
Restricted	-	2,903,383	2,074,291	4,977,674
Committed	184,000	-	230,550	414,550
Assigned	169,633	-	-	169,633
Unassigned	<u>2,563,135</u>	<u>-</u>	<u>-</u>	<u>2,563,135</u>
TOTAL FUND BALANCES	<u>4,055,093</u>	<u>2,903,383</u>	<u>2,643,591</u>	<u>9,602,067</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,854,770</u>	<u>\$ 3,244,778</u>	<u>\$ 4,778,703</u>	<u>\$ 12,878,251</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balance - Governmental Funds \$ 9,602,067

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	\$ 51,437,688
Accumulated depreciation is	<u>(22,968,862)</u>
Capital assets, net	28,468,826

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	887,722
Deferred outflows of resources related to OPEB	59,202
Deferred inflows of resources related to pensions	<u>(1,029,445)</u>
	(82,521)

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	3,379,170
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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	(9,744,785)
Net other post-employment benefits liability	(2,782,051)
Net pension liability	(8,270,044)
Accrued interest payable	(60,714)
Compensated absences	<u>(281,235)</u>
	<u>(21,138,829)</u>

Net Position of Governmental Activities \$ 20,228,713

See accompanying notes to financial statements.

CITY OF MARSHALL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	General	Municipal Street	Nonmajor Governmental Funds	Total
REVENUES				
Property taxes	\$ 4,064,778	\$ -	\$ 633,436	\$ 4,698,214
Licenses and permits	491,128	-	-	491,128
Intergovernmental	1,356,703	-	1,554,122	2,910,825
Charges for services	335,617	-	307,495	643,112
Fines and forfeits	15,691	-	-	15,691
Interest and rents	58,218	6,754	(25,789)	39,183
Other	<u>327,388</u>	<u>-</u>	<u>800,480</u>	<u>1,127,868</u>
TOTAL REVENUES	<u>6,649,523</u>	<u>6,754</u>	<u>3,269,744</u>	<u>9,926,021</u>
EXPENDITURES				
Current				
General government	2,106,982	-	133,058	2,240,040
Public safety	3,327,222	-	455,055	3,782,277
Public works	1,409,446	1,492,905	1,014,510	3,916,861
Community and economic development	76,813	-	818,192	895,005
Recreation and culture	436,263	-	-	436,263
Debt service	72,245	-	885,154	957,399
Capital outlay	<u>87,183</u>	<u>-</u>	<u>68,518</u>	<u>155,701</u>
TOTAL EXPENDITURES	<u>7,516,154</u>	<u>1,492,905</u>	<u>3,374,487</u>	<u>12,383,546</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(866,631)</u>	<u>(1,486,151)</u>	<u>(104,743)</u>	<u>(2,457,525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,533,301	-	433,983	1,967,284
Transfers out	<u>(485,836)</u>	<u>-</u>	<u>(95,980)</u>	<u>(581,816)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,047,465</u>	<u>-</u>	<u>338,003</u>	<u>1,385,468</u>
NET CHANGE IN FUND BALANCES	<u>180,834</u>	<u>(1,486,151)</u>	<u>233,260</u>	<u>(1,072,057)</u>
Fund balances, beginning of year	<u>3,874,259</u>	<u>4,389,534</u>	<u>2,410,331</u>	<u>10,674,124</u>
Fund balances, end of year	<u>\$ 4,055,093</u>	<u>\$ 2,903,383</u>	<u>\$ 2,643,591</u>	<u>\$ 9,602,067</u>

See accompanying notes to financial statements.

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CITY OF MARSHALL
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (1,072,057)

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 expense. In the current period, these amounts are:

Capital outlay	\$ 2,195,298
Depreciation expense	<u>(1,273,616)</u>
Excess of capital outlay over depreciation expense	921,682

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	(54,000)
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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	705,775
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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	246,307
Increase in deferred outflows of resources related to OPEB	59,202
(Increase) in deferred inflows of resources related to pensions	<u>(649,994)</u>
Decrease in deferred inflows of resources related to OPEB	93,062
Decrease in unamortized bond premiums	14,025
Decrease in accrued interest payable	1,191
Decrease in compensated absences	45,913
(Increase) in net pension liability	<u>(281,962)</u>
Decrease in net OPEB liability	<u>1,085,196</u>
	<u>612,940</u>

Change in Net Position of Governmental Activities \$ 1,114,340

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Internal Service Funds	
ASSETS								
Current assets								
Cash and investments	\$ 14,437	\$ 1,458,632	\$ 805,245	\$ 301,034	\$ 2,359,867	\$ 4,939,215	\$ 891,195	
Receivables								
Accounts, net	436,981	119,709	108,059	12,985	90,715	768,449	6,084	
Interest	29,903	52,500	-	-	-	82,403	-	
Special assessments	26,893	-	-	-	-	26,893	-	
Due from other governmental units	-	-	-	-	26,972	26,972	-	
Due from other funds	-	602,344	802,387	-	-	1,404,731	-	
Inventories	900,487	-	70,585	87,749	-	1,058,821	430	
Prepays	28,916	3,503	11,882	5,551	9,700	59,552	1,254	
Total current assets	1,437,617	2,236,688	1,798,158	407,319	2,487,254	8,367,036	898,963	
Noncurrent assets								
Cash - restricted	668,561	49,007	248,456	-	-	966,024	-	
Advance to other funds	1,495,139	500,000	-	-	-	1,995,139	-	
Investment in MSCPAs	3,993,552	-	-	-	-	3,993,552	-	
Capital assets not being depreciated/amortized	241,472	498,167	339,667	-	-	1,079,306	-	
Capital assets, net of accumulated depreciation/amortization	11,293,896	3,257,900	10,150,796	3,025,159	1,402,172	29,129,923	3,003,304	
Total noncurrent assets	17,692,620	4,305,074	10,738,919	3,025,159	1,402,172	37,163,944	3,003,304	
TOTAL ASSETS	19,130,237	6,541,762	12,537,077	3,432,478	3,889,426	45,530,980	3,902,267	
DEFERRED OUTFLOW OF RESOURCES								
Deferred amounts on refunding	27,733	-	9,776	-	-	37,509	-	
Deferred outflows of resources related to pensions	404,271	91,914	95,731	-	62,689	654,605	8,917	
Deferred outflows of resources related to OPEB	26,958	6,134	6,383	-	4,179	43,654	590	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	458,962	98,048	111,890	-	66,868	735,768	9,507	

See accompanying notes to financial statements.

continued

CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (concluded)
JUNE 30, 2022

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Internal Service Funds	
LIABILITIES								
Current liabilities								
Accounts payable	\$ 1,442,234	\$ 18,355	\$ 109,336	\$ 98,107	\$ 81,377	\$ 1,749,409	\$ 95,296	
Accrued liabilities	59,136	14,192	15,558	9,150	14,279	112,315	3,169	
Accrued interest payable	43,630	13,847	46,184	292,403	-	396,064	3,184	
Due to other funds	1,404,731	-	-	-	-	1,404,731	-	
Unearned revenue	-	-	-	-	132,247	132,247	-	
Current portion of compensated absences	36,470	5,013	8,550	1,439	928	52,400	1,127	
Current portion of long-term debt	304,553	158,154	317,494	-	-	780,201	259,401	
Total current liabilities	3,290,754	209,561	497,122	401,099	228,831	4,627,367	362,177	
Noncurrent liabilities								
Advances from other funds	-	-	-	2,995,139	-	2,995,139	-	
Advances from component unit	-	-	-	1,000,000	-	1,000,000	-	
Noncurrent portion of compensated absences	109,409	15,037	25,649	4,318	2,783	157,196	3,381	
Noncurrent portion of long-term debt	5,352,523	1,643,470	5,416,882	-	-	12,412,875	45,923	
Net other post-employment benefits liability	1,266,822	288,268	299,934	-	196,391	2,051,415	27,709	
Net pension liability	3,766,205	856,282	891,839	-	584,013	6,098,339	83,073	
Total noncurrent liabilities	10,494,959	2,803,057	6,634,304	3,999,457	783,187	24,714,964	160,086	
TOTAL LIABILITIES	13,785,713	3,012,618	7,131,426	4,400,556	1,012,018	29,342,331	522,263	
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources related to pensions	468,812	106,588	111,015	-	72,697	759,112	10,341	
NET POSITION								
Net investment in capital assets	5,878,292	1,954,443	4,756,087	3,025,159	1,402,172	17,016,153	2,697,980	
Restricted for debt service	668,561	49,007	248,456	-	-	966,024	-	
Unrestricted	(1,212,179)	1,517,154	401,983	(3,993,237)	1,469,407	(1,816,872)	681,190	
TOTAL NET POSITION	\$ 5,334,674	\$ 3,520,604	\$ 5,406,526	\$ (968,078)	\$ 2,871,579	\$ 16,165,305	\$ 3,379,170	

See accompanying notes to financial statements.

CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Enterprise Funds						Governmental Activities
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 16,126,799	\$ 2,088,389	\$ 2,045,630	\$ 1,323,188	\$ 746,807	\$ 22,330,813	\$ 1,037,512
Intergovernmental	-	-	-	-	-	-	34,764
Other	79,868	29,686	3,522	-	101,569	214,645	-
TOTAL OPERATING REVENUES	16,206,667	2,118,075	2,049,152	1,323,188	848,376	22,545,458	1,072,276
OPERATING EXPENSES							
Personnel services	1,227,661	539,340	385,592	266,631	399,153	2,818,377	105,806
Material and supplies	125,157	148,706	50,973	143,645	91,167	559,648	200,658
Utilities	10,065,971	164,497	50,368	13,558	165,423	10,459,817	36,475
Contractual	394,526	106,513	133,391	243,319	703,531	1,581,280	146,591
Insurance	62,983	24,688	10,082	-	16,686	114,439	60,338
Maintenance	201,014	78,308	51,231	70,691	63,501	464,745	92,592
Other expenses	373,812	115,382	82,914	19,820	27,820	619,748	7,440
Depreciation/amortization	605,915	340,908	508,268	140,034	142,782	1,737,907	431,274
TOTAL OPERATING EXPENSES	13,057,039	1,518,342	1,272,819	897,698	1,610,063	18,355,961	1,081,174
OPERATING INCOME (LOSS)	3,149,628	599,733	776,333	425,490	(761,687)	4,189,497	(8,898)

See accompanying notes to financial statements.

continued

CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (concluded)
YEAR ENDED JUNE 30, 2022

	Enterprise Funds						Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Nonmajor	Total	Internal Service Funds	
					Enterprise Funds			
NONOPERATING REVENUES (EXPENSES)								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,008,054	\$ 1,008,054	\$ -	
Property taxes	-	-	-	-	220,778	220,778	-	
Interest earnings (loss)	73,263	(19,476)	(14,029)	17	606	40,381	(7,863)	
Change in equity interest	476,430	-	-	-	-	476,430	-	
Gain on sale of capital assets	-	-	-	-	-	-	33,302	
Interest expense and fiscal charges	(157,214)	(55,723)	(191,170)	(115,786)	-	(519,893)	(15,927)	
TOTAL NONOPERATING REVENUES (EXPENSES)	392,479	(75,199)	(205,199)	(115,769)	1,229,438	1,225,750	9,512	
NET INCOME BEFORE TRANSFERS	3,542,107	524,534	571,134	309,721	467,751	5,415,247	614	
TRANSFERS OUT	(823,331)	(186,708)	(160,291)	(34,809)	(125,715)	(1,330,854)	(54,614)	
CHANGE IN NET POSITION	2,718,776	337,826	410,843	274,912	342,036	4,084,393	(54,000)	
Net position, beginning of year	2,615,898	3,182,778	4,995,683	(1,242,990)	2,529,543	12,080,912	3,433,170	
Net position, end of year	\$ 5,334,674	\$ 3,520,604	\$ 5,406,526	\$ (968,078)	\$ 2,871,579	\$ 16,165,305	\$ 3,379,170	

See accompanying notes to financial statements.

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Enterprise Funds						Governmental Activities Internal Service Funds
	Electric	Wastewater	Water	FiberNet	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash receipts from customers and interfund services	\$ 16,603,610	\$ 2,142,952	\$ 2,107,529	\$ 1,318,232	\$ 941,759	\$ 23,114,082	\$ 1,066,192
Cash paid to suppliers	(11,389,182)	(625,467)	(1,162,300)	(468,702)	(1,058,693)	(14,704,344)	(411,206)
Cash paid to employees	(2,408,428)	(641,594)	(648,017)	(270,395)	(548,027)	(4,516,461)	(130,711)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,806,000	875,891	297,212	579,135	(664,961)	3,893,277	524,275
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental	-	-	-	-	981,082	981,082	-
Property taxes	-	-	-	-	220,778	220,778	-
Changes in interfund and advances balances	(553,803)	(602,344)	(802,387)	(204,861)	-	(2,163,395)	-
Transfers out	(823,331)	(186,708)	(160,291)	(34,809)	(125,715)	(1,330,854)	(54,614)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,377,134)	(789,052)	(962,678)	(239,670)	1,076,145	(2,292,389)	(54,614)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	(1,105,888)	(482,806)	(532,225)	(6,516)	(30,784)	(2,158,219)	(262,869)
Proceeds from disposal of capital asset	-	-	-	-	-	-	33,302
Payments on borrowings	(275,000)	(155,000)	(275,000)	-	-	(705,000)	(248,150)
Interest paid	(170,120)	(60,040)	(194,315)	(130,050)	-	(554,525)	(18,997)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,551,008)	(697,846)	(1,001,540)	(136,566)	(30,784)	(3,417,744)	(496,714)
CASH FLOWS FROM INVESTING ACTIVITIES							
Changes in investment in MSCPA	(881)	-	-	-	-	(881)	-
Interest received (paid)	137,527	(29,476)	(14,029)	17	606	94,645	(7,863)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	136,646	(29,476)	(14,029)	17	606	93,764	(7,863)
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	14,504	(640,483)	(1,681,035)	202,916	381,006	(1,723,092)	(34,916)
Cash and investments, beginning of year	668,494	2,148,122	2,734,736	98,118	1,978,861	7,628,331	926,111
Cash and investments, end of year	\$ 682,998	\$ 1,507,639	\$ 1,053,701	\$ 301,034	\$ 2,359,867	\$ 5,905,239	\$ 891,195

See accompanying notes to financial statements.

continued

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (concluded)
YEAR ENDED JUNE 30, 2022**

	Enterprise Funds						Nonmajor Enterprise Funds		Total		Governmental Activities	
	Electric	Wastewater	Water	FiberNet							Insurance and Benefits	
											Insurance and Benefits	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities												
Operating income (loss)	\$ 3,149,628	\$ 599,733	\$ 776,333	\$ 425,490	\$ (761,687)	\$ 4,189,497	\$ (8,898)					
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities												
Depreciation/amortization	605,915	340,908	508,268	140,034	142,782	1,737,907	431,274					
(Increase) decrease in:												
Accounts receivable	274,909	20,892	52,588	(5,184)	(13,047)	330,158	(6,084)					
Due from other governmental units	122,034	3,985	5,789	228	-	132,036	-					
Inventories	(54,768)	-	(11,034)	14,477	-	(51,325)	-					
Prepads	58,550	27,290	4,590	(2,386)	9,746	97,790	68,306					
Deferred outflows of resources related to pension	(60,809)	(23,523)	(15,583)	-	(11,384)	(111,299)	(1,566)					
Deferred outflows of resources related to OPEB	(26,958)	(6,134)	(6,383)	-	(4,179)	(43,654)	(590)					
Increase (decrease) in:												
Accounts payable	(169,501)	(14,663)	(776,897)	10,240	(311)	(951,132)	64,582					
Accrued liabilities	15,607	601	3,930	2,137	3,739	26,014	444					
Unearned revenue	-	-	-	-	106,430	106,430	-					
Compensated absences	(9,079)	(9,616)	(6,942)	(5,901)	(3,586)	(35,124)	(2,789)					
Net pension liability	(511,221)	4,552	(106,311)	-	(54,934)	(667,914)	(8,467)					
Net other post-employment benefits liability	(804,097)	(124,334)	(183,113)	-	(113,421)	(1,224,965)	(16,858)					
Deferred inflows of resources related to pension	265,625	66,129	63,601	-	42,346	437,701	5,993					
Deferred inflows of resources related to OPEB	(49,835)	(9,929)	(11,624)	-	(7,455)	(78,843)	(1,072)					
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,806,000</u>	<u>\$ 875,891</u>	<u>\$ 297,212</u>	<u>\$ 579,135</u>	<u>\$ (664,961)</u>	<u>\$ 3,893,277</u>	<u>\$ 524,275</u>					

NOTE: The City entered into a lease payable of \$71,331 to acquire the right to use assets in the Data Processing Internal Service Fund.

CITY OF MARSHALL
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Other Employee Benefit Trust Fund	Custodial Fund
	<hr/>	<hr/>
TOTAL ASSETS		
Cash and investments	\$ 1,808,111	\$ -
Pooled investment funds	\$ -	\$ -
TOTAL LIABILITIES	<hr/>	<hr/>
TOTAL NET POSITION		
Restricted for other post-employment benefits (health insurance)	<u>\$ 1,808,111</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022

	Other Employee Benefit Trust Fund	Custodial Fund
	Retiree Health Insurance Plan Trust	Current Tax Collection
ADDITIONS		
Contributions		
Employer	\$ 709,541	\$ -
Investment earnings (loss)	(162,190)	-
Collection of taxes for other governments	-	9,323,491
TOTAL ADDITIONS	547,351	9,323,491
DEDUCTIONS		
Administrative expenses	3,537	-
Benefit payments	509,541	-
Payment of taxes collected for other governments	-	9,323,491
TOTAL DEDUCTIONS	513,078	9,323,491
NET CHANGE IN FIDUCIARY NET POSITION	34,273	-
Net position, beginning of year	<u>1,773,838</u>	<u>-</u>
Net position, end of year	<u>\$ 1,808,111</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
COMPONENT UNITS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Local Development Finance Authority	Economic Development Corporation	Downtown Development Authority	Northeast Neighborhood Improvement Authority	South Neighborhood Improvement Authority	Total Component Units
ASSETS						
Current assets						
Cash and investments	\$ 6,702,677	\$ 9,310	\$ 135,550	\$ 56,457	\$ 56,546	\$ 6,960,540
Accounts receivable	-	-	14,949	-	9,809	24,758
Interest receivable	105,000	-	-	-	-	105,000
Prepays	500	-	-	-	-	500
Total current assets	<u>6,808,177</u>	<u>9,310</u>	<u>150,499</u>	<u>56,457</u>	<u>66,355</u>	<u>7,090,798</u>
Noncurrent assets						
Advances to primary government	1,000,000	-	-	-	-	1,000,000
Capital assets not being depreciated	1,510,769	-	55,670	-	-	1,566,439
Capital assets, net of accumulated depreciation	693,421	-	-	15,711	669,803	1,378,935
Total noncurrent assets	<u>3,204,190</u>	<u>-</u>	<u>55,670</u>	<u>15,711</u>	<u>669,803</u>	<u>3,945,374</u>
TOTAL ASSETS	<u>10,012,367</u>	<u>9,310</u>	<u>206,169</u>	<u>72,168</u>	<u>736,158</u>	<u>11,036,172</u>
LIABILITIES						
Current liabilities						
Accounts payable	274,731	-	15,384	-	10,309	300,424
Due to other governmental units	275,324	-	-	-	-	275,324
Accrued liabilities	-	-	1,563	-	-	1,563
Accrued interest payable	56,215	-	-	-	6,503	62,718
Current portion of long-term debt	299,091	-	-	-	-	299,091
Total current liabilities	<u>905,361</u>	<u>-</u>	<u>16,947</u>	<u>-</u>	<u>16,812</u>	<u>939,120</u>
Noncurrent liabilities						
Noncurrent portion of long-term debt	6,464,568	-	-	-	765,000	7,229,568
TOTAL LIABILITIES	<u>7,369,929</u>	<u>-</u>	<u>16,947</u>	<u>-</u>	<u>781,812</u>	<u>8,168,688</u>
NET POSITION						
Net investment in capital assets	2,204,190	-	55,670	15,711	(13,571)	2,262,000
Unrestricted	438,248	9,310	133,552	56,457	(32,083)	605,484
TOTAL NET POSITION	<u>\$ 2,642,438</u>	<u>\$ 9,310</u>	<u>\$ 189,222</u>	<u>\$ 72,168</u>	<u>\$ (45,654)</u>	<u>\$ 2,867,484</u>

See accompanying notes to financial statements.

**CITY OF MARSHALL
COMPONENT UNITS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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			
Governmental Activities										
Local Development Finance Authority	\$ 906,977	\$ 211,755	\$ (695,222)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (695,222)
Downtown Development Authority	345,195	90,879	-	-	(254,316)	-	-	-	-	(254,316)
Northeast Neighborhood Improvement Authority	3,327	-	-	-	-	(3,327)	-	-	-	(3,327)
South Neighborhood Improvement Authority	64,089	-	-	-	-	-	(64,089)	-	-	(64,089)
TOTALS	\$ 1,319,588	\$ 302,634	(695,222)	-	(254,316)	(3,327)	(64,089)	-	-	(1,016,954)
General revenues										
Property taxes		621,057	-	184,011	40,109	11,794	856,971			
Investment earnings (loss)		20,110	1	(617)	2	46	19,542			
Miscellaneous		53,974	-	90	-	-	54,064			
Total general revenues		695,141	1	183,484	40,111	11,840	930,577			
Change in net position		(81)	1	(70,832)	36,784	(52,249)	(86,377)			
Net position, beginning of year		2,642,519	9,309	260,054	35,384	6,595	2,953,861			
Net position, end of year		\$ 2,642,438	\$ 9,310	\$ 189,222	\$ 72,168	\$ (45,654)	\$ 2,867,484			

See accompanying notes to financial statements.

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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 6,947. 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 (concluded)

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 \$10,065,971 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 18.73% interest in the MSCPA. The City records the investment using the equity method and calculates 18.73% 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 18.73% of the equity net of the City’s assets. At June 30, 2022, the City’s investment in MSCPA was \$3,993,552, consisting of a \$3,617,307 equity share and \$376,245 of assets held at the MSCPA.

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 (concluded)

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 Funds*:

- 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.
- b. The *Municipal Street Fund* was established to account for the funds received from bond proceeds for various infrastructure street projects throughout the City.

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 (concluded)

FUND FINANCIAL STATEMENTS (concluded)

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 and fiduciary 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.

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 and Special Revenue Fund budgets shown as required supplementary information were 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.

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.

**CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or amortization 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

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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (concluded)

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, 2022, the City levied 17.1629 mills for general governmental services, 0.9147 mills for recreation, 0.9147 mills for DART, 0.7480 mills for leaf and trash removal and 2.0000 mills for debt service. The total original taxable value for the 2021 levy for property within the City was \$240,671,331.

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.

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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classifications (concluded)

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.

Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, 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, 2022, \$11,770,344 of the City's bank balance of \$13,257,333 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 \$12,852,060. The financial statements report \$1,070 of imprest cash on hand.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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
PRIMARY GOVERNMENT		
Michigan CLASS Investment Pool	\$ 7,338,782	< 60 days
Michigan CLASS Edge Investment Pool	1,499,867	> 60 days
Federal Home Loan Bank	1,902,180	3.5 years
HSBC Commercial Paper	249,822	15 days
COMPONENT UNIT		
Michigan CLASS Investment Pool	<u>65,208</u>	<u>< 60 days</u>
	<u><u>\$ 11,055,859</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.

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, 2022, 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 AA Af/S1 by Fitch Ratings, the City's investment in HSBC commercial paper was rated P1 by S&P Global Ratings, and the City's investment in 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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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, 2022, 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	\$ -	\$ 1,902,180	\$ -	\$ 1,902,180
HSBC commercial paper	-	249,822	-	249,822
	<u>\$ -</u>	<u>\$ 2,152,002</u>	<u>\$ -</u>	<u>\$ 2,152,002</u>

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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (concluded)

At the year ended June 30, 2022, 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
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 7,338,782	\$ -	No restrictions	None
Michigan CLASS Edge Investment Pool	1,499,867	- -	No restrictions	None
COMPONENT UNIT				
Michigan CLASS Investment Pool	65,208	- -	No restrictions	None
FIDUCIARY FUNDS				
MERS total market portfolio	<u>1,808,111</u>	<u>- -</u>	No restrictions	None
	<u><u>\$ 10,711,968</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, 2022:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and investments	\$ 15,982,425	\$ 6,960,540	\$ 1,808,111	\$ 24,751,076
Cash and investments - restricted	<u>966,024</u>	<u>- -</u>	<u>- -</u>	<u>966,024</u>
	<u><u>\$ 16,948,449</u></u>	<u><u>\$ 6,960,540</u></u>	<u><u>\$ 1,808,111</u></u>	<u><u>\$ 25,717,100</u></u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2022, are as follows:

Due to General Fund from:	
Nonmajor governmental funds	<u><u>\$ 61,799</u></u>
Due to Wastewater Fund from:	
Electric Fund	<u><u>\$ 602,344</u></u>
Due to Water Fund from:	
Electric Fund	<u><u>\$ 802,387</u></u>

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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at June 30, 2022:

Advance to FiberNet Fund from:	
General Fund	\$ 1,000,000
Wastewater Fund	500,000
Electric Fund	<u>1,495,139</u>
	 <u>\$ 2,995,139</u>

The \$2,995,139 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	\$ 1,533,301	\$ (485,836)
Nonmajor governmental funds	433,983	(95,980)
Electric Fund	-	(823,331)
Wastewater Fund	-	(186,708)
Water Fund	-	(160,291)
FiberNet Fund	-	(34,809)
Nonmajor enterprise funds	-	(125,715)
Data Processing Fund	-	(17,269)
Motor Pool Fund	<u>-</u>	<u>(37,345)</u>
	 <u>\$ 1,967,284</u>	 <u>\$ (1,967,284)</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, 2022, was as follows:

Primary Government

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Reductions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,759,160	\$ -	\$ -	\$ 1,759,160
Construction in progress	<u>1,619,519</u>	<u>2,128,376</u>	<u>(2,781,393)</u>	<u>966,502</u>
Subtotal	<u>3,378,679</u>	<u>2,128,376</u>	<u>(2,781,393)</u>	<u>2,725,662</u>
Capital assets being depreciated/amortized				
Land improvements	5,727,676	-	-	5,727,676
Buildings and improvements	24,251,522	917,610	-	25,169,132
Vehicles	22,278	7,494	-	29,772
Machinery and equipment	1,156,187	59,427	-	1,215,614
Infrastructure	<u>14,706,048</u>	<u>1,863,784</u>	<u>-</u>	<u>16,569,832</u>
Subtotal	<u>45,863,711</u>	<u>2,848,315</u>	<u>-</u>	<u>48,712,026</u>
Less accumulated depreciation/amortization for:				
Land improvements	(5,394,148)	(127,720)	-	(5,521,868)
Buildings and improvements	(9,378,390)	(557,383)	-	(9,935,773)
Vehicles	(16,413)	(1,725)	-	(18,138)
Machinery and equipment	(831,162)	(61,904)	-	(893,066)
Infrastructure	<u>(6,075,133)</u>	<u>(524,884)</u>	<u>-</u>	<u>(6,600,017)</u>
Subtotal	<u>(21,695,246)</u>	<u>(1,273,616)</u>	<u>-</u>	<u>(22,968,862)</u>
Net capital assets being depreciated/amortized	<u>24,168,465</u>	<u>1,574,699</u>	<u>-</u>	<u>25,743,164</u>
Internal Service Funds				
Data processing				
Capital assets	23,318	-	(11,484)	11,834
Right-to-use	-	71,331	(14,266)	57,065
Motor pool	<u>3,077,060</u>	<u>262,869</u>	<u>(405,524)</u>	<u>2,934,405</u>
Subtotal	<u>3,100,378</u>	<u>334,200</u>	<u>(431,274)</u>	<u>3,003,304</u>
Capital assets, net	<u>\$ 30,647,522</u>	<u>\$ 4,037,275</u>	<u>\$ (3,212,667)</u>	<u>\$ 31,472,130</u>

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

General government	\$ 143,659
Public safety	439,948
Public works	641,276
Parks and recreation	48,733
Internal service funds	<u>431,274</u>
	<u><u>\$ 1,704,890</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (continued)

Primary Government (concluded)

	Balance July 1, 2021	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2022
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 377,033	\$ -	\$ -	\$ 377,033
Construction in progress	<u>2,571,242</u>	<u>1,971,803</u>	<u>(3,840,772)</u>	<u>702,273</u>
Subtotal	<u>2,948,275</u>	<u>1,971,803</u>	<u>(3,840,772)</u>	<u>1,079,306</u>
Capital assets being depreciated				
Land improvements	889,149	-	-	889,149
Building and improvements	8,263,937	269,698	-	8,533,635
Vehicles	1,129,689	-	(528,477)	601,212
Machinery and equipment	13,332,101	1,498,484	(69,331)	14,761,254
Infrastructure	<u>38,768,087</u>	<u>2,539,891</u>	<u>(2,090,626)</u>	<u>39,217,352</u>
Subtotal	<u>62,382,963</u>	<u>4,308,073</u>	<u>(2,688,434)</u>	<u>64,002,602</u>
Less accumulated depreciation for:				
Land improvements	(342,105)	(29,894)	-	(371,999)
Building and improvements	(6,631,001)	(287,859)	-	(6,918,860)
Vehicles	(795,795)	(49,365)	419,885	(425,275)
Machinery and equipment	(10,784,814)	(316,077)	69,331	(11,031,560)
Infrastructure	<u>(16,988,606)</u>	<u>(1,227,004)</u>	<u>2,090,625</u>	<u>(16,124,985)</u>
Subtotal	<u>(35,542,321)</u>	<u>(1,910,199)</u>	<u>2,579,841</u>	<u>(34,872,679)</u>
Net capital assets being depreciated	<u>26,840,642</u>	<u>2,397,874</u>	<u>(108,593)</u>	<u>29,129,923</u>
Capital assets, net	<u>\$ 29,788,917</u>	<u>\$ 4,369,677</u>	<u>\$ (3,949,365)</u>	<u>\$ 30,209,229</u>

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

Electric	\$ 605,915
Wastewater	340,908
Water	508,268
FiberNet	140,034
Marshall House	91,929
DART	<u>50,853</u>
	<u><u>\$ 1,737,907</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (concluded)

Component Units

	Balance July 1, 2021	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 473,300	\$ -	\$ -	\$ 473,300
Construction in progress	<u>683,374</u>	<u>1,107,476</u>	<u>(697,711)</u>	<u>1,093,139</u>
Subtotal	<u>1,156,674</u>	<u>1,107,476</u>	<u>(697,711)</u>	<u>1,566,439</u>
Capital assets being depreciated				
Infrastructure	640,096	805,719	-	1,445,815
Machinery and equipment	<u>97,240</u>	<u>-</u>	<u>-</u>	<u>97,240</u>
Subtotal	<u>737,336</u>	<u>805,719</u>	<u>-</u>	<u>1,543,055</u>
Less accumulated depreciation for:				
Infrastructure	(25,604)	(45,196)	-	(70,800)
Machinery and equipment	<u>(92,760)</u>	<u>(560)</u>	<u>-</u>	<u>(93,320)</u>
Subtotal	<u>(118,364)</u>	<u>(45,756)</u>	<u>-</u>	<u>(164,120)</u>
Net capital assets being depreciated	<u>618,972</u>	<u>759,963</u>	<u>-</u>	<u>1,378,935</u>
Capital assets, net	<u>\$ 1,775,646</u>	<u>\$ 1,867,439</u>	<u>\$ (697,711)</u>	<u>\$ 2,945,374</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, 2022:

Primary Government

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
General obligation bonds	\$ 9,965,000	\$ -	\$ (655,000)	\$ 9,310,000	\$ 670,000
Direct borrowings	774,304	71,331	(298,925)	546,710	310,130
Compensated absences	334,445	-	(48,702)	285,743	71,436
Unamortized bond premiums	207,424	-	(14,025)	193,399	14,378
Total Governmental Activities	<u>11,281,173</u>	<u>71,331</u>	<u>(1,016,652)</u>	<u>10,335,852</u>	<u>1,065,944</u>
Business-type Activities					
General obligation bonds	9,465,000	-	(605,000)	8,860,000	645,000
Revenue bonds	4,110,000	-	(100,000)	4,010,000	110,000
Compensated absences	244,720	1,800	(36,924)	209,596	52,400
Unamortized bond premiums	351,422	-	(28,346)	323,076	25,201
Total Business-type Activities	<u>14,171,142</u>	<u>1,800</u>	<u>(770,270)</u>	<u>13,402,672</u>	<u>832,601</u>
Total Primary Government Long-term Obligations	<u><u>\$ 25,452,315</u></u>	<u><u>\$ 73,131</u></u>	<u><u>\$ (1,786,922)</u></u>	<u><u>\$ 23,738,524</u></u>	<u><u>\$ 1,898,545</u></u>
COMPONENT UNIT					
Local Development Finance Authority					
General obligation bonds	\$ -	\$ 6,445,000	\$ -	\$ 6,445,000	\$ 285,000
Unamortized bond premiums	-	318,659	-	318,659	14,091
Total Local Development Finance Authority	<u>\$ -</u>	<u>\$ 6,763,659</u>	<u>\$ -</u>	<u>\$ 6,763,659</u>	<u>\$ 299,091</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 \$170,000 to \$320,000 through April 1, 2039, with interest of 4.00% payable semiannually.	\$ 4,385,000
\$1,680,000 2014 Michigan Transportation General Obligation Bonds dated April 10, 2013 due in annual installments ranging from \$110,000 to \$135,000 through October 1, 2028, with interest ranging from 2.00% to 3.00% payable semiannually.	855,000
\$4,750,000 2021 Roads General Obligation Bonds dated May 18, 2021 due in annual installments ranging from \$390,000 to \$595,000 through April 1, 2031, with interest ranging from 1.00% to 2.00% payable semiannually.	<u>4,070,000</u>
	<u>\$ 9,310,000</u>

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.	\$ 151,386
\$684,659 IPA 1 Loan dated February 7, 2018 due in an annual installment of \$146,894 on February 7, 2023, with interest of 3.64%.	146,894
\$457,516 IPA 2 Loan dated February 7, 2018 due in an annual installment of \$98,598 on April 15, 2023, with interest of 3.88%.	98,598
\$100,000 Airport Loan dated September 28, 2020 due in annual installments ranging from \$8,985 through \$11,382 through September 28, 2030, with interest of 3.00%.	90,000
\$71,331 Copier Lease dated September 28, 2021 due in monthly installments ranging from \$1,148 to \$1,246 through August 1, 2026, with interest of 2.00%.	<u>59,832</u>
	<u>\$ 546,710</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Primary Government

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 4.90% to 5.10% payable semiannually.

\$ 600,000

\$1,615,000 2012 Water General Obligation Bond dated September 5, 2012 due in annual installments ranging from \$85,000 to \$115,000 through April 1, 2032, with interest ranging from 3.00% to 3.30%, payable semiannually.

995,000

\$2,175,000 2012 Wastewater General Obligation Bond dated September 5, 2012 due in annual installments ranging from \$155,000 to \$205,000 through April 1, 2032, with interest ranging from 3.00% to 3.30%, payable semiannually

1,790,000

\$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.

245,000

\$310,000 2016 Refunding Bond dated July 20, 2016 due in annual installments of \$45,000 through April 1, 2024, with interest of 4.00%, payable semiannually.

90,000

\$3,370,000 2016 General Obligation Bonds dated July 20, 2016 due in annual installments ranging from \$140,000 to \$230,000 through April 1, 2036, with interest ranging from 3.00% to 4.00%, payable semiannually.

2,570,000

\$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.

2,570,000

\$ 8,860,000

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.

\$ 4,010,000

Component Unit

General Obligation Bonds

\$6,445,000 2022 General Obligation Bonds dated May 17, 2022 due in annual installments ranging from \$285,000 to \$560,000 through April 1, 2037, with interest of 4.00%, payable semiannually.

\$ 6,445,000

\$765,000 2021 Revenue Bonds dated May 13, 2021 due in annual installments ranging from \$50,000 to \$65,000 through October 1, 2037, with interest of 3.40%, payable semiannually.

765,000

\$ 7,210,000

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (concluded)

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 \$285,743 and \$209,596 for vacation and sick for governmental and business-type activities, respectively, at June 30, 2022. Of those amounts, \$71,436 and \$52,400 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 \$546,710 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	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 670,000	\$ 240,637	\$ 755,000	\$ 414,650	\$ 310,130	\$ 16,308		
2024	705,000	223,700	785,000	388,725	66,179	5,595		
2025	740,000	209,874	775,000	361,713	67,755	4,019		
2026	775,000	195,454	810,000	334,995	47,745	2,387		
2027	810,000	179,799	850,000	307,085	10,112	1,611		
2028-2032	3,600,000	634,730	4,200,000	1,107,488	44,789	3,316		
2033-2037	1,380,000	296,000	2,975,000	506,188	-	-		
2038-2041	630,000	38,000	1,720,000	110,850	-	-		
	\$ 9,310,000	\$ 2,018,194	\$ 12,870,000	\$ 3,531,694	\$ 546,710	\$ 33,236		
Component Units								
Year Ending June 30,	General Obligation Bonds							
	Principal	Interest						
2023	\$ 285,000	\$ 250,869						
2024	335,000	272,410						
2025	350,000	259,010						
2026	415,000	244,160						
2027	430,000	227,860						
2028-2032	2,410,000	872,100						
2033-2037	2,920,000	358,590						
2038	65,000	1,105						
	\$ 7,210,000	\$ 2,486,104						

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LEASES RECEIVABLE

The City leases tower space to various cellular companies. The leases are for thirty years and the City will receive annual escalating payments. For the year ended June 30, 2022, the City recognized \$16,189 in lease revenue and \$2,757 in interest revenue related to these leases. As of June 30, 2022, the City reports a receivable and deferred inflow of resources associated with these leases of \$324,455. 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.

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 (concluded)

At the December 31, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>40</u>
Total employees covered by the Plan	<u><u>167</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, 2022, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2022.

Net Pension Liability

The employer's net pension liability reported at June 30, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2021. The December 31, 2021 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 (concluded)

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)
<u>Changes in Net Pension Liability</u>			
Balances at December 31, 2020	\$ 38,623,997	\$ 23,778,122	\$ 14,845,875
Changes for the Year			
Service cost	425,726	-	425,726
Interest on total pension liability	2,846,747	-	2,846,747
Difference between expected and actual experience	(27,590)	-	(27,590)
Changes of assumptions	1,387,534	-	1,387,534
Employer contributions	-	1,522,547	(1,522,547)
Employee contributions	-	256,274	(256,274)
Net investment income	-	3,285,702	(3,285,702)
Benefit payments, including employee refunds	(2,759,318)	(2,759,318)	-
Administrative expense	-	(37,687)	37,687
Net changes	<u>1,873,099</u>	<u>2,267,518</u>	<u>(394,419)</u>
Balances as of December 31, 2021	<u>\$ 40,497,096</u>	<u>\$ 26,045,640</u>	<u>\$ 14,451,456</u>

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

For the year ended June 30, 2022, the City recognized pension expense of \$2,048,289. 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	\$ -	\$ 13,795
Assumption changes	693,767	-
Net difference between projected and actual earnings on pension plan investments	-	1,785,103
Contributions subsequent to the measurement date*	<u>857,477</u>	<u>-</u>
Total	<u>\$ 1,551,244</u>	<u>\$ 1,798,898</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, 2023.

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 (concluded)

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

Years Ending June 30,	Pension Expense
2023	\$ 460,864
2024	(745,545)
2025	(517,000)
2026	<u>(303,450)</u>
	<u><u>\$ (1,105,131)</u></u>

Actuarial Assumptions

The total pension liability in the December 31, 2021, 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.

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120.
- Non-disabled retired plan members and beneficiaries' mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120.
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17 and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120.

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

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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.

Change in Assumptions

The actuarial assumptions were changed during the year as follows:

- Discount rate was lowered from 7.60% to 7.25%.
- Investment rate of return was lowered from 7.35% to 7.00%.

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	<u>20.00%</u>	7.00%	1.40%
	<u><u>100.00%</u></u>		
Inflation			<u>2.50%</u>
Assumed investment rate of return			7.00%
Administrative expense netted above			0.25%
Investment rate of return			7.25%

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLAN (concluded)

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	\$ 18,916,671	\$ 14,451,456	\$ 10,703,369

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 2022 were \$243,805 and participant contributions were \$187,767. 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.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

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><u>68</u></u>

Net OPEB Liability

The net OPEB liability of the City was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

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	3.46%

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	<u>20.00%</u>	7.00%
Total	<u><u>100.00%</u></u>	

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

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 7.35%.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- Salary increase assumption changed from 3.50% to 3.00%.
- Investment rate of return changed from 7.35% to 7.00%, including inflation.
- Discount rate changed from 7.35% to 7.00%.
- Healthcare cost trend rate changed from 7.50% to 7.25%.
- 20-year Municipal bond rate changed from 2.18% to 3.46%.
- Mortality rates improvement scale changed from MP-2020 to MP-2021.

Change in Net OPEB Liability

The change in the net OPEB liability for the year ended June 30, 2022 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPB Liability (a)-(b)
<u>Changes in Net OPEB Liability</u>			
Balances at June 30, 2021	\$ 8,962,032	\$ 1,773,838	\$ 7,188,194
 Changes for the Year			
Service cost	8,222	-	8,222
Interest on total OPEB liability	640,587	-	640,587
Difference between expected and actual experience	(2,629,273)	-	(2,629,273)
Changes of assumptions	197,259	-	197,259
Employer contributions	-	709,541	(709,541)
Net investment income	-	(162,190)	162,190
Benefit payments, including employee refunds	(509,541)	(509,541)	-
Administrative expense	-	(3,537)	3,537
Net changes	<u>(2,292,746)</u>	<u>34,273</u>	<u>(2,327,019)</u>
Balances as of June 30, 2022	<u>\$ 6,669,286</u>	<u>\$ 1,808,111</u>	<u>\$ 4,861,175</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (concluded)

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 (6.35%) or 1-percentage-point higher (8.35%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 5,448,533</u>	<u>\$ 4,861,175</u>	<u>\$ 4,363,075</u>

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>\$ 4,346,341</u>	<u>\$ 4,861,175</u>	<u>\$ 5,460,150</u>

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

For the year ended June 30, 2022, the City recognized an OPEB benefit of \$1,893,901. At June 30, 2022, 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>\$ 103,446</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>
2023	\$ 24,735
2024	15,746
2025	3,006
2026	<u>59,959</u>
	<u> \$ 103,446</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, 2022 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 two cost allocation plans (central service - building and new freedom) where the methodology has been approved by the Office of Passenger Transportation (OPT). The cost allocation plans 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 (concluded)

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, 2022.

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, 2021.

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, 2021 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 \$(47,588) for the Dial-A-Ride's fiscal year end of September 30, 2021. The entire amount of \$(47,588) was expensed on the books and is reported in 50220 DB Pensions as of September 30, 2021. The transit agency paid (e.g., an out of pocket payment) \$31,851, therefore, \$(79,439) is subtracted out under 58020 Ineligible DB Pension.

The transit agency incurred \$(357,628) in 50230 Other Post-employment Benefits (OPEB) and expensed the entire amount on its books. The transit agency paid (e.g., an out of pocket payment) \$51,462, therefore, \$(409,090) is subtracted out under 58030 Ineligible OPEB.

NOTE 15 - SUBSEQUENT EVENT

Subsequent to year end the City sold \$2,200,000 of Water System Junior Lien Revenue Bonds. The proceeds of this sale will be used for water infrastructure improvements.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - FUND BALANCE CLASSIFICATIONS

The following are the various fund balance classifications as of June 30, 2022:

	General Fund	Municipal Street Fund	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable				
Inventory	\$ 32,414	\$ -	\$ 16,899	\$ 49,313
Prepays	105,911	-	-	105,911
Advances	1,000,000	-	-	1,000,000
Endowments	-	-	321,851	321,851
Restricted				
Streets	-	2,903,383	1,248,061	4,151,444
Regional law enforcement center	-	-	438,603	438,603
Capital projects	-	-	50	50
Leaf, brush, and trash removal	-	-	37,094	37,094
Drug and law enforcement	-	-	4,470	4,470
Cemetery perpetual care	-	-	290,749	290,749
Debt service	-	-	54,579	54,579
ARPA	-	-	193	193
CDBG	-	-	492	492
Committed				
Fire truck	184,000	-	-	184,000
Special projects	-	-	230,550	230,550
Assigned				
Subsequent year's expenditures	169,633	-	-	169,633
Unassigned	2,563,135	-	-	2,563,135
TOTAL FUND BALANCES	\$ 4,055,093	\$ 2,903,383	\$ 2,643,591	\$ 9,602,067

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2022, the City implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the City's financial statements after the adoption of GASB Statement No. 87.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

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 19 - NET POSITION DEFICITS

The following funds had net position deficits at June 30, 2022:

	Net Position	
	Unrestricted	Total
PRIMARY GOVERNMENT		
Business-type Activities		
Electric Fund	\$ (1,212,179)	\$ 5,334,674
FiberNet Fund	(3,993,237)	(968,078)
COMPONENT UNITS		
South Neighborhood Improvement Authority	(32,083)	(45,654)

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARSHALL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,083,922	\$ 4,083,922	\$ 4,064,778	\$ (19,144)
Licenses and permits	372,000	372,000	491,128	119,128
Intergovernmental	1,045,437	1,127,324	1,356,703	229,379
Charges for services	387,183	397,183	335,617	(61,566)
Fines and forfeits	11,800	11,800	15,691	3,891
Interest and rents	107,197	107,197	58,218	(48,979)
Other	354,231	379,231	327,388	(51,843)
TOTAL REVENUES	6,361,770	6,478,657	6,649,523	170,866
EXPENDITURES				
Current				
General government				
Council	3,017	3,017	2,923	94
Manager	279,310	346,172	345,737	435
Assessor	70,098	70,098	61,620	8,478
Attorney	68,000	108,000	104,197	3,803
Human resources	96,256	96,256	94,829	1,427
Clerk	61,621	63,539	66,760	(3,221)
Treasurer	532,016	540,473	514,507	25,966
City hall	78,603	78,603	77,693	910
Chapel	1,835	1,835	215	1,620
Other City properties	56,000	59,000	58,065	935
Non-departmental	799,185	824,185	780,436	43,749
Total general government	2,045,941	2,191,178	2,106,982	84,196
Public safety				
Police	1,824,093	1,943,358	1,851,210	92,148
Crossing guards	-	2,000	177	1,823
Dispatch operations	191,000	192,500	191,500	1,000
Fire	1,204,610	1,295,595	1,152,676	142,919
Inspection	139,488	139,488	131,659	7,829
Total public safety	3,359,191	3,572,941	3,327,222	245,719
Public works				
Street	867,880	887,880	858,059	29,821
Composting	45,750	45,750	29,084	16,666
Engineering	26,582	41,582	41,419	163
Cemetery	171,612	171,612	178,570	(6,958)
Airport	146,901	178,901	169,735	9,166
Public services building	123,755	125,255	132,579	(7,324)
Total public works	1,382,480	1,450,980	1,409,446	41,534

CITY OF MARSHALL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (concluded)
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (concluded)				
Current (concluded)				
Community and economic development				
Farmers market	\$ 23,066	\$ 23,066	\$ 19,320	\$ 3,746
Planning and zoning	<u>52,691</u>	<u>52,691</u>	<u>57,493</u>	<u>(4,802)</u>
Total community and economic development	<u>75,757</u>	<u>75,757</u>	<u>76,813</u>	<u>(1,056)</u>
Recreation and culture				
Recreation	427,568	427,568	337,368	90,200
Parks	<u>82,118</u>	<u>97,118</u>	<u>98,895</u>	<u>(1,777)</u>
Total recreation and culture	<u>509,686</u>	<u>524,686</u>	<u>436,263</u>	<u>88,423</u>
Debt service	51,527	74,527	72,245	2,282
Capital outlay	198,500	177,500	87,183	90,317
TOTAL EXPENDITURES	<u>7,623,082</u>	<u>8,067,569</u>	<u>7,516,154</u>	<u>551,415</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(1,261,312)</u>	<u>(1,588,912)</u>	<u>(866,631)</u>	<u>722,281</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,556,551	1,556,551	1,533,301	(23,250)
Transfers out	<u>(483,280)</u>	<u>(500,878)</u>	<u>(485,836)</u>	<u>15,042</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,073,271</u>	<u>1,055,673</u>	<u>1,047,465</u>	<u>(8,208)</u>
NET CHANGE IN FUND BALANCE	<u>(188,041)</u>	<u>(533,239)</u>	<u>180,834</u>	<u>714,073</u>
Fund balance, beginning of year	3,874,259	3,874,259	3,874,259	-
Fund balance, end of year	<u>\$ 3,686,218</u>	<u>\$ 3,341,020</u>	<u>\$ 4,055,093</u>	<u>\$ 714,073</u>

CITY OF MARSHALL
MUNICIPAL STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 594,439	\$ -	\$ -	\$ -
Interest and rents	- <hr/>	- <hr/>	6,754 <hr/>	6,754 <hr/>
TOTAL REVENUES	594,439	-	6,754	6,754
EXPENDITURES				
Current				
Public works	1,874,877	1,874,877	1,492,905	381,972
Debt service	483,750 <hr/>	- <hr/>	- <hr/>	- <hr/>
TOTAL EXPENDITURES	2,358,627	1,874,877	1,492,905	381,972
NET CHANGE IN FUND BALANCE	(1,764,188)	(1,874,877)	(1,486,151)	388,726
Fund balance, beginning of year	4,389,534	4,389,534	4,389,534	-
Fund balance, end of year	\$ 2,625,346	\$ 2,514,657	\$ 2,903,383	\$ 388,726

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

	2021	2020	2019	2018	2017	2016	2015	2014
CHANGE IN TOTAL PENSION LIABILITY								
Service cost	\$ 425,726	\$ 382,455	\$ 408,090	\$ 394,120	\$ 433,744	\$ 479,907	\$ 499,467	\$ 494,170
Interest	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	(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	(2,759,318)	(2,653,844)	(2,563,879)	(2,417,509)	(2,283,549)	(2,222,675)	(2,142,685)	(2,143,777)
Net Change in Total Pension Liability	1,873,099	1,503,901	1,630,749	947,807	189,398	679,956	2,341,627	801,218
Total Pension Liability, beginning	38,623,997	37,120,096	35,489,347	34,541,540	34,352,142	33,672,186	31,330,559	30,529,341
Total Pension Liability, ending	<u>\$ 40,497,096</u>	<u>\$ 38,623,997</u>	<u>\$ 37,120,096</u>	<u>\$ 35,489,347</u>	<u>\$ 34,541,540</u>	<u>\$ 34,352,142</u>	<u>\$ 33,672,186</u>	<u>\$ 31,330,559</u>
CHANGE IN PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 1,522,547	\$ 1,259,552	\$ 1,104,995	\$ 984,063	\$ 862,172	\$ 790,417	\$ 710,139	\$ 611,791
Contributions - employee	256,274	275,570	248,537	269,424	282,382	311,834	329,215	353,729
Net investment income (loss)	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	(2,759,318)	(2,653,844)	(2,563,879)	(2,417,509)	(2,283,549)	(2,222,675)	(2,142,685)	(2,143,777)
Administrative expenses	(37,687)	(43,800)	(47,356)	(43,320)	(43,520)	(44,490)	(46,163)	(48,890)
Net Change in Plan Fiduciary Net Position	2,267,518	1,550,356	1,493,458	(2,063,955)	1,560,478	1,076,496	(1,461,298)	110,183
Plan Fiduciary Net Position, beginning	23,778,122	22,227,766	20,734,308	22,798,263	21,237,785	20,161,289	21,622,587	21,512,404
Plan Fiduciary Net Position, ending	<u>\$ 26,045,640</u>	<u>\$ 23,778,122</u>	<u>\$ 22,227,766</u>	<u>\$ 20,734,308</u>	<u>\$ 22,798,263</u>	<u>\$ 21,237,785</u>	<u>\$ 20,161,289</u>	<u>\$ 21,622,587</u>
City's Net Pension Liability	\$ 14,451,456	\$ 14,845,875	\$ 14,892,330	\$ 14,755,039	\$ 11,743,277	\$ 13,114,357	\$ 13,510,897	\$ 9,707,972
Plan fiduciary net position as a percentage of the total pension liability	64.31%	61.56%	59.88%	58.42%	66.00%	61.82%	59.88%	69.01%
Covered payroll	\$ 2,866,513	\$ 2,781,676	\$ 2,978,869	\$ 2,879,640	\$ 3,220,900	\$ 3,544,724	\$ 3,714,381	\$ 3,702,727
City's net pension liability as a percentage of covered payroll	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contributions	\$ 1,670,079	\$ 1,351,493	\$ 1,166,246	\$ 984,063	\$ 862,172	\$ 815,277	\$ 710,139	\$ 654,990	\$ 568,171	\$ 480,936
Contributions in relation to the actuarially determined contribution	<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>	<u>480,936</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	\$ 4,165,476
Contributions as a percentage of covered payroll	55.12%	45.80%	39.95%	34.87%	25.99%	23.56%	18.93%	17.69%	13.72%	11.55%

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

	2022	2021	2020	2019	2018
CHANGE IN TOTAL OPEB LIABILITY					
Service cost	\$ 8,222	\$ 8,348	\$ 31,537	\$ 165,819	\$ 155,319
Interest	640,587	658,434	690,180	761,974	764,687
Difference between expected and actual experience	(2,629,273)	(78,507)	(1,272,562)	(78,697)	(107,694)
Changes of assumptions	197,259	(226,421)	(287,369)	(14,990,818)	471,768
Benefit payments, including refunds of member contributions	(509,541)	(699,489)	(575,706)	(587,200)	(548,507)
Net Change in Total OPEB Liability	(2,292,746)	(337,635)	(1,413,920)	(14,728,922)	735,573
Total OPEB Liability, beginning	<u>8,962,032</u>	<u>9,299,667</u>	<u>10,713,587</u>	<u>25,442,509</u>	<u>24,706,936</u>
Total OPEB Liability, ending	<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>
CHANGE IN PLAN FIDUCIARY NET POSITION					
Employer contributions	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -
Contributions/benefits paid from general operating funds	509,541	699,489	575,706	587,200	548,507
OPEB plan net investment income (loss)	(162,190)	386,713	26,540	27,816	67,943
Benefit payments, including refunds of member contributions	(509,541)	(699,489)	(575,706)	(587,200)	(548,507)
Administrative expenses	(3,537)	(2,862)	(2,111)	(1,972)	(2,206)
Net Change in Plan Fiduciary Net Position	34,273	583,851	224,429	25,844	65,737
Plan Fiduciary Net Position, beginning	<u>1,773,838</u>	<u>1,189,987</u>	<u>965,558</u>	<u>939,714</u>	<u>873,977</u>
Plan Fiduciary Net Position, ending	<u>\$ 1,808,111</u>	<u>\$ 1,773,838</u>	<u>\$ 1,189,987</u>	<u>\$ 965,558</u>	<u>\$ 939,714</u>
Plan's Net OPEB Liability	\$ 4,861,175	\$ 7,188,194	\$ 8,109,680	\$ 9,748,029	\$ 24,502,795
Plan fiduciary net position as a percentage of the total OPEB liability	27.11%	19.79%	12.80%	9.01%	3.69%
Covered payroll	\$ 51,855	\$ 336,660	\$ 456,791	\$ 301,626	N/A
Plan's net OPEB liability as a percentage of covered payroll	9374.55%	2135.15%	1775.36%	3231.83%	N/A

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 7,725,352	\$ 4,516,130	\$ 3,721,006	\$ 1,579,522	\$ 8,242,097
Contributions in relation to the actuarially determined contribution	<u>709,541</u>	<u>899,489</u>	<u>775,706</u>	<u>587,200</u>	<u>548,507</u>
Contribution deficiency	<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	\$ 51,855	\$ 336,660	\$ 456,791	\$ 301,626	N/A
Contributions as a percentage of covered payroll	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 and the functional classification level for the major special revenue 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, 2022, 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			
Clerk	\$ 63,539	\$ 66,760	\$ (3,221)
Public works			
Cemetery	171,612	178,570	(6,958)
Public services building	125,255	132,579	(7,324)
Community and economic development			
Planning and zoning	52,691	57,493	(4,802)
Recreation and culture			
Parks	97,118	98,895	(1,777)
Marshall Regional Law Enforcement Center Fund	405,714	417,568	(11,854)

NOTE 2 - EMPLOYEE RETIREMENT PLAN

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

Changes in Assumptions: Discount rate was lowered from 7.60% to 7.25%.
 Investment rate of return was lowered from 7.35% to 7.00%.

NOTE 3 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Changes of Benefit Terms: There were no changes of benefit terms during plan year 2022.

Changes of Assumptions: Salary increase assumption changed from 3.50% to 3.00%.
 Investment rate of return changed from 7.35% to 7.00%, including inflation.
 Discount rate changed from 7.35% to 7.00%.
 Healthcare cost trend rate changed from 7.50% to 7.25%.
 20-year Municipal bond rate changed from 2.18% to 3.46%.
 Mortality rates improvement scale changed from MP-2020 to MP-2021.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Major Streets - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on Major streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

Local Streets - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on local streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

Marshall Regional Law Enforcement Center - This fund is used to account for the operations of the Marshall Regional Law Enforcement Center.

Leaf, Brush, and Trash Removal - This fund is used to account for property taxes collected for the gathering and disposal of City resident's yard waste and waste.

Drug Forfeiture - This fund is used to account for drug forfeitures collected by the City to be used for public safety purposes.

SAFER Grant - *This fund is used to account for the administration of the Staffing for Adequate Fire and Emergency Response (SAFER) grant.*

ARPA Grant - *This fund is used to account for the administration of the American Rescue Plan Act grant.*

CDBG - *This fund is used to account for the administration of Community Development Block Grant revenue.*

DEBT SERVICE FUNDS

Building Authority - To account for the payment of bonds issued to acquire and construct various buildings and building improvements.

Capital Improvement Bond - To account for the payment of bonds issued to acquire and construct various street improvements.

CAPITAL PROJECT FUNDS

Building Authority Construction - accounts for the large capital projects of the City.

Special Projects - This fund is used to account for grants and other revenue sources received by the City intended to finance short-term projects.

PERMANENT FUND

Cemetery - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the investment income is used to maintain the cemetery operation.

CITY OF MARSHALL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue								Debt Service		Capital Projects			Permanent	
	Marshall		Regional Law Enforcement Center	Leaf, Brush, and Trash Removal	Drug Forfeiture	SAFER Grant	ARPA Grant	CDBG	Building Authority	Capital Improvement Bond	Building Authority Construction	Special Projects	Cemetery	Total	
	Major Streets	Local Streets													
ASSETS															
Cash and investments	\$ 239,811	\$ 947,035	\$ 459,838	\$ 37,094	\$ 4,470	\$ -	\$ 233,058	\$ 1,292,423	\$ 1,145	\$ 53,934	\$ 50	\$ 230,958	\$ 611,350	\$ 4,111,166	
Accounts receivable, net			400				6,120						1,250	7,770	
Due from other governmental units	120,007	37,779	-	-	-	61,367	365,915	57,800	-	-	-	-	-	642,868	
Inventories	16,899	-	-	-	-	-	-	-	-	-	-	-	-	16,899	
TOTAL ASSETS	\$ 376,717	\$ 984,814	\$ 460,238	\$ 37,094	\$ 4,470	\$ 67,487	\$ 598,973	\$ 1,350,223	\$ 1,145	\$ 53,934	\$ 50	\$ 230,958	\$ 612,600	\$ 4,778,703	
LIABILITIES															
Accounts payable	\$ 308	\$ 94,072	\$ 19,757	\$ -	\$ -	\$ -	\$ -	\$ 272,198	\$ -	\$ 500	\$ -	\$ 408	\$ -	\$ 387,243	
Accrued liabilities	568	1,623	1,878	-	-	5,688	-	-	-	-	-	-	-	9,757	
Due to other funds	-	-	-	-	-	61,799	-	-	-	-	-	-	-	61,799	
Unearned revenue	-	-	-	-	-	-	598,780	1,077,533	-	-	-	-	-	1,676,313	
TOTAL LIABILITIES	876	95,695	21,635	-	-	67,487	598,780	1,349,731	-	500	-	408	-	2,135,112	
FUND BALANCES															
Nonspendable	16,899	-	-	-	-	-	-	-	-	-	-	-	-	321,851	
Restricted	358,942	889,119	438,603	37,094	4,470	-	193	492	1,145	53,434	50	-	290,749	2,074,291	
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	230,550	
TOTAL FUND BALANCES	375,841	889,119	438,603	37,094	4,470	-	193	492	1,145	53,434	50	230,550	612,600	2,643,591	
TOTAL LIABILITIES AND FUND BALANCES	\$ 376,717	\$ 984,814	\$ 460,238	\$ 37,094	\$ 4,470	\$ 67,487	\$ 598,973	\$ 1,350,223	\$ 1,145	\$ 53,934	\$ 50	\$ 230,958	\$ 612,600	\$ 4,778,703	

CITY OF MARSHALL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Special Revenue								Debt Service		Capital Projects		Permanent		
	Marshall		Regional Law Enforcement Center	Leaf, Brush, and Trash Removal		Drug Forfeiture	SAFER Grant	ARPA Grant	CDBG	Building Authority	Capital Improvement Bond	Building Authority Construction	Special Projects	Cemetery	Total
	Major Streets	Local Streets		Leaf, Brush, and Trash Removal	Drug Forfeiture										
REVENUES															
Property taxes	\$ -	\$ -	\$ -	\$ 160,929	\$ -	\$ -	\$ 67,487	\$ 133,058	\$ 196,060	\$ -	\$ 472,507	\$ -	\$ -	\$ -	\$ 633,436
Intergovernmental	877,758	266,845		12,914			67,487								1,554,122
Charges for services	-		294,245												307,495
Interest	(4,507)	(8,001)	57	6	1			193	492			18			(25,789)
Other	-	23,954	68,828						622,132				85,566		800,480
TOTAL REVENUES	873,251	282,798	363,130	173,849	1	67,487	133,251	818,684		472,525		85,016	(248)	3,269,744	
EXPENDITURES															
Current															
General government	-	-	-	-	-	-	133,058	-	-	-	-	-	-	-	133,058
Public safety			387,568				67,487								455,055
Public works	660,741	239,915	-	113,854											1,014,510
Community and economic development	-	-	-	-	-	-		818,192							818,192
Debt service	132,813	-	-	-	-	-			333,250	419,091					885,154
Capital outlay	-	-	-	-	-	-							68,518		68,518
TOTAL EXPENDITURES	793,554	239,915	387,568	113,854	-	67,487	133,058	818,192	333,250	419,091	-	68,518	-	3,374,487	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	79,697	42,883	(24,438)	59,995	1	-	193	492	(333,250)	53,434	-	16,498	(248)	(104,743)	
OTHER FINANCING SOURCES (USES)															
Transfers in	-		100,733							333,250					433,983
Transfers out	(48,498)	(17,482)	-	(30,000)											(95,980)
TOTAL OTHER FINANCING SOURCES (USES)	(48,498)	(17,482)	100,733	(30,000)	-	-	-	-	333,250	-	-	-	-	-	338,003
NET CHANGE IN FUND BALANCES	31,199	25,401	76,295	29,995	1	-	193	492		53,434	-	16,498	(248)	233,260	
Fund balances, beginning of year	344,642	863,718	362,308	7,099	4,469	-	-	-		1,145	-	50	214,052	612,848	2,410,331
Fund balances, end of year	\$ 375,841	\$ 889,119	\$ 438,603	\$ 37,094	\$ 4,470	\$ -	\$ 193	\$ 492	\$ 1,145	\$ 53,434	\$ 50	\$ 230,550	\$ 612,600	\$ 2,643,591	

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

<u>Major Streets Fund</u>				Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Intergovernmental	\$ 948,442	\$ 948,442	\$ 877,758	\$ (70,684)
Interest	615	615	(4,507)	(5,122)
TOTAL REVENUES	949,057	949,057	873,251	(75,806)
EXPENDITURES				
Current				
Public works	606,788	606,788	660,741	(53,953)
Debt service	132,813	132,813	132,813	-
TOTAL EXPENDITURES	739,601	739,601	793,554	(53,953)
EXCESS OF REVENUES OVER EXPENDITURES	209,456	209,456	79,697	(129,759)
OTHER FINANCING (USES)				
Transfers out	(198,498)	(198,498)	(48,498)	150,000
NET CHANGE IN FUND BALANCE	10,958	10,958	31,199	20,241
Fund balance, beginning of year	344,642	344,642	344,642	-
Fund balance, end of year	\$ 355,600	\$ 355,600	\$ 375,841	\$ 20,241

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2022

<u>Local Streets Fund</u>				Variances with Final Budget Positive (Negative)	
<u>Budgeted Amounts</u>					
Original	Final	Actual			
REVENUES					
Intergovernmental	\$ 234,520	\$ 234,520	\$ 266,845	\$ 32,325	
Interest	1,514	1,514	(8,001)	(9,515)	
Other	-	-	23,954	23,954	
TOTAL REVENUES	236,034	236,034	282,798	46,764	
EXPENDITURES					
Current					
Public works	369,754	369,754	239,915	129,839	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(133,720)	(133,720)	42,883	176,603	
OTHER FINANCING (USES)					
Transfers out	(217,482)	(217,482)	(17,482)	200,000	
NET CHANGE IN FUND BALANCE	(351,202)	(351,202)	25,401	376,603	
Fund balance, beginning	863,718	863,718	863,718	-	
Fund balance, ending	\$ 512,516	\$ 512,516	\$ 889,119	\$ 376,603	

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2022

<u>Marshall Regional Law Enforcement Center Fund</u>				Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Charges for services	\$ 176,615	\$ 176,615	\$ 294,245	\$ 117,630
Interest	247	247	57	(190)
Other	<u>41,600</u>	<u>41,600</u>	<u>68,828</u>	<u>27,228</u>
TOTAL REVENUES	<u>218,462</u>	<u>218,462</u>	<u>363,130</u>	<u>144,668</u>
EXPENDITURES				
Current				
Public safety	<u>405,714</u>	<u>405,714</u>	<u>387,568</u>	<u>18,146</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(187,252)</u>	<u>(187,252)</u>	<u>(24,438)</u>	<u>162,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,364	110,364	100,733	(9,631)
Transfers out	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>110,364</u>	<u>110,364</u>	<u>70,733</u>	<u>(39,631)</u>
NET CHANGE IN FUND BALANCE	<u>(76,888)</u>	<u>(76,888)</u>	<u>46,295</u>	<u>123,183</u>
Fund balance, beginning of year	<u>362,308</u>	<u>362,308</u>	<u>362,308</u>	<u>-</u>
Fund balance, end of year	<u>\$ 285,420</u>	<u>\$ 285,420</u>	<u>\$ 408,603</u>	<u>\$ 123,183</u>

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2022

Leaf, Brush, and Trash Removal Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 169,361	\$ 169,361	\$ 160,929	\$ (8,432)
Intergovernmental	4,473	4,473	12,914	8,441
Interest	14	14	6	(8)
TOTAL REVENUES	173,848	173,848	173,849	1
EXPENDITURES				
Current				
Public works	120,411	120,411	113,854	6,557
EXCESS OF REVENUES OVER EXPENDITURES	53,437	53,437	59,995	6,558
OTHER FINANCING (USES)				
Transfers out	(30,000)	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCE	23,437	23,437	29,995	6,558
Fund balance, beginning of year	7,099	7,099	7,099	-
Fund balance, end of year	\$ 30,536	\$ 30,536	\$ 37,094	\$ 6,558

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2022

<u>Drug Forfeiture Fund</u>				Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Interest	\$ -	\$ 500	\$ 1	\$ (499)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	500	1	(499)
Fund balance, beginning of year	<u>4,469</u>	<u>4,469</u>	<u>4,469</u>	-
Fund balance, end of year	<u>\$ 4,469</u>	<u>\$ 4,969</u>	<u>\$ 4,470</u>	<u>\$ (499)</u>

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2022

<u>SAFER Grant Fund</u>				Variances with Final Budget Positive (Negative)
REVENUES	Original Budget	Final Amended Budget	Actual	
Intergovernmental	\$ -	\$ 270,273	\$ 67,487	\$ (202,786)
EXPENDITURES				
Current				
Public safety	- - -	270,273	67,487	202,786
NET CHANGE IN FUND BALANCE	- - -	- - -	- - -	- - -
Fund balance, beginning of year	- - -	- - -	- - -	- - -
Fund balance, end of year	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2022

<u>ARPA Grant Fund</u>				
	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 364,456	\$ 133,058	\$ (231,398)
Interest	<u>-</u>	<u>-</u>	<u>193</u>	<u>193</u>
TOTAL REVENUES	<u>-</u>	<u>364,456</u>	<u>133,251</u>	<u>(231,205)</u>
EXPENDITURES				
Current				
General government	<u>-</u>	<u>364,456</u>	<u>133,058</u>	<u>231,398</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>193</u>	<u>193</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193</u>	<u>\$ 193</u>

CITY OF MARSHALL
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (concluded)
YEAR ENDED JUNE 30, 2022

		<u>CDBG Fund</u>			Variances with Final Budget Positive (Negative)
		Original Budget	Final Amended Budget	Actual	
REVENUES					
Intergovernmental		\$ -	\$ 725,450	\$ 196,060	\$ (529,390)
Interest		-	-	492	492
Other		-	<u>1,711,760</u>	<u>622,132</u>	<u>(1,089,628)</u>
TOTAL REVENUES		<u>-</u>	<u>2,437,210</u>	<u>818,684</u>	<u>(1,618,526)</u>
EXPENDITURES					
Current					
Community and economic development		<u>-</u>	<u>2,437,210</u>	<u>818,192</u>	<u>1,619,018</u>
NET CHANGE IN FUND BALANCE		<u>-</u>	<u>-</u>	<u>492</u>	<u>492</u>
Fund balance, beginning of year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 492</u>

NONMAJOR ENTERPRISE FUNDS

Marshall House - This fund is used to account for the activity of a lower-income senior citizen housing facility.

DART - This fund is used to account for the operation and maintenance of a local public transportation system.

Solid Waste - This fund is used to account for the activity of City trash collection.

CITY OF MARSHALL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Marshall House	DART	Solid Waste	Total
ASSETS				
Current assets				
Cash and investments	\$ 1,341,914	\$ 940,301	\$ 77,652	\$ 2,359,867
Receivables				
Accounts receivable	-	557	90,158	90,715
Due from other governmental units	-	26,972	-	26,972
Prepays	2,053	7,647	-	9,700
Total current assets	<u>1,343,967</u>	<u>975,477</u>	<u>167,810</u>	<u>2,487,254</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation/amortization	<u>1,224,747</u>	<u>177,425</u>	<u>-</u>	<u>1,402,172</u>
TOTAL ASSETS	<u>2,568,714</u>	<u>1,152,902</u>	<u>167,810</u>	<u>3,889,426</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	29,520	33,169	-	62,689
Deferred outflows of resources related to OPEB	<u>1,965</u>	<u>2,214</u>	<u>-</u>	<u>4,179</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>31,485</u>	<u>35,383</u>	<u>-</u>	<u>66,868</u>
LIABILITIES				
Current liabilities				
Accounts payable	74,887	6,431	59	81,377
Accrued liabilities	5,179	8,211	889	14,279
Unearned revenue	-	25,817	106,430	132,247
Current portion of compensated absences	<u>478</u>	<u>450</u>	<u>-</u>	<u>928</u>
Total current liabilities	<u>80,544</u>	<u>40,909</u>	<u>107,378</u>	<u>228,831</u>
Noncurrent liabilities				
Noncurrent portion of compensated absences	1,433	1,350	-	2,783
Net other post-employment benefits liability	92,362	104,029	-	196,391
Net pension liability	<u>275,010</u>	<u>309,003</u>	<u>-</u>	<u>584,013</u>
Total noncurrent liabilities	<u>368,805</u>	<u>414,382</u>	<u>-</u>	<u>783,187</u>
TOTAL LIABILITIES	<u>449,349</u>	<u>455,291</u>	<u>107,378</u>	<u>1,012,018</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>34,233</u>	<u>38,464</u>	<u>-</u>	<u>72,697</u>
NET POSITION				
Net investment in capital assets	1,224,747	177,425	-	1,402,172
Unrestricted	<u>891,870</u>	<u>517,105</u>	<u>60,432</u>	<u>1,469,407</u>
TOTAL NET POSITION	<u>\$ 2,116,617</u>	<u>\$ 694,530</u>	<u>\$ 60,432</u>	<u>\$ 2,871,579</u>

CITY OF MARSHALL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Marshall House	DART	Solid Waste	Total
OPERATING REVENUES				
Charges for services	\$ 397,780	\$ 32,288	\$ 316,739	\$ 746,807
Other	92,399	9,170	-	101,569
TOTAL OPERATING REVENUES	490,179	41,458	316,739	848,376
OPERATING EXPENSES				
Personnel services	134,633	244,180	20,340	399,153
Material and supplies	32,022	55,778	3,367	91,167
Utilities	128,102	37,321	-	165,423
Contractual	370,842	10,242	322,447	703,531
Insurance	9,856	6,830	-	16,686
Maintenance	56,501	7,000	-	63,501
Other expenses	12,892	14,928	-	27,820
Depreciation/amortization	91,929	50,853	-	142,782
TOTAL OPERATING EXPENSES	836,777	427,132	346,154	1,610,063
OPERATING (LOSS)	(346,598)	(385,674)	(29,415)	(761,687)
NONOPERATING REVENUES				
Intergovernmental	617,734	390,320	-	1,008,054
Property taxes	-	220,778	-	220,778
Interest earnings	115	487	4	606
TOTAL NONOPERATING REVENUES	617,849	611,585	4	1,229,438
NET INCOME (LOSS) BEFORE TRANSFERS	271,251	225,911	(29,411)	467,751
TRANSFERS OUT				
CHANGE IN NET POSITION	171,251	200,196	(29,411)	342,036
Net position, beginning of year	1,945,366	494,334	89,843	2,529,543
Net position, end of year	\$ 2,116,617	\$ 694,530	\$ 60,432	\$ 2,871,579

CITY OF MARSHALL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Marshall House	DART	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 490,992	\$ 41,524	\$ 409,243	\$ 941,759
Cash paid to suppliers	(573,351)	(130,574)	(354,768)	(1,058,693)
Cash paid to employees	(207,148)	(320,697)	(20,182)	(548,027)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(289,507)	(409,747)	34,293	(664,961)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental receipts	617,734	363,348	-	981,082
Property taxes received	-	220,778	-	220,778
Transfers out	(100,000)	(25,715)	-	(125,715)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	517,734	558,411	-	1,076,145
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(30,784)	-	-	(30,784)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	115	487	4	606
NET INCREASE IN CASH AND INVESTMENTS	197,558	149,151	34,297	381,006
Cash and investments, beginning of year	1,144,356	791,150	43,355	1,978,861
Cash and investments, end of year	\$ 1,341,914	\$ 940,301	\$ 77,652	\$ 2,359,867
Reconciliation of operating (loss) to net cash provided (used) by operating activities				
Operating (loss)	\$ (346,598)	\$ (385,674)	\$ (29,415)	\$ (761,687)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities				
Depreciation/amortization	91,929	50,853	-	142,782
(Increase) decrease in:				
Accounts receivable	813	66	(13,926)	(13,047)
Prepays	11,100	(1,394)	40	9,746
Deferred outflows of resources related to pension	(5,464)	(5,920)	-	(11,384)
Deferred outflows of resources related to OPEB	(1,965)	(2,214)	-	(4,179)
Increase (decrease) in:				
Accounts payable	25,764	2,919	(28,994)	(311)
Accrued liabilities	858	2,372	509	3,739
Unearned revenue	-	-	106,430	106,430
Compensated absences	(5,035)	1,800	(351)	(3,586)
Net pension liability	(24,577)	(30,357)	-	(54,934)
Net other post-employment benefits liability	(52,840)	(60,581)	-	(113,421)
Deferred inflows of resources related to pension	20,002	22,344	-	42,346
Deferred inflows of resources related to OPEB	(3,494)	(3,961)	-	(7,455)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (289,507)	\$ (409,747)	\$ 34,293	\$ (664,961)

INTERNAL SERVICE FUNDS

Data Processing - Provides computer services to the various other funds that use the City's network.

Motor Pool - This fund is used to account for the operations of the motor pool for the City.

Safety - This fund was created to educate and encourage safety throughout the City organization.

CITY OF MARSHALL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Data Processing	Motor Pool	Safety	Total
ASSETS				
Current assets				
Cash and investments	\$ 381,400	\$ 500,072	\$ 9,723	\$ 891,195
Accounts receivable	484	5,600	-	6,084
Inventories	-	-	430	430
Prepays	-	1,254	-	1,254
Total current assets	<u>381,884</u>	<u>506,926</u>	<u>10,153</u>	<u>898,963</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation/amortization	68,899	2,934,405	-	3,003,304
TOTAL ASSETS	<u>450,783</u>	<u>3,441,331</u>	<u>10,153</u>	<u>3,902,267</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	-	8,917	-	8,917
Deferred outflows related to OPEB	-	590	-	590
Total deferred outflows of resources	<u>-</u>	<u>9,507</u>	<u>-</u>	<u>9,507</u>
LIABILITIES				
Current liabilities				
Accounts payable	2,399	92,897	-	95,296
Accrued liabilities	-	3,169	-	3,169
Accrued interest payable	-	3,184	-	3,184
Current portion of compensated absences	-	1,127	-	1,127
Current portion of long-term debt	<u>13,909</u>	<u>245,492</u>	<u>-</u>	<u>259,401</u>
Total current liabilities	<u>16,308</u>	<u>345,869</u>	<u>-</u>	<u>362,177</u>
Noncurrent liabilities				
Net other post-employment benefits liability	-	27,709	-	27,709
Net pension liability	-	83,073	-	83,073
Noncurrent portion of compensated absences	-	3,381	-	3,381
Noncurrent portion of long-term debt	<u>45,923</u>	<u>-</u>	<u>-</u>	<u>45,923</u>
Total noncurrent liabilities	<u>45,923</u>	<u>114,163</u>	<u>-</u>	<u>160,086</u>
TOTAL LIABILITIES	<u>62,231</u>	<u>460,032</u>	<u>-</u>	<u>522,263</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	-	10,341	-	10,341
NET POSITION				
Net investment in capital assets	9,067	2,688,913	-	2,697,980
Unrestricted	<u>379,485</u>	<u>291,552</u>	<u>10,153</u>	<u>681,190</u>
TOTAL NET POSITION	<u>\$ 388,552</u>	<u>\$ 2,980,465</u>	<u>\$ 10,153</u>	<u>\$ 3,379,170</u>

CITY OF MARSHALL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Data Processing	Motor Pool	Safety	Total
OPERATING REVENUES				
Intergovernmental	\$ -	\$ 34,764	\$ -	\$ 34,764
Charges for services	<u>170,257</u>	<u>867,255</u>	<u>-</u>	<u>1,037,512</u>
TOTAL OPERATING REVENUES	<u>170,257</u>	<u>902,019</u>	<u>-</u>	<u>1,072,276</u>
OPERATING EXPENSES				
Personnel services	13,523	92,283	-	105,806
Material and supplies	33,232	167,425	1	200,658
Utilities	-	36,475	-	36,475
Contractual	81,650	64,941	-	146,591
Insurance	-	60,338	-	60,338
Maintenance	29,050	63,542	-	92,592
Other expenses	-	5,760	1,680	7,440
Depreciation/amortization	<u>25,750</u>	<u>405,524</u>	<u>-</u>	<u>431,274</u>
TOTAL OPERATING EXPENSES	<u>183,205</u>	<u>896,288</u>	<u>1,681</u>	<u>1,081,174</u>
OPERATING INCOME (LOSS)	<u>(12,948)</u>	<u>5,731</u>	<u>(1,681)</u>	<u>(8,898)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings (loss)	(4,445)	(3,419)	1	(7,863)
Gain on sale of capital assets	151	33,151	-	33,302
Interest expense	<u>(983)</u>	<u>(14,944)</u>	<u>-</u>	<u>(15,927)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(5,277)</u>	<u>14,788</u>	<u>1</u>	<u>9,512</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(18,225)</u>	<u>20,519</u>	<u>(1,680)</u>	<u>614</u>
TRANSFERS				
Transfers out	<u>(17,269)</u>	<u>(37,345)</u>	<u>-</u>	<u>(54,614)</u>
CHANGE IN NET POSITION	<u>(35,494)</u>	<u>(16,826)</u>	<u>(1,680)</u>	<u>(54,000)</u>
Net position, beginning of year	<u>424,046</u>	<u>2,997,291</u>	<u>11,833</u>	<u>3,433,170</u>
Net position, end of year	<u>\$ 388,552</u>	<u>\$ 2,980,465</u>	<u>\$ 10,153</u>	<u>\$ 3,379,170</u>

**CITY OF MARSHALL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Data	Processing	Motor Pool	Safety	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund services provided	\$ 169,773	\$ 896,419	\$ -	\$ 1,066,192	
Cash paid to suppliers	(146,267)	(263,258)	(1,681)	(411,206)	
Cash paid to employees	(15,987)	(114,724)	-	(130,711)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	7,519	518,437	(1,681)	524,275	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(17,269)	(37,345)	-	(54,614)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets, net	-	(262,869)	-	(262,869)	
Proceeds from sale of capital assets	151	33,151	-	33,302	
Payments on borrowings	(11,499)	(236,651)	-	(248,150)	
Interest and fees paid	(983)	(18,014)	-	(18,997)	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(12,331)	(484,383)	-	(496,714)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	(4,445)	(3,419)	1	(7,863)	
NET DECREASE IN CASH AND INVESTMENTS	(26,526)	(6,710)	(1,680)	(34,916)	
Cash and investments, beginning of year	407,926	506,782	11,403	926,111	
Cash and investments, end of year	\$ 381,400	\$ 500,072	\$ 9,723	\$ 891,195	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (12,948)	\$ 5,731	\$ (1,681)	\$ (8,898)	
Adjustment to reconciled operating income (loss) to net cash provided (used) by operating activities					
Depreciation/amortization	25,750	405,524	-	431,274	
(Increase) decrease in:					
Accounts receivable	(484)	(5,600)	-	(6,084)	
Prepays	9,399	58,907	-	68,306	
Deferred outflows of resources related to pension	-	(1,566)	-	(1,566)	
Deferred outflows of resources related to OPEB	-	(590)	-	(590)	
Increase (decrease) in:					
Accounts payable	(11,734)	76,316	-	64,582	
Accrued liabilities	(538)	982	-	444	
Compensated absences	(1,926)	(863)	-	(2,789)	
Net pension liability	-	(8,467)	-	(8,467)	
Other post-employment benefits liability	-	(16,858)	-	(16,858)	
Deferred inflows of resources related to pension	-	5,993	-	5,993	
Deferred inflows of resources related to OPEB	-	(1,072)	-	(1,072)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 7,519	\$ 518,437	\$ (1,681)	\$ 524,275	

**DIAL A RIDE FUND
TRANSIT SCHEDULES**

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 1 - SCHEDULE OF LOCAL REVENUES
YEAR ENDED JUNE 30, 2022

Description	7/1/2021 - 9/30/2021	10/1/2021 - 6/30/2022	Total
Demand Response (Farebox)			
Regular Service	\$ 6,991	\$ 25,297	\$ 32,288
Advertising	2,752	(2,752)	-
Other revenues	18,403	(18,403)	-
Tax levy	196,352	24,426	220,778
Contributions from local units	-	3,500	3,500
Interest income	8	479	487
 TOTAL LOCAL REVENUES	 <u>\$ 224,506</u>	 <u>\$ 32,547</u>	 <u>\$ 257,053</u>

DIAL-A-RIDE FUND
SCHEDULE 1A - SCHEDULE OF LOCAL REVENUES
YEAR ENDED SEPTEMBER 30, 2021

Description	10/1/2020 - 6/30/2021	7/1/2021 - 9/30/2021	Total
Demand Response (Farebox)			
Regular Service	\$ 21,752	\$ 6,991	\$ 28,743
Advertising	1,628	2,752	4,380
Other revenues	(5,603)	18,403	12,800
Tax levy	23,161	196,352	219,513
Interest income	335	8	343
 TOTAL LOCAL REVENUES	 <u>\$ 41,273</u>	 <u>\$ 224,506</u>	 <u>\$ 265,779</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022

Federal and State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant No./ Authorization Number	Program Award Amount	Current Year's Expenditures		
				Total	Federal	State
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through Michigan Department of Transportation						
Formula Grants for Other than Urbanized Areas	20.509					
Operating Assistance - Section 5311 (FY22)		N/A	\$ 62,653	\$ 62,653	\$ 62,653	\$ -
Operating Assistance - Section 5311 (FY21)		N/A	31,696	31,696	31,696	-
COVID-19 - Operating Assistance - Section 5311		N/A	<u>104,464</u>	<u>104,464</u>	<u>104,464</u>	<u>-</u>
			<u>198,813</u>	<u>198,813</u>	<u>198,813</u>	<u>-</u>
MICHIGAN DEPARTMENT OF TRANSPORTATION						
Operating Assistance - Act 51	N/A					
Nonurban/Small Urban		N/A	<u>188,007</u>	<u>188,007</u>	<u>-</u>	<u>188,007</u>
TOTALS			<u>\$ 386,820</u>	<u>\$ 386,820</u>	<u>\$ 198,813</u>	<u>\$ 188,007</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 2A - SCHEDULE OF FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY
YEAR ENDED JUNE 30, 2022

Description	7/1/2021 - 9/30/2021	10/1/2021 - 6/30/2022	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ (10,672)	\$ 198,679	\$ 188,007
Federal Transit Administration			
Section 5311	31,696	62,653	94,349
Section 5311 (CARES Flex)	10,115	-	10,115
Section 5311 (CARES)	<u>36,815</u>	<u>57,534</u>	<u>94,349</u>
	<u><u>\$ 67,954</u></u>	<u><u>\$ 318,866</u></u>	<u><u>\$ 386,820</u></u>

DIAL-A-RIDE FUND
SCHEDULE 2B - SCHEDULE OF FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY
YEAR ENDED SEPTEMBER 30, 2021

Description	10/1/2020 - 6/30/2021	7/1/2021 - 9/30/2021	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 163,983	\$ (10,672)	\$ 153,311
Federal Transit Administration			
Section 5311	37,211	31,696	68,907
Section 5311 (CARES Flex)	-	10,115	10,115
Section 5311 (CARES)	<u>41,319</u>	<u>36,815</u>	<u>78,134</u>
	<u><u>\$ 242,513</u></u>	<u><u>\$ 67,954</u></u>	<u><u>\$ 310,467</u></u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 3 - OPERATING AND CONTRACT EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Nonurban</u>
EXPENSES	
Labor	\$ 216,318
Fringe benefits	27,862
Services	10,242
Materials and supplies	62,778
Utilities	37,321
Insurance	6,830
Miscellaneous	2,042
Operating lease and rentals	12,886
Depreciation	<u>50,853</u>
 TOTAL EXPENSES	 <u>\$ 427,132</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 3A - OPERATING EXPENSES BY PROGRAM
YEAR ENDED JUNE 30, 2022

	<u>7/1/2021 -</u> <u>9/30/2021</u>	<u>10/1/2021 -</u> <u>6/30/2022</u>	<u>Total</u>
EXPENSES			
Labor	\$ 13,575	\$ 202,743	\$ 216,318
Fringe benefits	50,972	(23,110)	27,862
Services	22,032	(11,790)	10,242
Materials and supplies	19,084	43,694	62,778
Utilities	3,853	33,468	37,321
Insurance	6,830	-	6,830
Taxes and fees	96	(96)	-
Miscellaneous	(1,281)	3,323	2,042
Operating lease and rentals	18,529	(5,643)	12,886
Depreciation	<u>13,164</u>	<u>37,689</u>	<u>50,853</u>
 Total expenses	 <u>\$ 146,854</u>	 <u>\$ 280,278</u>	 <u>\$ 427,132</u>

DIAL-A-RIDE FUND
SCHEDULE 3B - OPERATING EXPENSES BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2021

	<u>10/1/2020 -</u> <u>6/30/2021</u>	<u>7/1/2021 -</u> <u>9/30/2021</u>	<u>Total</u>
EXPENSES			
Labor	\$ 188,955	\$ 13,575	\$ 202,530
Fringe benefits	(435,534)	50,972	(384,562)
Services	7,388	22,032	29,420
Materials and supplies	17,802	19,084	36,886
Utilities	1,252	3,853	5,105
Insurance	-	6,830	6,830
Taxes and fees	-	96	96
Miscellaneous	2,231	(1,281)	950
Operating lease and rentals	4,251	18,529	22,780
Depreciation	<u>51,561</u>	<u>13,164</u>	<u>64,725</u>
 Total expenses	 <u>\$ (162,094)</u>	 <u>\$ 146,854</u>	 <u>\$ (15,240)</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
NONURBAN REGULAR SERVICE REVENUE REPORT - SCHEDULE 4R
YEAR ENDED SEPTEMBER 30, 2021

Code	Description	Amount
401	Farebox revenue	
40100	Regular service	\$ 28,743
406	Auxiliary transportation revenue	
40615	Advertising	4,380
407	Non-transportation revenue	
40760	Gains from the sale of capital assets	12,800
408	Local revenue	
40800	Tax levied directly for/by transit agency	219,513
411	State formula and contracts	
41101	State operating assistance	153,311
413	Federal contracts	
41301	Federal section 5311	68,907
41360	CARES Act lost revenue replacement	10,115
41361	CARES Act	78,134
414	Other revenue	
41400	Interest income	<u>343</u>
	TOTAL NONURBAN SERVICE REVENUE	<u>\$ 576,246</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
NONURBAN REGULAR SERVICE EXPENSE REPORT - SCHEDULE 4E
YEAR ENDED SEPTEMBER 30, 2021

Code	Description	Amount
501	Labor	
50101	Operators' salaries and wages	\$ 128,084
50102	Other salaries and wages	43,217
50103	Dispatchers' salaries and wages	31,229
502	Fringe benefits	
50200	Payroll taxes and fringe benefits	20,654
50220	DB Pensions	(47,588)
50230	DB other post-employment benefits	(357,628)
503	Services	
50302	Advertising	593
50305	Audit	549
50399	Professional services	28,278
504	Materials and supplies	
50401	Fuel and lubricants	23,665
50402	Tires and tubes	1,014
50499	Other materials and supplies	12,207
505	Utilities	
50500	Utilities	5,105
506	Insurance	
50603	Liability insurance	6,830
507	Taxes and fees	
50700	Taxes and fees	96
509	Miscellaneous expenses	
50902	Travel, meetings and training	250
50903	Association dues and subscriptions	700
512	Operating leases and rentals	
51200	Operating leases and rentals	22,780
513	Depreciation	
51300	Depreciation	64,725
550	Ineligible expenses	
55007	Ineligible depreciation	64,725
55009	Ineligible dues	117
580	Ineligible expenses	
58020	Ineligible pension	(79,439)
55009	Ineligible OPEB	<u>(409,090)</u>
	Total expenses	(15,240)
	Total ineligible expenses	<u>(423,687)</u>
	Total eligible expenses	<u>\$ 408,447</u>

**CITY OF MARSHALL
DIAL-A-RIDE FUND
NONURBAN REGULAR SERVICE NONFINANCIAL REPORT - SCHEDULE 4N
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Miles</u>	<u>Hours</u>
Demand Response	<u>72,509</u>	<u>7,609</u>

**CITY OF MARSHALL
DIAL-A-RIDE FUND
OPERATING ASSISTANCE CALCULATION
YEAR ENDED SEPTEMBER 30, 2021**

	October 1 through March 31	April 1 through September 30	Total
Total expenses	\$ (230,720)	\$ 215,480	\$ (15,240)
Less ineligible expenses			
Depreciation	(40,653)	(24,072)	(64,725)
Percent of association dues	(117)	-	(117)
Ineligible DB pensions	79,439	-	79,439
Ineligible OPEB pensions	409,090	-	409,090
Total ineligible expenses per R&E Manual	<u>447,759</u>	<u>(24,072)</u>	<u>423,687</u>
TOTAL STATE ELIGIBLE EXPENSES	<u>\$ 217,039</u>	<u>\$ 191,408</u>	<u>\$ 408,447</u>
Eligible expense for state reimbursement			\$ 408,447
x Reimbursement percentage			<u>37.535000%</u>
State operating assistance			<u>\$ 153,311</u>
Eligible expense for federal reimbursement			
x Reimbursement percentage	<u>36.0000%</u>	<u>36.0000%</u>	<u>36.0000%</u>
Federal Section 5311 operating assistance	<u>\$ 78,134</u>	<u>\$ 68,907</u>	<u>\$ 147,041</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Marshall's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends.....	123-127
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	128-131
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity.....	132-136
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	137-139
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information.....	140-141
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

TABLE 1

CITY OF MARSHALL
NET POSITION BY COMPONENT
2013-2022
(UNAUDITED)
(ACCRAUL BASIS OF ACCOUNTING)

	2013	2014*	2015	2016	2017 **	2018	2019***	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 12,672,273	\$ 15,176,566	\$ 21,390,237	\$ 23,338,239	\$ 23,386,578	\$ 22,198,207	\$ 23,064,591	\$ 23,051,780	\$ 24,098,498	\$ 24,666,799
Restricted	2,422,083	2,182,533	4,086,071	2,292,920	2,415,504	2,694,704	2,234,225	2,034,087	6,584,668	5,261,845
Unrestricted	2,155,568	(3,815,329)	(5,137,373)	(4,322,028)	(17,105,118)	(16,958,677)	(7,639,787)	(7,325,699)	(11,568,793)	(9,699,931)
Total governmental activities net position	<u>\$ 17,249,924</u>	<u>\$ 13,543,770</u>	<u>\$ 20,338,935</u>	<u>\$ 21,309,131</u>	<u>\$ 8,696,964</u>	<u>\$ 7,934,234</u>	<u>\$ 17,659,029</u>	<u>\$ 17,760,168</u>	<u>\$ 19,114,373</u>	<u>\$ 20,228,713</u>
Business-type activities										
Net investment in capital assets	\$ 7,186,806	\$ 9,411,751	\$ 9,538,687	\$ 11,447,031	\$ 10,180,090	\$ 12,732,553	\$ 15,808,973	\$ 15,873,829	\$ 15,862,495	\$ 17,016,153
Restricted	5,511,602	2,862,097	843,583	844,514	770,975	1,169,433	1,083,788	1,090,894	965,927	966,024
Unrestricted	12,538,534	9,553,805	11,752,693	1,733,727	(5,873,464)	(7,799,181)	(5,357,818)	(5,126,989)	(4,747,510)	(1,816,872)
Total business-type activities net position	<u>\$ 25,236,942</u>	<u>\$ 21,827,653</u>	<u>\$ 22,134,963</u>	<u>\$ 14,025,272</u>	<u>\$ 5,077,601</u>	<u>\$ 6,102,805</u>	<u>\$ 11,534,943</u>	<u>\$ 11,837,734</u>	<u>\$ 12,080,912</u>	<u>\$ 16,165,305</u>
Primary government										
Net investment in capital assets	\$ 19,859,079	\$ 24,588,317	\$ 30,928,924	\$ 34,785,270	\$ 33,566,668	\$ 34,930,760	\$ 38,873,564	\$ 38,925,609	\$ 39,960,993	\$ 41,682,952
Restricted	7,933,685	5,044,630	4,929,654	3,137,434	3,186,479	3,864,137	3,318,013	3,124,981	7,550,595	6,227,869
Unrestricted	14,694,102	5,738,476	6,615,320	(2,588,301)	(22,978,582)	(24,757,858)	(12,997,605)	(12,452,688)	(16,316,303)	(11,516,803)
Total primary government net position	<u>\$ 42,486,866</u>	<u>\$ 35,371,423</u>	<u>\$ 42,473,898</u>	<u>\$ 35,334,403</u>	<u>\$ 13,774,565</u>	<u>\$ 14,037,039</u>	<u>\$ 29,193,972</u>	<u>\$ 29,597,902</u>	<u>\$ 31,195,285</u>	<u>\$ 36,394,018</u>

Source: City of Marshall Finance Department

* Restated due to GASB 68

** Restated due to GASB 75

*** Restated due to capital assets

TABLE 2

CITY OF MARSHALL
CHANGES IN NET POSITION
2013-2022
(UNAUDITED)
(ACCRAUL BASIS OF ACCOUNTING)

	2013	2014	2015	2016	2017	2018	2019*	2020	2021	2022
EXPENSES										
Governmental activities										
General government	\$ 1,536,135	\$ 1,180,247	\$ 1,927,654	\$ 2,375,248	\$ 2,888,618	\$ 3,217,359	\$ (2,123,658)	\$ 2,734,519	\$ 2,062,868	\$ 2,169,641
Public safety	2,662,719	2,680,317	3,151,608	3,608,123	4,178,752	3,936,316	(620,350)	3,376,028	4,096,107	3,925,073
Public works	1,980,187	2,337,102	2,331,817	2,145,946	2,360,788	2,044,894	1,083,166	2,109,203	2,591,943	2,452,705
Community development	591,491	588,463	593,371	599,585	577,100	570,898	292,389	509,228	49,691	916,807
Recreation and culture	148,806	154,714	202,552	146,387	116,746	140,500	33,103	75,281	404,928	436,263
Interest on long-term debt	178,430	138,467	318,524	296,478	265,533	248,324	274,544	252,168	288,495	267,485
Total governmental activities expenses	<u>7,097,768</u>	<u>7,079,310</u>	<u>8,525,526</u>	<u>9,171,767</u>	<u>10,387,537</u>	<u>10,158,291</u>	<u>(1,060,806)</u>	<u>9,056,427</u>	<u>9,494,032</u>	<u>10,167,974</u>
Business-type activities										
Marshall House	532,270	565,450	618,134	626,970	564,916	609,052	312,214	671,210	653,588	836,777
Electric fund	13,118,049	12,432,134	12,301,471	17,440,376	12,221,708	11,653,138	8,525,415	11,280,547	14,607,928	13,214,253
DART	397,214	398,912	416,893	533,012	494,707	481,432	93,753	413,444	(27,114)	427,132
Wastewater	1,453,850	1,329,436	1,600,776	1,760,453	1,689,523	1,353,468	843,246	1,882,828	1,433,429	1,574,065
Water	1,326,138	1,329,071	1,333,100	1,549,304	1,467,345	1,438,552	767,944	1,660,486	1,183,889	1,463,989
Solid waste	-	-	-	-	-	-	-	-	116,839	346,154
FiberNet	-	-	-	-	135,729	419,049	915,867	1,093,127	1,037,640	1,013,484
Total business-type activities expenses	<u>16,827,521</u>	<u>16,055,003</u>	<u>16,270,374</u>	<u>21,910,115</u>	<u>16,573,928</u>	<u>15,954,691</u>	<u>11,458,439</u>	<u>17,001,642</u>	<u>19,006,199</u>	<u>18,875,854</u>
Total primary government expenses	<u><u>\$ 23,925,289</u></u>	<u><u>\$ 23,134,313</u></u>	<u><u>\$ 24,795,900</u></u>	<u><u>\$ 31,081,882</u></u>	<u><u>\$ 26,961,465</u></u>	<u><u>\$ 26,112,982</u></u>	<u><u>\$ 10,397,633</u></u>	<u><u>\$ 26,058,069</u></u>	<u><u>\$ 28,500,231</u></u>	<u><u>\$ 29,043,828</u></u>
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	\$ 362,535	\$ 346,127	\$ 536,501	\$ 526,366	\$ 617,103	\$ 535,441	\$ 587,060	\$ 689,874	\$ 392,356	\$ 487,308
Public safety	-	-	56,895	219,946	287,850	219,709	272,208	282,133	248,278	303,374
Public works	-	-	82,703	89,057	128,518	110,252	103,107	311,694	193,436	196,297
Community development and planning	-	-	41,429	13,286	14,373	13,191	10,100	8,549	29,153	30,004
Recreation and culture	207,822	209,400	205,607	208,262	185,244	198,028	208,060	153,419	100,190	208,641
Operating grants and contributions	1,317,998	1,799,614	985,757	1,360,797	1,700,557	2,033,744	1,874,934	1,621,515	2,053,825	2,836,801
Capital grants and contributions	308,299	28,658	8,068,221	861,121	-	-	64,128	-	786,152	84,943
Total governmental activities program revenues	<u>2,196,654</u>	<u>2,383,799</u>	<u>9,977,113</u>	<u>3,278,835</u>	<u>2,933,645</u>	<u>3,110,365</u>	<u>3,119,597</u>	<u>3,067,184</u>	<u>3,803,390</u>	<u>4,147,368</u>
Business-type activities										
Marshall House	563,818	565,867	618,300	896,406	878,634	958,293	861,765	890,205	928,416	1,015,514
Electric fund	12,271,455	13,129,478	13,597,667	11,819,594	12,421,717	12,573,684	12,787,101	11,990,960	13,417,991	16,603,229
DART	240,024	291,195	383,125	338,098	357,567	323,689	464,792	380,438	404,038	422,608
Wastewater	1,550,497	2,256,421	1,565,950	1,530,627	1,734,039	1,915,230	1,870,404	2,075,506	1,919,558	2,088,389
Water	1,431,091	1,534,055	1,560,798	1,577,947	1,755,013	1,834,575	1,775,906	2,278,951	1,964,739	2,045,630
Solid waste	-	-	-	-	-	38,483	509,292	846,611	206,681	316,739
FiberNet	-	-	-	-	-	-	-	-	-	1,323,188
Total business-type activities program revenues	<u>16,056,885</u>	<u>17,777,016</u>	<u>17,725,840</u>	<u>16,162,672</u>	<u>17,146,970</u>	<u>17,643,954</u>	<u>18,269,260</u>	<u>18,462,671</u>	<u>19,941,033</u>	<u>23,815,297</u>
Total primary government program revenues	<u><u>\$ 18,253,539</u></u>	<u><u>\$ 20,160,815</u></u>	<u><u>\$ 27,702,953</u></u>	<u><u>\$ 19,441,507</u></u>	<u><u>\$ 20,080,615</u></u>	<u><u>\$ 20,754,319</u></u>	<u><u>\$ 21,388,857</u></u>	<u><u>\$ 21,529,855</u></u>	<u><u>\$ 23,744,423</u></u>	<u><u>\$ 27,962,665</u></u>
Net (Expense) Revenue										
Governmental activities	\$ (4,901,114)	\$ (4,695,511)	\$ 1,451,587	\$ (5,892,932)	\$ (7,453,892)	\$ (7,047,926)	\$ 4,180,403	\$ (5,989,243)	\$ (5,690,642)	\$ (6,020,606)
Business-type activities	<u>(770,636)</u>	<u>1,722,013</u>	<u>1,455,466</u>	<u>(5,747,443)</u>	<u>573,042</u>	<u>1,689,263</u>	<u>6,810,821</u>	<u>1,461,029</u>	<u>934,834</u>	<u>4,939,443</u>
Total primary government net expense	<u><u>\$ (5,671,750)</u></u>	<u><u>\$ (63,779,779)</u></u>	<u><u>\$ (47,101,712)</u></u>	<u><u>\$ (47,044,147)</u></u>	<u><u>\$ (47,736,010)</u></u>	<u><u>\$ (53,702,572)</u></u>	<u><u>\$ (41,021,364)</u></u>	<u><u>\$ (24,198,997)</u></u>	<u><u>\$ (4,755,808)</u></u>	<u><u>\$ (1,081,163)</u></u>

* Change in retiree healthcare assumptions created one-time reduction of expenses of \$14,990,818 across all opinion units.

TABLE 2

CITY OF MARSHALL
CHANGES IN NET POSITION (concluded)
2013-2022
(UNAUDITED)
(ACCRAUL BASIS OF ACCOUNTING)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Property taxes	\$ 3,352,166	\$ 3,768,238	\$ 3,672,699	\$ 3,713,910	\$ 3,814,806	\$ 3,822,332	\$ 3,747,754	\$ 3,798,086	\$ 4,027,086	\$ 4,698,214
Unrestricted state shared revenues	627,376	645,432	653,948	647,700	678,605	698,620	727,192	771,316	754,440	866,453
Investment earnings	8,912	6,890	19,120	19,200	40,139	69,369	109,642	67,284	25,960	(35,284)
Gain (loss) on disposal of assets	2,937	46,366	(278,809)	-	-	22,078	67,965	-	61,026	33,302
Miscellaneous	-	-	-	-	-	-	-	-	274,074	241,407
Transfers	1,143,440	1,235,502	1,276,620	1,284,794	2,124,207	1,672,797	1,691,839	1,453,696	1,343,892	1,330,854
Total governmental activities	<u>5,134,831</u>	<u>5,702,428</u>	<u>5,343,578</u>	<u>5,665,604</u>	<u>6,657,757</u>	<u>6,285,196</u>	<u>6,344,392</u>	<u>6,090,382</u>	<u>6,486,478</u>	<u>7,134,946</u>
Business-type activities										
Property taxes	94,849	94,396	91,982	93,691	102,840	181,114	193,338	200,955	213,737	220,778
Investment earnings	970,211	21,691	22,111	26,379	32,943	60,816	114,234	95,161	186,129	40,381
Gain (loss) on disposal of assets	(178,079)	-	14,471	-	-	766,808	5,584	-	-	-
Miscellaneous	-	-	-	-	-	-	-	(658)	252,370	214,645
Transfers	(1,143,440)	(1,235,502)	(1,276,620)	(1,284,794)	(2,124,207)	(1,672,797)	(1,691,839)	(1,453,696)	(1,343,892)	(1,330,854)
Total business-type activities	<u>(256,459)</u>	<u>(1,119,415)</u>	<u>(1,148,156)</u>	<u>(1,164,724)</u>	<u>(1,988,424)</u>	<u>(664,059)</u>	<u>(1,378,683)</u>	<u>(1,158,238)</u>	<u>(691,656)</u>	<u>(855,050)</u>
Total primary government	<u>\$ 4,878,372</u>	<u>\$ 4,583,013</u>	<u>\$ 4,195,422</u>	<u>\$ 4,500,880</u>	<u>\$ 4,669,333</u>	<u>\$ 5,621,137</u>	<u>\$ 4,965,709</u>	<u>\$ 4,932,144</u>	<u>\$ 5,794,822</u>	<u>\$ 6,279,896</u>
Change in Net Position										
Governmental activities	\$ 233,717	\$ 1,006,917	\$ 6,795,165	\$ (227,328)	\$ (796,135)	\$ (762,730)	\$ 10,524,795	\$ 101,139	\$ 795,836	\$ 1,114,340
Business-type activities	(1,027,095)	602,598	307,310	(6,912,167)	(1,415,382)	1,025,204	5,432,138	302,791	243,178	4,084,393
Total primary government	<u>\$ (793,378)</u>	<u>\$ 1,609,515</u>	<u>\$ 7,102,475</u>	<u>\$ (7,139,495)</u>	<u>\$ (2,211,517)</u>	<u>\$ 262,474</u>	<u>\$ 15,956,933</u>	<u>\$ 403,930</u>	<u>\$ 1,039,014</u>	<u>\$ 5,198,733</u>

Source: City of Marshall Finance Department

TABLE 3

CITY OF MARSHALL
FUND BALANCES
GOVERNMENTAL FUNDS
2013-2022
(UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 77,186	\$ 33,049	\$ 44,757	\$ 83,788	\$ 1,087,598	\$ 1,087,160	\$ 1,088,540	\$ 1,081,519	\$ 1,141,789	\$ 1,138,325
Restricted	-	-	1,778,715	-	-	-	-	-	-	-
Committed	560,089	735,594	163,014	185,450	184,490	184,000	184,000	184,000	184,000	184,000
Assigned	-	-	-	-	-	-	273,166	290,237	187,525	169,633
Unassigned	2,192,258	839,801	2,640,174	1,800,039	928,304	1,394,704	1,722,725	1,836,139	2,360,945	2,563,135
Total general fund	<u>\$ 2,829,533</u>	<u>\$ 1,608,444</u>	<u>\$ 4,626,660</u>	<u>\$ 2,069,277</u>	<u>\$ 2,200,392</u>	<u>\$ 2,665,864</u>	<u>\$ 3,268,431</u>	<u>\$ 3,391,895</u>	<u>\$ 3,874,259</u>	<u>\$ 4,055,093</u>
All other governmental funds										
Nonspendable	\$ 327,004	\$ 328,494	\$ 360,458	\$ 364,687	\$ 376,438	\$ 377,644	\$ 381,222	\$ 399,570	\$ 356,408	\$ 338,750
Restricted	2,115,425	1,854,039	1,946,898	1,928,233	2,039,066	2,317,060	1,853,003	1,634,517	6,229,405	4,977,674
Committed	152,197	265,120	140,250	127,171	339,059	147,140	534,093	249,101	214,052	230,550
Total all other governmental funds	<u>\$ 2,594,626</u>	<u>\$ 2,447,653</u>	<u>\$ 2,447,606</u>	<u>\$ 2,420,091</u>	<u>\$ 2,754,563</u>	<u>\$ 2,841,844</u>	<u>\$ 2,768,318</u>	<u>\$ 2,283,188</u>	<u>\$ 6,799,865</u>	<u>\$ 5,546,974</u>

Source: City of Marshall Finance Department

TABLE 4

CITY OF MARSHALL
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
2013-2022
(UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2013	2014*	2015	2016	2017**	2018	2019***	2020	2021	2022
REVENUES										
Property taxes	\$ 3,352,166	\$ 3,768,238	\$ 3,672,699	\$ 3,713,910	\$ 3,814,806	\$ 3,822,332	\$ 3,747,754	\$ 3,798,086	\$ 4,027,086	\$ 4,698,214
Licenses and permits	50,050	104,559	123,507	135,298	154,236	216,119	206,052	260,993	404,074	491,128
Intergovernmental	1,444,400	1,724,191	9,637,134	2,779,687	2,101,157	2,496,885	2,136,286	2,093,704	3,361,094	2,910,825
Charges for services	391,519	350,833	357,153	551,026	598,347	592,638	552,211	500,043	449,428	643,112
Fines and forfeits	128,788	100,135	56,895	55,654	66,563	24,814	30,083	24,358	13,185	15,691
Other	500,974	720,855	456,372	404,870	691,947	463,086	857,061	728,601	516,152	1,127,868
Investment earnings	16,883	13,761	19,120	19,200	38,522	66,676	101,644	64,792	113,130	39,183
TOTAL REVENUES	5,884,780	6,782,572	14,322,880	7,659,645	7,465,578	7,682,550	7,631,091	7,470,577	8,884,149	9,926,021
EXPENDITURES										
Current Expenditures										
General government	1,972,898	1,699,623	1,674,114	2,054,008	2,496,542	2,470,220	1,964,623	2,682,256	1,920,496	2,240,040
Public safety	2,552,181	2,575,066	2,852,751	3,040,070	3,211,194	2,872,453	2,955,186	3,177,552	3,526,614	3,782,277
Public works	834,956	829,025	1,385,688	1,383,425	1,481,661	1,470,182	2,480,694	1,796,123	3,605,406	3,916,861
Community development	103,562	99,855	191,161	134,469	104,064	140,500	33,103	75,281	69,949	895,005
Recreation and culture	460,439	463,674	463,145	507,962	469,366	472,191	446,882	453,886	404,928	436,263
Capital outlay	528,865	2,973,015	10,606,331	3,619,529	545,248	535,648	55,818	174,870	149,204	155,701
Debt service										
Principal	364,905	355,000	495,000	492,773	2,076,185	647,140	673,001	758,904	324,836	705,775
Interest	101,660	122,391	239,424	297,101	250,902	248,874	235,727	221,681	199,150	251,624
Bond issuance Costs	58,020	-	37,275	-	32,782	-	-	-	-	-
TOTAL EXPENDITURES	6,977,486	9,117,649	17,944,889	11,529,337	10,667,944	8,857,208	8,845,034	9,340,553	10,200,583	12,383,546
Excess (deficiency) of revenues over expenditures	(1,092,706)	(2,335,077)	(3,622,009)	(3,869,692)	(3,202,366)	(1,174,658)	(1,213,943)	(1,869,976)	(1,316,434)	(2,457,525)
OTHER FINANCING SOURCES (USES)										
Transfers in	1,355,328	1,438,770	1,661,141	1,891,677	3,007,109	2,554,699	2,463,044	2,126,097	1,984,674	1,967,284
Transfers out	(211,888)	(203,268)	(519,521)	(1,006,883)	(828,288)	(827,288)	(720,060)	(617,787)	(586,168)	(581,816)
Issuance of long-term debt	1,825,000	-	5,325,000	400,000	1,470,000	-	-	-	4,850,000	-
Bond premium (discount)	26,472	-	173,558	-	19,132	-	-	-	66,969	-
Sale of capital assets	-	15,057	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,994,912	1,250,559	6,640,178	1,284,794	3,667,953	1,727,411	1,742,984	1,508,310	6,315,475	1,385,468
Net change in fund balances	\$ 1,902,206	\$ (1,084,518)	\$ 3,018,169	\$ (2,584,898)	\$ 465,587	\$ 552,753	\$ 529,041	\$ (361,666)	\$ 4,999,041	\$ (1,072,057)
Debt service as a percentage of noncapital expenditures	7.24%	7.77%	10.01%	9.99%	22.99%	10.77%	10.34%	10.70%	5.21%	7.83%

Source: City of Marshall Finance Department

* Restated Due to GASB 68

** Restated Due to GASB 75

*** Restated Due to Capital Assets

TABLE 5

CITY OF MARSHALL
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)

As of Dec. 31,	FYE June 30,	Residential (1)		Commercial (1)		Industrial (1)		Utility		Total		(2) Total Direct Tax Rate
		Taxable Value	Estimated Actual Value									
2021	2022	\$ 145,873,165	\$ 364,266,800	\$ 47,088,588	\$ 116,877,400	\$ 41,174,114	\$ 100,042,400	\$ 8,293,500	\$ 16,587,000	\$ 242,429,367	\$ 597,773,600	21.7403
2020	2021	142,749,926	343,118,800	47,580,100	114,175,800	34,802,606	82,045,200	6,875,700	13,751,400	232,008,332	553,091,200	19.4853
2019	2020	137,605,316	321,867,400	46,281,249	115,089,200	31,267,372	73,303,400	3,371,700	5,780,800	218,525,637	516,040,800	19.4932
2018	2019	132,634,396	312,333,200	43,462,831	111,977,600	32,268,391	81,288,600	2,765,350	5,539,000	211,130,968	511,138,400	19.5195
2017	2018	129,289,499	306,267,400	41,893,918	112,751,800	29,636,539	75,629,400	2,461,152	4,941,200	203,281,108	499,589,800	19.5415
2016	2017	126,837,660	294,034,800	41,423,975	106,609,200	33,813,213	86,241,400	2,505,119	5,018,400	204,579,967	491,903,800	19.0862
2015	2016	126,638,972	292,882,000	39,386,893	98,290,980	50,108,403	120,615,600	2,419,716	4,847,600	218,553,984	516,636,180	18.9862
2014	2015	124,599,214	284,523,200	39,547,803	97,879,200	47,124,743	114,202,400	2,277,213	4,572,400	213,548,973	501,177,200	19.0862
2013	2014	126,770,173	278,727,900	47,608,965	112,412,200	42,502,565	91,783,800	2,805,420	5,662,200	219,687,123	488,586,100	19.0862
2012	2013	130,379,679	279,414,900	47,317,444	110,927,484	38,281,232	95,792,472	2,480,653	4,961,306	218,459,008	491,096,162	16.8862

(1) Includes properties subject to Industrial Facility Tax exemptions.

(2) Per \$1,000 of taxable value.

Source: City of Marshall Finance Department

TABLE 6

CITY OF MARSHALL
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(UNAUDITED)

Fiscal Year Ended June 30.	City, Direct Rates						Overlapping Rates						Totals		
	Operating	Leaf, Brush and Trash Pickup	Dial-A-Ride	Recreation	Road Debt	Total City Millage	Marshall Public Schools	State Education Tax	Calhoun County Intermediate Schools	County	Marshall Library	Kellogg Community College	Marshall Ambulance Authority	Homestead	Non- Homestead
2022	17.1629	0.7480	0.9147	0.9147	2.0000	21.7403	25.9872	6.0000	6.2057	6.6713	1.6588	3.6136	0.6954	54.5723	72.5723
2021	17.1629	0.4882	0.9171	0.9171	N/A	19.4853	26.0422	6.0000	6.2057	6.6713	1.6687	3.6136	0.6991	52.3859	70.3859
2020	17.1629	0.4899	0.9202	0.9202	N/A	19.4932	26.0422	6.0000	6.2057	6.4713	1.6687	3.6136	0.7000	52.1947	70.1947
2019	17.1629	0.4954	0.9306	0.9306	N/A	19.5195	25.9798	6.0000	6.2057	6.4713	1.6704	3.6136	0.7000	52.1603	70.1603
2018	17.1629	0.5000	0.9393	0.9393	N/A	19.5415	26.0500	6.0000	6.2057	6.4713	1.6711	3.6136	0.7000	52.2532	70.2532
2017	17.1629	0.5000	0.4840	0.9393	N/A	19.0862	26.0500	6.0000	6.2057	6.4713	1.6711	3.6136	0.5000	51.5979	69.5979
2016	17.1629	0.4000	0.4840	0.9393	N/A	18.9862	26.0500	6.0000	6.2057	6.4713	1.9911	3.6136	0.5000	51.8179	69.8179
2015	17.1629	0.5000	0.4840	0.9393	N/A	19.0862	25.8800	6.0000	6.2057	6.4713	2.0711	3.6136	0.5000	51.8279	69.8279
2014	17.1629	0.5000	0.4840	0.9393	N/A	19.0862	25.8800	6.0000	6.2057	6.4713	2.0671	3.6136	0.4819	51.8058	69.8058
2013	15.4629	0.0000	0.4840	0.9393	N/A	16.8862	25.8800	6.0000	6.2057	6.3713	2.0711	3.7106	0.4831	49.6080	67.6080

Source: City of Marshall Finance Director.

TABLE 7

CITY OF MARSHALL
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	FY2022			FY2013			% of Total City Taxable Value
	(1) Taxable Valuation	Rank	% of Total City Taxable Value	(1) Taxable Valuation	Rank		
Tenneco	\$ 5,497,118	1	2.27%	\$ 11,425,600	1		5.23%
Consumers Energy	4,610,305	2	1.90%	3,170,380	5		1.45%
Great Lakes Farms	4,331,500	3	1.79%	-			
MEC Realty LLC	2,676,810	4	1.10%	-			
KC Holding Co (K-Mart)	2,366,400	5	0.98%	1,454,600	9		0.67%
Michigan Gas Utility Corp 367	2,159,900	6	0.89%	-			
Casablanca Development Group LLC	2,133,939	7	0.88%	-			
Granite Michigan LLC (Lear)	2,074,300	8	0.86%	-			
Ella Em Brown Charitable Circle	1,733,429	9	0.72%	-			
GE HFS LLC	1,665,100	10	0.69%	-			
Joseph Campbell Co	-		0.00%	6,437,710	2		2.95%
Autocam Corp	-			3,537,000	3		1.62%
Borg Warner	-			3,418,602	4		1.56%
Stelmi America	-			2,151,964	6		0.99%
Financing VI-Healthcare (Laurel Realty)	-			2,097,100	7		0.96%
Tri-State MI Assoc	-			2,054,100	8		0.94%
Orion Properties Sixteen LLC	-			1,280,800	10		0.59%
	<u>\$ 29,248,801</u>		<u>12.06%</u>	<u>\$ 37,027,856</u>			<u>16.95%</u>

(1) Includes ad valorem and Industrial Facilities Tax Properties.

Source: City of Marshall Finance Department.

TABLE 8

CITY OF MARSHALL
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL PROPERTY TAX LEVY
LAST TEN YEARS
(UNAUDITED)

(1) Fiscal Year Ended June 30,	(2) Taxes Levied for the Fiscal Year	Collections to March 1st of Fiscal Year of the Levy			Delinquent Collections	Total Collections to Date	
		Amount	% of Levy	Amount		% of Levy	
2022	\$ 5,255,301	\$ 5,244,078	99.79%	\$ 589	\$ 5,244,667	99.80%	
2021	4,456,064	4,444,406	99.74%	686	4,445,092	99.75%	
2020	4,130,047	4,127,215	99.93%	798	4,128,013	99.95%	
2019	4,068,629	4,055,986	99.69%	2,092	4,058,078	99.74%	
2018	3,874,249	3,871,090	99.92%	1,226	3,872,316	99.95%	
2017	3,777,564	3,766,035	99.69%	8,018	3,774,053	99.91%	
2016	3,988,294	3,974,085	99.64%	11,633	3,985,718	99.94%	
2015	3,973,980	3,965,617	99.79%	5,709	3,971,326	99.93%	
2014	4,079,395	4,064,069	99.62%	11,627	4,075,696	99.91%	
2013	4,030,907	4,026,677	99.90%	2,796	4,029,473	99.96%	

(1) Property taxes are levied August 1 of the current fiscal year based on taxable property values as of the preceding December 31. Unpaid property taxes become delinquent as of March 1 of the current fiscal year. The City's delinquent real property taxes are purchased by the Calhoun County Treasurer. Uncollected personal property taxes are collected by the City Treasurer.

(2) Includes Industrial Facility Tax (Leaf, Brush & Trash collection tax beginning in 2014). Also includes taxes captured by Tax Incremental Finance Authority (TIFA) Districts.

Source: City of Marshall Finance Department

TABLE 9

CITY OF MARSHALL
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(UNAUDITED)

Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Purchase Contracts	Issuance premium/ discount(net)	General Obligation Bonds	Revenue Bonds	Installment Purchase Contracts	Issuance premium/ discount(net)			
2022	\$ 9,310,000	\$ 486,878	\$ 193,399	\$ 8,860,000	\$ 4,010,000	\$ -	\$ 323,077	\$ 23,183,354	59.85%	\$ 3,337
2021	9,965,000	774,304	207,424	9,465,000	4,110,000	-	351,422	24,873,150	76.59%	3,646
2020	5,500,000	942,268	149,334	7,295,000	4,200,000	-	379,767	18,466,369	59.05%	2,605
2019	6,220,000	1,201,084	158,216	7,940,000	-	-	373,429	15,892,729	53.73%	2,265
2018	6,855,000	1,451,077	166,989	8,615,000	175,000	-	408,311	17,671,377	63.29%	2,491
2017	7,465,000	346,042	175,876	9,640,000	265,000	186,912	443,195	18,522,025	72.76%	2,613
2016	8,030,000	502,427	184,763	6,795,000	345,000	280,368	58,884	16,196,442	66.32%	2,283
2015	8,505,000	237,024	193,642	7,535,000	420,000	-	66,677	16,957,343	66.16%	2,410
2014	3,675,000	350,567	28,963	8,245,000	490,000	-	74,470	12,864,000	50.19%	1,829
2013	4,030,000	460,920	30,900	8,940,000	555,000	720,000	82,262	14,819,082	57.82%	2,105

Source: City of Marshall Finance Department; US Census

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

TABLE 10

CITY OF MARSHALL
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(UNAUDITED)

Year	Governmental General Obligation Bonds	Business-Type General Obligation Bonds	Total	Less: Amounts Available in Debt Service Funds	Net General Bonded GO Debt Outstanding	% of Total Personal Income	% of Actual Taxable Value of Property (A)	Per Capita (B)
2022	\$ 9,503,399	\$ 9,183,077	\$ 18,686,476	\$ (1,145)	\$ 18,685,331	6.94%	7.71%	\$ 2,690
2021	10,172,424	9,816,422	19,988,846	(1,145)	19,987,701	9.02%	8.62%	2,930
2020	5,649,334	7,674,767	13,324,101	(1,645)	13,322,456	6.01%	6.10%	1,880
2019	6,378,216	8,313,429	14,691,645	(645,617)	14,046,028	6.77%	6.65%	2,002
2018	7,021,989	9,023,311	16,045,300	(317,645)	15,727,655	7.94%	7.74%	2,217
2017	7,640,876	10,083,195	17,724,071	(318,145)	17,405,926	9.65%	8.51%	2,456
2016	8,214,763	6,853,884	15,068,647	(1,000)	15,067,647	8.70%	6.89%	2,124
2015	8,698,642	7,601,677	16,300,319	-	16,300,319	9.04%	7.63%	2,317
2014	3,703,963	8,319,470	12,023,433	(9,404)	12,014,029	6.66%	5.47%	1,708
2013	4,060,900	9,022,262	13,083,162	(29,365)	13,053,797	7.23%	5.98%	1,854

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Only General Obligation bonds are reported to show the burden of debt on property tax payers and general revenues of the City. General Obligation Bond amounts are net of any premium or discount.

Source: City of Marshall Finance Department

(A) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property at Table 5 for property value data.

(B) Population data can be found in the Schedule of Demographic and Economic Statistics at Table 14.

TABLE 11

CITY OF MARSHALL
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022
(UNAUDITED)

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
General obligation bonds (1)	\$ 9,310,000	\$ -	\$ 9,310,000
Unamortized bond premiums	193,399	-	193,399
Installment contracts	<u>486,878</u>	<u>-</u>	<u>486,878</u>
Net direct debt	<u><u>\$ 9,990,277</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,990,277</u></u>
Overlapping debt	City Share of Debt (2)		
Marshall School District	31.20%	37,810,000	11,796,720
Calhoun County	6.25%	91,465,600	5,716,600
Marshall District Library	39.30%	-	-
Calhoun Intermediate School District	5.83%	-	-
Kellogg Community College	<u>6.25%</u>	<u>9,355,000</u>	<u>584,688</u>
Net overlapping debt			<u><u>18,098,008</u></u>
Net direct and overlapping debt			<u><u>\$ 28,088,285</u></u>

(1) Governmental activity debt only

(2) Based on Taxable Value of the City of Marshall (\$242,429,367) compared to Taxable Value of the entire other taxing jurisdictions.

Source: Municipal Advisory Council of Michigan and the City of Marshall Finance Department

TABLE 12

CITY OF MARSHALL
COMPUTATION OF LEGAL DEBT MARGIN AND HISTORICAL INFORMATION
JUNE 30, 2022
(UNAUDITED)

Legal debt margin calculation for fiscal 2022

Assessed value (1) (including IFT values)	<u>\$ 298,886,800</u>
Debt limit (10% of assessed value)	29,888,680
Less: net debt applicable to limit	<u>(18,170,000)</u>
Legal debt margin	\$ 11,718,680

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2022	\$ 29,888,680	\$ 18,170,000	\$ 11,718,680	60.8%
2021	27,654,560	19,430,000	8,224,560	70.3%
2020	25,745,020	12,795,000	12,950,020	49.7%
2019	25,556,920	14,160,000	11,396,920	55.4%
2018	24,979,490	15,470,000	9,509,490	61.9%
2017	24,595,190	17,105,000	7,490,190	69.5%
2016	25,831,809	14,825,000	11,006,809	57.4%
2015	25,058,860	16,040,000	9,018,860	64.0%
2014	24,429,305	11,920,000	12,509,305	48.8%
2013	24,554,808	12,970,000	11,584,808	52.8%

Source: City of Marshall Finance Department

(1) Assessed Value = one-half of Estimated Actual Value (Schedule 5)

TABLE 13

CITY OF MARSHALL
PLEDGED-REVENUE COVERAGE
LAST TEN YEARS
(UNAUDITED)

Year	Water Revenue Bonds (3)				
	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service Requirements	Coverage
2022	\$ 2,035,123	\$ 1,272,819	\$ 762,304	\$ 466,920	1.63
2021	1,998,250	971,424	1,026,826	457,123	2.25
2020	2,289,866	1,673,745	616,121	458,225	1.34
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-

Year	Electric Revenue Bonds (4)				
	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service Requirements	Coverage
2022	\$ 16,756,360	\$ 13,057,039	\$ 3,699,321	\$ -	n/a
2021	13,715,432	14,291,542	(576,110)	-	n/a
2020	12,055,507	13,054,414	(998,907)	-	n/a
2019	12,009,552	8,415,961	3,593,591	93,500	38.43
2018	12,567,283	12,199,033	368,250	96,570	3.81
2017	12,414,551	11,541,197	873,354	95,860	9.11
2016	11,834,418	11,055,268	779,150	95,860	8.13
2015	13,611,884	11,776,240	1,835,644	94,890	19.34
2014	13,144,054	13,561,207	(417,153)	93,625	(4.46)
2013	13,228,258	11,608,613	1,619,645	95,350	16.99

Note: Detail regarding the government's outstanding debt can be found in the notes to the financial statements.

(1) Includes utility service charges along with investment income

(2) Excludes depreciation expense

(3) Water revenue bonds were issued in 1993 and 1999; A portion was refunded in 2006; remaining paid in full 2010. A new issue was sold in 2019.

(4) Electric revenue bonds were issued in 1976 and 1999; 1976 issue was paid in full 2005, 1999 paid in full 2020.

Source: City of Marshall Finance Department

TABLE 14

CITY OF MARSHALL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

Fiscal Year	Population	Per Capita Income	(1) Total Personal Income (in thousands)	(2) Unemployment Rate
2022	6,947	\$ 38,736	\$ 269,099	4.9%
2021	6,822	32,474	221,538	6.4%
2020	7,088	31,270	221,642	15.2%
2019	7,016	29,578	207,519	3.9%
2018	7,094	27,920	198,064	3.8%
2017	7,088	25,458	180,446	4.8%
2016	7,094	24,421	173,243	4.4%
2015	7,035	25,629	180,300	5.4%
2014	7,035	25,629	180,300	7.6%
2013	7,040	25,629	180,428	7.9%
2012	7,088	25,629	181,658	9.3%

(1) The amount shown is calculated based on City population times the Per capital income.

(2) Homefacts.com and Census.gov as of 6/30/2022.

Data Sources: United States Census - Quick Facts Marshall (City)

TABLE 15

CITY OF MARSHALL
PRINCIPAL EMPLOYERS IN CALHOUN COUNTY
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Employer	2022			2013			Percentage of Total
	Employees	Rank	Percentage of Total	Employees	Rank		
Tenneco Auto.	1,192	1	22%	700	2		13.95%
Oaklawn Hospital	1,004	2	19%	810	1		16.14%
Marshall Schools	330	3	6%	251	3		5.00%
Marshall Excelsior	225	4	4%	65	6		1.30%
MPM/Common Citizen	168	5	3%	*			
Eaton Auto.	161	6	3%	235	4		4.68%
Michigan Kitchen Distributors	120	7	2%	72	10		1.43%
City of Marshall	116	8	2%	94	6		1.87%
Autocam Corp.	110	9	2%	75	8		1.49%
Progressive Dynamics	94	10	2%	90	7		1.79%
Tribal Manuf.	90	11	2%	75	9		1.49%
Medilodge of Marshall/Tendercare	88	12	2%	105	5		2.09%
	<u>3,698</u>		<u>69.00%</u>	<u>2,572</u>			<u>51.23%</u>
Estimated total city employment	<u>5,417</u>			<u>5,019</u>			

* Not available.

Source: City of Marshall - MAEDA

TABLE 16

CITY OF MARSHALL
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS
(UNAUDITED)

Function/Program	Full Time Equivalent Employees as of June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	6.7	10.0	14.5	12.8	11.4	10.3	9.3	10.0	12.0	14.0
Community & Economic Development	1.1	1.2	-	2.2	0.8	2.0	1.0	2.0	2.0	0.0
Public Safety (Police & Fire)	21.0	21.0	21.0	24.0	22.0	21.0	21.5	23.0	23.0	29.0
Transportation	3.0	3.0	3.0	3.0	3.0	1.0	0.0	1.0	0.8	1.0
Public Works										
Streets & Roads	6.4	9.0	11.0	9.9	9.9	12.0	10.4	8.6	8.6	9.0
Marshall House	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2	2.0
Electric	21.7	20.7	16.4	17.2	17.2	17.7	18.6	19.5	19.5	16.0
Fiber Net					2.0	4.7	4.7	4.7	4.7	3.0
Wastewater	7.3	7.3	9.5	6.5	6.2	6.5	7.0	6.1	6.1	4.0
Water	6.6	6.6	6.6	5.3	5.3	6.2	6.0	6.1	6.1	4.0
Parks and Recreation	3.0	3.3	4.0	4.3	4.3	3.5	3.0	3.1	3.1	2.0
Total	79.9	85.2	89.1	88.2	85.2	88.0	84.5	87.2	89.0	84.0

Source: City of Marshall Human Resources Department

TABLE 17

CITY OF MARSHALL
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS
(UNAUDITED)

Function/Program	2013	2014	2015	2016	2017	2018 (1)	2019	2020	2021	2022
Election Data (Even Election Years)										
Registered Voters	-	5,452	5,544	5,659	5,027	5,622	5,394	5,926	5,694	5,683
Voters (at the polls or absentee) [November Elections]	-	2,331	N/A	3,546	N/A	3,125	N/A	3,982	N/A	1,638
Percent Participating	0.0%	43%	N/A	0.627	N/A	0.556	N/A	0.672	N/A	28.8%
Police										
Traffic citations	614	614	920	1,050	621	526	426	429	255	285
Arrests	688	701	525	491	526	570	491	440	332	278
Crime Rate (U.S. Ave 297.7)	136.1	136.1	169.6	N/A	151.4	174.6	159.2	128.5	256.9	114.2
Calls for service ⁽¹⁾	4,886	4,886	6,947	5,703	3,246	13,009	11,383	9,713	9,580	11,102
Community & Economic Development										
Building Inspections Performed	1,188	207	172	93	151	140	375	125	215	126
Building Permits Issued	121	118	75	118	114	106	109	162	187	150
Dollar Value of Building Permits Issued (e)	\$ 4,644,157	\$ 18,765,867	\$ 1,082,500	\$ 2,626,625	\$ 4,506,000	\$ 6,112,000	\$ 10,481,000	\$ 6,207,009	\$ 35,497,553	\$ 37,655,577
Public Services										
Energy Billed (kwh)	104,163,961	106,021,809	104,812,021	104,502,417	106,734,000	105,521,658	103,015,070	101,657,445	110,917,030	134,717,123
Water Pumped (gallons)	292,166,800	290,089,956	263,810,557	282,870,000	272,120,000	288,960,000	295,420,000	263,927,340	285,094,007	281,833,400
Water Treated (gallons)	488,730,000	517,870,000	508,440,000	536,010,000	679,680,000	731,610,000	298,134,000	636,320,000	539,230,000	550,120,000
Expenditures on Major Street const. & preserv.	298,409	311,912	368,205	282,995	644,488	699,754	1,295,062	305,338	779,772	842,051
Expenditures on Local Street const. & preserv.	293,215	673,732	234,230	371,630	437,494	486,633	442,777	-	201,882	257,397
Recreation										
Programs Offered	55	63	71	119	129	131	109	95	55	105
Youth Participation in Rec. Activity	2,521	1,833	1,854	2,715	2,582	2,142	2,173	3,237	747	2,700
Adult Participation in Rec. Activity	1,895	1,811	1,619	2,375	2,481	2,542	1,127	1,677	444	1,408
Senior Participation in Rec. Activity	50	55	46	243	237	217	44	195	57	248
Family Participation in Rec. Activity	1,504	1,645	1,747	1,253	1,108	925	1,078	970	29	900

e = estimated

(1) Consolidated Dispatch changed how they determine calls for service which now includes self-initiated dispatches

Source: City of Marshall Finance Department

TABLE 18

CITY OF MARSHALL
CAPITAL ASSET STATISTICS BY FUNCTION
LAST NINE YEARS
(UNAUDITED)

Function/Program	2014*	2015	2016	2017	2018	2019	2020	2021	2022
Police									
Police department building	1	1	1	1	1	1	1	1	1
Vehicle patrol units	7	7	7	7	7	7	7	9	9
Fire (1)									
Number of stations serving City	1	1	1	1	1	1	1	1	1
Fire units serving City:									
Fire engines	1	2	2	2	2	2	2	2	2
Ladder trucks	1	1	1	1	1	1	1	1	1
Rescue vehicles	1	1	1	1	1	1	1	1	1
Brush trucks	1	1	1	1	-	-	-	-	-
Utility vehicles	-	-	1	1	1	1	2	2	2
Public Works									
City streets:									
Miles of major streets	14	14	14	16	16	16	16	16	16
Miles of local streets	26	26	26	24	24	24	24	24	26
Miles of Trunkline	6	6	6	6	6	6	6	6	6
Miles of sidewalks	34	34	34	34	34	34	34	34	34
Number of Street Lights	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375
Sewer:									
Miles of sanitary mains	49	49	49	49	49	49	49	50	51
Miles of storm sewers	38	38	38	38	38	38	38	38	35
Treatment capacity	2.62/mgd								
Water:									
Miles of water mains	59	59	59	59	59	59	59	59	59
Number of fire hydrants	496	496	496	496	496	496	506	508	508
Treatment capacity	3.86/mgd								
Parks and Recreation									
Parks:									
City	6	6	6	6	7	7	7	7	7
Skate	1	1	1	1	1	1	1	1	1
Park acreage	235	235	235	235	236	236	236	236	236
Play structures	2	3	3	3	3	3	3	4	5
Pavilions	4	4	4	4	5	5	6	7	7
Adult Softball Fields	2	2	2	2	2	2	2	2	2
Youth Softball Fields	2	2	2	2	2	2	2	2	2
Sand Volleyball Courts	3	3	3	3	3	3	3	3	3

* This is the ninth year for the City of Marshall to develop an ACFR and the historically relevant capital asset data was not captured in a manner to accurately provide historical reference prior to this date.

Source: City of Marshall Finance Department

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