

City of Plainwell
Allegan County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Plainwell, Michigan

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required supplementary information

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

Supplementary information

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

Siegfried Crandall P.C.

October 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Plainwell's (the City) financial performance provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$83,670 as a result of this year's activities. The net position of the governmental activities decreased by \$1,417 and the net position of the business-type activities increased by \$85,087.
- Of the \$13,912,907 total net position reported, \$503,297 (3.62 percent) is unrestricted, or available to be used at the Council's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$505,032, which represents 16.01 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The City's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. 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 government, reporting the City's operations in more detail than the government-wide financial statements.
 - Governmental fund statements explain how government services, like general government and public safety were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.
 - Fiduciary funds statements provide information about the financial relationships in which the City acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the basic financial statements for 2023 and 2022 is also presented.

Government-wide financial statements

The government-wide financial 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 City's assets, deferred outflows of resources, 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.

The two government-wide statements report the City's net position and how it has changed. Net position (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, or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall financial health of the City, you need to consider additional nonfinancial factors, such as changes in the City's property tax base and the condition of the City's capital assets.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the City's basic services are included here, such as public safety services and general government. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The City charges fees to customers to help it cover the costs of certain services it provides. The City's sewer and water systems and airport operations are reported here.
- *Component units* - The City includes other entities in its report - the Plainwell Tax Increment Finance Authority, the Plainwell Brownfield Redevelopment Authority, and the Plainwell Downtown Development Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

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 keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The City Council establishes other funds to control and manage money for particular purposes (like the Fire Reserve and Capital Improvement funds) or to show that it is properly using certain taxes and other revenues (like property taxes collected for solid waste and motor fuel taxes collected for the street funds).

The City has three types of funds:

- *Governmental funds.* Most of the City's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds 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 the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds.* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
 - The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
 - The City uses an internal service fund (the other type of proprietary fund) to report activities that provide services for the City's other programs and activities. The City's internal service fund is its Equipment Fund that manages the City's fleet of vehicles and equipment.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the City. The City is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The City's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$13,912,907 compared to \$13,829,237 at the end of the prior year. Of this total, \$12,758,316 represents a net investment in capital assets and \$651,294 is restricted for various purposes. Consequently, unrestricted net position was \$503,297, or 3.62 percent of the total.

Condensed financial information
Net position

	<i>Governmental</i>		<i>Business-type</i>		<i>Totals</i>	
	<i>activities</i>		<i>activities</i>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 2,484,833	\$ 1,973,038	\$ 1,363,189	\$ 1,678,461	\$ 3,848,022	\$ 3,651,499
Capital assets	<u>7,061,484</u>	<u>7,047,791</u>	<u>8,874,357</u>	<u>8,455,735</u>	<u>15,935,841</u>	<u>15,503,526</u>
Total assets	<u>9,546,317</u>	<u>9,020,829</u>	<u>10,237,546</u>	<u>10,134,196</u>	<u>19,783,863</u>	<u>19,155,025</u>
Deferred outflows of resources	<u>289,493</u>	<u>367,672</u>	<u>57,213</u>	<u>69,075</u>	<u>346,706</u>	<u>436,747</u>
Current and other liabilities	<u>2,240,526</u>	<u>1,675,476</u>	<u>431,184</u>	<u>290,067</u>	<u>2,671,710</u>	<u>1,965,543</u>
Long-term debt	<u>1,542,525</u>	<u>1,591,152</u>	<u>1,635,000</u>	<u>1,760,000</u>	<u>3,177,525</u>	<u>3,351,152</u>
Total liabilities	<u>3,783,051</u>	<u>3,266,628</u>	<u>2,066,184</u>	<u>2,050,067</u>	<u>5,849,235</u>	<u>5,316,695</u>
Deferred inflows of resources	<u>307,630</u>	<u>375,327</u>	<u>60,797</u>	<u>70,513</u>	<u>368,427</u>	<u>445,840</u>
Net position:						
Net investment in capital assets	<u>5,518,959</u>	<u>5,456,639</u>	<u>7,239,357</u>	<u>6,695,735</u>	<u>12,758,316</u>	<u>12,152,374</u>
Restricted	<u>651,294</u>	<u>667,534</u>	<u>-</u>	<u>-</u>	<u>651,294</u>	<u>667,534</u>
Unrestricted (deficit)	<u>(425,124)</u>	<u>(377,627)</u>	<u>928,421</u>	<u>1,386,956</u>	<u>503,297</u>	<u>1,009,329</u>
Total net position	<u>\$ 5,745,129</u>	<u>\$ 5,746,546</u>	<u>\$ 8,167,778</u>	<u>\$ 8,082,691</u>	<u>\$ 13,912,907</u>	<u>\$ 13,829,237</u>

Changes in net position

The City's total revenues were \$6,297,485. Approximately 39 percent of the City's revenue comes from utility charges, 24 percent from property taxes, and another 28 percent was from operating grants and contributions. Approximately 8 percent of the City's total revenue comes from state shared revenue.

The total cost of the City's programs, covering a wide range of services, totaled \$6,213,815. Approximately 32 percent of the City's costs relates to the provision of utility services. Public safety and public works costs account for 22 and 21 percent of the City's total expenses, respectively.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 157,988	\$ 151,057	\$ 2,301,531	\$ 2,042,024	\$ 2,459,519	\$ 2,193,081
Grants and contributions:						
Operating	1,527,827	831,409	204,356	27,044	1,732,183	858,453
Capital	-	510,169	-	-	-	510,169
General revenues:						
Property taxes	1,483,814	1,434,644	-	-	1,483,814	1,434,644
State shared revenue	503,378	496,364	-	-	503,378	496,364
Franchise fees	47,090	47,165	-	-	47,090	47,165
Unrestricted interest income	38,862	9,277	15,102	2,852	53,964	12,129
Other	17,537	142,271	-	-	17,537	142,271
Total revenues	<u>3,776,496</u>	<u>3,622,356</u>	<u>2,520,989</u>	<u>2,071,920</u>	<u>6,297,485</u>	<u>5,694,276</u>
Expenses:						
General government	888,301	790,814	-	-	888,301	790,814
Public safety	1,351,096	1,343,818	-	-	1,351,096	1,343,818
Public works	1,275,477	794,376	-	-	1,275,477	794,376
Community and economic development	397,743	88,131	-	-	397,743	88,131
Health and welfare	9,382	8,818	-	-	9,382	8,818
Recreation and culture	196,927	190,680	-	-	196,927	190,680
Interest on long-term debt	58,144	50,797	-	-	58,144	50,797
Sewer	-	-	1,306,682	1,110,576	1,306,682	1,110,576
Water	-	-	654,113	403,301	654,113	403,301
Airport	-	-	75,950	62,415	75,950	62,415
Total expenses	<u>4,177,070</u>	<u>3,267,434</u>	<u>2,036,745</u>	<u>1,576,292</u>	<u>6,213,815</u>	<u>4,843,726</u>
Change in net position before transfers	<u>(400,574)</u>	354,922	<u>484,244</u>	495,628	<u>83,670</u>	850,550
Transfers	<u>399,157</u>	396,073	<u>(399,157)</u>	(396,073)	-	-
Changes in net position	<u>\$ (1,417)</u>	<u>\$ 750,995</u>	<u>\$ 85,087</u>	<u>\$ 99,555</u>	<u>\$ 83,670</u>	<u>\$ 850,550</u>
Net position, end of year	<u>\$ 5,745,129</u>	<u>\$ 5,746,546</u>	<u>\$ 8,167,778</u>	<u>\$ 8,082,691</u>	<u>\$ 13,912,907</u>	<u>\$ 13,829,237</u>

Governmental activities

Governmental activities decreased the City's net position by \$1,417 in the current year compared to a \$750,995 increase in the prior year. Expenses increased by \$909,636, while revenues only increased by \$154,140, causing the decrease in net position in the current year. The increase in revenues was primarily the result of an increase in operating grants and contributions. The increase in expenses was primarily due to two separate grant-funded projects.

The total cost of governmental activities this year was \$4,177,070. After subtracting the direct charges to those who directly benefited from the programs (\$157,988), and operating grants and contributions (\$1,527,827), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$2,491,255.

Business-type activities

Business-type activities increased the City's net position by \$85,087 in the current fiscal year compared to an increase of \$99,555 in the prior year. Net position increased in both years as rates are set to cover the full cost of operations.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,372,607, a decrease of \$32,106 in comparison with the prior year. Of the total fund balances, \$637,250 is restricted for various purposes, and \$230,325 is assigned. The remaining fund balance, in the amount of \$505,032, is unassigned, meaning that it is available for spending at the Council's discretion.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, its fund balance was \$615,275, an increase of \$20,253 during the fiscal year. Fund balance increased due to investment income greater than expectations.

The Major Street Fund experienced a decrease in fund balance of \$59,296, as the fund's expenditures and transfers out (\$100,000) exceeded revenues in the current year in anticipation of a local street project planned for 2024. The fund balance at the end of the fiscal year was \$183,988 and is restricted for future street preservation costs of the City's major streets.

The ARPA Stimulus Fund, a new special revenue fund, has a fund balance of \$14,044 at year end. A federal grant of \$396,920 was received during the prior year, but the fund did not incur any expenditures; therefore, only interest revenue of \$13,077 was recognized during the year.

Proprietary funds

The Sewer Fund experienced an increase in net position of \$24,926. The Sewer Fund typically experiences a decrease because customer charges do not cover all operating expenses, including depreciation, which amounted to \$343,863 in the current year. Current year capital projects were delayed due to supply shortages. Total net position is \$5,116,314 at year end of which \$783,145 is unrestricted.

The Water Fund experienced an increase in net position of \$60,721. The Water Fund experienced an increase because customer charges have been set to cover all operating expenses, including depreciation, which amounted to \$104,236 in the current year. Total net position is \$2,931,775 at year end of which \$94,318 is unrestricted.

General Fund budgetary highlights

The City amended both the revenue and expenditure portions of the budget to reflect anticipated changes in the nature and extent of revenues and expenditures. Total revenues were increased by \$133,100 to reflect unanticipated revenue sources which included \$19,100 for state shared revenue, \$100,000 in local-source contributions and \$14,000 for investment income. Total expenditures were increased by \$183,111, primarily for a grant project and unanticipated payroll costs.

Total revenues were \$59,895 less than the final budgeted amounts, primarily due to timing issues related to ongoing projects. Total expenditures were \$225,814 less than the final appropriated amount, primarily due to project cost savings and delays. These variances, along with a \$4,472 positive variance related to net other financing sources, resulted in a \$170,391 positive budget variance due to a \$20,253 increase in fund balance compared to a budgeted decrease of \$150,138.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$15,935,841, net of accumulated depreciation. This investment includes a broad range of assets, including land, buildings, equipment, and sewer and water facilities.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Land	\$ 893,425	\$ 48,196	\$ 941,621
Infrastructure	3,237,936	8,826,161	12,064,097
Buildings and improvements	2,276,723	-	2,276,723
Equipment and vehicles	653,400	-	653,400
Totals	<u>\$ 7,061,484</u>	<u>\$ 8,874,357</u>	<u>\$ 15,935,841</u>

Major capital asset events during the current fiscal year included the following:

- City staff replaced two streets: one Major Street and one Local Street
- A major odor control device was replaced in the Sewer Fund; hardware was purchased by the Water Fund to replace all water meters during FY2024
- the Motor Pool added equipment totaling \$99,333

More detailed information about the City's capital assets is presented in Note 6 of the notes to the basic financial statements.

Debt administration

At the end of the fiscal year, the City had long-term debt outstanding in the amount of \$3,177,525, as follows:

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital improvement bonds	\$ 1,063,760	\$ 1,085,760	\$ -	\$ -	\$ 1,063,760	\$ 1,085,760
General obligation bonds	475,000	500,000	-	-	475,000	500,000
Note payable	3,765	5,392	-	-	3,765	5,392
Revenue bonds	-	-	1,635,000	1,760,000	1,635,000	1,760,000
Totals	<u>\$ 1,542,525</u>	<u>\$ 1,591,152</u>	<u>\$ 1,635,000</u>	<u>\$ 1,760,000</u>	<u>\$ 3,177,525</u>	<u>\$ 3,351,152</u>

The net decrease in debt amounted to \$173,627, resulting from timely payments of principal for all obligations. Other long-term obligations represent accrued compensated absences and the net OPEB liability in the amounts of \$97,793 and \$1,285,395, respectively. More detailed information about the City's long-term liabilities is presented in Note 9 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property taxes continue to be the main source of revenue for the City. Over the past decade, Plainwell has grappled with a loss in revenue due to changes to Personal Property Tax (PPT) collection and declining property values. Since 2017, much of the uncertainty regarding the elimination of business personal property tax revenue has subsided, and the City's taxable values have begun to increase. The City's personal property tax revenue historically approximated 12 percent of the City's General Fund revenue. The replacement Statewide Essential Services Assessment has reduced revenues to the General Fund, requiring minor adjustments to certain services in the General Fund. Looking forward, the revenue reductions should continue to be minor. The City Administration reviews the properties to make sure values are appropriately assessed and taxed.

In regards to our overall property values, from 2011 to 2015 the City experienced a negative trend relative to taxable value (see table below). Additionally, the gap between Assessed Value and Taxable Value decreased every year from 2006 to 2013. This is an important fiscal indicator because if the assessed value of the City "sets" to what the taxable value is, any loss in property valuations will result in a loss of tax revenue. The larger the gap, the less susceptible we are to dramatic property fluctuations.

REAL PROPERTY VALUATION 2012-2023						
Year	2012	2013	2014	2015	2016	2017
Assessed value	\$ 76,687,800	\$ 72,845,900	\$ 75,050,100	\$ 79,871,200	\$ 89,124,700	\$ 92,829,700
Taxable value	\$ 74,222,870	\$ 71,113,548	\$ 71,751,138	\$ 71,774,722	\$ 73,638,624	\$ 75,248,381
Difference	\$ 2,464,930	\$ 1,732,352	\$ 3,298,962	\$ 8,096,478	\$ 15,486,076	\$ 17,581,319
Percent difference	3.21%	2.38%	4.40%	10.14%	17.38%	18.94%
Inflation rate multiplier	2.7%	2.4%	1.6%	1.6%	0.3%	0.9%

Year	2018	2019	2020	2021	2022	2023*
Assessed value	\$ 95,227,900	\$ 99,136,700	\$ 103,887,100	\$ 111,271,200	\$ 120,532,450	\$ 132,594,500
Taxable value	\$ 77,379,288	\$ 80,239,366	\$ 82,998,976	\$ 85,305,303	\$ 89,406,131	\$ 92,394,070
Difference	\$ 17,848,612	\$ 18,897,334	\$ 20,888,124	\$ 25,965,897	\$ 31,126,319	\$ 40,200,430
Percent difference	18.74%	19.06%	20.11%	23.34%	25.82%	30.32%
Inflation rate multiplier	2.1%	2.4%	1.9%	1.4%	3.3%	5.0%

* Original values as of May 1, 2023 - no adjustments for Board of Review entered yet

In a positive development, the City's gap between assessed and taxable value has steadily increased since 2013 from a low of 2.38 percent to a 2023 estimate of 30.32 percent. We anticipate this gap to be in excess of 33% in 2024, based on preliminary estimates.

The City continues to counter stagnant growth with cost cutting measures, when possible. The City adopted a policy that all employees pay a 20 percent match on health care premium costs. Additionally, cost-cutting measures have been instituted, including contribution caps from the City regarding retirement, privatization of some services, as well as reductions in labor costs through attrition. The City continues to evaluate labor needs as more employees become eligible for retirement.

Additionally, the City continues to closely monitor its health care insurance providers to ensure affordability. Each year, the available plans are reviewed to minimize increased costs to the city and to the employees. The City most recently changed providers in 2016 and holds as a priority to maintain quality coverage for the staff and their families.

In recent years, it has been the City Council's priority to seek alternative revenue sources and to limit expenditures over increasing property taxes to deal with fluctuations in revenues or expenditures. Due to the Headlee Rollback, the City's total millage rate has been slightly reduced beginning in 2017.

Millage	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund Operating	12.5250	12.5250	12.5162	12.5162	12.4421	12.2890
Capital Improvement	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Fire Reserve	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Solid Waste	<u>1.3000</u>	<u>1.3000</u>	<u>1.3000</u>	<u>1.3000</u>	<u>1.3000</u>	<u>1.3000</u>
	<u>15.8250</u>	<u>15.8250</u>	<u>15.8162</u>	<u>15.8162</u>	<u>15.7421</u>	<u>15.5890</u>

The City Council instituted a yearly cost of living increase to be applied to both water and sewer utility charges. This change provided adequate funding for the operations of both utility funds. Additionally, in 2019, the City's water bonds expired freeing up almost \$100,000 that had been used for debt service. The City has partnered with engineers to plan additional upgrades to the water system, including water meter replacement and infrastructure replacement, which will require new bonding. Water rates were studied during the current year and will be increased in Fiscal 2024 to account for capital projects in the rates for future upgrades.

A large part of the City's economic plan revolves on the redevelopment of the former Plainwell Paper Mill. In 2018, the EPA and the responsible party began clean-up of contaminated soil on the property, which was largely completed in 2021. Additionally, the City sold a portion of the property to Sweetwater's Donut Mill, on which their corporate headquarters and training facility was constructed, representing the first ground-up development on the mill site in over 40 years. In 2020 the City obtained a \$5.1 million-dollar Community Development Block Grant that will substantially advance the redevelopment efforts moving forward. The project was largely completed in early 2022 resulting in the demolition of buildings and final clean up, allowing potential developers to implement the community's concept plan for the site.

The City's Downtown area continues to thrive with ongoing business activities post-pandemic, including opening new businesses between 2020 and 2023. Currently, the downtown has a small number of vacancies after several buildings were sold to new businesses.

For budget year 2022/2023, the City continued to minimize capital projects to ensure responsible planning of projects related to a post-pandemic economy. The City continues to devote substantial time streamlining processes to increase efficiencies in workloads, thereby minimizing cost increases.

Moving forward, a large part of the City's redevelopment efforts will continue to center around the former Plainwell Paper Mill. This parcel remains the single largest non-residential property in the City. Because the bulk of the City is already developed, marketing this property will be essential to grow our economy and help fulfill service expectations set forth by our community. It is the City's hope that once remediation efforts are concluded, securing a development partner will spur significant investment into our community.

The City remains vigilant in the analysis of cost challenges including road funding, solid waste management, equipment rentals, staff turnovers and reassignments, and health care costs. During the fiscal year, a new City Manager, a new City Clerk, and a new Personnel Coordinator joined the team providing fresh perspectives to move the City forward. The City remains proud its business community, both industrial and commercial, is thriving, with several industrial expansions being planned.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Justin Lakamper, City Manager
211 North Main Street
Plainwell, MI 49080

Phone: (269) 685-6821

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2023

	Primary government			Component units		
	Governmental activities	Business-type activities	Totals	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Downtown Development Authority
ASSETS						
Current assets:						
Cash	\$ 1,560,959	\$ 1,119,131	\$ 2,680,090	\$ 149,891	\$ 3,594	\$ 102,223
Investments	256,470	-	256,470	-	138,106	-
Receivables	669,394	207,323	876,717	-	-	-
Inventory	-	5,522	5,522	-	-	-
Internal balances	(31,213)	31,213	-	-	-	-
Total current assets	<u>2,455,610</u>	<u>1,363,189</u>	<u>3,818,799</u>	<u>149,891</u>	<u>141,700</u>	<u>102,223</u>
Noncurrent assets:						
Receivables	29,223	-	29,223	-	-	-
Assets held for resale - redevelopment property	-	-	-	-	857,338	-
Capital assets not being depreciated	893,425	48,196	941,621	-	-	-
Capital assets, net of depreciation	<u>6,168,059</u>	<u>8,826,161</u>	<u>14,994,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>7,090,707</u>	<u>8,874,357</u>	<u>15,965,064</u>	<u>-</u>	<u>857,338</u>	<u>-</u>
Total assets	<u>9,546,317</u>	<u>10,237,546</u>	<u>19,783,863</u>	<u>149,891</u>	<u>999,038</u>	<u>102,223</u>
DEFERRED OUTFLOWS OF RESOURCES - OPEB	<u>289,493</u>	<u>57,213</u>	<u>346,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Payables	678,662	193,571	872,233	2,310	72,864	1,457
Unearned revenue	416,289	-	416,289	-	-	611
Bonds and notes payable - current portion	<u>52,659</u>	<u>130,000</u>	<u>182,659</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>1,147,610</u>	<u>323,571</u>	<u>1,471,181</u>	<u>2,310</u>	<u>72,864</u>	<u>2,068</u>
Noncurrent liabilities:						
Compensated absences	72,293	25,500	97,793	1,400	1,500	700
Net other postemployment benefits liability	1,073,282	212,113	1,285,395	-	-	-
Bonds and notes payable - due in more than one year	<u>1,489,866</u>	<u>1,505,000</u>	<u>2,994,866</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
Total noncurrent liabilities	<u>2,635,441</u>	<u>1,742,613</u>	<u>4,378,054</u>	<u>1,400</u>	<u>601,500</u>	<u>700</u>
Total liabilities	<u>3,783,051</u>	<u>2,066,184</u>	<u>5,849,235</u>	<u>3,710</u>	<u>674,364</u>	<u>2,768</u>
DEFERRED INFLOWS OF RESOURCES - OPEB	<u>307,630</u>	<u>60,797</u>	<u>368,427</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	5,518,959	7,239,357	12,758,316	-	857,338	-
Restricted for:						
Public safety	7,244	-	7,244	-	-	-
Public works	541,011	-	541,011	-	-	-
Community and economic development	76,699	-	76,699	-	-	-
Recreation and culture	26,340	-	26,340	-	-	-
Unrestricted (deficit)	<u>(425,124)</u>	<u>928,421</u>	<u>503,297</u>	<u>146,181</u>	<u>(532,664)</u>	<u>99,455</u>
Total net position	<u>\$ 5,745,129</u>	<u>\$ 8,167,778</u>	<u>\$13,912,907</u>	<u>\$ 146,181</u>	<u>\$ 324,674</u>	<u>\$ 99,455</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position						
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units			
					Governmental activities	Business-type activities	Totals	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Downtown Development Authority	
Primary government											
Governmental activities:											
General government	\$ 888,301	\$ 63,170	\$ -	\$ -	\$ (825,131)		\$ (825,131)				
Public safety	1,351,096	36,162	6,221	-	(1,308,713)		(1,308,713)				
Public works	1,275,477	58,656	1,482,411	-	265,590		265,590				
Community and economic development	397,743	-	-	-	(397,743)		(397,743)				
Health and welfare	9,382	-	-	-	(9,382)		(9,382)				
Recreation and culture	196,927	-	39,195	-	(157,732)		(157,732)				
Interest on long-term debt	58,144	-	-	-	(58,144)		(58,144)				
Total governmental activities	<u>4,177,070</u>	<u>157,988</u>	<u>1,527,827</u>	<u>-</u>	<u>(2,491,255)</u>		<u>(2,491,255)</u>				
Business-type activities:											
Sewer	1,306,682	1,568,438	-	-		\$ 261,756	261,756				
Water	654,113	651,846	204,356	-		202,089	202,089				
Airport	75,950	81,247	-	-		5,297	5,297				
Total business-type activities	<u>2,036,745</u>	<u>2,301,531</u>	<u>204,356</u>	<u>-</u>		<u>469,142</u>	<u>469,142</u>				
Total primary government	<u>\$ 6,213,815</u>	<u>\$ 2,459,519</u>	<u>\$ 1,732,183</u>	<u>\$ -</u>	<u>(2,491,255)</u>	<u>469,142</u>	<u>(2,022,113)</u>				
Component units											
Tax Increment Finance Authority	\$ 64,691	\$ -	\$ -	\$ -			\$ (64,691)	\$ -	\$ -		
Brownfield Redevelopment Authority	299,813	-	204,000	-			-	(95,813)	-		
Downtown Development Authority	68,207	-	-	-			-	-	(68,207)		
Total component units	<u>\$ 432,711</u>	<u>\$ -</u>	<u>\$ 204,000</u>	<u>\$ -</u>			<u>(64,691)</u>	<u>(95,813)</u>	<u>(68,207)</u>		
General revenues:											
Property taxes					1,483,814	-	1,483,814	-	46,021	62,998	
State shared revenue					503,378	-	503,378	-	-	-	
Cable television franchise fees					47,090	-	47,090	-	-	-	
Unrestricted interest income					38,862	15,102	53,964	2,362	5,311	2,120	
Miscellaneous					12,330	-	12,330	-	-	8,469	
Insurance recoveries					4,072	-	4,072	-	-	-	
Gain on sales of capital assets					1,135	-	1,135	-	-	-	
Transfers					399,157	(399,157)	-	-	-	-	
Total general revenues, insurance recoveries, gain on sales of capital assets and transfers					<u>2,489,838</u>	<u>(384,055)</u>	<u>2,105,783</u>	<u>89,045</u>	<u>51,332</u>	<u>80,782</u>	
Changes in net position					(1,417)	85,087	83,670	24,354	(44,481)	12,575	
Net position - beginning					<u>5,746,546</u>	<u>8,082,691</u>	<u>13,829,237</u>	<u>121,827</u>	<u>369,155</u>	<u>86,880</u>	
Net position - ending					<u>\$ 5,745,129</u>	<u>\$ 8,167,778</u>	<u>\$ 13,912,907</u>	<u>\$ 146,181</u>	<u>\$ 324,674</u>	<u>\$ 99,455</u>	

See notes to financial statements

BALANCE SHEET - governmental funds

June 30, 2023

	<u>General</u>	<u>Special revenue funds</u>		<u>Nonmajor funds</u>	<u>Total governmental funds</u>
		<u>Major Streets</u>	<u>ARPA Stimulus</u>		
ASSETS					
Cash	\$ 493,801	\$ 287,707	\$ 203,774	\$ 536,175	\$ 1,521,457
Investments	49,280	-	207,190	-	256,470
Receivables	577,802	65,571	-	55,224	698,597
Total assets	<u>\$ 1,120,883</u>	<u>\$ 353,278</u>	<u>\$ 410,964</u>	<u>\$ 591,399</u>	<u>\$ 2,476,524</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 486,239	\$ 161,251	\$ -	\$ 8,925	\$ 656,415
Due to other funds	-	8,039	-	23,174	31,213
Unearned revenue	19,369	-	396,920	-	416,289
Total liabilities	<u>505,608</u>	<u>169,290</u>	<u>396,920</u>	<u>32,099</u>	<u>1,103,917</u>
Fund balances:					
Restricted for:					
Public safety - drug forfeitures	7,244	-	-	-	7,244
Public works - street improvements and maintenance	-	183,988	-	357,023	541,011
Community and economic development - revolving loans	-	-	-	62,655	62,655
Recreation and culture - pickleball courts	26,340	-	-	-	26,340
Assigned for:					
Employee benefits	76,659	-	-	-	76,659
Capital acquisitions	-	-	14,044	139,622	153,666
Unassigned	505,032	-	-	-	505,032
Total fund balances	<u>615,275</u>	<u>183,988</u>	<u>14,044</u>	<u>559,300</u>	<u>1,372,607</u>
Total liabilities and fund balances	<u>\$ 1,120,883</u>	<u>\$ 353,278</u>	<u>\$ 410,964</u>	<u>\$ 591,399</u>	<u>\$ 2,476,524</u>

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds \$ 1,372,607

Amounts reported for *governmental activities* in the statement of net position (page 14) are different because:Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 6,602,552

Deferred outflows of resources, related to the OPEB plan, relate to future years, and are not reported in the funds. 289,493

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Interest payable (17,698)

Compensated absences (69,893)

Other postemployment benefit obligation, net (1,073,282)

Long-term debt, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. (1,542,525)

Deferred inflows of resources, related to the OPEB plan, relate to future years, and are not reported in the funds. (307,630)

The assets and liabilities of the internal service fund are included in the *governmental activities* in the statement of net position. 491,505Net position of *governmental activities* \$ 5,745,129

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended June 30, 2023

	General	Special revenue funds			Total governmental funds
		Major Streets	ARPA Stimulus	Nonmajor funds	
REVENUES					
Property taxes	\$ 1,228,187	\$ -	\$ -	\$ 313,752	\$ 1,541,939
Licenses and permits	70,470	-	-	-	70,470
Federal grants	690,760	-	-	-	690,760
State grants	520,650	392,166	-	145,276	1,058,092
Intergovernmental	-	33,567	-	55,631	89,198
Charges for services	2,223	-	-	-	2,223
Fines and forfeitures	10,604	-	-	-	10,604
Interest and rentals	28,280	552	13,077	6,172	48,081
Other	196,498	4,401	-	58,663	259,562
Total revenues	<u>2,747,672</u>	<u>430,686</u>	<u>13,077</u>	<u>579,494</u>	<u>3,770,929</u>
EXPENDITURES					
Current:					
General government	760,211	-	-	66,198	826,409
Public safety	1,292,310	-	-	-	1,292,310
Public works	461,462	389,982	-	559,720	1,411,164
Community and economic development	397,654	-	-	-	397,654
Health and welfare	9,382	-	-	-	9,382
Recreation and culture	190,348	-	-	-	190,348
Capital outlay	-	-	-	-	-
Debt service:					
Principal	26,627	-	-	22,000	48,627
Interest	16,695	-	-	40,716	57,411
Total expenditures	<u>3,154,689</u>	<u>389,982</u>	<u>-</u>	<u>688,634</u>	<u>4,233,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(407,017)</u>	<u>40,704</u>	<u>13,077</u>	<u>(109,140)</u>	<u>(462,376)</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	4,072	-	-	-	4,072
Proceeds from sales of capital assets	400	-	-	-	400
Transfers in	440,798	-	-	118,000	558,798
Transfers out	(18,000)	(100,000)	-	(15,000)	(133,000)
Net other financing sources (uses)	<u>427,270</u>	<u>(100,000)</u>	<u>-</u>	<u>103,000</u>	<u>430,270</u>
NET CHANGES IN FUND BALANCES	20,253	(59,296)	13,077	(6,140)	(32,106)
FUND BALANCES - BEGINNING	<u>595,022</u>	<u>243,284</u>	<u>967</u>	<u>565,440</u>	<u>1,404,713</u>
FUND BALANCES - ENDING	<u>\$ 615,275</u>	<u>\$ 183,988</u>	<u>\$ 14,044</u>	<u>\$ 559,300</u>	<u>\$ 1,372,607</u>

See notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended June 30, 2023

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 17)	\$ (32,106)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 15) are different because:	
Capital assets:	
Assets acquired	306,481
Provision for depreciation	(275,825)
Long-term debt:	
Retirements	48,627
Changes in other assets/liabilities:	
Net increase in interest payable	(733)
Net increase in compensated absences	(7,998)
Net increase in other postemployment benefit obligation, net	(7,680)
Changes in deferred outflows of resources and deferred inflows of resources related to OPEB obligation:	
Net decrease in deferred outflows of resources	(78,179)
Net decrease in deferred inflows of resources	67,697
The net expenses of the internal service fund are reported with <i>governmental activities</i> .	<u>(21,701)</u>
Change in net position of <i>governmental activities</i>	<u>\$ (1,417)</u>

STATEMENT OF NET POSITION - proprietary funds

June 30, 2023

	<i>Business-type activities</i>				<i>Governmental activities</i>
	<i>Enterprise funds</i>				<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Nonmajor</i>	<i>Totals</i>	
ASSETS					
Current assets:					
Cash	\$ 811,289	\$ 264,455	\$ 43,387	\$1,119,131	\$ 39,502
Receivables	143,534	61,283	2,506	207,323	20
Inventory	-	-	5,522	5,522	-
Total current assets	<u>954,823</u>	<u>325,738</u>	<u>51,415</u>	<u>1,331,976</u>	<u>39,522</u>
Noncurrent assets:					
Advances to other funds	23,174	8,039	-	31,213	-
Capital assets not being depreciated - land	400	17,346	30,450	48,196	-
Capital assets, net of depreciation	<u>5,967,769</u>	<u>2,820,111</u>	<u>38,281</u>	<u>8,826,161</u>	<u>458,932</u>
Total noncurrent assets	<u>5,991,343</u>	<u>2,845,496</u>	<u>68,731</u>	<u>8,905,570</u>	<u>458,932</u>
Total assets	<u>6,946,166</u>	<u>3,171,234</u>	<u>120,146</u>	<u>10,237,546</u>	<u>498,454</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred OPEB amounts	<u>33,838</u>	<u>23,375</u>	<u>-</u>	<u>57,213</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Payables	45,980	147,334	257	193,571	4,549
Bonds payable - current portion	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>-</u>
Total current liabilities	<u>175,980</u>	<u>147,334</u>	<u>257</u>	<u>323,571</u>	<u>4,549</u>
Noncurrent liabilities:					
Compensated absences	21,300	4,000	200	25,500	2,400
Net other postemployment benefits liability	125,452	86,661	-	212,113	-
Bonds payable - due in more than one year	<u>1,505,000</u>	<u>-</u>	<u>-</u>	<u>1,505,000</u>	<u>-</u>
Total noncurrent liabilities	<u>1,651,752</u>	<u>90,661</u>	<u>200</u>	<u>1,742,613</u>	<u>2,400</u>
Total liabilities	<u>1,827,732</u>	<u>237,995</u>	<u>457</u>	<u>2,066,184</u>	<u>6,949</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred OPEB amounts	<u>35,958</u>	<u>24,839</u>	<u>-</u>	<u>60,797</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	4,333,169	2,837,457	68,731	7,239,357	458,932
Unrestricted	<u>783,145</u>	<u>94,318</u>	<u>50,958</u>	<u>928,421</u>	<u>32,573</u>
Total net position	<u>\$5,116,314</u>	<u>\$ 2,931,775</u>	<u>\$ 119,689</u>	<u>\$8,167,778</u>	<u>\$ 491,505</u>

See notes to financial statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - proprietary funds

Year ended June 30, 2023

	<i>Business-type activities</i>				<i>Governmental activities</i>
	<i>Enterprise funds</i>				<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Nonmajor</i>	<i>Totals</i>	
OPERATING REVENUES					
Charges for services	\$ 1,490,703	\$ 639,171	\$ 78,797	\$2,208,671	\$ 299,196
Other	77,735	12,675	2,450	92,860	667
Total operating revenues	1,568,438	651,846	81,247	2,301,531	299,863
OPERATING EXPENSES					
Administration	148,112	39,334	72,324	259,770	-
Treatment	685,745	394,999	-	1,080,744	-
Collection	87,312	115,544	-	202,856	-
Costs of interfund services	-	-	-	-	198,348
Depreciation	343,863	104,236	3,626	451,725	97,670
Total operating expenses	1,265,032	654,113	75,950	1,995,095	296,018
OPERATING INCOME (LOSS)	303,406	(2,267)	5,297	306,436	3,845
NONOPERATING REVENUE (EXPENSES)					
Gain on sales of capital assets	-	-	-	-	735
State grant	-	204,356	-	204,356	-
Interest revenue	14,153	841	108	15,102	360
Interest expense	(41,650)	-	-	(41,650)	-
Net nonoperating revenue (expenses)	(27,497)	205,197	108	177,808	1,095
INCOME (LOSS) BEFORE TRANSFERS	275,909	202,930	5,405	484,244	4,940
TRANSFERS OUT	(250,983)	(142,209)	(5,965)	(399,157)	(26,641)
CHANGES IN NET POSITION	24,926	60,721	(560)	85,087	(21,701)
NET POSITION - BEGINNING	5,091,388	2,871,054	120,249	8,082,691	513,206
NET POSITION - ENDING	\$ 5,116,314	\$ 2,931,775	\$ 119,689	\$8,167,778	\$ 491,505

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended June 30, 2023

	<i>Business-type activities</i>				<i>Governmental activities</i>
	<i>Enterprise funds</i>				<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Nonmajor</i>	<i>Totals</i>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,564,477	\$ 634,455	\$ 83,111	\$ 2,282,043	\$ -
Receipts from interfund services provided	-	-	-	-	307,197
Payments to suppliers	(611,607)	(315,100)	(68,394)	(995,101)	(166,705)
Payments to employees	(270,234)	(85,227)	(3,011)	(358,472)	(42,308)
Internal activity - payments to other funds	(17,246)	(27,004)	(2,521)	(46,771)	-
Net cash provided by (used in) operating activities	<u>665,390</u>	<u>207,124</u>	<u>9,185</u>	<u>881,699</u>	<u>98,184</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State grants	-	204,356	-	204,356	-
Collections on advances to other funds	3,729	2,627	-	6,356	-
Transfers out	(250,983)	(142,209)	(5,965)	(399,157)	(26,641)
Net cash used in noncapital financing activities	<u>(247,254)</u>	<u>64,774</u>	<u>(5,965)</u>	<u>(188,445)</u>	<u>(26,641)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sales of capital assets	-	-	-	-	19,361
Acquisition of capital assets	(535,699)	(334,648)	-	(870,347)	(99,333)
Principal paid on capital debt	(125,000)	-	-	(125,000)	-
Interest paid on capital debt	(42,431)	-	-	(42,431)	-
Net cash provided by (used in) capital and related financing activities	<u>(703,130)</u>	<u>(334,648)</u>	<u>-</u>	<u>(1,037,778)</u>	<u>(79,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>14,153</u>	<u>841</u>	<u>108</u>	<u>15,102</u>	<u>360</u>
NET CHANGE IN CASH	<u>(270,841)</u>	<u>(61,909)</u>	<u>3,328</u>	<u>(329,422)</u>	<u>(8,069)</u>
CASH - BEGINNING	<u>1,082,130</u>	<u>326,364</u>	<u>40,059</u>	<u>1,448,553</u>	<u>47,571</u>
CASH - ENDING	<u>\$ 811,289</u>	<u>\$ 264,455</u>	<u>\$ 43,387</u>	<u>\$ 1,119,131</u>	<u>\$ 39,502</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended June 30, 2023

	<i>Business-type activities</i>				<i>Governmental activities</i>
	<i>Enterprise funds</i>				<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Nonmajor</i>	<i>Totals</i>	
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 303,406	\$ (2,267)	\$ 5,297	\$ 306,436	\$ 3,845
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	343,863	104,236	3,626	451,725	97,670
Changes in assets and liabilities:					
Receivables	(3,961)	(17,391)	1,864	(19,488)	7,334
Inventory	-	-	(1,018)	(1,018)	-
Payables	12,364	115,601	(584)	127,381	(11,565)
Compensated absences	1,400	1,200	-	2,600	900
Other postemployment obligation, net	7,048	4,869	-	11,917	-
Decrease in deferred outflows	7,016	4,846	-	11,862	-
Decrease in deferred inflows	(5,746)	(3,970)	-	(9,716)	-
Net cash provided by (used in) operating activities	<u>\$ 665,390</u>	<u>\$ 207,124</u>	<u>\$ 9,185</u>	<u>\$ 881,699</u>	<u>\$ 98,184</u>

See notes to financial statements

STATEMENT OF FIDUCIARY NET POSITION - *custodial funds*

June 30, 2023

	<u>Tax Collection</u>	<u>General Custodial</u>
ASSETS		
Cash	\$ -	\$ 15,109
LIABILITIES		
Due to others	-	15,109
NET POSITION		
Restricted for individuals and other governments	<u>\$ -</u>	<u>\$ -</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - *custodial funds*

Year ended June 30, 2023

	<u>Tax Collection</u>	<u>General Custodial</u>
ADDITIONS		
Property taxes collected for other governments	\$ 3,622,947	\$ -
DEDUCTIONS		
Property taxes distributed to other governments	<u>3,622,947</u>	<u>-</u>
NET CHANGE IN FIDUCIARY NET POSITION	-	-
NET POSITION - BEGINNING	<u>-</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ -</u>	<u>\$ -</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Plainwell, Michigan (the City), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present the City (the primary government) located in Allegan County, and its component units described below, for which the City is financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. Separate financial statements for the component units have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component units.

Discretely presented component units:

Tax Increment Financing Authority - The Authority was established pursuant to Public Act 450 of 1980, as amended, to finance infrastructure improvements within the City's industrial park.

Brownfield Redevelopment Authority - The Authority was established pursuant to Public Act 381 of 1996, as amended, to promote the revitalization of environmentally distressed areas within the City.

Downtown Development Authority - The Authority was established pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property 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 major individual enterprise funds are reported as separate columns in the fund financial statements.

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 financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are expected to be 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, expenditures relating to compensated absences, claims and judgments, and other postemployment benefits are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Major Street Fund, a special revenue fund, accounts for state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the City's major streets.

The ARPA Stimulus Fund, a special revenue fund, is used to account for the restricted resources provided by the American Rescue Plan Act.

The City reports the following major proprietary funds:

The Sewer Fund accounts for activities of the City's sewage collection systems and treatment plant.

The Water Fund accounts for activities of the City's water distribution system.

Additionally, the City reports the following nonmajor governmental funds:

The special revenue funds are used to account for the specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The capital projects funds are used to account for the accumulation and disbursement of resources for the construction of governmental fund capital assets.

The nonmajor enterprise fund is used to account for certain operations of the City that are financed by charges for the services provided.

The internal service fund, a proprietary fund, is used to account for vehicle and equipment management services provided to other departments of the City on a cost-reimbursement basis.

The City also reports custodial funds which account for assets held by the City in a fiduciary capacity for other governments and organizations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity:

Cash and investments - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, with changes in value recognized in the operating statement of each fund which holds investments. Realized and unrealized gains and losses are included in investment income. Pooled investment income is allocated proportionately to all funds and component units.

Receivables - In general, outstanding balances between funds are reported as “advances from/to other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the government-wide financial statements and the fund financial statements.

Inventories - The costs of inventories are recorded as assets when purchased and charged to expenses when used. Inventories, reported in the proprietary funds, are valued at the lower of cost or market. Cost is determined under the first-in, first-out method.

Capital assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., streets and sewer and water systems), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure 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 as of the date received. The City has elected to use the prospective method of accounting for infrastructure assets, whereby it will capitalize its infrastructure assets beginning July 1, 2003.

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

Buildings and improvements	10 - 50 years
Equipment	3 - 25 years
Vehicles	4 - 20 years
Sewer and water systems	50 years
Streets	20 - 40 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (continued):

Deferred outflows of resources - The statement of net position and the proprietary funds statement of net position include a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The related expense will not be recognized until a future event occurs. The City has an item that is included in this category relating to the OPEB liability that is discussed in Note 11. No deferred outflows of resources affect the governmental funds financial statements.

Unearned revenue - Unearned revenue represents resources related to a grant which have not yet been earned.

Compensated absences (vacation and sick leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the City. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Postemployment benefits other than pensions (OPEB) - For purposes of measuring the net OPEB liability and OPEB expenses, information about the fiduciary net position of the City of Plainwell Retiree Healthcare Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred inflows of resources - The statement of net position and the proprietary funds statement of net position include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The City has an item that is included in this category relating to the OPEB liability that is discussed in Note 11. No deferred inflows of resources affect the governmental funds financial statements.

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The City reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the City's debt. Restricted net position is reduced by liabilities related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the City.

Net position flow assumption - Sometimes, the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund equity - In the fund financial statements, governmental funds report restricted fund balance when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The City Council has delegated the authority to assign fund balance to the City Manager. Unassigned fund balance is the residual classification for the General Fund. When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (continued):

Property tax revenue recognition - Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on or before August 15, at which time the bill becomes delinquent and penalties and interest may be assessed by the City. Property tax revenue is recognized in the year for which taxes have been levied and become available. The City levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth reportable budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Primary government:					
General	Recreation and culture	Special events	\$ 14,326	\$ 19,287	\$ 4,961
Component unit:					
Brownfield Redevelopment Authority	Public works	Brownfield	269,884	301,513	31,629

NOTE 3 - CASH AND INVESTMENTS

Cash and investments, as of June 30, 2023, are classified in the accompanying financial statements as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total primary government</u>	<u>Custodial funds</u>	<u>Total component units</u>	<u>Totals</u>
Cash	\$ 1,560,959	\$ 1,119,131	\$ 2,680,090	\$ 15,109	\$ 255,708	\$ 2,950,907
Investments	<u>256,470</u>	<u>-</u>	<u>256,470</u>	<u>-</u>	<u>138,106</u>	<u>394,576</u>
Totals	<u>\$ 1,817,429</u>	<u>\$ 1,119,131</u>	<u>\$ 2,936,560</u>	<u>\$ 15,109</u>	<u>\$ 393,814</u>	<u>\$ 3,345,483</u>

Cash and investments as of June 30, 2023, consist of the following:

Cash on hand	\$ 1,126
Deposits with financial institutions	2,949,781
Investments	<u>394,576</u>
Total	<u>\$ 3,345,483</u>

NOTE 3 - CASH AND INVESTMENTS (Continued)

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the City’s investment policy authorize the City to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The City’s deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the City will not be able to recover its deposits. The City’s investment policy does not specifically address custodial credit risk for deposits. As of June 30, 2023, \$789,649 of the City’s bank balances of \$2,984,204 including those of the component units, was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the use of pooled accounts, it is not practicable to allocate custodial credit risk between the primary government and its component units.

Investments - State statutes and the City’s investment policy authorize the City to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments, and f) investment pools organized under the local government investment pool act.

Investments in entities that calculate net asset value per share - The City holds shares in an investment pool where the fair value of the investment is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. At June 30, 2023, the fair value, unfunded commitments, and redemption rules of that investment are as follows:

	<i>Michigan CLASS Pool</i>		
	<i>Governmental activities</i>	<i>Component units</i>	<i>Total</i>
Fair value at June 30, 2023	\$ 256,470	\$ 138,106	\$ 394,576
Unfunded commitments			none
Redemption frequency			n/a
Notice period			none

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2023, for the City’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Loans</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 24,846	\$ 552,956	\$ -	\$ 577,802
Major Street	536	65,035	-	65,571
Nonmajor	-	23,161	32,063	55,224
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental	<u>\$ 25,382</u>	<u>\$ 641,152</u>	<u>\$ 32,063</u>	<u>\$ 698,597</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,223</u>	<u>\$ 29,223</u>
Proprietary:				
Sewer	\$ 143,534	\$ -	\$ -	\$ 143,534
Water	61,283	-	-	61,283
Nonmajor	2,506	-	-	2,506
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total proprietary	<u>\$ 207,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,323</u>
Internal service	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

The General Fund receivable balance includes an allowance for uncollectible accounts of \$15,171 due to the aging of invoices that have not been collected.

NOTE 5 - ASSETS HELD FOR RESALE - REDEVELOPMENT PROPERTY

The Brownfield Redevelopment Authority, a component unit of the City, has acquired property for the purpose of economic development. The assets are reported at historic cost. The Authority intends to resell the property to private-sector developers. The proceeds of the potential sale of the property will be transferred to the City’s General Fund, which principally financed the acquisition.

NOTE 6 - CAPITAL ASSETS

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 893,425	\$ -	\$ -	\$ 893,425
Capital assets being depreciated:				
Streets and sidewalks	3,114,834	244,636	-	3,359,470
Land improvements	2,304,436	18,899	-	2,323,335
Buildings and improvements	3,200,885	-	-	3,200,885
Equipment and vehicles	2,805,283	142,279	(51,804)	2,895,758
Subtotal	<u>11,425,438</u>	<u>405,814</u>	<u>(51,804)</u>	<u>11,779,448</u>
Less accumulated depreciation for:				
Streets and sidewalks	(895,123)	(96,302)	-	(991,425)
Land improvements	(1,392,027)	(61,419)	-	(1,453,446)
Buildings and improvements	(854,586)	(69,572)	-	(924,158)
Equipment and vehicles	(2,129,336)	(146,202)	33,178	(2,242,360)
Subtotal	<u>(5,271,072)</u>	<u>(373,495)</u>	<u>33,178</u>	<u>(5,611,389)</u>
Total capital assets being depreciated, net	<u>6,154,366</u>	<u>32,319</u>	<u>(18,626)</u>	<u>6,168,059</u>
Governmental activities capital assets, net	<u>\$ 7,047,791</u>	<u>\$ 32,319</u>	<u>\$ (18,626)</u>	<u>\$ 7,061,484</u>

Depreciation expense was charged to the City's governmental functions, as follows:

Governmental activities:	
General government	\$ 58,985
Public safety	88,957
Public works	122,305
Recreation and culture	5,578
Depreciation on internal service fund assets	<u>97,670</u>
Total governmental activities	<u>\$ 373,495</u>

NOTE 6 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities:				
Capital assets not being depreciated - land	\$ 48,196	\$ -	\$ -	\$ 48,196
Capital assets being depreciated:				
Sewer system	14,793,552	535,699	(58,830)	15,270,421
Water system	6,207,380	334,648	(719)	6,541,309
Airport	208,886	-	-	208,886
Subtotal	<u>21,209,818</u>	<u>870,347</u>	<u>(59,549)</u>	<u>22,020,616</u>
Less accumulated depreciation for:				
Sewer system	(9,017,619)	(343,863)	58,830	(9,302,652)
Water system	(3,617,681)	(104,236)	719	(3,721,198)
Airport	(166,979)	(3,626)	-	(170,605)
Subtotal	<u>(12,802,279)</u>	<u>(451,725)</u>	<u>59,549</u>	<u>(13,194,455)</u>
Total capital assets being depreciated	<u>8,407,539</u>	<u>418,622</u>	<u>-</u>	<u>8,826,161</u>
Business-type activities capital assets, net	<u>\$ 8,455,735</u>	<u>\$ 418,622</u>	<u>\$ -</u>	<u>\$ 8,874,357</u>

NOTE 7 - PAYABLES

Payables as of June 30, 2023, for the City’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll and fringes</u>	<u>Interest</u>	<u>Totals</u>
Primary government:				
Governmental:				
General	\$ 432,110	\$ 54,129	\$ -	\$ 486,239
Major Streets	151,712	9,539	-	161,251
Nonmajor	<u>4,174</u>	<u>4,751</u>	<u>-</u>	<u>8,925</u>
Total governmental	<u>\$ 587,996</u>	<u>\$ 68,419</u>	<u>\$ -</u>	<u>\$ 656,415</u>
Proprietary:				
Sewer	\$ 21,988	\$ 13,775	\$ 10,217	\$ 45,980
Water	143,639	3,695	-	147,334
Nonmajor	<u>247</u>	<u>10</u>	<u>-</u>	<u>257</u>
Total proprietary	<u>\$ 165,874</u>	<u>\$ 17,480</u>	<u>\$ 10,217</u>	<u>\$ 193,571</u>
Internal service	<u>\$ 2,666</u>	<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ 4,549</u>
Component units:				
Tax Increment Finance Authority	<u>\$ 27</u>	<u>\$ 2,283</u>	<u>\$ -</u>	<u>\$ 2,310</u>
Brownfield Redevelopment Authority	<u>\$ 70,933</u>	<u>\$ 1,931</u>	<u>\$ -</u>	<u>\$ 72,864</u>
Downtown Development Authority	<u>\$ 708</u>	<u>\$ 749</u>	<u>\$ -</u>	<u>\$ 1,457</u>

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2023, the composition of interfund balances was as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
Sewer	\$ 23,174	Nonmajor governmental	\$ 23,174
Water	<u>8,039</u>	Major Street	<u>8,039</u>
	<u>\$ 31,213</u>		<u>\$ 31,213</u>

The Sewer and Water funds provided advances to the street funds (governmental funds) to finance a portion of street preservation costs in prior years. The advances are expected to be repaid over time, with interest, at 1%.

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)

A summary of interfund transfers for the year ended June 30, 2023, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
		Sewer	\$ 250,983
		Water	142,209
		Airport	5,965
		Equipment	<u>26,641</u>
General	\$ 425,798		425,798
General	15,000	Nonmajor governmental	15,000
Nonmajor governmental	100,000	Major Streets	100,000
Nonmajor governmental	<u>18,000</u>	General	<u>18,000</u>
Total	<u>\$ 558,798</u>	Total	<u>\$ 558,798</u>

The proprietary funds transferred \$425,798 to the General Fund as part of the City’s payment in lieu of taxes (PILOT) program. The payments are classified as transfers as the transaction does not involve an exchange for services.

The Fire Reserve Fund, a nonmajor governmental fund, transferred \$15,000 to the General Fund to provide support for fire equipment purchases recorded in the General Fund.

The Major Street Fund transferred \$100,000 to the Local Street Fund, a nonmajor governmental fund, to fund a future street project, tentatively scheduled for 2024.

The General Fund transferred \$18,000 to provide additional support for the Solid Waste Fund.

NOTE 9 - LONG-TERM LIABILITIES

At June 30, 2023, long-term liabilities are comprised of the following:

Governmental activities:

Bonds payable:

\$1,350,000 2012 Capital Improvement bonds - payable in annual installments ranging from \$16,000 to \$64,000, plus interest at 3.75%; final payment due February 2051 \$ 1,063,760

\$500,000 2022 General Obligation Limited Tax bonds - payable in annual installments ranging from \$25,000 to \$41,000, plus interest ranging from 2.18% to 3.10%; final payment due June 2037 475,000

Note payable:

\$8,165 2020 installment purchase agreement - payable in monthly installments of \$143, including interest at 1.94%; final payment due September 2025 3,765

Total bonds and notes payable 1,542,525

Compensated absences 72,293

Total governmental activities \$ 1,614,818

Business-type activities:

Bonds payable:

\$3,865,000 2012 Sewer supply system revenue bonds (SRF) - payable in annual installments ranging from \$100,000 to \$170,000, plus interest at 2.50%; final payment due October 2033 \$ 1,635,000

Compensated absences 25,500

Total business-type activities \$ 1,660,500

Component units:

Note payable:

\$600,000 2022 EGLE Loan to Brownfield Redevelopment Authority - payable in annual installments ranging from \$50,576 to \$58,696, including interest at 1.50%; final payment due October 2035 \$ 600,000

Compensated absences:

Tax Increment Finance Authority 1,400

Brownfield Redevelopment Authority 1,500

Downtown Development Authority 700

Total component units \$ 603,600

All debt is secured by the full faith and credit of the City and considered direct borrowing or direct placement debt.

NOTE 9 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Primary government:					
Governmental activities:					
2012 Capital improvement bonds	\$ 1,085,760	\$ -	\$ (22,000)	\$ 1,063,760	\$ 23,000
2022 General obligation bonds	500,000	-	(25,000)	475,000	28,000
2020 Installment purchase agreement	<u>5,392</u>	<u>-</u>	<u>(1,627)</u>	<u>3,765</u>	<u>1,659</u>
Total bonds and note	1,591,152	-	(48,627)	1,542,525	52,659
Compensated absences	<u>92,148</u>	<u>88,721</u>	<u>(108,576)</u>	<u>72,293</u>	<u>-</u>
	<u>\$ 1,683,300</u>	<u>\$ 88,721</u>	<u>\$ (157,203)</u>	<u>\$ 1,614,818</u>	<u>\$ 52,659</u>
Business-type activities:					
2012 Sewer revenue bonds	\$ 1,760,000	\$ -	\$ (125,000)	\$ 1,635,000	\$ 130,000
Compensated absences	<u>22,900</u>	<u>29,794</u>	<u>(27,194)</u>	<u>25,500</u>	<u>-</u>
	<u>\$ 1,782,900</u>	<u>\$ 29,794</u>	<u>\$ (152,194)</u>	<u>\$ 1,660,500</u>	<u>\$ 130,000</u>
Component units:					
Brownfield Redevelopment Authority:					
2022 note payable	<u>\$ 559,236</u>	<u>\$ 40,764</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>
Compensated absences:					
Tax Increment Finance Authority	<u>\$ 1,400</u>	<u>\$ 4,791</u>	<u>\$ (4,791)</u>	<u>\$ 1,400</u>	<u>\$ -</u>
Brownfield Redevelopment Authority	<u>\$ 3,200</u>	<u>\$ 3,433</u>	<u>\$ (5,133)</u>	<u>\$ 1,500</u>	<u>\$ -</u>
Downtown Development Authority	<u>\$ 500</u>	<u>\$ 2,596</u>	<u>\$ (2,396)</u>	<u>\$ 700</u>	<u>\$ -</u>

NOTE 9 - LONG-TERM LIABILITIES (Continued)

Debt service requirements at June 30, 2023, with the exception of compensated absences and other postemployment benefits, are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Component units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ended June 30:						
2024	\$ 52,659	\$ 53,616	\$ 130,000	\$ 39,101	\$ -	\$ -
2025	53,692	51,983	135,000	35,789	-	-
2026	54,414	50,299	135,000	32,414	58,696	-
2027	56,000	50,567	140,000	28,976	50,576	8,120
2028	58,000	46,767	145,000	25,414	51,335	7,362
2029 - 2033	315,000	204,644	780,000	70,258	268,459	25,021
2034 - 2038	331,000	148,868	170,000	2,051	170,934	5,153
2039 - 2043	211,000	101,320	-	-	-	-
2044 - 2048	255,000	58,646	-	-	-	-
2049 - 2053	155,760	11,036	-	-	-	-
Totals	<u>\$ 1,542,525</u>	<u>\$ 777,746</u>	<u>\$ 1,635,000</u>	<u>\$ 234,003</u>	<u>\$ 600,000</u>	<u>\$ 45,656</u>

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN

The City contributes to the City of Plainwell Group Pension Plan (the Plan), a defined contribution pension plan, for all its full-time employees. The Plan is administered by a third-party administrator.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Council. For each employee in the pension plan, the City is required to contribute 8% to 11% of covered payroll to an individual employee’s account. Employees are not required to make contributions to the pension plan. For the year ended June 30, 2023, the City recognized pension expense of \$155,875.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in City contributions and earnings on City contributions immediately. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses. For the year ended June 30, 2023, there were no forfeitures.

As of June 30, 2023, the City reported a \$5,525 accrued liability as part of the contributions to the Plan.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

Plan description:

The City of Plainwell Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City, which provides medical insurance benefits to eligible retirees. Eligible recipients include retirees with union affiliation who have reached age 55 or 60, depending on their union affiliation, and have worked at least 25 years for the City upon their retirement. The Plan was established by the City and can be amended at its discretion. The plan does not issue a separate stand-alone financial statement.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits provided:

Police employees:

Pre-65: Single medical coverage and an annual HSA contribution to cover out-of-pocket medical costs (currently up to \$3,500); Medicare eligible: Support of supplemental insurance cost up to \$500 per month

SEIU members:

Retired prior to 7/1/2007:

Pre-65: Single medical coverage and an annual HSA contribution to cover out-of-pocket medical costs (currently up to \$3,500); Medicare eligible - single medical coverage

Retired after 7/1/2007:

Pre-65: Single medical coverage and an annual HSA contribution to cover out-of-pocket medical costs (currently up to \$3,500); Medicare eligible: None

Retiree contributions:

Police - 20% of medical premium

SEIU member retired prior to 7/1/2007 - None

SEIU member retired after to 7/1/2007 - 20% of medical premium

As of June 30, 2023, Plan membership Plan consisted of the following:

Active participants	14
Retirees and beneficiaries receiving benefits	<u>5</u>
Total participants	<u>19</u>

Contributions:

The City of Plainwell Retiree Medical Plan was established and is being funded under the authority of the City and under agreements with the unions representing various classes of employees. The Plan's funding policy is that the employer will make benefit payments from general operating funds. There are no long-term contracts for contributions to the plan.

Net OPEB liability:

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

Inflation	Not applicable
Payroll increases	3.00%
Investment rate of return	7.45%
20-year Aa Municipal bond rate	4.13%
Mortality	2010 Public Safety and General Employees and Healthy Retirees, headcount weighted with MP-2021

The discount rate used to measure the total OPEB liability was 4.13%. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted as a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The discount rate used for the June 30, 2022 liability was 4.12%.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the net OPEB liability:

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability</i>	<i>Plan fiduciary net position</i>	<i>Net OPEB liability (asset)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at June 30, 2022	\$ 1,277,255	\$ 11,457	\$ 1,265,798
Changes for the year:			
Service cost	34,949	-	34,949
Interest	53,504	-	53,504
Experience (Gains)/Losses	(31,726)	-	(31,726)
Change in assumptions	7,322	-	7,322
Contributions to OPEB trust	-	15,528	(15,528)
Contributions - employer	-	27,155	(27,155)
Net investment income	-	1,842	(1,842)
Benefit payments	(27,155)	(27,155)	-
Administrative expenses	-	(73)	73
Net changes	36,894	17,297	19,597
Balances at June 30, 2023	\$ 1,314,149	\$ 28,754	\$ 1,285,395

Plan fiduciary net position as a percentage of total OPEB liability 2.2%

Sensitivity of the net OPEB liability to changes in the discount rate:

The following schedule presents the net OPEB liability of the City, calculated using the discount rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 1,407,282	\$ 1,285,395	\$ 1,180,289

Sensitivity of the net OPEB liability to changes in the trend rate:

The following schedule presents the net OPEB liability of the City, calculated using healthcare cost trend rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability	\$ 1,210,423	\$ 1,285,395	\$ 1,370,356

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB Plan:

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$74,908. At June 30, 2023, the City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	<u>Outflows</u>	<u>Inflows</u>
Experience (gains)/losses	\$ 293,974	\$ 126,727
Investment earnings (gains)/losses	122	-
Change in assumptions	<u>52,610</u>	<u>241,700</u>
Total	<u>\$ 346,706</u>	<u>\$ 368,427</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u> <u>recognized</u>
2024	\$ (7,043)
2025	(3,457)
2026	(3,347)
2027	(6,103)
2028	(1,771)
Thereafter	-

Total OPEB liability by participant status:

	<u>Police</u>	<u>SEIU</u>	<u>Total OPEB</u> <u>Liability</u>
Active participants	\$ 539,130	\$ 189,355	\$ 728,485
Inactive participants receiving benefits	<u>494,760</u>	<u>90,904</u>	<u>585,664</u>
Total	<u>\$ 1,033,890</u>	<u>\$ 280,259</u>	<u>\$ 1,314,149</u>

NOTE 12 - PROPERTY TAX REVENUE

The 2022 taxable valuation of the City was \$96,232,931 on which ad valorem taxes levied consisted of 14.2890 mills for operating purposes and 1.3000 mills for solid waste removal, raising \$1,375,053 for operating purposes and \$125,096 for solid waste removal. These amounts are recognized in the fund financial statements as property tax revenue.

NOTE 13 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended June 30, 2023, is as follows:

Cumulative excess of revenues, beginning of year	\$ <u> -</u>
Revenues	\$ 22,740
Expenses	<u>22,740</u>
Excess of revenues over expenses	\$ <u> -</u>
Cumulative excess of revenues, end of year	\$ <u> -</u>

NOTE 14 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$651,294. Of this amount, \$7,244 is restricted by enabling legislation for public safety expenditures and \$541,011 is restricted by enabling legislation for public works expenditures.

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss to general liability, property and casualty, workers’ compensation, and employee health and medical claims. The risks of loss arising from general liability, building contents, workers’ compensation, employee medical, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

The Tax Increment Finance Authority, a component unit of the City, has adopted a tax increment financing plan (the Plan) that allows the Authority (the Authority) to expend tax increment revenues for purposes of furthering the development program contemplated in the Plan. At June 30, 2023, the Authority’s fund balance was \$147,581. The Authority intends to use the available equity to complete the development program. However, any funds remaining after completion of the development program shall revert proportionately to the respective taxing entities, including the City, from which the tax increment revenues were derived.

NOTE 16 - CONTINGENT LIABILITY

The City has a reimbursement agreement with a developer associated with the City’s Plainwell Paper Mill redevelopment project. In accordance with the agreement, the City must make annual payments to the developer amounting to 75% of the current year’s tax capture for the brownfield redevelopment district. At June 30, 2023, the City is contingently liable for payments to the developer in the amount of \$130,659.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 1,232,354	\$ 1,232,354	\$ 1,228,187	\$ (4,167)
Licenses and permits	66,885	66,885	70,470	3,585
Federal grants	767,590	767,590	690,760	(76,830)
State grants	494,659	513,759	520,650	6,891
Charges for services	1,550	1,550	2,223	673
Fines and forfeitures	3,720	3,720	10,604	6,884
Interest and rents	11,963	25,963	28,280	2,317
Other:				
Contributions	2,000	22,000	23,566	1,566
Miscellaneous	93,746	173,746	172,932	(814)
Total revenues	<u>2,674,467</u>	<u>2,807,567</u>	<u>2,747,672</u>	<u>(59,895)</u>
EXPENDITURES				
General government:				
Legislative - City Council	10,777	10,777	10,773	4
Elections	38,461	29,461	25,041	4,420
Administration	419,710	469,710	463,944	5,766
Assessor	23,011	23,011	22,063	948
Building and grounds	242,655	245,655	238,390	7,265
Total general government	<u>734,614</u>	<u>778,614</u>	<u>760,211</u>	<u>18,403</u>
Public safety:				
Department of Public Safety:				
Police protection	1,148,770	1,189,037	1,148,825	40,212
Fire protection	178,786	166,786	143,485	23,301
Total public safety	<u>1,327,556</u>	<u>1,355,823</u>	<u>1,292,310</u>	<u>63,513</u>
Public works:				
Street lighting	42,000	42,000	40,923	1,077
Environmental project engineering	500,000	500,000	420,539	79,461
Total public works	<u>542,000</u>	<u>542,000</u>	<u>461,462</u>	<u>80,538</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Community and economic development:				
Planning	\$ 122,212	\$ 108,247	\$ 68,364	\$ 39,883
Rental rehabilitation project	<u>230,000</u>	<u>331,009</u>	<u>329,290</u>	<u>1,719</u>
Total community and economic development	<u>352,212</u>	<u>439,256</u>	<u>397,654</u>	<u>41,602</u>
Health and welfare - ambulance	<u>9,603</u>	<u>9,603</u>	<u>9,382</u>	<u>221</u>
Recreation and culture:				
Parks	156,816	156,816	137,569	19,247
Flowers and beautification	29,499	38,499	31,462	7,037
Special events	5,326	14,326	19,287	(4,961)
Forestry	<u>2,032</u>	<u>2,032</u>	<u>2,030</u>	<u>2</u>
Total recreation and culture	<u>193,673</u>	<u>211,673</u>	<u>190,348</u>	<u>21,325</u>
Debt service - principal	<u>26,627</u>	<u>26,627</u>	<u>26,627</u>	<u>-</u>
Debt service - interest	<u>11,107</u>	<u>16,907</u>	<u>16,695</u>	<u>212</u>
Total expenditures	<u>3,197,392</u>	<u>3,380,503</u>	<u>3,154,689</u>	<u>225,814</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(522,925)</u>	<u>(572,936)</u>	<u>(407,017)</u>	<u>165,919</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Sewer Fund	250,983	250,983	250,983	-
Water Fund	142,209	142,209	142,209	-
Airport Fund	5,965	5,965	5,965	-
Equipment Fund	26,641	26,641	26,641	-
Fire Reserve Fund	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total transfers in	<u>440,798</u>	<u>440,798</u>	<u>440,798</u>	<u>-</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
OTHER FINANCING SOURCES (USES) (Continued)				
Sale of capital assets	\$ -	\$ -	\$ 400	\$ 400
Insurance recoveries	-	-	4,072	4,072
	<u>440,798</u>	<u>440,798</u>	<u>445,270</u>	<u>4,472</u>
Total other financing sources				
Transfers out:				
Solid Waste Fund	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
	<u>422,798</u>	<u>422,798</u>	<u>427,270</u>	<u>4,472</u>
Net other financing sources				
	<u>422,798</u>	<u>422,798</u>	<u>427,270</u>	<u>4,472</u>
NET CHANGES IN FUND BALANCES	(100,127)	(150,138)	20,253	170,391
FUND BALANCES - BEGINNING	<u>595,022</u>	<u>595,022</u>	<u>595,022</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 494,895</u>	<u>\$ 444,884</u>	<u>\$ 615,275</u>	<u>\$ 170,391</u>

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
State grants	\$ 949,530	\$ 949,530	\$ 392,166	\$ (557,364)
Intergovernmental	51,600	51,600	33,567	(18,033)
Interest	300	300	552	252
Other	-	-	4,401	4,401
Total revenues	<u>1,001,430</u>	<u>1,001,430</u>	<u>430,686</u>	<u>(570,744)</u>
EXPENDITURES				
Public works:				
Preservation	809,167	819,667	330,757	488,910
Traffic services	5,987	5,987	28,322	(22,335)
Winter maintenance	41,412	30,912	21,637	9,275
Administration	10,672	10,672	9,266	1,406
Total expenditures	<u>867,238</u>	<u>867,238</u>	<u>389,982</u>	<u>477,256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	134,192	134,192	40,704	(93,488)
OTHER FINANCING USES				
Transfer out - Local Street Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	34,192	34,192	(59,296)	(93,488)
FUND BALANCES - BEGINNING	<u>243,284</u>	<u>243,284</u>	<u>243,284</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 277,476</u>	<u>\$ 277,476</u>	<u>\$ 183,988</u>	<u>\$ (93,488)</u>

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 34,949	\$ 33,123	\$ 35,750	\$ 33,085	\$ 32,504	\$ 30,001
Interest	53,504	28,328	30,453	35,371	34,974	33,311
Difference between expected and actual experience	(31,726)	448,292	(19,311)	(169,289)	(45,916)	(45,878)
Changes in assumptions	7,322	(368,578)	10,413	78,141	-	40,834
Benefit payments, including refunds	<u>(27,155)</u>	<u>(22,232)</u>	<u>(16,170)</u>	<u>(12,116)</u>	<u>(5,730)</u>	<u>(4,957)</u>
Net change in total OPEB liability	36,894	118,933	41,135	(34,808)	15,832	53,311
Total OPEB liability, beginning of year	<u>1,277,255</u>	<u>1,158,322</u>	<u>1,117,187</u>	<u>1,151,995</u>	<u>1,136,163</u>	<u>1,082,852</u>
Total OPEB liability, end of year	<u>\$1,314,149</u>	<u>\$1,277,255</u>	<u>\$1,158,322</u>	<u>\$1,117,187</u>	<u>\$1,151,995</u>	<u>\$1,136,163</u>
Plan fiduciary net position:						
Contributions to OPEB trust	\$ 15,528	\$ 6,573	\$ 3,578	\$ 1,959	\$ -	\$ -
Contributions - employer	27,155	22,232	16,170	12,116	5,730	4,957
Net investment income (loss)	1,842	(1,335)	734	5	-	-
Benefit payments, including refunds	(27,155)	(22,232)	(16,170)	(12,116)	(5,730)	(4,957)
Administrative expenses	<u>(73)</u>	<u>(32)</u>	<u>(23)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	17,297	5,206	4,289	1,962	-	-
Plan fiduciary net position, beginning of year	<u>11,457</u>	<u>6,251</u>	<u>1,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u>\$ 28,754</u>	<u>\$ 11,457</u>	<u>\$ 6,251</u>	<u>\$ 1,962</u>	<u>\$ -</u>	<u>\$ -</u>
City's net OPEB liability, end of year	<u>\$1,285,395</u>	<u>\$1,265,798</u>	<u>\$1,152,071</u>	<u>\$1,115,225</u>	<u>\$1,151,995</u>	<u>\$1,136,163</u>
Plan fiduciary net position as a percent of of total OPEB liability	2.19%	0.90%	0.54%	0.18%	0.00%	0.00%
Covered payroll	\$1,042,714	\$ 885,520	\$ 808,254	\$ 915,725	\$ 961,353	\$ 939,692
City's net OPEB liability as a percentage of covered payroll	123%	143%	143%	122%	120%	121%

Note: This schedule is being built prospectively after the implementation of GASB 75 in fiscal year 2018.

Ultimately, ten years of data will be presented.

SCHEDULE OF CITY OPEB CONTRIBUTIONS

Year Ended June 30, 2023 (schedule is built prospectively upon implementation of GASB 75)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined employer contributions:						
Service cost (with interest)	\$ 44,083	\$ 37,422	\$ 40,083	\$ 37,688	\$ 33,479	\$ 30,901
Amortization of unfunded liability	<u>186,748</u>	<u>145,989</u>	<u>127,135</u>	<u>120,322</u>	<u>151,325</u>	<u>128,817</u>
Actuarially determined employer contribution	230,831	183,411	167,218	158,010	184,804	159,718
Employer contributions	<u>42,683</u>	<u>28,805</u>	<u>19,748</u>	<u>14,075</u>	<u>5,730</u>	<u>4,957</u>
Contribution deficiency	<u>\$ 188,148</u>	<u>\$ 154,606</u>	<u>\$ 147,470</u>	<u>\$ 143,935</u>	<u>\$ 179,074</u>	<u>\$ 154,761</u>
Covered payroll	<u>\$1,042,714</u>	<u>\$ 885,520</u>	<u>\$ 808,254</u>	<u>\$ 915,725</u>	<u>\$ 961,353</u>	<u>\$ 939,692</u>
Contributions as a percentage of covered payroll	4.1%	3.3%	2.4%	1.5%	0.6%	0.5%

Methods and assumptions used to determine actuarial determined contribution:

Valuation date June 30, 2022
 Measurement date June 30, 2023

Actuarial methods:
 Cost method Entry age normal (level percent of compensation)
 Asset valuation method Market value

Actuarial assumptions:
 Discount rate 4.12% for 2022 contribution; 4.13% for 2023 liability and 2024 contribution
 Payroll inflation 3.00%
 Return on plan assets 7.45%
 Mortality rates 2010 Public Safety and General Employees and healthy retirees, headcount weighted; MP-2021 improvement
 Termination rates None
 Retirement rates Employees are assumed to retire when first eligible for plan benefits
 Marital assumption Not applicable
 Monthly Post-65 Medical Cost \$253.69 supplemental premium with \$26.20 prescription plan rationale
 Medical trend rates 7.25% in 2022 graded down to 4.5% by 0.25% per year pre-65 costs; 5.55% graded down by 4.5% for post-65 costs
 Monthly per-capita costs valued See rates in table below:

<u>Age</u>	<u>Rate</u>
55	747.45
56	781.97
57	816.83
58	854.04
59	872.47
60	909.68
61	941.86
62	968.97
63	989.45
64	1,005.54

Assumption changes since prior valuation:

Medical trend tables updated to incorporate 2% increases for Post-Medicare benefit
 Discount rate updated from 4.12% to 4.13%

Note: This schedule is being built prospectively after the implementation of GASB 75 in fiscal year 2018. Ultimately, ten years of data will be presented.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

June 30, 2023

	<u>Special revenue funds</u>			<u>Capital projects funds</u>		<u>Totals</u>
	<u>Local Street</u>	<u>Solid Waste</u>	<u>Revolving Loan</u>	<u>Fire Reserve</u>	<u>Capital Improvements</u>	
ASSETS						
Cash and investments	\$ 343,961	\$ 22,000	\$ 30,592	\$ 76,887	\$ 62,735	\$ 536,175
Receivables	23,161	-	32,063	-	-	55,224
Total assets	<u>\$ 367,122</u>	<u>\$ 22,000</u>	<u>\$ 62,655</u>	<u>\$ 76,887</u>	<u>\$ 62,735</u>	<u>\$ 591,399</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Payables	\$ 5,551	\$ 3,374	\$ -	\$ -	\$ -	\$ 8,925
Due to other funds	23,174	-	-	-	-	23,174
Total liabilities	<u>28,725</u>	<u>3,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,099</u>
Fund balances:						
Restricted for:						
Public works	338,397	18,626	-	-	-	357,023
Community and economic development	-	-	62,655	-	-	62,655
Assigned for capital acquisitions	-	-	-	76,887	62,735	139,622
Total fund balances	<u>338,397</u>	<u>18,626</u>	<u>62,655</u>	<u>76,887</u>	<u>62,735</u>	<u>559,300</u>
Total liabilities and fund balances	<u>\$ 367,122</u>	<u>\$ 22,000</u>	<u>\$ 62,655</u>	<u>\$ 76,887</u>	<u>\$ 62,735</u>	<u>\$ 591,399</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - nonmajor governmental funds

Year ended June 30, 2023

	<i>Special revenue funds</i>			<i>Capital projects funds</i>		<i>Totals</i>
	<i>Local Street</i>	<i>Solid Waste</i>	<i>Revolving Loan</i>	<i>Fire Reserve</i>	<i>Capital Improvements</i>	
REVENUES						
Property taxes	\$ -	\$ 123,600	\$ -	\$ 95,076	\$ 95,076	\$ 313,752
Assessments	-	58,656	-	-	-	58,656
State grants	145,175	97	-	4	-	145,276
Intergovernmental	55,631	-	-	-	-	55,631
Interest	945	1,642	572	1,609	1,404	6,172
Other	-	7	-	-	-	7
Total revenues	201,751	184,002	572	96,689	96,480	579,494
EXPENDITURES						
Current:						
General government	-	-	-	43,048	23,150	66,198
Public works	285,253	214,467	-	-	60,000	559,720
Debt service:						
Principal	-	-	-	22,000	-	22,000
Interest	-	-	-	40,716	-	40,716
Total expenditures	285,253	214,467	-	105,764	83,150	688,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(83,502)	(30,465)	572	(9,075)	13,330	(109,140)
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	18,000	-	-	-	118,000
Transfers out	-	-	-	(15,000)	-	(15,000)
Total other financing sources (uses)	100,000	18,000	-	(15,000)	-	103,000
NET CHANGES IN FUND BALANCES	16,498	(12,465)	572	(24,075)	13,330	(6,140)
FUND BALANCES - BEGINNING	321,899	31,091	62,083	100,962	49,405	565,440
FUND BALANCES - ENDING	\$ 338,397	\$ 18,626	\$ 62,655	\$ 76,887	\$ 62,735	\$ 559,300

BALANCE SHEET - component units

June 30, 2023

	<u>Tax Increment Finance Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Downtown Development Authority</u>
ASSETS			
Cash	\$ 149,891	\$ 3,594	\$ 102,223
Investments	<u>-</u>	<u>138,106</u>	<u>-</u>
Total assets	<u>\$ 149,891</u>	<u>\$ 141,700</u>	<u>\$ 102,223</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 2,310	\$ 72,864	\$ 1,457
Unearned revenue	<u>-</u>	<u>-</u>	<u>611</u>
Total liabilities	2,310	72,864	2,068
Fund balances - unassigned	<u>147,581</u>	<u>68,836</u>	<u>100,155</u>
Total liabilities and fund balances	<u>\$ 149,891</u>	<u>\$ 141,700</u>	<u>\$ 102,223</u>
Reconciliation of the balance sheet to the statement of net position:			
Total fund balances	\$ 147,581	\$ 68,836	\$ 100,155
Amounts reported for the <i>component units</i> in the statement of net position (page 15) are different because:			
Certain assets of the <i>component units</i> are not current financial resources and, therefore, are not reported in the funds.			
	-	857,338	-
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	(1,400)	(1,500)	(700)
Note payable	<u>-</u>	<u>(600,000)</u>	<u>-</u>
Net position of the <i>component units</i>	<u>\$ 146,181</u>	<u>\$ 324,674</u>	<u>\$ 99,455</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - component units

Year ended June 30, 2023

	<u>Tax Increment Finance Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Downtown Development Authority</u>
REVENUES			
Property taxes	\$ -	\$ 46,021	\$ 62,998
State grant	86,683	-	7,195
Intergovernmental	-	60,000	-
Interest	2,362	5,311	2,120
Other	-	144,000	8,469
	<hr/>	<hr/>	<hr/>
Total revenues	89,045	255,332	80,782
EXPENDITURES			
Current - Public works	64,691	301,513	68,007
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,354	(46,181)	12,775
OTHER FINANCING SOURCE			
Loan proceeds	-	40,764	-
	<hr/>	<hr/>	<hr/>
NET CHANGES IN FUND BALANCES	24,354	(5,417)	12,775
FUND BALANCES - BEGINNING	123,227	74,253	87,380
	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	<u>\$ 147,581</u>	<u>\$ 68,836</u>	<u>\$ 100,155</u>
Net change in fund balance	\$ 24,354	\$ (5,417)	\$ 12,775
<p>Amounts reported for <i>component units</i> in the statement of activities (page 16) are different because:</p>			
Long-term debt - issuance	-	(40,764)	-
Net (increase) decrease in compensated absences	-	1,700	(200)
	<hr/>	<hr/>	<hr/>
Change in net position of <i>component units</i>	<u>\$ 24,354</u>	<u>\$ (44,481)</u>	<u>\$ 12,575</u>

BUDGETARY COMPARISON SCHEDULE - Tax Increment Finance Authority

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
State grant	\$ 82,349	\$ 82,349	\$ 86,683	\$ 4,334
Interest	<u>150</u>	<u>150</u>	<u>2,362</u>	<u>2,212</u>
Total revenues	82,499	82,499	89,045	6,546
EXPENDITURES				
Public works	<u>69,005</u>	<u>69,005</u>	<u>64,691</u>	<u>4,314</u>
NET CHANGES IN FUND BALANCES				
	13,494	13,494	24,354	10,860
FUND BALANCES - BEGINNING				
	<u>123,227</u>	<u>123,227</u>	<u>123,227</u>	<u>-</u>
FUND BALANCES - ENDING				
	<u>\$ 136,721</u>	<u>\$ 136,721</u>	<u>\$ 147,581</u>	<u>\$ 10,860</u>

BUDGETARY COMPARISON SCHEDULE - Brownfield Redevelopment Authority

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 46,001	\$ 46,001	\$ 46,021	\$ 20
Federal grant	25,000	25,000	-	(25,000)
Intergovernmental	60,000	60,000	60,000	-
Interest	100	100	5,311	5,211
Other - project damages	-	80,000	144,000	64,000
	<u>131,101</u>	<u>211,101</u>	<u>255,332</u>	<u>44,231</u>
Total revenues				
EXPENDITURES				
Public works	<u>189,884</u>	<u>269,884</u>	<u>301,513</u>	<u>(31,629)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(58,783)	(58,783)	(46,181)	12,602
OTHER FINANCING SOURCE				
Loan proceeds	<u>-</u>	<u>-</u>	<u>40,764</u>	<u>40,764</u>
NET CHANGES IN FUND BALANCES				
	(58,783)	(58,783)	(5,417)	53,366
FUND BALANCES - BEGINNING				
	<u>74,253</u>	<u>74,253</u>	<u>74,253</u>	<u>-</u>
FUND BALANCES - ENDING				
	<u>\$ 15,470</u>	<u>\$ 15,470</u>	<u>\$ 68,836</u>	<u>\$ 53,366</u>

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes	\$ 62,955	\$ 62,955	\$ 62,998	\$ 43
State grant	6,835	6,835	7,195	360
Interest	156	156	2,120	1,964
Other	<u>2,500</u>	<u>2,500</u>	<u>8,469</u>	<u>5,969</u>
Total revenues	<u>72,446</u>	<u>72,446</u>	<u>80,782</u>	<u>8,336</u>
EXPENDITURES				
Public works	<u>74,395</u>	<u>74,395</u>	<u>68,007</u>	<u>6,388</u>
NET CHANGES IN FUND BALANCES	(1,949)	(1,949)	12,775	14,724
FUND BALANCES - BEGINNING	<u>87,380</u>	<u>87,380</u>	<u>87,380</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 85,431</u>	<u>\$ 85,431</u>	<u>\$ 100,155</u>	<u>\$ 14,724</u>

City of Plainwell

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$1,350,000 2012 CAPITAL IMPROVEMENT BONDS (PUBLIC SAFETY BUILDING)**

June 30, 2023

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>August 1</i>	<i>February 1</i>			
2024	\$ 19,946	\$ 19,946	2/01/24	\$ 23,000	\$ 62,892
2025	19,514	19,514	2/01/25	23,000	62,028
2026	19,083	19,083	2/01/26	24,000	62,166
2027	18,633	18,633	2/01/27	25,000	62,266
2028	18,164	18,164	2/01/28	26,000	62,328
2029	17,677	17,677	2/01/29	27,000	62,354
2030	17,171	17,171	2/01/30	28,000	62,342
2031	16,646	16,646	2/01/31	29,000	62,292
2032	16,102	16,102	2/01/32	30,000	62,204
2033	15,539	15,539	2/01/33	31,000	62,078
2034	14,958	14,958	2/01/34	33,000	62,916
2035	14,339	14,339	2/01/35	34,000	62,678
2036	13,701	13,701	2/01/36	35,000	62,402
2037	13,046	13,046	2/01/37	36,000	62,092
2038	12,371	12,371	2/01/38	38,000	62,742
2039	11,658	11,658	2/01/39	39,000	62,316
2040	10,927	10,927	2/01/40	41,000	62,854
2041	10,158	10,158	2/01/41	42,000	62,316
2042	9,371	9,371	2/01/42	44,000	62,742
2043	8,546	8,546	2/01/43	45,000	62,092
2044	7,702	7,702	2/01/44	47,000	62,404
2045	6,821	6,821	2/01/45	49,000	62,642
2046	5,902	5,902	2/01/46	51,000	62,804
2047	4,946	4,946	2/01/47	53,000	62,892
2048	3,952	3,952	2/01/48	55,000	62,904
2049	2,921	2,921	2/01/49	57,000	62,842
2050	1,852	1,852	2/01/50	59,000	62,704
2051	745	745	2/01/51	39,760	41,250
	<u>\$ 332,391</u>	<u>\$ 332,391</u>		<u>\$ 1,063,760</u>	<u>\$ 1,728,542</u>

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$3,865,000 2012 SEWER SUPPLY SYSTEM REVENUE BONDS**

June 30, 2023

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2024	\$ 20,363	\$ 18,738	10/01/23	\$ 130,000	\$ 169,101
2025	18,738	17,051	10/01/24	135,000	170,789
2026	17,051	15,363	10/01/25	135,000	167,414
2027	15,363	13,613	10/01/26	140,000	168,976
2028	13,613	11,801	10/01/27	145,000	170,414
2029	11,801	9,926	10/01/28	150,000	171,727
2030	9,926	8,051	10/01/29	150,000	167,977
2031	8,051	6,113	10/01/30	155,000	169,164
2032	6,113	4,113	10/01/31	160,000	170,226
2033	4,113	2,051	10/01/32	165,000	171,164
2034	2,051	-	10/01/33	170,000	172,051
	<u>\$ 127,183</u>	<u>\$ 106,820</u>		<u>\$ 1,635,000</u>	<u>\$ 1,869,003</u>

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$500,000 2022 GENERAL OBLIGATION LIMITED TAX BONDS**

June 30, 2023

<u>Fiscal period</u>	<u>Interest requirements</u>	<u>Maturity date</u>	<u>Principal</u>	<u>Total requirements</u>
2024	\$ 13,666	06/01/24	\$ 28,000	\$ 41,666
2025	12,929	06/01/25	29,000	41,929
2026	12,132	06/01/26	30,000	42,132
2027	11,302	06/01/27	31,000	42,302
2028	10,439	06/01/28	32,000	42,439
2029	9,543	06/01/29	32,000	41,543
2030	8,640	06/01/30	33,000	41,640
2031	7,707	06/01/31	34,000	41,707
2032	6,741	06/01/32	35,000	41,741
2033	5,743	06/01/33	36,000	41,743
2034	4,696	06/01/34	37,000	41,696
2035	3,604	06/01/35	38,000	41,604
2036	2,464	06/01/36	39,000	41,464
2037	1,271	06/01/37	41,000	42,271
	<u>\$ 110,877</u>		<u>\$ 475,000</u>	<u>\$ 585,877</u>

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$600,000 STATE REMEDIATION & REDEVELOPMENT DIVISION BROWNFIELD LOAN**

June 30, 2023

<u>Fiscal period</u>	<u>Interest requirements</u>	<u>Maturity date</u>	<u>Principal</u>	<u>Total requirements</u>
2024	\$ -	10/05/23	\$ -	\$ -
2025	-	10/05/24	-	-
2026	-	10/05/25	58,696	58,696
2027	8,120	10/05/26	50,576	58,696
2028	7,362	10/05/27	51,335	58,697
2029	6,591	10/05/28	52,105	58,696
2030	5,809	10/05/29	52,887	58,696
2031	5,016	10/05/30	53,680	58,696
2032	4,211	10/05/31	54,485	58,696
2033	3,393	10/05/32	55,302	58,695
2034	2,564	10/05/33	56,132	58,696
2035	1,722	10/05/34	56,974	58,696
2036	867	10/05/35	57,828	58,695
	<u>\$ 45,655</u>		<u>\$ 600,000</u>	<u>\$ 645,655</u>