

**CITY OF MARYSVILLE**  
St. Clair County, Michigan

**ANNUAL FINANCIAL REPORT**  
with Supplementary Information

**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

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**St. Clair County, Michigan**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the City Council  
City of Marysville  
Marysville, Michigan

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

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 Marysville, Michigan (the "City"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the City of Marysville Housing Commission, which represents 99 percent, 99 percent, and 100 percent, respectively of the assets, net position, and revenues of the discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Marysville Housing Commission is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion based on our audit and the report of the other auditor, 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 of Marysville, Michigan, as of June 30, 2020 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.

## ***Other Matters***

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marysville, Michigan's basic financial statements. The combining and individual fund statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the City of Marysville'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marysville's internal control over financial reporting and compliance.



Port Huron, Michigan  
December 15, 2020

### OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Marysville, Michigan's (the "City") annual report is presented to offer readers a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information, which present combining statements for the General Fund, nonmajor governmental funds, and internal service funds. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

#### *Government-wide Financial Statements*

One of the most important questions asked about the City is, "As a whole, what is the City's financial condition as a result of the year's activities?" The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the City's net position and how they have changed. Net position, defined as the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the City's financial health.

The government-wide financial statements of the City are divided into two categories:

**Governmental Activities** - most of the City's basic services are included here, such as the police, fire, public works, parks and recreation, general administration, and debt retirement. Property taxes, state-shared revenues, and charges for services provide most of the funding.

**Business-type Activities** - these activities operate like private businesses, where the City charges fees to recover the costs of services provided. The City's water supply and wastewater operations are treated as business-type activities.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to track specific sources of revenues and expenditures. Some funds are required by State law and/or by bond covenants. Other funds are established by City Council to manage operations.

The City has three types of funds:

**Governmental Funds** - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Currently, the City has 12 governmental funds.

**Proprietary Funds** - Proprietary funds use the accrual basis of accounting, which is the same basis used by the private businesses. The City maintains two different types of proprietary funds:

**Enterprise Funds** - are used to report services for which the City charges customers a fee for those services. The City has two enterprise funds, the Water Supply System and Wastewater Funds.

**Internal Service Funds** - reports activities that provide services and supplies to other City programs. The City utilizes an Equipment Rental Fund, Healthcare Fund, and an Employee Vacation and Sick Fund.

**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 these funds are not available to support the City's operations. The City has four fiduciary funds, two for separate employee retirement systems, retirees' health care, and the Tax Agency Fund.

## FINANCIAL OVERVIEW (Government-wide Financial Analysis)

The City has combined total net position of \$36,771,622. This is an increase of \$2,379,974 over 2019. Governmental activities comprise \$10,546,534 and business-type activities make up \$26,225,088 of the total net position. In a condensed format, the table below shows net position at of the June 30, 2020 and 2019.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>				
Current and other assets	\$ 14,091,644	\$ 13,936,539	\$ 6,619,231	\$ 5,606,621
Capital assets	<u>27,650,343</u>	<u>26,574,416</u>	<u>32,506,371</u>	<u>33,725,339</u>
Total Assets	<u>41,741,987</u>	<u>40,510,955</u>	<u>39,125,602</u>	<u>39,331,960</u>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	66,591	85,180	44,743	48,473
Related to pensions	632,835	1,322,695	78,198	122,760
Related to OPEB	<u>12,261</u>	<u>-</u>	<u>1,734</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>711,687</u>	<u>1,407,875</u>	<u>124,675</u>	<u>171,233</u>
<b>Liabilities</b>				
Current liabilities	988,932	880,405	149,661	253,102
Non-current liabilities	<u>29,830,350</u>	<u>30,746,983</u>	<u>12,790,491</u>	<u>13,315,489</u>
Total Liabilities	<u>30,819,282</u>	<u>31,627,388</u>	<u>12,940,152</u>	<u>13,568,591</u>
<b>Deferred Inflows of Resources</b>				
Related to Pensions	593,701	376,640	15,161	48,458
Related to OPEB	<u>494,157</u>	<u>1,241,348</u>	<u>69,876</u>	<u>167,950</u>
Total Deferred Inflows Of Resources	<u>1,087,858</u>	<u>1,617,988</u>	<u>85,037</u>	<u>216,408</u>
<b>Net Position</b>				
Net investment in capital assets	26,043,241	24,675,939	22,912,308	23,362,899
Restricted	1,669,117	2,734,482	6,000	6,000
Unrestricted (Deficit)	<u>( 17,165,824)</u>	<u>( 18,736,967)</u>	<u>3,306,780</u>	<u>2,349,295</u>
Total Net Position	<u>\$ 10,546,534</u>	<u>\$ 8,673,454</u>	<u>\$ 26,225,088</u>	<u>\$ 25,718,194</u>

The City's governmental activities experienced an increase in net position of \$1,873,080. The business-type activities experienced an increase in net position of \$506,894.

The following table shows the changes in net position for 2020 and 2019:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenue:</b>				
Program Revenue -				
Charges for services	\$ 1,447,596	\$ 1,584,394	\$ 5,258,218	\$ 5,099,676
Operating grants and contributions	1,348,413	1,290,392	273,100	663,260
Capital grants and contributions	-	6,475	-	-
General Revenue -				
Property taxes	6,707,643	6,533,939	-	-
Grants and contributions not restricted to specific programs	2,179,290	2,085,765	-	-
Unrestricted investment income	369,907	476,303	207,883	209,371
Gain on sale of assets	<u>389,333</u>	<u>134,031</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>12,442,182</u>	<u>12,111,299</u>	<u>5,739,201</u>	<u>5,972,307</u>
<b>Program Expenses:</b>				
General government	1,379,798	1,000,627	-	-
Public safety	4,561,279	5,059,778	-	-
Public works	3,311,586	3,926,239	-	-
Recreation and culture	1,352,090	1,468,190	-	-
Interest on long-term debt	58,813	66,353	-	-
Water supply system	-	-	2,078,618	2,114,456
Wastewater	<u>-</u>	<u>-</u>	<u>3,059,225</u>	<u>3,310,262</u>
Total Program Expenses	<u>10,663,566</u>	<u>11,521,187</u>	<u>5,137,843</u>	<u>5,424,718</u>
Increase (Decrease) in net position before transfers	1,778,616	590,112	601,358	547,589
Transfers	<u>94,464</u>	<u>97,062</u>	<u>(94,464)</u>	<u>(97,062)</u>
<b>Changes in Net Position</b>	<u>\$ 1,873,080</u>	<u>\$ 687,174</u>	<u>\$ 506,894</u>	<u>\$ 450,527</u>

### ***Governmental Activities***

Revenues for governmental activities totaled \$12.4 million in 2020, of which approximately \$6.7 million or 54% of total revenue was received from taxes, followed by grants and contributions not restricted to specific programs of \$2.2 million or 18% of total revenue.

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

The City has two business-type activities: Water Supply and Wastewater. The City operates its own water and sewage treatment facilities. The Water Supply and Wastewater Funds had a net change in net position of \$689,584 and \$(182,690), respectively.

## **FINANCIAL ANALYSIS OF MAJOR FUNDS**

The General Fund ended 2020 with a fund balance of \$9,043,646, of which \$798,172 was nonspendable, \$207,408 was committed, and \$1,940,560 was assigned, with the remaining amount of \$6,097,506 classified as unassigned. This is an increase of \$822,161 from the prior year, primarily due to a sale of property, more interest earned than anticipated, and conservative spending in the current year.



The City's other major governmental funds, the Local Street Fund and the Public Improvement Fund, ended 2020 with fund balances of \$130,489 and \$142,413, respectively. This is a decrease of \$340,518 for the Local Street Fund, primarily due to level spending with a smaller transfer in from other funds in 2020, and a decrease of \$443,028 in the Public Improvement Fund due to the construction of City Hall.

The major proprietary funds are the Water Supply System and Wastewater Funds, which have been discussed previously.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City administration and City Council monitor the budget and, if necessary, amend the budget to take into account unanticipated events that occur during the year. The General Fund budgeted revenues and transfers in and General Fund budgeted expenditures and transfers out remained constant from the original to the final budget.

The General Fund revenues and transfers for the year were over budget by \$982,152 or 10.7% due to a sale of property and intergovernmental revenue coming in over the budgeted amounts. The General Fund expenditures and transfers out for the year were under budget by \$403,801 or 4.2%.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City had \$60.2 million invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of June 30, 2020. The investment in capital assets includes land, building and building improvements, infrastructure (including bike paths, sidewalks, and streets), machinery and equipment, vehicles, and utility systems (water supply and wastewater systems). During the year, the City added \$2,757,407 of capital assets in governmental activities and \$336,499 in business-type activities before taking into account depreciation. Depreciation for the year was \$1,667,436 for governmental activities and \$1,554,388 for business-type activities.

The City's major additions were the new City Hall; 4<sup>th</sup> Street, 6<sup>th</sup> Street, and Constitution road improvements, a new Chevy Tahoe, and a new water line.

Additional information on the capital assets of the City can be found in Note 5 to the financial statements.

### **Long-term Debt**

At June 30, 2020, the City had \$11,784,060 in long-term debt, compared to \$12,813,390 at June 30, 2019. The reductions in debt are primarily due to scheduled payments.

Additional information on the long-term debt of the City can be found in Note 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Marysville, population of 9,959 per the 2010 Census (9,939 per the 2016 Census from SEMCOG), is primarily a residential community located in St. Clair County; this was a slight increase of 2.8% or 275 from the 2000 Census. According to SEMCOG, population peaked in 2008 at 10,132 and is estimated to reach 9,912 in 2020. The City's proximity to the downtown Detroit metropolitan area and several major roadways, including Interstate Highways 94 and 69, has aided residential development in previous years. However, due to the general state of the economy, residential development has significantly declined. The latest reported (Census 2010) median income level for Marysville is \$55,674 in 2010 dollars and the median house value of owner-occupied units is \$143,000 in 2010 dollars.

The City General Fund progressively relies on property taxes as its main source of revenue; however, the City initiated a refuse collection fee in fiscal year 2012 to offset declining revenues. The City continues to operate within the state-authorized tax rate limit. The following history presents the level of taxes as a percent of total revenue:

2020	68.1 %
2019	67.7
2018	69.4
2017	72.8
2016	78.2
2015	75.7
2014	75.9
2013	79.8
2012	75.9
2011	81.4

With the continual uncertainty with Revenue Sharing at the State level, along with the short-term outlook for the State of Michigan, the City administration along with City Council will closely analyze all aspects of the budget process to continue providing the services that benefit the community.

The City's elected and appointed officials considered many factors when setting the 2020-2021 fiscal year budget, along with the tax rates and fees that will be charged for the City's activities. Revenues and transfers for the budgeted 2020-2021 year is expected to decrease by 10.8% or \$1,093,938 and expenditures and transfers budgeted for the 2020-2021 year in the General Fund is expected to decrease by 13.0% or \$1,212,275 from the 2019-2020 actual amounts as a result of increased transfers. City Council is anticipating a decrease in the General Fund fund balance of \$1,471,178 in the 2020-2021 fiscal year.

It is important to note that the coronavirus (COVID-19) pandemic is still a major issue throughout the world, and the cases in the State of Michigan have recently been on the increase, resulting in various restrictions on certain activities and organizations. The impact on operating costs, revenues, and any recovery from emergency funding cannot be estimated at this time; however, management will continue to monitor its effect and make adjustments to operating activities and the budget when necessary.

## **CONTACTING THE CITY'S MANAGEMENT**

This financial report is intended to provide our citizens, stakeholders, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, we invite you to contact the Finance Director's office by mail at 1111 Delaware, Marysville, Michigan 48040, by phone (810) 455-1314, by fax (810) 364-3940, or email to [mbooth@cityofmarysvillemi.com](mailto:mbooth@cityofmarysvillemi.com).

A separate report is issued for City of Marysville Housing Commission that can be obtained at 1100 New York, Marysville, Michigan 48040.

## **BASIC FINANCIAL STATEMENTS**

# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF NET POSITION JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,264,204	\$ 2,835,838	\$ 6,100,042	\$ 302,098
Investments	7,748,806	3,627,428	11,376,234	564,064
Receivables (net of allowance)	1,836,646	850,646	2,687,292	28,839
Prepaid expenses	220,398	11,819	232,217	20,029
Internal balances	706,500	( 706,500)	-	-
Inventory	1,264	-	1,264	-
Beneficial interest in assets held by others	313,826	-	313,826	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	2,812,043	8,000	2,820,043	232,887
Assets being depreciated	24,838,300	32,498,371	57,336,671	1,500,852
Total Assets	<u>41,741,987</u>	<u>39,125,602</u>	<u>80,867,589</u>	<u>2,648,769</u>
<b>Deferred Outflows of Resources:</b>				
Deferred charges on refunding	66,591	44,743	111,334	-
Related to pensions	632,835	78,198	711,033	-
Related to OPEB	12,261	1,734	13,995	-
Total Deferred Outflows of Resources	<u>711,687</u>	<u>124,675</u>	<u>836,362</u>	<u>-</u>
<b>Liabilities:</b>				
Payables and accrued liabilities	921,416	86,839	1,008,255	88,612
Accrued interest	12,266	62,822	75,088	-
Advances and deposits	5,045	-	5,045	42,598
Unearned revenue	50,205	-	50,205	4,227
Non-current liabilities -				
Net OPEB liability	7,693,137	1,087,842	8,780,979	-
Net pension liability	19,991,959	2,063,843	22,055,802	-
Due within one year	327,172	787,107	1,114,279	6,521
Due in more than one year	1,818,082	8,851,699	10,669,781	2,820
Total Liabilities	<u>30,819,282</u>	<u>12,940,152</u>	<u>43,759,434</u>	<u>144,778</u>
<b>Deferred Inflows of Resources:</b>				
Related to pensions	593,701	15,161	608,862	-
Related to OPEB	494,157	69,876	564,033	-
Total Deferred Inflows of Resources	<u>1,087,858</u>	<u>85,037</u>	<u>1,172,895</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	26,043,241	22,912,308	48,955,549	1,733,739
Restricted -				
Nonexpendable	272,332	-	272,332	-
Expendable	1,396,785	6,000	1,402,785	-
Unrestricted (deficit)	<u>( 17,165,824)</u>	<u>3,306,780</u>	<u>( 13,859,044)</u>	<u>770,252</u>
Total Net Position	<u>\$ 10,546,534</u>	<u>\$ 26,225,088</u>	<u>\$ 36,771,622</u>	<u>\$ 2,503,991</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 1,379,798	\$ 172,003	\$ 11,889	\$ -
Public Safety	4,561,279	339,773	35,698	-
Public Works	3,311,586	348,172	1,118,565	-
Recreation and Culture	1,352,090	587,648	182,261	-
Interest on Long-term Debt	58,813	-	-	-
Total Governmental Activities	<u>10,663,566</u>	<u>1,447,596</u>	<u>1,348,413</u>	<u>-</u>
Business-type Activities:				
Water Supply System	2,078,618	2,731,763	-	-
Wastewater	3,059,225	2,526,455	273,100	-
Total Business-type Activities	<u>5,137,843</u>	<u>5,258,218</u>	<u>273,100</u>	<u>-</u>
Total Primary Government	<u>\$ 15,801,409</u>	<u>\$ 6,705,814</u>	<u>\$ 1,621,513</u>	<u>\$ -</u>
<b>Component Units</b>				
Housing Commission	\$ 906,658	\$ 512,887	\$ 286,172	\$ 150,968
Local Development Finance Authority District No. 1	-	-	-	-
Total Component Units	<u>\$ 906,658</u>	<u>\$ 512,887</u>	<u>\$ 286,172</u>	<u>\$ 150,968</u>

General Revenues:

Property taxes

Grants and contributions not

restricted to specific programs

Unrestricted investment income

Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$( 1,195,906)	\$ -	\$( 1,195,906)	\$ -
( 4,185,808)	-	( 4,185,808)	-
( 1,844,849)	-	( 1,844,849)	-
( 582,181)	-	( 582,181)	-
( 58,813)	-	( 58,813)	-
<u>( 7,867,557)</u>	<u>-</u>	<u>( 7,867,557)</u>	<u>-</u>
-	653,145	653,145	-
-	( 259,670)	( 259,670)	-
<u>-</u>	<u>393,475</u>	<u>393,475</u>	<u>-</u>
<u>( 7,867,557)</u>	<u>393,475</u>	<u>( 7,474,082)</u>	<u>-</u>
-	-	-	43,369
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>43,369</u>
6,707,643	-	6,707,643	-
2,179,290	-	2,179,290	-
369,907	207,883	577,790	10,886
389,333	-	389,333	-
94,464	( 94,464)	-	-
<u>9,740,637</u>	<u>113,419</u>	<u>9,854,056</u>	<u>10,886</u>
1,873,080	506,894	2,379,974	54,255
<u>8,673,454</u>	<u>25,718,194</u>	<u>34,391,648</u>	<u>2,449,736</u>
<u>\$ 10,546,534</u>	<u>\$ 26,225,088</u>	<u>\$ 36,771,622</u>	<u>\$ 2,503,991</u>

**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General	Special Revenue Fund Local Street	Capital Projects Fund Public Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,376,935	\$ 78,227	\$ 136,702	\$ 1,352,350	\$ 2,944,214
Investments	5,639,386	283,151	100,174	1,086,998	7,109,709
Receivables, net of allowance -					
Property taxes	28,275	-	-	-	28,275
Interest and accounts	1,411,130	698	1,068	67,234	1,480,130
Due from other governmental units	129,361	40,623	-	156,710	326,694
Due from other funds	6,626	-	-	-	6,626
Prepaid expenditures	66,320	5,786	-	16,882	88,988
Advance to other funds	706,500	-	-	-	706,500
Beneficial interest in assets held by others	25,352	-	-	288,474	313,826
<b>Total Assets</b>	<b>\$ 9,389,885</b>	<b>\$ 408,485</b>	<b>\$ 237,944</b>	<b>\$ 2,968,648</b>	<b>\$ 13,004,962</b>
<b>Liabilities:</b>					
Accounts payable	\$ 205,580	\$ 275,411	\$ 95,531	\$ 239,828	\$ 816,350
Accrued liabilities	62,011	2,585	-	11,496	76,092
Advances and deposits	-	-	-	5,045	5,045
Due to other funds	-	-	-	28,613	28,613
Unearned revenue	50,205	-	-	-	50,205
<b>Total Liabilities</b>	<b>317,796</b>	<b>277,996</b>	<b>95,531</b>	<b>284,982</b>	<b>976,305</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues -					
Property taxes	28,443	-	-	-	28,443
Grants	-	-	-	46,755	46,755
Charges for services	-	-	-	40,643	40,643
<b>Total Deferred Inflows of Resources</b>	<b>28,443</b>	<b>-</b>	<b>-</b>	<b>87,398</b>	<b>115,841</b>
<b>Fund Balances:</b>					
Nonspendable -					
Prepaid expenditures	66,320	-	-	-	66,320
Beneficial interest in assets held					
by others	25,352	-	-	16,142	41,494
Advance to other funds	706,500	-	-	-	706,500
Perpetual Care	-	-	-	272,332	272,332
Restricted	-	130,489	142,413	1,107,741	1,380,643
Committed	207,408	-	-	1,200,053	1,407,461
Assigned	1,940,560	-	-	-	1,940,560
Unassigned	6,097,506	-	-	-	6,097,506
<b>Total Fund Balances</b>	<b>9,043,646</b>	<b>130,489</b>	<b>142,413</b>	<b>2,596,268</b>	<b>11,912,816</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,389,885</b>	<b>\$ 408,485</b>	<b>\$ 237,944</b>	<b>\$ 2,968,648</b>	<b>\$ 13,004,962</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARYSVILLE, MICHIGAN

## RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Fund Balances - total governmental funds	\$	11,912,816
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources

Capital assets		75,477,277
Accumulated depreciation	(	48,359,058)

Certain changes in pension and OPEB plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position.

Deferred outflows of resources		626,513
Deferred inflows of resources	(	1,074,286)

Other long - term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.

Delinquent personal property taxes	\$	28,443	
Grants		46,755	
Charges for services		40,643	115,841

Internal Service Fund used by management to charge cost of the City's motor pool activities, healthcare, and accrued vacation and sick benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

512,056

Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	(	1,470,092)	
Lease payable	(	103,921)	
Net OPEB liability	(	7,537,187)	
Net pension liability	(	19,508,070)	
Accrued interest	(	12,266)	( 28,631,536)

Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net position (netted against bonds payables).

( 99,680)

Losses on refunding are not reported in the governmental funds, where they are capitalized and amortized from net position

66,591

Net Position of governmental activities	\$	10,546,534
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The accompanying notes are an integral part of these financial statements.



# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

		Special Revenue Fund	Capital Projects Fund Public Improvement	Other Governmental Fund	Total Governmental Funds
	General	Local Street			
<b>Revenues:</b>					
Taxes	\$ 6,621,119	\$ -	\$ -	\$ 99,210	\$ 6,720,329
Licenses and permits	241,116	-	-	-	241,116
Intergovernmental	2,073,228	330,197	-	788,368	3,191,793
Charges for services	401,877	-	-	600,921	1,002,798
Fines and forfeits	10,889	-	-	-	10,889
Interest and rent	296,159	17,878	25,586	244,157	583,780
Other	79,231	1,789	-	232,700	313,720
Total Revenues	<u>9,723,619</u>	<u>349,864</u>	<u>25,586</u>	<u>1,965,356</u>	<u>12,064,425</u>
<b>Expenditures:</b>					
Current -					
General government	926,134	-	-	-	926,134
Public safety	3,248,215	-	-	26,981	3,275,196
Public works	1,561,028	1,284,827	-	811,560	3,657,415
Recreation and cultural	392,367	-	-	835,045	1,227,412
Other activities	1,857,398	-	-	-	1,857,398
Capital outlay	54,358	-	1,101,614	6,126	1,162,098
Debt service -					
Principal	68,697	-	-	223,925	292,622
Interest	37,204	-	-	22,320	59,524
Total Expenditures	<u>8,145,401</u>	<u>1,284,827</u>	<u>1,101,614</u>	<u>1,925,957</u>	<u>12,457,799</u>
Revenues over (under) expenditures	<u>1,578,218</u>	<u>( 934,963)</u>	<u>( 1,076,028)</u>	<u>39,399</u>	<u>( 393,374)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of asset	389,333	-	-	-	389,333
Transfers in	36,000	594,445	633,000	428,641	1,692,086
Transfers out	( 1,181,390)	-	-	( 399,000)	( 1,580,390)
Total Other Financing Sources (Uses)	<u>( 756,057)</u>	<u>594,445</u>	<u>633,000</u>	<u>29,641</u>	<u>501,029</u>
Net Change in Fund Balances	822,161	( 340,518)	( 443,028)	69,040	107,655
Fund Balances at beginning of year	<u>8,221,485</u>	<u>471,007</u>	<u>585,441</u>	<u>2,527,228</u>	<u>11,805,161</u>
Fund Balances at end of year	<u><u>\$ 9,043,646</u></u>	<u><u>\$ 130,489</u></u>	<u><u>\$ 142,413</u></u>	<u><u>\$ 2,596,268</u></u>	<u><u>\$ 11,912,816</u></u>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARYSVILLE, MICHIGAN

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$	107,655
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		2,562,513
Depreciation expense	(	1,558,168)
Net book value of assets disposed	(	14,044)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
	(	11,576)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payment on bonds		292,622
<p>Accrued interest expense on bonds and the amortization of bond premiums and deferred charges are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.</p>		
Amortization of bond premium	\$	17,342
Amortization of deferred charge on refunding	(	18,589)
Decrease in accrued interest		711
		<hr/>
Internal service funds used by management to charge costs of the City's motor pool, healthcare, and vacation and sick activities. The net revenues (expenses) attributable to those funds is reported with governmental activities.	(	14,276)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Increase in net OPEB liability	(	122,397)
Decrease in net pension liability		781,600
Change in pension/OPEB expense related to deferred items related to the pension/OPEB plans	(	151,560)
		<hr/>
Change in net position of governmental activities	\$	<u><u>1,873,080</u></u>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Wastewater	Total	Internal Service Funds
<b>Assets:</b>				
Current Assets -				
Cash and cash equivalents	\$ 1,194,804	\$ 1,641,034	\$ 2,835,838	\$ 319,990
Investments	1,333,147	2,294,281	3,627,428	639,097
Accounts and interest receivable	449,126	401,520	850,646	1,547
Due from other funds	-	-	-	21,987
Inventories	-	-	-	1,264
Prepaid expenses	8,751	3,068	11,819	131,410
Total Current Assets	2,985,828	4,339,903	7,325,731	1,115,295
Non-Current Assets -				
Property, plant, and equipment	20,903,015	35,647,099	56,550,114	2,247,561
Less - accumulated depreciation	( 10,821,663)	( 13,222,080)	( 24,043,743)	( 1,715,437)
Total Non-Current Assets	10,081,352	22,425,019	32,506,371	532,124
Total Assets	13,067,180	26,764,922	39,832,102	1,647,419
<b>Deferred Outflows of Resources:</b>				
Related to pension plan	40,044	38,154	78,198	18,334
Related to OPEB plan	1,034	700	1,734	249
Deferred charge on refunding	34,515	10,228	44,743	-
	75,593	49,082	124,675	18,583

The accompanying notes are an integral part of these financial statements.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Wastewater	Total	Internal Service Funds
<b>Liabilities:</b>				
Current Liabilities -				
Accounts payable	\$ 37,353	\$ 27,657	\$ 65,010	\$ 27,123
Accrued expenses	16,492	5,337	21,829	1,851
Accrued interest	8,730	54,092	62,822	-
Bonds payable (current portion)	71,020	716,087	787,107	-
Total Current Liabilities	133,595	803,173	936,768	28,974
Long-term Liabilities (net of current portion) -				
Advance from other funds	706,500	-	706,500	-
Net OPEB obligation	648,748	439,094	1,087,842	155,950
Net pension liability	1,056,859	1,006,984	2,063,843	483,889
Accrued vacation and sick	-	-	-	471,561
Bonds payable	1,007,545	7,844,154	8,851,699	-
Total Long-term Liabilities	3,419,652	9,290,232	12,709,884	1,111,400
Total Liabilities	3,553,247	10,093,405	13,646,652	1,140,374
<b>Deferred Inflows of Resources:</b>				
Related to pension plan	7,764	7,397	15,161	3,555
Related to OPEB plan	41,671	28,205	69,876	10,017
Total Deferred Inflows of Resources	49,435	35,602	85,037	13,572
<b>Net Position:</b>				
Net investment in capital assets	9,037,302	13,875,006	22,912,308	532,124
Restricted	6,000	-	6,000	-
Unrestricted (deficit)	496,789	2,809,991	3,306,780	( 20,068)
Total Net Position	\$ 9,540,091	\$ 16,684,997	\$ 26,225,088	\$ 512,056

# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Wastewater	Total	Internal Service Funds
<b>Operating Revenues:</b>				
Charges for services	\$ 2,652,882	\$ 2,522,742	\$ 5,175,624	\$ 860,465
Rent income	-	-	-	541,986
Intergovernmental	-	273,100	273,100	-
Other	78,881	3,713	82,594	-
Total Operating Revenues	<u>2,731,763</u>	<u>2,799,555</u>	<u>5,531,318</u>	<u>1,402,451</u>
<b>Operating Expenses:</b>				
Personnel services	834,473	795,776	1,630,249	1,182,536
Supplies	140,657	139,808	280,465	46,253
Other services	505,200	898,931	1,404,131	103,041
Depreciation	549,407	1,004,981	1,554,388	109,268
Total Operating Expenses	<u>2,029,737</u>	<u>2,839,496</u>	<u>4,869,233</u>	<u>1,441,098</u>
Operating Income (Loss)	<u>702,026</u>	<u>( 39,941)</u>	<u>662,085</u>	<u>( 38,647)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	83,671	124,212	207,883	41,603
Interest expenses	( 48,881)	( 219,729)	( 268,610)	-
Total Non-Operating Revenues (Expenses)	<u>34,790</u>	<u>( 95,517)</u>	<u>( 60,727)</u>	<u>41,603</u>
Net Income (Loss) Before Transfers	<u>736,816</u>	<u>( 135,458)</u>	<u>601,358</u>	<u>2,956</u>
<b>Transfers:</b>				
Transfers in	-	-	-	30,000
Transfers out	( 47,232)	( 47,232)	( 94,464)	( 47,232)
	<u>( 47,232)</u>	<u>( 47,232)</u>	<u>( 94,464)</u>	<u>( 17,232)</u>
Change in Net Position	689,584	( 182,690)	506,894	( 14,276)
Net Position at beginning of year	<u>8,850,507</u>	<u>16,867,687</u>	<u>25,718,194</u>	<u>526,332</u>
Net Position end of year	<u>\$ 9,540,091</u>	<u>\$ 16,684,997</u>	<u>\$ 26,225,088</u>	<u>\$ 512,056</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Wastewater	Total	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>				
Cash receipts from customers	\$ 2,733,337	\$ 3,259,842	\$ 5,993,179	\$ -
Cash receipts from interfund services	-	-	-	1,382,407
Cash payments to suppliers	( 563,125)	( 1,047,667)	( 1,610,792)	( 1,127,932)
Cash payments for interfund services	( 84,403)	( 88,783)	( 173,186)	-
Cash payments to employees	( 856,201)	( 610,940)	( 1,467,141)	( 193,268)
Net Cash Provided by Operating Activities	<u>1,229,608</u>	<u>1,512,452</u>	<u>2,742,060</u>	<u>61,207</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers from/to other funds	( 47,232)	( 47,232)	( 94,464)	( 17,232)
Due from/to other funds	-	-	-	( 85,710)
Net Cash Used for Noncapital Financing Activities	<u>( 47,232)</u>	<u>( 47,232)</u>	<u>( 94,464)</u>	<u>( 102,942)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Interest paid	( 46,490)	( 223,269)	( 269,759)	-
Bond payments	( 71,020)	( 701,087)	( 772,107)	-
Repayment of advances from other funds	( 141,300)	-	( 141,300)	-
Acquisition and construction of capital assets	( 270,615)	( 64,805)	( 335,420)	( 194,894)
Net Cash Used for Capital and Related Financing Activities	<u>( 529,425)</u>	<u>( 989,161)</u>	<u>( 1,518,586)</u>	<u>( 194,894)</u>
<b>Cash Flows From Investing Activities:</b>				
Net sales of investments	<u>446,786</u>	<u>747,065</u>	<u>1,193,851</u>	<u>368,431</u>
Net Increase in Cash and Cash Equivalents for the year	1,099,737	1,223,124	2,322,861	131,802
Cash and Cash Equivalents at Beginning of Year	<u>95,067</u>	<u>417,910</u>	<u>512,977</u>	<u>188,188</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,194,804</u>	<u>\$ 1,641,034</u>	<u>\$ 2,835,838</u>	<u>\$ 319,990</u>

Continued

The accompanying notes are an integral part of these financial statements.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Wastewater	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating income (loss) for the year	\$ 702,026	\$( 39,941)	\$ 662,085	\$( 38,647)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -				
Depreciation	549,407	1,004,981	1,554,388	109,268
Change in assets and liabilities:				
Receivables	1,574	460,287	461,861	550
Due to/from other funds	-	-	-	( 20,594)
Prepays and deposits	2,604	1,118	3,722	( 34,021)
Inventories	-	-	-	169
Net OPEB liability	19,876	48,665	68,541	36,912
Net pension liability	9,201	169,367	178,568	( 37,119)
Deferred outflows/inflows related to pension and OPEB plans	( 53,972)	( 34,571)	( 88,543)	( 4,091)
Accounts payable/accrued expenses	( 1,108)	( 97,454)	( 98,562)	48,780
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,229,608</u>	<u>\$ 1,512,452</u>	<u>\$ 2,742,060</u>	<u>\$ 61,207</u>

Concluded

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020**

	<u>Employee Retirement Systems</u>		<u>Retirees'</u>		<u>Tax</u>
	<u>Police and</u>	<u>Other City</u>	<u>Health</u>	<u>Total</u>	<u>Agency</u>
	<u>Firefighters</u>	<u>Employees</u>	<u>Care</u>		<u>Fund</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 7,966	\$ 5,152	\$ 22,226	\$ 35,344	\$ 52,633
Investments, at fair value -					
Cash/money market funds	224,612	272,277	996,939	1,493,828	-
U.S. government securities	1,661,660	1,936,838	1,784,688	5,383,186	-
Asset backed securities	823,132	918,023	717,170	2,458,325	-
Corporate bonds	1,979,978	2,468,812	2,087,817	6,536,607	-
Mutual/exchange traded funds	172,870	234,973	88,632	496,475	-
Stocks	9,585,226	11,376,239	9,305,368	30,266,833	-
Total Investments	<u>14,447,478</u>	<u>17,207,162</u>	<u>14,980,614</u>	<u>46,635,254</u>	<u>-</u>
Receivables -					
Taxes	-	-	-	-	94,662
Members	12,048	14,852	-	26,900	-
Interest and dividends	22,059	27,784	24,484	74,327	-
Total Receivables	<u>34,107</u>	<u>42,636</u>	<u>24,484</u>	<u>101,227</u>	<u>94,662</u>
Prepayments	<u>-</u>	<u>-</u>	<u>135,046</u>	<u>135,046</u>	<u>-</u>
Total Assets	<u>14,489,551</u>	<u>17,254,950</u>	<u>15,162,370</u>	<u>46,906,871</u>	<u>\$ 147,295</u>
<b>Liabilities:</b>					
Accounts payable	25,127	29,399	1,353,494	1,408,020	\$ 4,758
Due to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,537</u>
Total Liabilities	<u>25,127</u>	<u>29,399</u>	<u>1,353,494</u>	<u>1,408,020</u>	<u>\$ 147,295</u>
<b>Net Position:</b>					
Restricted for pension benefits	14,464,424	17,225,551	-	31,689,975	
Restricted for other postemployment benefits	<u>-</u>	<u>-</u>	<u>13,808,876</u>	<u>13,808,876</u>	
	<u>\$ 14,464,424</u>	<u>\$ 17,225,551</u>	<u>\$ 13,808,876</u>	<u>\$ 45,498,851</u>	

The accompanying notes are an integral part of these financial statements.



# CITY OF MARYSVILLE, MICHIGAN

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Employee Retirement Systems Police and Firefighters	Other City Employees	Retirees' Health Care	Total
<b>Additions:</b>				
Contributions -				
Member contributions	\$ 159,188	\$ 192,471	\$ -	\$ 351,659
Employer contributions	<u>1,262,773</u>	<u>1,041,867</u>	<u>-</u>	<u>2,304,640</u>
Total Contributions	<u>1,421,961</u>	<u>1,234,338</u>	<u>-</u>	<u>2,656,299</u>
Investment Income -				
Interest/dividends	422,756	347,843	300,039	1,070,638
Net appreciation	<u>611,306</u>	<u>789,365</u>	<u>718,078</u>	<u>2,118,749</u>
Total Investment Income	1,034,062	1,137,208	1,018,117	3,189,387
Less investment expenses	<u>( 77,575)</u>	<u>( 93,574)</u>	<u>( 88,099)</u>	<u>( 259,248)</u>
Net investment income	<u>956,487</u>	<u>1,043,634</u>	<u>930,018</u>	<u>2,930,139</u>
Total Additions	<u>2,378,448</u>	<u>2,277,972</u>	<u>930,018</u>	<u>5,586,438</u>
<b>Deductions:</b>				
Retirement benefit payments	1,607,155	1,785,606	-	3,392,761
Health/life insurance	-	-	1,099,988	1,099,988
Administration	<u>23,432</u>	<u>24,325</u>	<u>1,450</u>	<u>49,207</u>
Total Deductions	<u>1,630,587</u>	<u>1,809,931</u>	<u>1,101,438</u>	<u>4,541,956</u>
Net increase (decrease) in net position	747,861	468,041	( 171,420)	1,044,482
<b>Net Position:</b>				
Beginning of year	<u>13,716,563</u>	<u>16,757,510</u>	<u>13,980,296</u>	<u>44,454,369</u>
End of year	<u>\$ 14,464,424</u>	<u>\$ 17,225,551</u>	<u>\$ 13,808,876</u>	<u>\$ 45,498,851</u>

The accompanying notes are an integral part of these financial statements.

## **COMPONENT UNITS**

# CITY OF MARYSVILLE, MICHIGAN

## COMBINING STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS JUNE 30, 2020

	Housing Commission	Local Development Finance Authority District No. 1	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 286,441	\$ 15,657	\$ 302,098
Investments	564,064	-	564,064
Receivables	28,839	-	28,839
Prepays and deposits	20,029	-	20,029
Capital assets (net of accumulated depreciation) -			
Assets not being depreciated	232,887	-	232,887
Assets being depreciated	1,500,852	-	1,500,852
	<hr/>	<hr/>	<hr/>
Total Assets	2,633,112	15,657	2,648,769
	<hr/>	<hr/>	<hr/>
<b>Liabilities:</b>			
Payables and accrued liabilities	88,612	-	88,612
Unearned revenue	4,227	-	4,227
Advances and deposits	42,598	-	42,598
Non-current liabilities			
Due within one year	6,521	-	6,521
Due in more than one year	2,820	-	2,820
	<hr/>	<hr/>	<hr/>
Total Liabilities	144,778	-	144,778
	<hr/>	<hr/>	<hr/>
<b>Net Position:</b>			
Net investment in capital assets	1,733,739	-	1,733,739
Unrestricted	754,595	15,657	770,252
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 2,488,334	\$ 15,657	\$ 2,503,991
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARYSVILLE, MICHIGAN

## COMBINING STATEMENT OF ACTIVITIES DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
<b>Housing Commission</b>				
Business-type Activities:				
Low rent and capital fund program	\$ 906,658	\$ 512,887	\$ 286,172	\$ 150,968
<b>Local Development Finance Authority</b>				
District No. 1				
Governmental Activities:				
Interest on long-term debt	-	-	-	-
Total Component Units	<u>\$ 906,658</u>	<u>\$ 512,887</u>	<u>\$ 286,172</u>	<u>\$ 150,968</u>

General Revenues:

Unrestricted investment income

Change in net position

Net position at beginning of year

Net position at end of year

The accompanying notes are an integral part of these financial statements.

<u>Net (Expense) Revenue and Change in Net Position</u>		
	Local	
	Development	
<u>Housing</u>	<u>Finance Authority</u>	
<u>Commission</u>	<u>District No. 1</u>	<u>Total</u>
\$ 43,369	\$ -	\$ 43,369
-	-	-
		43,369
10,886	-	10,886
54,255	-	54,255
2,434,079	15,657	2,449,736
<u>\$ 2,488,334</u>	<u>\$ 15,657</u>	<u>\$ 2,503,991</u>

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**A. Reporting Entity -**

The City of Marysville, Michigan (the “City”), was incorporated in 1924 under the provisions of Act 279, P.A. of 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter, including public safety (police, fire, civil defense, and inspections), highways and streets, sanitation, community development, culture-recreation, public improvements, planning and zoning, water supply and sewage disposal systems, and general administrative services.

These financial statements present the City and its component unit entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**BLENDED COMPONENT UNIT -**

**CITY OF MARYSVILLE BUILDING AUTHORITY** - is governed by a five-person board which is appointed by the Mayor with the City Council confirmation. The main function of the City of Marysville Building Authority (the “Authority”) at the present time is to pay off building bonds and maintain buildings. The Authority is reported as if it were a part of the primary government because its sole purpose is to finance the construction of City facilities that require financing. The Authority activity is reported as a Debt Service Fund and Capital Project Fund captioned “Building Authority.” Separate financial statements for the Authority are not published.

**DISCRETELY PRESENTED COMPONENT UNITS -**

**MARYSVILLE HOUSING COMMISSION** - is a Public Housing Agency established pursuant to the Authority of Act 18 of the Public Act of 1933, as amended, which is governed by a five- (5) member board appointed by the City Manager. This is a legally separate entity but is considered a component unit due to the City’s ability to influence the Housing Commission’s actions through representation on the Housing Commission’s Board and because of their financial relationship.

The audited financial statements of the Marysville Housing Commission may be obtained at the following location:

Marysville Housing Commission  
1100 New York  
Marysville, Michigan 48040

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**LOCAL DEVELOPMENT FINANCE AUTHORITY DISTRICT NO. I** - was formed for the purpose of promoting and stimulating the local economy and operates with 11 members, 7 of which are appointed by the City, 2 by Marysville Public Schools District, 1 by St. Clair County Community College, and 1 by St. Clair County. This is a legally separate entity, but is considered a component unit due to the City's ability to influence the Authority's actions through representation on the Authority's Board and because of their financial relationship. The main function of the Authority at the present time is to provide aid to local businesses for economic growth. The activities of the Local Development Finance Authority are included within the scope of the audit of the City's basic financial statements. A separate audited financial statement for the Authority was not issued.

**B. Government-wide and Fund Financial Statements -**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation -**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. (Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied on July 1 and due on August 31, are recognized as revenue in the year for which they are levied. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

**Local Street Fund** - is primarily funded from State Act 51 revenues and is used to account for the cost of maintenance of certain capital improvements to the local streets of the City.

**Public Improvement Fund** - is used to account for the funds restricted for improvements to the City. Financing is generally from General Fund appropriations.

The City reports the following major proprietary funds:

**Water Supply System Fund** - is used to account for the treatment and distribution of water to residential and commercial users.

**Wastewater Fund** - is used to account for sanitary sewer services provided to the residential and commercial users.

Additionally, the City reports the following fund types:

**Governmental Fund Types -**

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for a specified purpose other than for debt service or capital projects.

**Debt Service Funds** - are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.



**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Capital Projects Fund** - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

**Permanent Fund** - is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the perpetual care of the City's cemetery.

**Proprietary Fund Type -**

**Internal Service Funds** - are used to account for charges to other funds for the costs of operating and maintaining the City's motor pool, healthcare, and vested vacation and sick for qualified employees. Charges are made to other funds based on equipment used, estimated employee healthcare costs, and when vacation and sick benefits are earned. The internal service funds of the City are the Equipment Rental, Healthcare, and Employee Vacation and Sick Funds.

**Fiduciary Fund Types -**

**Pension Trust and Other Post-Employment Benefits Trust Funds** - are used to accumulate resources for pension and health and life benefits.

**Agency Fund** - is used to account for assets held by the City as an agent for other governments and other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue 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 on-going operations. The principal operating revenues of the Enterprise and Internal Services Funds are charges to customers (other funds) for sales and services. Operating expenses of the Enterprise and Internal Service Funds include costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance -**

**Deposits and Investments -**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonably approximates fair value.

State statutes authorize the City to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

**Receivables and Payables -**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances to other funds in the General Fund are reported as nonspendable to indicate that they are not available for appropriation and are not expendable available financial resources.

All accounts and property taxes receivables are shown net of an allowance for uncollectible amounts.

**Inventories and Prepaid Items -**

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Beneficial Interest in Assets Held by Others -**

Beneficial interest in assets held by others represent assets transferred to the Community Foundation of St. Clair County (the "Foundation") to establish an agency endowment fund plus accumulated investment earnings. The City has two different agreements. Under the terms of one agreement with the Foundation, a board of five residents may recommend or request distribution from the fund in amounts limited by the spending policies of the Foundation. The other agreement for the cemetery perpetual fund is to be held in perpetuity. The Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September 30 of the year preceding the distribution. At the time of the transfer of assets, the City granted variance power to the Foundation. The Foundation expects to follow the recommendations, but reserves the right to accept or reject recommendations.

**Property Tax Calendar -**

The City's property tax is levied as of July 1 on the assessed valuation of property located in the City as of the preceding December 31. The taxes are due on July 31 with final collection date as of February 28, after which they are added to the delinquent tax roll. The City also collects taxes for other governmental units, which are recorded in the Tax Agency Fund.

**Capital Assets -**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide and proprietary fund type financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives in years:

	<u>Primary Government</u>	<u>Component Units</u>
Buildings and improvements	7-50	15-40
Land improvements	7-40	-
Utility systems	10-50	-
Machinery and equipment	3-20	3-7
Bikepaths and sidewalks	30	-
Vehicles	3-10	-
Streets	20-30	-

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Compensated Absences -**

In accordance with contracts negotiated with the 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 the contracts. The City has elected to fund vacation and sick time as it is earned. As a result, these amounts are appropriately accounted for in the Employees Vacation and Sick Pay Fund, an Internal Service Fund.

**Long-term Obligations -**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, if material, 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.

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.

**Deferred Outflows/Inflows of Resources -**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. The City reports deferred outflows of resources for deferred charges on refunding and items related to the pension plans and the other postemployment benefit (OPEB) plan. The deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price; this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension and OPEB related deferred outflows of resources are amortized over the expected remaining service lives of the participants, with the exception of the net difference between expected and actual plan investment earnings which are amortized over five (5) years.

In addition to liabilities, the statements of net position and balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The City reports items on the government-wide statement of net position related to the pension plans and the OPEB plan and another item on the governmental fund balance sheet for unavailable revenues primarily from delinquent personal property taxes, fees, and expense reimbursements grants. These amounts will be recognized as inflows of resources in the period the amounts become available. The pension and OPEB related deferred inflows of resources are amortized over the expected remaining service lives of the participants.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Fund Balance -**

In the fund financial statements, governmental funds reported fund balances in one or more of the following classifications:

*Nonspendable fund balance* – the portion of fund balance that is not in a spendable form or because it must remain intact.

*Restricted fund balance* – the portion of fund balance that has limitations imposed by external sources.

*Committed fund balance* – the portion of fund balance where amounts can only be used for specific purposes pursuant to constraints imposed by formal action via board resolution, (e.g., to establish, modify or rescind) of the highest level of decision-making authority (City Council).

*Assigned fund balance* – the portion of fund balance that reflects the City's intended use of resources, currently only the City Council can assign fund balance. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the General Fund are reported as assigned.

*Unassigned fund balance* – the portion of fund balance in the General Fund that cannot be classified into one of the four categories above.

When different classifications of fund balance are present, it is the City's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

**Estimates -**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements -**

The Governmental Accounting Standards Board (GASB) issued the following statements that could have an impact on the City's financial statements when adopted. The City is currently evaluating the implications of the pronouncements.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and will become effective for the City's June 30, 2021 fiscal year. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

GASB Statement No. 87, *Leases*, was issued in June 2017 and will become effective for the City's June 30, 2022 fiscal year. The objective of the statement is to improve accounting and financial reporting for leases by governments 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 of an underlying asset. Under this statement, a lease 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 the government's leasing activities.

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

**Budgetary Information -**

Annual budgets are adopted for the General and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the modified accrual basis used to reflect actual results.

In January, the department heads/responsible individuals are provided with various information to prepare the budgets for their departments, which are due at the end of January. The City Manager and Finance Director assemble each of the department budgets and prepare one tentative overall budget. The budget is presented to the City Council in April for review. The City Council holds a public hearing and may make any revisions, which, in their opinion and as a result of the public hearing, is necessary. The General Fund budget was approved at the activity level and at the total expenditure level for the Special Revenue Funds.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). For the fiscal year ended June 30, 2020, the City did not incur any expenditures over that amount.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

**Carrying Amount -**

At year-end, the carrying amount of the City of Marysville cash and investments is as follows:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Petty Cash and Cash on Hand	\$ 2,415	\$ 100	\$ -	\$ 2,515
Deposits with Financial Institutions	<u>6,097,627</u>	<u>866,062</u>	<u>87,977</u>	<u>7,051,666</u>
Investments -				
Cash with Brokers	-	-	1,221,551	1,221,551
Money Market Funds	-	-	272,277	272,277
Marketable CDs	491,183	-	-	491,183
Commercial Paper	3,997,680	-	-	3,997,680
Municipal Bonds	2,063,782	-	-	2,063,782
U.S. Government Securities	4,823,589	-	5,383,186	10,206,775
Asset Backed Securities	-	-	2,458,325	2,458,325
Stocks	-	-	30,266,833	30,266,833
Corporate Bond/Notes	-	-	6,536,607	6,536,607
Mutual Funds	-	-	496,475	496,475
Total Investments	<u>11,376,234</u>	<u>-</u>	<u>46,635,254</u>	<u>58,011,488</u>
Grand Total	<u>\$ 17,476,276</u>	<u>\$ 866,162</u>	<u>\$ 46,723,231</u>	<u>\$ 65,065,669</u>

**Reconciliation to Statements of Net Position**

**Reported as Cash and Cash Equivalents -**

Petty Cash	\$ 2,415	\$ 100	\$ -	\$ 2,515
Deposits with Financial Institutions	<u>6,097,627</u>	<u>301,998</u>	<u>87,977</u>	<u>6,487,602</u>
Total Cash and Cash Equivalents	<u>6,100,042</u>	<u>302,098</u>	<u>87,977</u>	<u>6,490,117</u>

**Reported as Investments -**

Deposits with Financial Institutions	-	564,064	-	564,064
Cash with Brokers	-	-	1,221,551	1,221,551
Money Market Funds	-	-	272,277	272,277
Marketable CDs	491,183	-	-	491,183
Commercial Paper	3,997,680	-	-	3,997,680
Municipal Bonds	2,063,782	-	-	2,063,782
U.S. Government Securities	4,823,589	-	5,383,186	10,206,775
Asset Backed Securities	-	-	2,458,325	2,458,325
Stocks	-	-	30,266,833	30,266,833
Corporate Bond/Notes	-	-	6,536,607	6,536,607
Mutual Funds	-	-	496,475	496,475
Total Investments	<u>11,376,234</u>	<u>564,064</u>	<u>46,635,254</u>	<u>58,575,552</u>

Grand Total – Statements of Net Position	<u>\$ 17,476,276</u>	<u>\$ 866,162</u>	<u>\$ 46,723,231</u>	<u>\$ 65,065,669</u>
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**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

**Deposits -**

Act 217 PA 1982, as amended, authorizes the City to deposit in certificates of deposit, savings accounts, depository accounts, or depository receipts of a state or nationally chartered bank or state or federal chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintain 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 5 or 6 of Act 105 of the Public Acts of 1855, as amended by section 21.145 and 21.146 of the Michigan Compiled Laws.

***Custodial Credit Risk - Deposits*** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. As an indication of the level of deposit credit risk assumed by the City, as of June 30, 2020, the book value of the City's deposits, excluding the Housing Commission, was \$6,201,261 with a corresponding bank balance of \$6,948,712, of which \$853,125 was covered by depository insurance with the remaining \$6,095,587 uninsured and uncollateralized.

The Housing Commission's deposits had a bank balance of \$978,394, which was insured.

The City's investment policy allows for the use of bank deposits, including certificates of deposit. There are no limitations placed on the use of bank deposits.

**Investments -**

The City's investment policy and Act 20 of the Michigan Public Acts of 1943, as amended, authorizes the City to invest surplus funds in bonds, securities, and other obligations of the United States government or an agency or instrumentality of the United States; certificates of deposits, savings accounts, deposit accounts, or depository receipts of a bank or a savings and loan association which is a member of the Federal Deposit Insurance Corporation or a credit union which is insured by the National Credit Union Administration. The bank, savings and loan association, or credit union, must be eligible to be a depository of surplus funds belonging to the State; bankers' acceptance of United States banks; commercial paper rated at the time of purchase within the highest classifications established by not less than two standard rating services, which mature not more than 270 days after the date of purchase; mutual funds registered under the Investment Company Act of 1940, Title I of Michigan Chapter 686, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation; investment pools through an interlocal agreement under the Urban Cooperation Act of 1967; investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118; and investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

Cash and investments of the City's retirement systems and retirees' healthcare fund are subject to the requirements of the Public Employee Retirement System Investments Act (MCL 38.1132).

The Housing Commission investments are limited by state law to direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged, certificates of deposit, or savings accounts that are either insured or secured with acceptable collateral.



**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

***Credit Risk - Investments*** - is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City Employees' Retirement System and the Police Officers' and Firefighters' Retirement System specifies that all debt securities must have a qualifying rating of Baa/BBB or above by at least two of its major rating agencies at the time of issue. The Retiree's Healthcare System specifies that all debt securities must have an investment grade rating of bbb or better by Standard & Poor. The overall rating of the portfolio should be AA or better. As of June 30, 2020, the credit quality ratings of City's investments in Corporate Bonds/Notes, Municipal Bonds, and Asset Backed Securities had the following ratings:

<u>Fair Value</u>	<u>Rating Agency</u>	<u>Rating</u>
\$ 1,696,166	Moody's	A1
1,659,818	Moody's	A2
1,138,898	Moody's	A3
1,655,612	Moody's	AA1
628,362	Moody's	AA2
792,866	Moody's	AA3
1,142,529	Moody's	AAA
7,573	Moody's	BAA1
3,997,680	Moody's	P-1
656,610	S & P	AA
<u>1,680,280</u>	N/A	N/A*
<u>\$ 15,056,394</u>		

\* GNMA assets and rating is not required.

The City categorized 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 quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable, or market-corroborated inputs; and 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 in the fair value hierarchy.

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

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

The City has the following recurring fair value measurements as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commercial Paper	\$ -	\$ 3,997,680	\$ -	\$ 3,997,680
Municipal Bonds	-	2,063,782	-	2,063,782
U.S. Governmental Securities	-	10,206,775	-	10,206,775
Asset-backed Securities	-	2,458,325	-	2,458,325
Stocks	30,266,833	-	-	30,266,833
Corporate Bonds/Notes	-	6,536,607	-	6,536,607
Mutual/Exchange Traded Funds	<u>496,475</u>	<u>-</u>	<u>-</u>	<u>496,475</u>
	<u>\$ 30,763,308</u>	<u>\$ 25,263,169</u>	<u>\$ -</u>	56,026,477
Cash Held with Brokers				1,221,551
Marketable CDs				491,183
Money Market Fund Measured at Amortized Cost				<u>272,277</u>
				<u>\$ 58,011,488</u>

The fair value of municipal bonds, U.S. government securities, asset-backed securities, and corporate bonds/notes are based on inputs (pricing) of similar assets at or near June 30, 2020.

Money market funds are recorded at amortized cost, which approximates fair value and these funds are not subject to the fair value disclosures under GASB Statement No. 72. The funds do not require notification of redemptions.

At June 30, 2020, the money market funds had the following ratings and average days to maturity:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
JP Morgan 100% U.S. Treasury	\$ 272,277	AAAm	S & P	33

The money market funds invest primarily in short-term debt securities, U.S. government supported corporate debt, federal agencies, U.S. treasuries, and repurchase agreements. The money market funds are registered with the SEC and issue audited financial statements. Each share is valued at \$1.

***Custodial Credit Risk - Investments*** - is the risk that, in the event of the failure of the counterparty, the City may not be able to recover the value of its investments that are in the possession of another party. The City's policy requires securities be held by a third-party custodian designated by the treasurer and evidenced by safekeeping receipts. As of June 30, 2020, \$58,011,488 of investments was held in third-party safekeeping not in the City's name, however, was evidenced by safekeeping receipts. Marketable CD's with a carrying amount of \$491,183 were federally insured.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

Component Unit - the Housing Commission's investments are insured or registered with securities held by the Housing Commission or its agent in the Housing Commission's name.

**Concentration of Credit Risk - Investments** - is the risk of loss attributed to the magnitude of the City's investment in a single issuer.

Primary Government - the City places no limits on the amounts the City may invest with any single issuer.

Fiduciary Fund - the General City Employees' Retirement System and the Police Officers' and Firefighters' Retirement System establish certain minimums and maximums that may be invested in any asset class (International Securities, Small/Mid Cap, Equity, Large Cap Equity, Core Bonds, Fixed Income, and Cash). The managers may not invest more than 5.0% of the System's assets in the outstanding securities of an issue, except for Treasury and Agency securities. There is no policy that places limits on the amount any of the other pension-type funds may invest with any issuer.

As of June 30, 2020, the City had investments of 5.0% or more of the total investments as follows:

	<u>Fiduciary Funds</u>
U.S. Treasury Notes	11.5 %

**Interest Rate Risk - Investment** - is the risk that the value of investments will decrease as a result of a rise in the interest rates. The investment policy adopted by the City for the primary government specifies the investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycle taking into account the investment risk contracts and cash flow characteristics of the portfolio. At year-end, the City's investments excluding the Housing Commission (component unit) had the following range of maturity dates:

<u>Investment Type</u>	<u>Fair Value</u>	<u>&lt;1</u>	<u>1-5</u>	<u>5-10</u>	<u>&gt;10</u>
U.S. Government Securities	\$ 10,206,775	\$ 432,016	\$ 7,078,407	\$ 1,745,513	\$ 950,839
Commercial Paper	3,997,680	3,997,680	-	-	-
Municipal Bonds	2,063,782	1,407,172	656,610	-	-
Corporate Bonds/Notes	6,536,607	467,324	3,049,574	2,914,710	104,999
Asset Backed Securities	2,458,325	-	569,685	240,890	1,647,750
Marketable CD's	491,183	491,183	-	-	-
Total Investments	<u>\$ 25,754,352</u>	<u>\$ 6,795,375</u>	<u>\$ 11,354,276</u>	<u>\$ 4,901,113</u>	<u>\$ 2,703,588</u>

Negotiability - Marketable certificate of deposits are usually in bearer form, and have secondary markets that are easily transferable and highly liquid. As of June 30, 2020, the City had negotiable Certificates of Deposit in the amount of \$491,183.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 - RECEIVABLES:**

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 43,275	\$ -
Interest and accounts	1,508,201	850,646
Due from other governmental units	<u>326,694</u>	<u>-</u>
	1,878,170	850,646
Less - allowance for uncollectible	( <u>41,524</u> )	<u>-</u>
	<u>\$ 1,836,646</u>	<u>\$ 850,646</u>

**NOTE 5 - CAPITAL ASSETS:**

**Primary Government**

Capital asset activity of the primary government for the year ended June 30, 2020 was as follows:

	July 1, 2019 Balance	Additions	Adjustments/ Deletions	June 30, 2020 Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,008,970	\$ -	\$ -	\$ 1,008,970
Land improvements	532,370	-	-	532,370
Construction in progress	<u>1,659,213</u>	<u>2,322,230</u>	<u>2,710,740</u>	<u>1,270,703</u>
Total capital assets, not being depreciated	<u>3,200,553</u>	<u>2,322,230</u>	<u>2,710,740</u>	<u>2,812,043</u>
Capital assets, being depreciated:				
Buildings	7,117,886	2,582,625	490,169	9,210,342
Building improvements	1,375,004	49,576	456,226	968,354
Land improvements	11,216,183	128,868	8,433	11,336,618
Machinery and equipment	4,538,331	194,894	467,909	4,265,316
Vehicles	2,279,847	54,358	7,060	2,327,145
Bikepaths	1,182,123	1,128	-	1,183,251
Sidewalks	2,379,595	1,958	-	2,381,553
Streets	<u>43,107,706</u>	<u>132,510</u>	<u>-</u>	<u>43,240,216</u>
Total capital assets being depreciated	<u>73,196,675</u>	<u>3,145,917</u>	<u>1,429,797</u>	<u>74,912,795</u>
Less accumulated depreciation for:				
Buildings	3,815,518	152,148	490,169	3,477,497
Building improvements	650,181	61,759	446,075	265,865
Land improvements	3,900,461	299,465	5,482	4,194,444
Machinery and equipment	3,558,077	219,116	467,909	3,309,284
Vehicles	1,094,559	122,652	6,118	1,211,093
Bikepaths	432,907	42,074	-	474,981
Sidewalks	1,955,655	38,645	-	1,994,300
Streets	<u>34,415,454</u>	<u>731,577</u>	<u>-</u>	<u>35,147,031</u>
Total accumulated depreciation	<u>49,822,812</u>	<u>1,667,436</u>	<u>1,415,753</u>	<u>50,074,495</u>
Total capital assets being depreciated, net	<u>23,373,863</u>	<u>1,478,481</u>	<u>14,044</u>	<u>24,838,300</u>
Governmental activities capital assets, net	<u>\$ 26,574,416</u>	<u>\$ 3,800,711</u>	<u>\$ 2,724,784</u>	<u>\$ 27,650,343</u>

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

	July 1, 2019 <u>Balance</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	June 30, 2020 <u>Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Construction in progress	<u>1,079</u>	<u>-</u>	<u>1,079</u>	<u>-</u>
Total capital assets, not being depreciated	<u>9,079</u>	<u>-</u>	<u>1,079</u>	<u>8,000</u>
Capital assets, being depreciated:				
Buildings	32,681,592	-	-	32,681,592
Building improvements	1,028,494	59,651	-	1,088,145
Utility systems	18,991,879	253,117	49,015	19,195,981
Machinery and equipment	<u>3,633,872</u>	<u>23,731</u>	<u>81,207</u>	<u>3,576,396</u>
Total capital assets being depreciated	<u>56,335,837</u>	<u>336,499</u>	<u>130,222</u>	<u>56,542,114</u>
Less accumulated depreciation for:				
Buildings	10,729,162	997,195	-	11,726,357
Building improvements	486,703	23,330	-	510,033
Utility systems	8,894,386	390,820	49,015	9,236,191
Machinery and equipment	<u>2,509,326</u>	<u>143,043</u>	<u>81,207</u>	<u>2,571,162</u>
Total accumulated depreciation	<u>22,619,577</u>	<u>1,554,388</u>	<u>130,222</u>	<u>24,043,743</u>
Total capital assets being depreciated, net	<u>33,716,260</u>	<u>( 1,217,889)</u>	<u>-</u>	<u>32,498,371</u>
Total capital assets, net	<u>\$ 33,725,339</u>	<u>\$ ( 1,217,889)</u>	<u>\$ 1,079</u>	<u>\$ 32,506,371</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 46,576
Public Safety	255,599
Public Works	1,028,019
Recreation and Cultural	<u>227,974</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,558,168</u>
<b>Business-type Activities:</b>	
Water Supply System Fund	\$ 549,407
Wastewater Fund	<u>1,004,981</u>
Total depreciation expense - Business-type Activities	<u>\$ 1,554,388</u>

In addition, there was depreciation of \$109,268 in the Motor Pool Fund.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

**Housing Commission** - Activity for the Housing Commission for the year ended June 30, 2020 was as follows:

	July 1, 2019			June 30, 2020
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 104,253	\$ -	\$ -	\$ 104,253
Construction in progress	-	128,634	-	128,634
Total capital assets, not being depreciated	<u>104,253</u>	<u>128,634</u>	<u>-</u>	<u>232,887</u>
Capital assets, being depreciated:				
Buildings and improvements	7,203,591	38,111	15,778	7,225,924
Furniture and equipment	<u>262,435</u>	<u>32,229</u>	<u>-</u>	<u>294,664</u>
Total capital assets, being depreciated	7,466,026	70,340	15,778	7,520,588
Less accumulated depreciation	<u>5,782,087</u>	<u>253,427</u>	<u>15,778</u>	<u>6,019,736</u>
Total capital assets being depreciated, net	<u>1,683,939</u>	<u>( 183,087)</u>	<u>-</u>	<u>1,500,852</u>
Housing Commission capital assets, net	<u>\$ 1,788,192</u>	<u>\$ ( 54,453)</u>	<u>\$ -</u>	<u>\$ 1,733,739</u>

Depreciation expense for the year ended June 30, 2020 was \$253,427.

**NOTE 6 - PAYABLES:**

Payables in the governmental and business-type activities are as follows:

	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Accounts payable/accrued liabilities	\$ 843,473	\$ 65,010
Accrued wages and fringe benefits	<u>77,943</u>	<u>21,829</u>
	<u>\$ 921,416</u>	<u>\$ 86,839</u>

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:**

The composition of interfund balances as of June 30, 2020 is as follows:

**Due To/From Other Funds -**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Golf Fund	\$ 6,626 (1)
Healthcare Fund	Golf Fund	20,594 (1)
Employee Vacation & Sick Fund	Golf Fund	<u>1,393 (1)</u>
		<u>\$ 28,613</u>

**Advance To/From Other Funds -**

General Fund	Water Supply System Fund	<u>\$ 706,500 (5)</u>
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**Transfers From/To Other Funds -**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Cemetery Perpetual Care Fund	\$ 16,000 (2)
	Drug Law Enforcement Fund	20,000 (2)
Local Streets Fund	General Fund	264,445 (2)
	Motor Vehicle Highway Fund	330,000 (3)
Public Improvement Fund	General Fund	600,000 (2)
	Cemetery Perpetual Care Fund	33,000 (3)
Park & Recreation Fund	General Fund	79,174 (2)
Building Authority Debt Fund	General Fund	70,579 (4)
	Wastewater Fund	47,232 (4)
	Water Supply System Fund	47,232 (4)
	Equipment Rental Fund	47,232 (4)
Golf Course Fund	General Fund	137,192 (2)
Equipment Rental Fund	General Fund	<u>30,000 (3)</u>
		<u>\$ 1,722,086</u>

- (1) Amount due for reimbursement of costs
- (2) Annual appropriation
- (3) Appropriation for construction/equipment
- (4) Rent
- (5) Advance for capital improvements

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 - LONG-TERM DEBT:**

The following is a summary of changes in the long-term debt (including current portions) for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Funds -					
Direct Borrowing -					
Capital Leases	\$ 135,408	\$ -	\$ 31,487	\$ 103,921	\$ 33,695
2016 General Obligation					
Refunding Bonds	1,731,227	-	261,135	1,470,092	276,135
Bond Premium	<u>117,022</u>	<u>-</u>	<u>17,342</u>	<u>99,680</u>	<u>17,342</u>
Total Governmental Funds	1,983,657	-	309,964	1,673,693	327,172
Internal Service Funds -					
Accrued Vacation and Sick	<u>418,820</u>	<u>52,741</u>	<u>-</u>	<u>471,561</u>	<u>-</u>
Total Governmental Activities	<u>2,402,477</u>	<u>52,741</u>	<u>309,964</u>	<u>2,145,254</u>	<u>327,172</u>
<u>Business-type Activities:</u>					
Enterprise Funds -					
Direct Borrowing -					
Wastewater Fund -					
2016 General Obligation					
Refunding Bond	316,800	-	19,200	297,600	19,200
Wastewater System Junior					
State Revolving Funds -					
Series 5303-01	1,565,000	-	115,000	1,450,000	115,000
Series 5366-01	6,455,000	-	425,000	6,030,000	435,000
Clean Water Program 2003	900,000	-	140,000	760,000	145,000
Bond Premium	<u>24,528</u>	<u>-</u>	<u>1,887</u>	<u>22,641</u>	<u>1,887</u>
Total Wastewater Fund	<u>9,261,328</u>	<u>-</u>	<u>701,087</u>	<u>8,560,241</u>	<u>716,087</u>
Water Fund -					
2016 General Obligation					
Refunding Bond	1,066,973	-	64,665	1,002,308	64,665
Bond Premium	<u>82,612</u>	<u>-</u>	<u>6,355</u>	<u>76,257</u>	<u>6,355</u>
Total Water Fund	<u>1,149,585</u>	<u>-</u>	<u>71,020</u>	<u>1,078,565</u>	<u>71,020</u>
Total Business-type Activities	<u>10,410,913</u>	<u>-</u>	<u>772,107</u>	<u>9,638,806</u>	<u>787,107</u>
Total Primary Government	<u>\$ 12,813,390</u>	<u>\$ 52,741</u>	<u>\$ 1,082,071</u>	<u>\$ 11,784,060</u>	<u>\$ 1,114,279</u>
<u>Housing Commission:</u>					
Other Liabilities -					
Accrued Compensated Absences	<u>\$ 8,233</u>	<u>\$ 1,108</u>	<u>\$ -</u>	<u>\$ 9,341</u>	<u>\$ 6,521</u>



**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

Significant details regarding outstanding long-term debt (including current portions) are presented as follows:

**Primary Government -**

**Governmental Activities:**

**Capital Leases -**

The City entered into a lease purchase agreement for copiers in the amount of \$13,782. Payments are due in monthly installments of \$272 including interest of 6.87% through June 2023. The assets had a net book value of \$11,944 at June 30, 2020.

\$ 8,828

The City entered into a lease purchase agreement for grounds equipment in the amount of \$151,659. Payments are due in monthly installments of \$2,831 including interest of 4.55% through May 2021. The assets had a net book value of \$105,681 at June 30, 2020.

95,093

\$ 103,921

**Bonds -**

On March 15, 2016, the City issued \$3,945,000 General Obligation Limited Tax Refunding Bonds, Series 2016, to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for the 2005 Building Authority Refunding Bonds and the 2006 General Obligation Bonds. As a result, the portion of those bonds that was refunded has been removed from the City's financial statements. The bonds are due in annual installments ranging from \$105,000 to \$380,000 through October 2031 plus interest ranging from 3.00% to 4.00%, payable semi-annually.

\$ 1,470,092

**Compensated Absences -**

In accordance with contracts negotiated with various employee groups of the City of Marysville, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. Accrued vacation and sick of \$471,561 has been recorded as a long-term liability in the Employee Vacation and Sick Fund (Internal Service Fund).

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

**Business-type Activities:**

**Bonds/Loans -**

On March 15, 2016, the City issued \$3,945,000 General Obligation Limited Tax Refunding Bonds, Series 2016, to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for the 2005 Building Authority Refunding Bonds and the 2006 General Obligation Bonds. As a result, the portion of those bonds that was refunded has been removed from the City's financial statements. The bonds are due in annual installments ranging from \$105,000 to \$380,000 through October 2031 plus interest ranging from 3.0% to 4.0%, payable semi-annually. \$ 1,299,908

The Clean Water Program Loan for the purpose of eliminating discharge into the St. Clair River in the original amount of \$2,550,000 is due in annual installments ranging from \$145,000 to \$160,000 through October 1, 2024 plus interest of 2.5%, payable semi-annually. 760,000

State Revolving Fund (SRF) Wastewater General Obligation Limited Tax Bonds were issued to finance the construction and improvement to the City's sanitary sewer system, of which 40% of the bonds were forgivable under the American Recovery and Reinvestment Act of 2009. The bonds are shown net of the forgivable portion.

2009 Bonds (Series 5303-01) in the original amount of \$3,955,000 is due in annual installments ranging from \$115,000 to \$150,000 through October 1, 2030 with interest of 2.5%, payable semi-annually. 1,450,000

2010 Bonds (Series 5366-01) in the original amount of \$15,260,000 with interest of 2.5%, of which \$6,104,000 was forgivable. Principal payments are due in annual installments of \$435,000 to \$575,000 through October 2031. 6,030,000  
\$ 9,539,908

The proceeds of the 2016 Refunding Bond issues were placed in a special escrow account and is invested in securities of the U.S. government and its agencies. The maturities of these investments coincide with the principal and interest on the extinguished debts and are sufficient to pay all principal and interest on the 2006 and 2005 Refunding Bonds when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in these financial statements. At June 30, 2020, the defeased bonds outstanding were \$2,450,000 and \$465,000 for the 2006 and 2005 Refunding Bonds, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

The annual requirements to pay the debt outstanding at June 30, 2020 (excluding accrued compensated absences) are as follows:

Year Ending June 30,	Governmental Activities			
	Capital Leases		Refunding Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 33,695	\$ 4,222	\$ 276,135	\$ 44,920
2022	37,319	2,621	298,930	36,295
2023	32,907	942	63,928	30,851
2024	-	-	85,973	28,603
2025	-	-	83,769	26,056
2026-2030	-	-	454,115	87,682
2031-2032	-	-	207,242	8,289
	<u>\$ 103,921</u>	<u>\$ 7,785</u>	<u>\$ 1,470,092</u>	<u>\$ 262,696</u>

  

Year Ending June 30,	Business-type Activities			
	State Revolving Fund/ Clean Water Bond		Refunding Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 695,000	\$ 197,247	\$ 83,865	\$ 44,030
2022	720,000	179,562	81,071	41,556
2023	730,000	161,436	81,071	39,124
2024	750,000	142,935	109,027	36,272
2025	770,000	123,968	106,231	33,044
2026-2030	3,290,000	370,374	575,885	111,193
2031-2032	1,285,000	30,438	262,758	10,511
	<u>\$ 8,240,000</u>	<u>\$ 1,205,960</u>	<u>\$ 1,299,908</u>	<u>\$ 315,730</u>

**Component Unit -**

**Accrued Compensated Absences** - Represent unpaid vacation and sick due to the employees of the Housing Commission upon termination of employment. As of June 30, 2020, the liability for these benefits was \$9,341.

**NOTE 9 - RETIREMENT PLANS:**

The City has two single employer-defined benefit retirement plans covering substantially all employees as follows:

- General City Employee Retirement System
- Police Officers and Firefighters Retirement System

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

**Summary of Significant Accounting Policies -**

*Basis of Accounting*

The plans utilize the accrual basis of accounting and are reported within the City's reporting entity as separate Pension Trust Funds. Contributions from employees are recognized as revenues in the period in which employees provide the services.

*Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**General City Employees Retirement System -**

*Plan Description*

General City Employees Retirement System (GCERS) - was established by City Council in 1945 for the purpose of continuing and providing retirement income to certain employees and retired employees and survivor benefits to their eligible beneficiaries. GCERS is administered, managed and operated by a five (5) member Board of Trustees, which is composed of the Mayor of the City of Marysville, one (1) council member selected by the City Council, a citizen who is not a member, and two (2) members of GCERS. GCERS may be amended by the Board of Trustees as listed. GCERS is audited within the scope of the audit of the basic financial statements; separate audited financial statements are not issued.

The membership at June 30, 2020 was comprised of 38 active participants, 54 retirees and beneficiaries, and 8 other vested inactive participants.

In general, all employees are eligible for retirement on attainment of age 60 or 62 with 5 years of service or age 55 with 25 years of service. The annual normal pension payable is equal to 2.25% of final average compensation multiplied by the number of years of credited service.

*Pension Plan Investments - Policy and Rate of Return*

**Investment Policy** - GCERS' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board of Trustees (the "Board") by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	40 %
US Small/Mid Cap Equity	20
International Equity	15
US Core Bonds	20
Cash Equivalents	5

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

**Rate of Return** - For the year ended June 30, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 6.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Contributions and Funding Policy*

Participants contribute 8.00% of compensation with the remaining amount contributed by the City based on actuarially determined amounts. Most administrative costs of GCERS are paid with plan assets.

For fiscal year 2020, the annual required contribution (actuarially determined) was \$684,137 (31.24% of valuation payroll) and the actual contribution was \$1,041,867.

*Net Pension Liability of GCERS*

The net pension liability of GCERS has been measured as of June 30, 2020 and is composed of the following:

	<u>Total Pension Liability</u>	<u>GCERS' Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 27,098,881	\$ 16,757,510	\$ 10,341,371
Service cost	270,830	-	270,830
Interest on total pension liability	1,975,612	-	1,975,612
Net investment income	-	1,043,634	( 1,043,634)
Expected and actual difference	131,286	-	131,286
Contributions from employer	-	1,041,867	( 1,041,867)
Contributions from employees	-	192,471	( 192,471)
Benefit payments	( 1,785,606)	( 1,785,606)	-
Administrative costs	-	( 24,325)	24,325
Ending balance	<u>\$ 27,691,003</u>	<u>\$ 17,225,551</u>	<u>\$ 10,465,452</u>

GCERS fiduciary net position as a percentage of the total pension liability 62.21%

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -*

For the year ended June 30, 2020, the City recognized pension expense of \$1,253,870 for GCERS in the government-wide and proprietary fund financial statements of the primary government. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for GCERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 203,557	\$ 76,880
Net difference between projected and actual earnings on GCERS investments	<u>192,972</u>	<u>-</u>
	<u>\$ 396,529</u>	<u>\$ 76,880</u>

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - RETIREMENT PLANS - (cont'd):**

The amounts of deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2021	\$ 63,476
2022	119,072
2023	98,780
2024	<u>38,321</u>
	<u>\$ 319,649</u>

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of June 30, 2020. The valuation used the following actuarial assumptions included in the measurement:

Salary Increases	4.00%
Investment Rate of Return	7.50%

Mortality Rates - Mortality rates were based on the RP 2000 Combined Healthy Annuitant Mortality Table projected to 2014.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

*Projected Cash Flows* - Based on those assumptions, GCERS' fiduciary net position was projected to be available to make 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 GCERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of GCERS investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2020 for each asset class included in GCERS' target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	5.00 - 10.00 %
Global Fixed Income/Credit	2.20 - 8.00
Real Assets	4.50 - 10.00
Diversifying Strategies	4.00 - 5.50
Money Markets	1.50

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate -*

The following presents the net pension liability of GCERS, calculated using the discount rate of 7.50 percent, as well as what GCERS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability of GCERS	\$ <u>13,431,996</u>	\$ <u>10,465,452</u>	\$ <u>7,943,256</u>

**Police Officers and Firefighters Retirement System**

*Plan Description*

The Police Officers and Firefighters Retirement System (POFRS) was established by City Charter in 1965 for the purpose of providing pensions for police officers and firefighters who retire on account of superannuation or total and permanent disability and to provide survivor pensions to certain dependents. POFRS is administered, managed, and operated by a five- (5) member Board of Trustees, which is comprised of the Mayor or his appointee (must be a Council member), one (1) council member selected by the City Council, a citizen who is not a member, one (1) police officer member, and one (1) firefighter member. POFRS may be amended by the Board of Trustees as listed. POFRS is audited within the scope of the audit of the basic financial statements; separate audited financial statements are not issued.

The membership at June 30, 2020 was comprised of 23 active participants and 25 retirees and beneficiaries.

In general, all employees are eligible for normal retirement on attainment of age 55 and 5 years of service. The annual normal pension payable is equal to 2.50% of final salary multiplied by the number of years of credited service, subject to a maximum of 25 years, plus 2.00% of final average salary multiplied by the number of years of credited service in excess of 25 years.

*POFRS Investments - Policy and Rate of Return*

**Investment Policy** - POFRS' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board of Trustees (the "Board") by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	40.00 %
US Small/Mid Cap Equity	20.00
International Equity	15.00
US Core Bonds	20.00
Cash Equivalents	5.00

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

**Rate of Return** - For the year ended June 30, 2020, the annual money-weighted rate of return on POFRS investments, net of POFRS investment expense, was 7.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Contributions and Funding Policy*

Participants contribute 8.00% of compensation with the remaining amount contributed by the City based on actuarially determined amounts. Most administrative costs of POFRS are paid with POFRS assets.

For fiscal year 2020, the annual required contribution (actuarially determined) was \$855,334 (43.71% of valuation payroll) and the actual contribution was \$1,262,773.

*Net Pension Liability of POFRS*

The net pension liability of POFRS has been measured as of June 30, 2020 and is composed of the following:

	<u>Total Pension Liability</u>	<u>POFRS' Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 26,071,145	\$ 13,716,563	\$ 12,354,582
Service cost	364,272	-	364,272
Interest on total pension liability	1,908,728	-	1,908,728
Net investment income	-	956,487	( 956,487)
Expected and actual differences	( 682,216)	-	( 682,216)
Contributions from employer	-	1,262,773	( 1,262,773)
Contributions from employees	-	159,188	( 159,188)
Benefit payments	( 1,607,155)	( 1,607,155)	-
Administrative costs	<u>-</u>	<u>( 23,432)</u>	<u>23,432</u>
Ending balance	<u>\$ 26,054,774</u>	<u>\$ 14,464,424</u>	<u>\$ 11,590,350</u>

POFRS fiduciary net position as a percentage of the total pension liability 55.52%



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**NOTE 9 - RETIREMENT PLANS - (cont'd):**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -*

For the year ended June 30, 2020, the City recognized pension expense of \$1,328,805 for POFRS in the government-wide financial statements of the primary government. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for POFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 531,982
Changes of assumptions	5,279	-
Net difference between projected and actual earnings on POFRS investments	<u>309,225</u>	<u>-</u>
	<u>\$ 314,504</u>	<u>\$ 531,982</u>

The amounts of deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2021	\$( 135,025)
2022	( 103,660)
2023	4,661
2024	<u>16,546</u>
	<u>\$( 217,478)</u>

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of June 30, 2020. The valuation used the following actuarial assumptions in the measurement:

Salary Increases	4.00%
Investment Rate of Return	7.50%

*Mortality Rates* - Mortality rates were based on the RP 2000 Combined Healthy Annuitant Mortality Table projected to 2014.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

*Projected Cash Flows* - Based on those assumptions, POFRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on POFRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

The long-term expected rate of return on POFRS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of POFRS investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2020 for each asset class included in POFRS' target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	5.00 - 10.00 %
Global Fixed Income/Credit	2.20 - 8.00
Real Assets	4.50 - 10.00
Diversifying Strategies	4.00 - 5.50
Money Markets	1.50

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of POFRS, calculated using the discount rate of 7.50 percent, as well as what POFRS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability of POFRS	\$ <u>14,412,595</u>	\$ <u>11,590,350</u>	\$ <u>9,200,279</u>

**NOTE 10 - POSTEMPLOYMENT BENEFITS:**

**Plan Description -**

The City of Marysville, Michigan administers the City Retiree Health Plan (the "OPEB Plan"), a single-employer defined benefit other postemployment benefit (OPEB) plan that provides postemployment benefits, other than pension, for eligible retirees. Management of the OPEB Plan is provided by the City Council which consists of 7 members. The OPEB Plan does not issue a publicly available financial report as it is audited within the financial report of the City.

**Summary of Significant Accounting Policies -**

The basis of accounting and method used to value investments are the same as the retirement plans outlined in Note 9.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (cont'd):**

**Benefits Provided -**

The City provides health, dental, vision, prescription drug, and death benefits to certain full-time employees upon retirement. Union employees hired prior to July 1, 2013 are eligible for benefits for themselves, their spouse, and their eligible dependents. All union employees hired after that date are not eligible for benefits. Administrative employees hired prior to December 1, 2005 who retire directly from the City are eligible for retiree health for themselves, their spouse, and their eligible dependents. Administrative employees hired prior to December 1, 2005 who terminate employment with 10 or more years of continuous service and defer retirement until normal retirement age are eligible at normal retirement for benefits for themselves only. Administrative employees hired after December 1, 2005 and who retire directly, not deferred, after 20 years of continuous employment are eligible for retiree health benefits.

**Plan Membership -**

At June 30, 2019, OPEB Plan membership consisted of 41 active members and 80 inactive members or beneficiaries receiving benefits.

**Investment Policy -**

The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members.

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 asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy and the best estimates of arithmetic real rates of return for each asset class as of June 30, 2020 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Large-cap	45 %
Mid-cap	7
Small-cap	4
International	12
Real Assets	2
Fixed Income	28
Cash	<u>2</u>
TOTAL	<u><u>100 %</u></u>

Long-term expected real rate of return is 7.50% over all assets.

**CITY OF MARYSVILLE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (cont'd):**

**Rate of Return -**

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB Plan investments, net of investment expense, is 6.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Contribution and Funding Policy -**

The OPEB Plan does not require any contributions. During the year ended June 30, 2020, the actuarially determined contribution was \$973,861. There were no contributions made during the year ended June 30, 2020. The actuarial valuation dated June 30, 2019 determined a required contribution of 32.35% (9.41% for normal costs and 22.94% for the amortization of unfunded actuarial liabilities) of covered payroll. There are no required member contributions.

The contributions of the OPEB Plan members and the City are established and may be amended by the City Council. Most administrative costs of the OPEB Plan are paid with OPEB Plan assets.

The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

*Net OPEB Liability of the OPEB Plan -*

The net OPEB liability of the City has been measured by an actuarial valuation as of June 30, 2019, which used updated procedures to roll forward the estimated liability to June 30, 2020, and is composed of the following:

	<u>Total OPEB Liability</u>	<u>OPEB Plan's Net Position</u>	<u>Net OPEB Liability</u>
Beginning balance	\$ 22,533,425	\$ 13,980,296	\$ 8,553,129
Service cost	294,979	-	294,979
Interest on total OPEB liability	1,659,819	-	1,659,819
Net investment income	-	930,018	( 930,018)
Expected and actual differences	( 798,380)	-	( 798,380)
Benefit payments	( 1,099,988)	( 1,099,988)	-
Administrative expenses	<u>-</u>	<u>( 1,450)</u>	<u>( 1,450)</u>
Ending balance	<u>\$ 22,589,855</u>	<u>\$ 13,808,876</u>	<u>\$ 8,780,979</u>
OPEB Plan fiduciary net position as a percentage of the total pension liability			61.13%

**CITY OF MARYSVILLE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (cont'd):**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan -*

For the year ended June 30, 2020, the City recognized OPEB expense of \$(631,410) for the OPEB Plan in the government-wide and proprietary fund financial statements of the primary government. At June 30, 2020, the City reported deferred outflows and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 564,033
Net difference between projected and actual earnings on OPEB Plan investments	<u>13,995</u>	<u>-</u>
	<u>\$ 13,995</u>	<u>\$ 564,033</u>

The amounts of deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

2021	\$( 449,881)
2022	( 151,976)
2023	36,379
2024	<u>15,440</u>
	<u>\$( 550,038)</u>

**Actuarial Assumptions -**

The total OPEB liability was determined by an actuarial valuation at June 30, 2020. The valuation used the following assumptions included in the measurement:

Investment Rate of Return - 7.50%

Mortality Rates - Based on the RP 2000 Combined Healthy Annuitant Mortality Table projected to 2014

Healthcare Cost Trend Rate - 6.00% graded down to 4.50% in 0.10% increments

Projected Cash Flows - The OPEB Plan's fiduciary net position was projected to cover projected future benefit payments of current and active members. This projection assumes the City makes the annual recommended actuarially determined contribution, as well as the other assumptions described above. Should the City not make all actuarially determined contributions, the OPEB liability would increase significantly.

**CITY OF MARYSVILLE**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (cont'd):**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the net OPEB liability of the City, calculated using the discount rate of 7.50% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ <u>11,879,119</u>	\$ <u>8,780,979</u>	\$ <u>6,246,351</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 6.00% graded down in 0.10% increments to 4.50% after 10 years, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ <u>5,055,385</u>	\$ <u>8,780,979</u>	\$ <u>10,273,460</u>

**NOTE 11 - DEFERRED COMPENSATION:**

The City offers their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A trust, custodial account, or annuity contract exists, assets are owned or held by the trust, custodian, or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

**NOTE 12 - RISK MANAGEMENT:**

**General Liability and Property -**

The City's liability and property insurance plan carries \$9,000,000 of liability coverage and approximately \$37,000,000 of property insurance with a \$5,000 per claim deductible on property and \$1,000 on liability.

**Workers' Compensation -**

The City participates in the Michigan Municipal Workers' Compensation Self-Insurance Fund administered by the Michigan Municipal League. The fund provides coverage of workers compensation claims subject to a maximum of \$2,000,000 per occurrence.

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - RISK MANAGEMENT - (cont'd):**

**Health Insurance/Pharmacy Charges -**

The City is self-insured for healthcare benefits with the administered services of the program being performed on a contracted basis by a third party. The City pays claims up to \$25,000 per contract, per year. Stop loss insurance has been purchased to insure the City against losses in excess of these limits. Based on past history, the City has estimated the accrual for healthcare claims, including an estimate for claims incurred but not reported (IBNR) of \$43,175, which is recorded as a current liability in the various funds.

Changes in the balance of claim liability during the past two years are as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning of year	\$ 48,474	\$ 42,322
Insured claims (including IBNR's)	1,905,052	1,915,227
Claims Paid	<u>( 1,910,351)</u>	<u>( 1,909,075)</u>
Unpaid claims, end of year	<u>\$ 43,175</u>	<u>\$ 48,474</u>

**NOTE 13 - SUMMARY OF INSPECTION DEPARTMENT:**

The following schedule presents the City's inspection department revenues and expenditures in accordance with Public Act 245 of 1999:

Revenues:	<u>\$ 83,668</u>
Expenditures:	
Salaries and Wages	78,366
Benefits	6,370
Contractual Services	24,807
Supplies	4,667
Utilities	3,802
Maintenance	2,524
Other	<u>28,530</u>
	<u>149,066</u>
Revenues under expenditures	( 65,398)
Over expenditure in prior years	<u>( 82,291)</u>
Cumulative deficit	<u>\$( 147,689)</u>

**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 14 - FUND BALANCE/NET POSITION:**

**Restricted Fund Balance/Net Position -**

The fund balances and net position of the Primary Government have been restricted for the following purposes at June 30, 2020:

Governmental Funds/Activities:

Streets -

Motor Vehicle Highway	\$ 8,397
Major Street	751,143
Local Street	<u>130,489</u>
	890,029

Cemetery -

Perpetual Care - Expendable	218,579
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Debt Service - Building Authority	17
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Acquisition/Construction of Assets -

Public Improvement	142,413
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Public Safety -

Drug Law Enforcement	50,725
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Recreation and Cultural -

Parks and Recreation	<u>78,880</u>
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Total Restricted Fund Balance - Governmental Funds	1,380,643
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Perpetual Care - Nonspendable	<u>288,474</u>
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Total Restricted Net Position - Governmental Activities	<u>\$ 1,669,117</u>
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Business-type Activities:

Waterfront improvements	<u>\$ 6,000</u>
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**Committed Fund Balance -**

At June 30, 2020, City Council had committed the following fund balances:

Industrial Development - General Fund	<u>\$ 207,408</u>
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Capital Projects -

Ambulance	1,094,688
Building Authority	<u>17</u>
	<u>1,094,705</u>

Recreation and Cultural -

Parks and Recreation	69,836
Golf Course	<u>35,512</u>
	<u>105,348</u>

Total Committed Fund Balance	<u>\$ 1,407,461</u>
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**CITY OF MARYSVILLE**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 14 - FUND BALANCE/NET POSITION - (cont'd):**

**ASSIGNED FUND BALANCE:**

At June 30, 2020, the City had assigned the following fund balances:

City Hall building	\$ 75,000
Park capital projects	350,000
Library	19,382
Industrial development	25,000
2020/21 operations	<u>1,471,178</u>
	<u>\$ 1,940,560</u>

**NOTE 15 - TAX ABATEMENTS:**

The City has received reduced property tax revenues during 2020 as a result of industrial facilities tax exemptions (IFT's). The IFT's were entered into based upon the Industrial Development Districts Act, PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$375,000 in reduced City tax revenues in the General Fund.

**NOTE 16 - SUBSEQUENT EVENT/COVID-19:**

Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been mandates from federal, state, and local authorities requiring forced closures of non-essential businesses and stay-at-home orders for most states, including Michigan, which could negatively impact the City's activities and funding. Given the evolving nature of this global emergency, its financial impact is unknown.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF MARYSVILLE, MICHIGAN

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

#### BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,595,000	\$ 6,595,000	\$ 6,621,119	\$ 26,119
Licenses and permits	280,000	280,000	241,116	( 38,884)
Intergovernmental - Federal/State	1,627,500	1,631,500	2,073,228	441,728
Charges for services	399,200	399,200	401,877	2,677
Fines and forfeits	10,000	10,000	10,889	889
Interest and rents	112,756	112,756	289,115	176,359
Other	95,300	95,300	79,231	( 16,069)
Total Revenues	9,119,756	9,123,756	9,716,575	592,819
<b>Expenditures:</b>				
Current -				
General Government:				
Legislative	21,890	21,890	18,172	3,718
Elections	22,126	22,126	20,970	1,156
City Manager	199,916	199,916	194,277	5,639
City Assessor/Clerk/Treasurer	425,189	425,189	402,414	22,775
Board of review	1,887	1,887	1,497	390
Community development	34,942	29,942	29,549	393
General administration	256,605	256,605	342,962	( 86,357)
	962,555	957,555	1,009,841	( 52,286)
Less: Reimbursement from other funds	-	-	( 103,625)	103,625
Total General Government	962,555	957,555	906,216	51,339
Public Safety:				
Fire department	-	544	544	-
Public safety department	3,363,802	3,363,258	3,087,948	275,310
Emergency management	19,350	15,000	10,657	4,343
Building inspections	185,180	175,180	149,066	26,114
Total Public Safety	3,568,332	3,553,982	3,248,215	305,767
Public Works:				
Department of public works	733,435	733,435	689,309	44,126
Street lighting	175,390	182,890	182,463	427
Cemetery	180,542	160,542	133,290	27,252
Dial-A-Ride	76,500	76,500	79,125	( 2,625)
Sanitation	675,000	675,000	608,916	66,084
	1,840,867	1,828,367	1,693,103	135,264
Less: Reimbursement from other funds	( 176,405)	( 176,405)	( 132,075)	( 44,330)
Total Public Works	1,664,462	1,651,962	1,561,028	90,934

Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreational and Cultural:				
Parks	\$ 373,964	\$ 368,964	\$ 363,717	\$ 5,247
Beautification committee	18,145	15,145	4,562	10,583
Library	16,088	16,588	15,618	970
Historical commission	22,226	17,226	8,470	8,756
Total Recreational and Cultural	<u>430,423</u>	<u>417,923</u>	<u>392,367</u>	<u>25,556</u>
Other	<u>1,760,218</u>	<u>1,776,523</u>	<u>1,857,398</u>	<u>( 80,875)</u>
Capital Outlay	<u>99,400</u>	<u>68,000</u>	<u>54,358</u>	<u>13,642</u>
Debt Service -				
Principal	66,135	66,135	68,697	( 2,562)
Interest	37,204	37,204	37,204	-
Total Debt Service	<u>103,339</u>	<u>103,339</u>	<u>105,901</u>	<u>( 2,562)</u>
Total Expenditures	<u>8,588,729</u>	<u>8,529,284</u>	<u>8,125,483</u>	<u>403,801</u>
Revenues over expenditures	<u>531,027</u>	<u>594,472</u>	<u>1,591,092</u>	<u>996,620</u>
<b>Other Financing Sources (Uses):</b>				
Sale of asset	-	-	389,333	389,333
Transfers In	40,000	36,000	36,000	-
Transfers Out	( 1,121,945)	( 1,181,390)	( 1,181,390)	-
Total Other Financing Sources (Uses)	<u>( 1,081,945)</u>	<u>( 1,145,390)</u>	<u>( 756,057)</u>	<u>389,333</u>
Net Change in Fund Balance	( 550,918)	( 550,918)	835,035	1,385,953
Fund Balance at beginning of year	<u>8,001,203</u>	<u>8,001,203</u>	<u>8,001,203</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 7,450,285</u>	<u>\$ 7,450,285</u>	<u>\$ 8,836,238</u>	<u>\$ 1,385,953</u>
<b>Reconciliation of Budget-Basis to GAAP-Basis Reporting:</b>				
Net Change in General Fund				
Fund Balance - Budgetary-Basis			\$ 835,035	
Perspective Difference -				
Other Budgeted Fund Net Change allocated to the General Fund for GAAP-Basis General Fund				
Industrial Development Fund			( 12,874)	
Net Change in Fund Balance - GAAP-Basis			<u>\$ 822,161</u>	

**CITY OF MARYSVILLE, MICHIGAN**

**LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 319,000	\$ 286,192	\$ 330,197	\$ 44,005
Interest	-	-	17,878	17,878
Other	8,000	3,000	1,789	( 1,211)
Total Revenues	327,000	289,192	349,864	60,672
<b>Expenditures:</b>				
Current -				
Public Works:				
Routine maintenance	320,828	320,828	284,264	36,564
Traffic services maintenance	44,167	44,167	27,092	17,075
Winter maintenance	299,794	299,794	176,209	123,585
Administration/engineering	6,763	6,763	7,616	( 853)
Construction	565,000	565,000	789,646	( 224,646)
Total Expenditures	1,236,552	1,236,552	1,284,827	( 48,275)
Revenues under expenditures	( 909,552)	( 947,360)	( 934,963)	12,397
<b>Other Financing Sources:</b>				
Transfers in	565,000	594,445	594,445	-
Net Change in Fund Balance	( 344,552)	( 352,915)	( 340,518)	12,397
Fund Balance at beginning of year	471,007	471,007	471,007	-
Fund Balance at end of year	\$ 126,455	\$ 118,092	\$ 130,489	\$ 12,397

**CITY OF MARYSVILLE, MICHIGAN**  
**GENERAL CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENT RETURNS**

	Annual money-weighted rate of return, net of investment expenses
	<hr/>
2020	6.37%
2019	6.19%
2018	8.79%
2017	9.22%
2016	-6.08%
2015	-2.99%
2014	14.84%

\* GASB Statement No. 67 was implemented for fiscal year ended June 30, 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

# CITY OF MARYSVILLE, MICHIGAN

## GENERAL CITY EMPLOYEES' RETIREMENT SYSTEM SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018
<b>Total Pension Liability</b>			
Service Cost	\$ 270,830	\$ 324,725	\$ 282,730
Interest	1,975,612	1,919,988	1,920,369
Differences between expected and actual experience	131,286	284,447	( 538,157)
Change in assumptions	-	-	-
Benefit payments, including refunds	( 1,785,606)	( 1,735,507)	( 1,646,537)
	<u>592,122</u>	<u>793,653</u>	<u>18,405</u>
Change in total pension liability			
Total pension liability, beginning of year	<u>27,098,881</u>	<u>26,305,228</u>	<u>26,286,823</u>
Total pension liability, end of year	<u><u>\$ 27,691,003</u></u>	<u><u>\$ 27,098,881</u></u>	<u><u>\$ 26,305,228</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,041,867	\$ 1,017,228	\$ 1,027,450
Contributions - Member	192,471	180,875	184,393
Net investment income	1,043,634	963,084	1,318,432
Benefit payments, including refunds	( 1,785,606)	( 1,735,507)	( 1,646,537)
Administrative expenses	( 24,325)	( 26,044)	( 26,978)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	468,041	399,636	856,760
Plan fiduciary net position, beginning of year	<u>16,757,510</u>	<u>16,357,874</u>	<u>15,501,114</u>
Plan fiduciary net position, end of year	<u><u>\$ 17,225,551</u></u>	<u><u>\$ 16,757,510</u></u>	<u><u>\$ 16,357,874</u></u>
<b>City's Net Pension Liability - Ending</b>	<u><u>\$ 10,465,452</u></u>	<u><u>\$ 10,341,371</u></u>	<u><u>\$ 9,947,354</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	62.21%	61.84%	62.18%
<b>Covered Employee Payroll</b>	\$ 2,404,958	\$ 2,189,939	\$ 2,201,882
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	435.2%	472.2%	451.8%

\* GASB Statement No. 67 was implemented for fiscal year ended June 30, 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 254,227 1,957,280	\$ 245,681 1,952,667	\$ 245,629 1,857,804	\$ 217,247 1,846,179
( 118,166)	( 523,380)	( 595,306)	( 333,882)
( 128,021)	-	1,318,205	-
<u>( 1,613,209)</u>	<u>( 1,626,229)</u>	<u>( 1,578,416)</u>	<u>( 1,609,048)</u>
352,111	48,739	1,247,916	120,496
<u>25,934,712</u>	<u>25,885,973</u>	<u>24,638,057</u>	<u>24,517,561</u>
<u>\$ 26,286,823</u>	<u>\$ 25,934,712</u>	<u>\$ 25,885,973</u>	<u>\$ 24,638,057</u>

\$ 480,103 175,201 1,331,409	\$ 436,383 168,132 ( 1,003,759)	\$ 460,017 160,854 ( 527,782)	\$ 402,234 169,379 2,472,730
( 1,613,209)	( 1,626,229)	( 1,578,416)	( 1,609,048)
( 29,079)	( 18,980)	( 15,535)	( 17,149)
<u>-</u>	<u>( 9,504)</u>	<u>( 6,871)</u>	<u>( 6,316)</u>
344,425	( 2,053,957)	( 1,507,733)	1,411,830
<u>15,156,689</u>	<u>17,210,646</u>	<u>18,718,379</u>	<u>17,306,549</u>
<u>\$ 15,501,114</u>	<u>\$ 15,156,689</u>	<u>\$ 17,210,646</u>	<u>\$ 18,718,379</u>
<u>\$ 10,785,709</u>	<u>\$ 10,778,023</u>	<u>\$ 8,675,327</u>	<u>\$ 5,919,678</u>

58.97%	58.44%	66.49%	75.97%
\$ 2,201,882	\$ 2,079,266	\$ 2,100,013	\$ 1,962,528
489.8%	518.4%	413.1%	301.6%



# CITY OF MARYSVILLE, MICHIGAN

## GENERAL CITY EMPLOYEES' RETIREMENT SYSTEM SCHEDULE OF CITY CONTRIBUTIONS

	Actuarially determined contributions (ADC)	Contributions in relation to ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$ 684,137	\$ 1,041,867	\$( 357,730)	\$ 2,404,958	43.32%
2019	615,978	1,017,228	( 401,250)	2,189,939	46.45%
2018	614,325	1,027,450	( 413,125)	2,286,480	44.94%
2017	480,103	480,103	-	2,201,822	21.80%
2016	436,383	436,383	-	2,079,266	20.99%
2015	460,017	460,017	-	2,100,013	21.91%
2014	402,234	402,234	-	1,828,337	22.00%
2013	373,304	373,304	-	1,864,481	20.02%
2012	425,214	425,214	-	1,906,790	22.30%
2011	407,469	407,469	-	2,132,230	19.11%

**Valuation Date:** June 30 of the previous fiscal year

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of payroll, closed
Remaining Amortization Period	25 years
Asset Valuation Method	5-year smoothed market value
Inflation	2.50%
Salary Increases	4.00%, including inflation
Investment Rate of Return	7.50% for 2017 and thereafter, 7.75% for 2014-2016, and 8.0% for previous years
Retirement Age	Earliest age participant becomes eligible for normal retirement
Mortality	RP 2000 projected to 2014 beginning with the 2017 valuation, RP2000 Combined Healthy Mortality Table for previous years

**CITY OF MARYSVILLE, MICHIGAN**  
**POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENT RETURNS**

	Annual money-weighted rate of return, net of investment expenses
	<hr/>
2020	7.18%
2019	4.30%
2018	6.43%
2017	8.49%
2016	-7.09%
2015	-3.68%
2014	15.35%

\* GASB Statement No. 67 was implemented for fiscal year ended June 30, 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

# CITY OF MARYSVILLE, MICHIGAN

## POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT SYSTEM SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2019	2019	2018
<b>Total Pension Liability:</b>			
Service cost	\$ 364,272	\$ 358,774	\$ 346,030
Interest	1,908,728	1,866,396	1,884,136
Differences between expected and actual experience	( 682,216)	( 61,765)	( 65,203)
Changes in assumptions	-	-	-
Benefit payments, including refunds	( 1,607,155)	( 1,596,305)	( 1,598,676)
 Change in total pension liability	( 16,371)	567,100	566,287
 Total pension liability, beginning of year	26,071,145	25,504,045	24,937,758
 Total pension liability, end of year	<u>\$ 26,054,774</u>	<u>\$ 26,071,145</u>	<u>\$ 25,504,045</u>
 <b>Plan Fiduciary Net Position:</b>			
Contributions - Employer	\$ 1,262,773	\$ 1,230,551	\$ 1,174,069
Contributions - Member	159,188	156,546	155,287
Net investment income	956,487	690,067	788,873
Benefit payments, including refunds	( 1,607,155)	( 1,596,305)	( 1,598,676)
Administrative expenses	( 23,432)	( 29,635)	( 25,231)
Other	-	-	-
 Net change in plan fiduciary net position	747,861	451,224	494,322
 Plan fiduciary net position, beginning of year	13,716,563	13,265,339	12,771,017
 Plan fiduciary net position, end of year	<u>\$ 14,464,424</u>	<u>\$ 13,716,563</u>	<u>\$ 13,265,339</u>
 <b>City's Net Pension Liability - Ending</b>	<u>\$ 11,590,350</u>	<u>\$ 12,354,582</u>	<u>\$ 12,238,706</u>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	55.52%	52.61%	52.01%
 <b>Covered Employee Payroll</b>	\$ 1,989,850	\$ 1,956,839	\$ 1,941,086
 <b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	582.5%	631.4%	630.5%

\* GASB Statement No. 67 was implemented for fiscal year ended June 30, 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 324,912 1,843,364	\$ 303,047 1,832,666	\$ 300,240 1,708,579	\$ 304,469 1,684,480
( 175,535) 110,843	( 450,690) -	87,539 1,048,328	( 185,876) -
<u>( 1,577,427)</u>	<u>( 1,538,400)</u>	<u>( 1,551,525)</u>	<u>( 1,428,491)</u>
526,157	146,623	1,593,161	374,582
<u>24,411,601</u>	<u>24,264,978</u>	<u>22,671,817</u>	<u>22,297,235</u>
<u>\$ 24,937,758</u>	<u>\$ 24,411,601</u>	<u>\$ 24,264,978</u>	<u>\$ 22,671,817</u>
\$ 635,516 151,391 1,005,385	\$ 575,476 148,911 ( 972,913)	\$ 583,248 143,863 ( 551,584)	\$ 544,898 162,383 2,128,427
( 1,577,427)	( 1,538,400)	( 1,551,525)	( 1,428,491)
( 28,899)	( 17,555)	( 15,320)	( 17,670)
<u>-</u>	<u>( 7,943)</u>	<u>( 6,431)</u>	<u>( 5,900)</u>
185,966	( 1,812,424)	( 1,397,749)	1,383,647
<u>12,585,051</u>	<u>14,397,475</u>	<u>15,795,224</u>	<u>14,411,577</u>
<u>\$ 12,771,017</u>	<u>\$ 12,585,051</u>	<u>\$ 14,397,475</u>	<u>\$ 15,795,224</u>
<u>\$ 12,166,741</u>	<u>\$ 11,826,550</u>	<u>\$ 9,867,503</u>	<u>\$ 6,876,593</u>
51.21%	51.55%	59.33%	69.67%
\$ 1,871,942	\$ 1,863,138	\$ 1,775,066	\$ 1,766,882
650.0%	634.8%	555.9%	389.2%

# CITY OF MARYSVILLE, MICHIGAN

## POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT SYSTEM SCHEDULE OF CITY CONTRIBUTIONS

	Actuarially determined contributions (ADC)	Contributions in relation to ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$ 855,334	\$ 1,262,773	\$( 407,439)	\$ 1,989,850	63.46%
2019	805,551	1,230,551	( 425,000)	1,956,839	62.88%
2018	760,944	1,174,069	( 413,125)	1,941,086	60.49%
2017	635,516	635,516	-	1,871,942	33.95%
2016	575,476	575,476	-	1,863,138	30.89%
2015	583,248	583,248	-	1,775,066	32.86%
2014	544,898	544,898	-	1,766,882	30.84%
2013	571,900	571,900	-	1,918,654	29.81%
2012	524,243	524,243	-	1,908,243	27.47%
2011	585,213	585,213	-	1,876,414	31.19%

**Valuation Date:** June 30 of the previous fiscal year

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of payroll, closed
Remaining Amortization Period	25 years
Asset Valuation Method	4-year smoothed market value
Inflation	2.50%
Salary Increases	4.00%, including inflation
Investment Rate of Return	7.50% for 2017 and thereafter, 7.75% for 2014-2016, 8.0% for previous years
Retirement Age	Earliest age participant becomes eligible for normal retirement
Mortality	RP 2000 projected to 2014 in 2017 and thereafter RP 2000 Combined Healthy Mortality Table in 2015-2016 RP 2000 Healthy Annuitant Mortality for previous years

**CITY OF MARYSVILLE, MICHIGAN**

**RETIREE HEALTH BENEFITS  
SCHEDULE OF INVESTMENT RETURNS**

	<u>Annual money-weighted rate of return, net of investment expenses</u>
2020	6.23%
2019	6.81%
2018	9.48%
2017	9.49%

\* GASB Statement No. 74 was implemented for fiscal year ended June 30, 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

# CITY OF MARYSVILLE, MICHIGAN

## RETIREE HEALTH BENEFITS

### SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017
<b>Total OPEB Liability:</b>				
Service cost	\$ 294,979	\$ 287,727	\$ 314,689	\$ 313,221
Interest	1,659,819	1,749,778	1,763,693	1,688,589
Differences between expected and actual experience	( 798,380)	( 2,064,539)	( 1,064,942)	99,513
Benefit payments, including refunds	( 1,099,988)	( 1,252,097)	( 1,174,008)	( 1,027,324)
Other changes	-	-	27,555	-
Change in total OPEB liability	56,430	( 1,279,131)	( 133,013)	1,073,999
Total OPEB liability, beginning of year	22,533,425	23,812,556	23,945,569	22,871,570
Total OPEB liability, end of year	<u>\$ 22,589,855</u>	<u>\$ 22,533,425</u>	<u>\$ 23,812,556</u>	<u>\$ 23,945,569</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	\$ -	\$ -	\$ -	\$ 810,015
Net investment income	930,018	917,389	1,289,567	1,273,677
Benefit payments, including refunds	( 1,099,988)	( 1,252,097)	( 1,174,008)	( 1,027,323)
Administrative expenses	( 1,450)	-	( 8,900)	( 69,738)
Other	-	61,122	47,670	-
Net change in plan fiduciary net position	( 171,420)	( 273,586)	154,329	986,631
Plan fiduciary net position, beginning of year	13,980,296	14,253,882	14,099,553	13,112,922
Plan fiduciary net position, end of year	<u>\$ 13,808,876</u>	<u>\$ 13,980,296</u>	<u>\$ 14,253,882</u>	<u>\$ 14,099,553</u>
<b>City's Net OPEB Liability - Ending</b>	<u>\$ 8,780,979</u>	<u>\$ 8,553,129</u>	<u>\$ 9,558,674</u>	<u>\$ 9,846,016</u>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	61.13%	62.04%	59.86%	58.88%
<b>Covered Employee Payroll</b>	\$ 3,010,390	\$ 3,010,390	\$ 3,408,007	\$ 3,408,007
<b>City's Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	291.7%	284.1%	280.5%	288.9%

\* GASB Statement No. 74 was implemented for fiscal year ended June 30, 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

# CITY OF MARYSVILLE, MICHIGAN

## RETIREE HEALTH BENEFITS SCHEDULE OF CITY CONTRIBUTIONS

	Actuarially determined contributions (ADC)	Contributions in relation to ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$ 973,861	\$ -	\$ 973,861	\$ 3,010,390	0.00%
2019	976,570	-	976,570	3,010,390	0.00%
2018	1,105,558	-	1,105,558	3,408,007	0.00%
2017	810,015	810,015	-	3,408,007	23.77%

**Valuation Date:** June 30 of the previous odd-year fiscal year end

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Asset Valuation Method	Actual
Medical Inflation Rate	6.00%, graded down to 4.50% in 0.10% increments over 10 years
Salary Increases	4.00%
Investment Rate of Return	7.50%
Retirement Age	Earliest age participant becomes eligible for normal retirement
Mortality	RP 2000 Combined Healthy Annuitant Mortality Table Projected to 2014



## **SUPPLEMENTARY INFORMATION**

# CITY OF MARYSVILLE, MICHIGAN

## GENERAL FUND COMBINING BALANCE SHEET JUNE 30, 2020

	General Fund (Budgetary-Basis)	Industrial Development	General Fund (GAAP-Basis)
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,300,227	\$ 76,708	\$ 1,376,935
Investments	5,508,879	130,507	5,639,386
Receivables, net of allowance -			
Property taxes	28,275	-	28,275
Accounts and interest	1,410,937	193	1,411,130
Due from other governmental units	129,361	-	129,361
Due from other funds	6,626	-	6,626
Advance to other funds	706,500	-	706,500
Prepaid expenditures	66,320	-	66,320
Beneficial interest in assets held by others	25,352	-	25,352
	<u>9,182,477</u>	<u>207,408</u>	<u>9,389,885</u>
Total Assets	<u>\$ 9,182,477</u>	<u>\$ 207,408</u>	<u>\$ 9,389,885</u>
<b>Liabilities:</b>			
Accounts payable	\$ 205,580	\$ -	\$ 205,580
Accrued liabilities	62,011	-	62,011
Unearned revenue	50,205	-	50,205
Total Liabilities	<u>317,796</u>	<u>-</u>	<u>317,796</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues -			
Property taxes	28,443	-	28,443
	<u>28,443</u>	<u>-</u>	<u>28,443</u>
<b>Fund Balance:</b>			
Nonspendable -			
Prepaid expenditures	66,320	-	66,320
Beneficial interest in assets held by others	25,352	-	25,352
Advance to other funds	706,500	-	706,500
Committed	-	207,408	207,408
Assigned	1,940,560	-	1,940,560
Unassigned	6,097,506	-	6,097,506
Total Fund Balance	<u>8,836,238</u>	<u>207,408</u>	<u>9,043,646</u>
	<u>\$ 9,182,477</u>	<u>\$ 207,408</u>	<u>\$ 9,389,885</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,182,477</u>	<u>\$ 207,408</u>	<u>\$ 9,389,885</u>

# CITY OF MARYSVILLE, MICHIGAN

## GENERAL FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2020

	General Fund (Budgetary-Basis)	Industrial Development	General Fund (GAAP-Basis)
<b>Revenues:</b>			
Taxes	\$ 6,621,119	\$ -	\$ 6,621,119
Licenses and permits	241,116	-	241,116
Intergovernmental - Federal/State	2,073,228	-	2,073,228
Charges for services	401,877	-	401,877
Fines and forfeits	10,889	-	10,889
Interest and rents	289,115	7,044	296,159
Other	79,231	-	79,231
Total Revenues	<u>9,716,575</u>	<u>7,044</u>	<u>9,723,619</u>
<b>Expenditures:</b>			
Current -			
General Government	906,216	19,918	926,134
Public Safety	3,248,215	-	3,248,215
Public Works	1,561,028	-	1,561,028
Recreation and Cultural	392,367	-	392,367
Other	1,857,398	-	1,857,398
Capital outlay	54,358	-	54,358
Debt Service -			
Principal	68,697	-	68,697
Interest	37,204	-	37,204
Total Expenditures	<u>8,125,483</u>	<u>19,918</u>	<u>8,145,401</u>
Revenues over (under) expenditures	<u>1,591,092</u>	<u>( 12,874)</u>	<u>1,578,218</u>
<b>Other Financing Sources (Uses):</b>			
Sale of asset	389,333	-	389,333
Transfers in	36,000	-	36,000
Transfers out	( 1,181,390)	-	( 1,181,390)
Total Other Financing Sources (Uses)	<u>( 756,057)</u>	<u>-</u>	<u>( 756,057)</u>
Net Change in Fund Balances	835,035	( 12,874)	822,161
Fund Balance at beginning of year	<u>8,001,203</u>	<u>220,282</u>	<u>8,221,485</u>
Fund Balance at end of year	<u>\$ 8,836,238</u>	<u>\$ 207,408</u>	<u>\$ 9,043,646</u>

**CITY OF MARYSVILLE, MICHIGAN**

**INDUSTRIAL DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Interest	\$ 1,000	\$( 16,000)	\$ 7,044	\$ 23,044
<b>Expenditures:</b>				
Current -				
General Government:				
Professional fees	20,000	20,000	19,918	82
Net Change in Fund Balance	( 19,000)	( 36,000)	( 12,874)	23,126
Fund Balance at beginning of year	220,282	220,282	220,282	-
Fund Balance at end of year	<u>\$ 201,282</u>	<u>\$ 184,282</u>	<u>\$ 207,408</u>	<u>\$ 23,126</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020**

	Special Revenue Funds				
	Major Street	Drug Law Enforcement	Parks and Recreation	Golf Course	Ambulance
<b>Assets:</b>					
Cash and cash equivalents	\$ 455,562	\$ 13,880	\$ 92,704	\$ 73,385	\$ 590,254
Investments	405,326	36,928	55,249	-	489,211
Accounts and interest receivable, net	10,525	65	76	600	55,807
Due from other governmental units	109,955	-	46,755	-	-
Prepaid expenditures	3,205	-	1,846	11,831	-
Beneficial interest in assets held by others	-	-	-	-	-
Total Assets	<u>\$ 984,573</u>	<u>\$ 50,873</u>	<u>\$ 196,630</u>	<u>\$ 85,816</u>	<u>\$ 1,135,272</u>
<b>Liabilities:</b>					
Accounts payable	\$ 229,213	\$ 148	\$ 402	\$ 7,320	\$ 2,745
Accrued liabilities	1,413	-	757	9,326	-
Advances and deposits	-	-	-	5,045	-
Due to other funds	-	-	-	28,613	-
Total Liabilities	<u>230,626</u>	<u>148</u>	<u>1,159</u>	<u>50,304</u>	<u>2,745</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues -					
Grants	-	-	46,755	-	-
Charges for services	2,804	-	-	-	37,839
Total Deferred Inflows of Resources	<u>2,804</u>	<u>-</u>	<u>46,755</u>	<u>-</u>	<u>37,839</u>
<b>Fund Balance:</b>					
Nonspendable -					
Beneficial interest in assets held by others	-	-	-	-	-
Perpetual Care	-	-	-	-	-
Restricted	751,143	50,725	78,880	-	-
Committed	-	-	69,836	35,512	1,094,688
Total Fund Balance	<u>751,143</u>	<u>50,725</u>	<u>148,716</u>	<u>35,512</u>	<u>1,094,688</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 984,573</u>	<u>\$ 50,873</u>	<u>\$ 196,630</u>	<u>\$ 85,816</u>	<u>\$ 1,135,272</u>

Debt Service Fund		Capital Projects Funds		Permanent Fund	
Building Authority		Motor Vehicle Highway	Building Authority	Cemetery Perpetual Care	Total
\$	17	\$ 257	\$ 17	\$ 126,274	\$ 1,352,350
-	-	8,140	-	92,144	1,086,998
-	-	-	-	161	67,234
-	-	-	-	-	156,710
-	-	-	-	-	16,882
-	-	-	-	288,474	288,474
<u>\$ 17</u>		<u>\$ 8,397</u>	<u>\$ 17</u>	<u>\$ 507,053</u>	<u>\$ 2,968,648</u>
\$	-	\$ -	\$ -	\$ -	\$ 239,828
-	-	-	-	-	11,496
-	-	-	-	-	5,045
-	-	-	-	-	28,613
-	-	-	-	-	284,982
-	-	-	-	-	46,755
-	-	-	-	-	40,643
-	-	-	-	-	87,398
-	-	-	-	16,142	16,142
-	-	-	-	272,332	272,332
17	8,397	-	-	218,579	1,107,741
-	-	17	-	-	1,200,053
17	8,397	17	17	507,053	2,596,268
<u>\$ 17</u>	<u>\$ 8,397</u>	<u>\$ 17</u>	<u>\$ 507,053</u>	<u>\$ 2,968,648</u>	

# CITY OF MARYSVILLE, MICHIGAN

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2020

#### Special Revenue Funds

	Major Street	Drug Law Enforcement	Parks and Recreation	Golf Course	Ambulance
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	788,368	-	-	-	-
Charges for services	-	-	-	333,672	267,249
Interest and rent	21,863	2,656	2,978	180,756	25,324
Other	16,204	7,804	208,381	311	-
Total Revenues	<u>826,435</u>	<u>10,460</u>	<u>211,359</u>	<u>514,739</u>	<u>292,573</u>
<b>Expenditures:</b>					
Current -					
Public safety	-	26,981	-	-	-
Public works	811,560	-	-	-	-
Recreation and culture	-	-	247,561	587,484	-
Capital outlay	-	-	-	-	-
Debit service -					
Principal	-	-	-	28,925	-
Interest and charges	-	-	-	5,045	-
Total Expenditures	<u>811,560</u>	<u>26,981</u>	<u>247,561</u>	<u>621,454</u>	<u>-</u>
Revenues over (under) expenditures	<u>14,875</u>	<u>( 16,521)</u>	<u>( 36,202)</u>	<u>( 106,715)</u>	<u>292,573</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	79,174	137,192	-
Transfers out	-	( 20,000)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>( 20,000)</u>	<u>79,174</u>	<u>137,192</u>	<u>-</u>
Net Change in Fund Balances	14,875	( 36,521)	42,972	30,477	292,573
Fund Balances at beginning of year	<u>736,268</u>	<u>87,246</u>	<u>105,744</u>	<u>5,035</u>	<u>802,115</u>
Fund Balances at end of year	<u>\$ 751,143</u>	<u>\$ 50,725</u>	<u>\$ 148,716</u>	<u>\$ 35,512</u>	<u>\$ 1,094,688</u>

Debt Service Fund	Capital Projects Funds		Permanent Fund	
Building Authority	Motor Vehicle Highway	Building Authority	Cemetery Perpetual Care	Total
\$ -	\$ 99,210	\$ -	\$ -	\$ 99,210
-	-	-	-	788,368
-	-	-	-	600,921
-	2,942	-	7,638	244,157
-	-	-	-	232,700
-	102,152	-	7,638	1,965,356
-	-	-	-	26,981
-	-	-	-	811,560
-	-	-	-	835,045
-	6,126	-	-	6,126
195,000	-	-	-	223,925
17,275	-	-	-	22,320
212,275	6,126	-	-	1,925,957
( 212,275)	96,026	-	7,638	39,399
212,275	-	-	-	428,641
-	( 330,000)	-	( 49,000)	( 399,000)
212,275	( 330,000)	-	( 49,000)	29,641
-	( 233,974)	-	( 41,362)	69,040
17	242,371	17	548,415	2,527,228
\$ 17	\$ 8,397	\$ 17	\$ 507,053	\$ 2,596,268



**CITY OF MARYSVILLE, MICHIGAN**

**MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 750,000	\$ 689,000	\$ 788,368	\$ 99,368
Interest	5,000	5,000	21,863	16,863
Other	15,000	15,000	16,204	1,204
Total Revenues	770,000	709,000	826,435	117,435
<b>Expenditures:</b>				
Public Works -				
Routine maintenance	216,997	216,997	165,643	51,354
Traffic services maintenance	31,854	31,854	16,453	15,401
Winter maintenance	181,061	181,061	102,777	78,284
Administration/engineering	12,590	6,765	11,374	( 4,609)
Construction	581,200	587,025	515,313	71,712
Total Expenditures	1,023,702	1,023,702	811,560	212,142
Net Change in Fund Balance	( 253,702)	( 314,702)	14,875	329,577
Fund Balance at beginning of year	736,268	736,268	736,268	-
Fund Balance at end of year	<u>\$ 482,566</u>	<u>\$ 421,566</u>	<u>\$ 751,143</u>	<u>\$ 329,577</u>

**CITY OF MARYSVILLE, MICHIGAN**

**DRUG LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Interest	\$ -	\$ ( 5,735)	\$ 2,656	\$ 8,391
Other	10,000	8,735	7,804	( 931)
Total Revenues	10,000	3,000	10,460	7,460
<b>Expenditures:</b>				
Current -				
Public Safety:				
Supplies	10,000	30,000	26,981	3,019
Revenues under expenditures	-	( 27,000)	( 16,521)	4,441
<b>Other Financing Uses</b>				
Transfers out	( 20,000)	( 20,000)	( 20,000)	-
Net Change in Fund Balance	( 20,000)	( 47,000)	( 36,521)	4,441
Fund Balance at beginning of year	87,246	87,246	87,246	-
Fund Balance at end of year	<u>\$ 67,246</u>	<u>\$ 40,246</u>	<u>\$ 50,725</u>	<u>\$ 4,441</u>

**CITY OF MARYSVILLE, MICHIGAN**

**RECREATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 43,000	\$ 46,755	\$ -	\$( 46,755)
Interest	100	100	2,978	2,878
Other	110,100	174,345	208,381	34,036
Total Revenues	153,200	221,200	211,359	( 9,841)
<b>Expenditures:</b>				
Current -				
Recreation and culture	232,374	300,374	247,561	52,813
Revenues under expenditures	( 79,174)	( 79,174)	( 36,202)	42,972
<b>Other Financing Sources:</b>				
Transfers in	79,174	79,174	79,174	-
Net Change in Fund Balance	-	-	42,972	42,972
Fund Balance at beginning of year	105,744	105,744	105,744	-
Fund Balance at end of year	<u>\$ 105,744</u>	<u>\$ 105,744</u>	<u>\$ 148,716</u>	<u>\$ 42,972</u>

**CITY OF MARYSVILLE, MICHIGAN**

**GOLF COURSE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 358,750	\$ 358,750	\$ 333,672	\$( 25,078)
Interest and rent	165,500	165,500	180,756	15,256
Other	2,750	2,750	311	( 2,439)
Total Revenues	527,000	527,000	514,739	( 12,261)
<b>Expenditures:</b>				
Current -				
Recreation and culture	664,192	629,492	587,484	42,008
Debt service -				
Principal	-	25,200	28,925	( 3,725)
Interest and charges	-	9,500	5,045	4,455
Total Expenditures	664,192	664,192	621,454	42,738
Revenues under expenditures	( 137,192)	( 137,192)	( 106,715)	30,477
<b>Other Financing Sources:</b>				
Transfers in	137,192	137,192	137,192	-
Net Change in Fund Balance	-	-	30,477	30,477
Fund Balance at beginning of year	5,035	5,035	5,035	-
Fund Balance at end of year	\$ 5,035	\$ 5,035	\$ 35,512	\$ 30,477

**CITY OF MARYSVILLE, MICHIGAN**

**AMBULANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 258,000	\$ 248,000	\$ 267,249	\$ 19,249
Interest	7,000	( 45,000)	25,324	70,324
Total Revenues	265,000	203,000	292,573	89,573
<b>Expenditures:</b>				
Capital Outlay	50,000	-	-	-
Net Change in Fund Balance	215,000	203,000	292,573	89,573
Fund Balance at beginning of year	802,115	802,115	802,115	-
Fund Balance at end of year	<u>\$ 1,017,115</u>	<u>\$ 1,005,115</u>	<u>\$ 1,094,688</u>	<u>\$ 89,573</u>

**CITY OF MARYSVILLE, MICHIGAN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Equipment Rental	Healthcare	Employee Vacation and Sick	Total
<b>Assets:</b>				
Current Assets -				
Cash and cash equivalents	\$ 98,728	\$ 31,545	\$ 189,717	\$ 319,990
Investments	178,318	180,857	279,922	639,097
Accounts and interest receivable	347	671	529	1,547
Due from other funds	-	20,594	1,393	21,987
Inventories	1,264	-	-	1,264
Prepaid expenses	2,442	128,968	-	131,410
Total Current Assets	281,099	362,635	471,561	1,115,295
Non-Current Assets -				
Property, plant, and equipment	2,247,561	-	-	2,247,561
Less - accumulated depreciation	( 1,715,437)	-	-	( 1,715,437)
Total Non-Current Assets	532,124	-	-	532,124
Total Assets	813,223	362,635	471,561	1,647,419
<b>Deferred Outflows of Resources:</b>				
Related to pension plan	18,334	-	-	18,334
Related to OPEB plan	249	-	-	249
	18,583	-	-	18,583
<b>Liabilities:</b>				
Current Liabilities -				
Accounts payable	6,174	20,949	-	27,123
Accrued expenses	1,851	-	-	1,851
Total Current Liabilities	8,025	20,949	-	28,974
Long-term Liabilities (net of current portion) -				
Net OPEB liability	155,950	-	-	155,950
Net pension liability	483,889	-	-	483,889
Accrued vacation and sick	-	-	471,561	471,561
Total Long-term Liabilities	639,839	-	471,561	1,111,400
Total Liabilities	647,864	20,949	471,561	1,140,374
<b>Deferred Inflows of Resources:</b>				
Related to pension plan	3,555	-	-	3,555
Related to OPEB plan	10,017	-	-	10,017
Total Deferred Inflows of Resources	13,572	-	-	13,572
<b>Net Position:</b>				
Net investment in capital assets	532,124	-	-	532,124
Unrestricted (deficit)	( 361,754)	341,686	-	( 20,068)
Total Net Position	\$ 170,370	\$ 341,686	\$ -	\$ 512,056

**CITY OF MARYSVILLE, MICHIGAN**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

	Equipment Rental	Healthcare	Employee Vacation and Sick	Total
<b>Operating Revenues:</b>				
Charges for services	\$ -	\$ 860,465	\$ -	\$ 860,465
Rent income	541,986	-	-	541,986
Total Operating Revenues	<u>541,986</u>	<u>860,465</u>	<u>-</u>	<u>1,402,451</u>
<b>Operating Expenses:</b>				
Personnel services	227,549	940,037	14,950	1,182,536
Supplies	46,253	-	-	46,253
Other services	103,041	-	-	103,041
Depreciation	109,268	-	-	109,268
Total Operating Expenses	<u>486,111</u>	<u>940,037</u>	<u>14,950</u>	<u>1,441,098</u>
Operating Income (Loss)	55,875	( 79,572)	( 14,950)	( 38,647)
<b>Non-Operating Revenues:</b>				
Investment income	<u>9,380</u>	<u>17,273</u>	<u>14,950</u>	<u>41,603</u>
Net Income (Loss) Before Transfers	<u>65,255</u>	<u>( 62,299)</u>	<u>-</u>	<u>2,956</u>
<b>Transfers:</b>				
Transfers in	30,000	-	-	30,000
Transfers out	( 47,232)	-	-	( 47,232)
	<u>( 17,232)</u>	<u>-</u>	<u>-</u>	<u>( 17,232)</u>
Change in Net Position	48,023	( 62,299)	-	( 14,276)
Net Position at beginning of year	<u>122,347</u>	<u>403,985</u>	<u>-</u>	<u>526,332</u>
Net Position end of year	<u><u>\$ 170,370</u></u>	<u><u>\$ 341,686</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 512,056</u></u>

# CITY OF MARYSVILLE, MICHIGAN

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Equipment Rental	Healthcare	Employee Vacation and Sick	Total
<b>Cash Flows From Operating Activities:</b>				
Cash receipts from interfund services	\$ 542,109	\$ 840,298	\$ -	\$ 1,382,407
Cash payments to suppliers	( 156,160)	( 971,772)	-	( 1,127,932)
Cash payments to employees	( 231,059)	-	37,791	( 193,268)
Net Cash Provided by (Used for) Operating Activities	<u>154,890</u>	<u>( 131,474)</u>	<u>37,791</u>	<u>61,207</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers from/to other funds	( 17,232)	-	-	( 17,232)
Due from/to other funds	-	( 84,000)	( 1,710)	( 85,710)
Net Cash Used for Noncapital Financing Activities	<u>( 17,232)</u>	<u>( 84,000)</u>	<u>( 1,710)</u>	<u>( 102,942)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	<u>( 194,894)</u>	<u>-</u>	<u>-</u>	<u>( 194,894)</u>
<b>Cash Flows From Investing Activities:</b>				
Net sales of investments	<u>48,779</u>	<u>246,093</u>	<u>73,559</u>	<u>368,431</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	( 8,457)	30,619	109,640	131,802
Cash and Cash Equivalents at Beginning of Year	<u>107,185</u>	<u>926</u>	<u>80,077</u>	<u>188,188</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 98,728</u></u>	<u><u>\$ 31,545</u></u>	<u><u>\$ 189,717</u></u>	<u><u>\$ 319,990</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ 55,875	\$( 79,572)	\$( 14,950)	\$( 38,647)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation	109,268	-	-	109,268
Change in assets and liabilities:				
Receivables	123	427	-	550
Due from other funds	-	( 20,594)	-	( 20,594)
Prepaid expenses	728	( 34,749)	-	( 34,021)
Inventories	169	-	-	169
Net OPEB liability	36,912	-	-	36,912
Net pension liability	( 37,119)	-	-	( 37,119)
Deferred outflows/inflows related to the pension/OPEB plans	( 4,091)	-	-	( 4,091)
Accounts payable/accrued expenses	( 6,975)	3,014	52,741	48,780
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 154,890</u></u>	<u><u>\$( 131,474)</u></u>	<u><u>\$ 37,791</u></u>	<u><u>\$ 61,207</u></u>