

**City of Frankenmuth
City Council Work Session
Thursday, February 17, 2022
7:00 am**

- 1. Call to Order by Mayor Mary Anne Ackerman**
- 2. Pledge of Allegiance**
- 3. Recognition of guests and public comments**
- 4. Reports/minutes of Board and Commission Meetings**
- 5. Approval of the Agenda**
- 6. Work Session Items**
 - 6.a. Update on West Tuscola Construction Project**
 - 6.b. Michigan Natural Resources Trust Fund Grant Update**
 - 6.c. Existing Committee Appointments**
[committee chart.docx](#)
 - 6.d. Presentation of the FY 2020-2021 Audited Financial Statements**
[2021 City of Frankenmuth letter of findings.pdf](#)
[City Of Frankenmuth 2021 audited financial statements.pdf](#)
[updated draft power point.pdf](#)
- 7. Adjournment**



Item Cover Page

CITY COUNCIL WORK SESSION AGENDA ITEM REPORT

DATE: February 17, 2022

SUBMITTED BY: Bridget Smith, Administration

ITEM TYPE: Correspondence

AGENDA SECTION: Work Session Items

SUBJECT: Update on West Tuscola Construction Project

SUGGESTED ACTION:

ATTACHMENTS:



Item Cover Page

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CITY COUNCIL WORK SESSION AGENDA ITEM REPORT

DATE: February 17, 2022

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SUBJECT: Existing Committee Appointments

SUGGESTED ACTION:

ATTACHMENTS:
[committee chart.docx](#)

Committee by Creation/Authority	Is Council representation required?	Council Appointment	At Large	Current Members/Total # of Members
State Law				
Planning Commission*	No (says member "may" be a Council representative)	Carl Schoenow	Chad Ross	9/9
Zoning Board	No			7/7 (includes alternate)
Board of Review	No			3/3
Parks and Rec*	Yes; 1 member per Parks Bylaws	Tom Meyer		10/10
Local Ordinance				
Historic Commission*	Yes; 1 member per establishing ordinance	Paul LaBrenz		5/5
EDC	Yes; 1 member per bylaws, Mayor ex officio	Beth Reindel	Vickie Schmitzer	15/15
District Library	No	Mary Anne Ackerman		8/8
DDA****	Mayor or his/her designee	Vickie Schmitzer ****		12/13
Tree Board	No			5/5

Locally Created				
Transportation Advisory	No adopted bylaws	Chad Ross Beth Reindel		9/9
City Beautification	Yes, at least one	Beth Reindel		16/19
Sister City	Yes, one plus Mayor (ex officio)	Mary Anne Ackerman*** Paul LaBrenz	Vickie Schmitzer Beth Reindel	15/22
Water Board/Waste Treatment	Standing Ad Hoc Committee	Carl Schoenow Chad Ross Tom Meyer		6/6
Audit and Finance	Standing Ad Hoc Committee	Carl Schoenow Vickie Schmitzer Chad Ross		3/3
Personnel	Standing Ad Hoc Committee	Beth Reindel Vickie Schmitzer Tom Meyer		3/3
City Township Commission **	Two	Carl Schoenow Tom Meyer		7/7 (four voting)
Other				
Civic Events		Paul LaBrenz Beth Reindel		NA
Chamber	Mayor, ex officio	Mary Anne Ackerman***		NA



Item Cover Page

CITY COUNCIL WORK SESSION AGENDA ITEM REPORT

DATE: February 17, 2022

SUBMITTED BY: Bridget Smith, Administration

ITEM TYPE: Correspondence

AGENDA SECTION: Work Session Items

SUBJECT: Presentation of the FY 2020-2021 Audited Financial Statements

SUGGESTED ACTION:

ATTACHMENTS:

[2021 City of Frankenmuth letter of findings.pdf](#)
[City Of Frankenmuth 2021 audited financial statements.pdf](#)
[updated draft power point.pdf](#)



Gardner | Provenzano Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
Heather Thomas-Verhaeghe
Brett A. Luplow

January 25, 2022

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of City of Frankenmuth as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered City of Frankenmuth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Frankenmuth's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Frankenmuth's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Condition of the Accounting records

During the course of the audit we proposed 48 adjusting entries. The most significant entries are as follows:

1. Cash did not reconcile to the trial balance for three cash accounts.
2. The consolidated cash account did reconcile to the trial balance but the reconciliation was not accurate.
3. Federal revenue in the amount of \$76,734 was recognized in a State revenue account.

4. Major street revenue in the amount of \$17,591 was recorded in the general fund.
5. Prepaid expenditures in the amount of \$16,777 were not recorded.
6. The June billing for utilities were not recorded in the correct revenue accounts.
7. Accounts receivable were not recorded properly as follows:
 - Under recorded in the general fund in the amount of \$22,781 for cable and franchise fees.
 - Duplicate accounts receivable in the amounts of \$6,017, \$9,515, \$160 in the waste water, water and major street funds, respectively.
8. Equipment rental charges in the amount of \$138,984 were not recorded for April, May and June of 2021.
9. Charges for vehicles usage for the fiscal year 2020-21 in the amount of \$50,765 was not recorded.
10. Administrative charges between funds did not reconcile.

Client Response

We agree with the finding. We have already taken corrective action to address these issues including hiring a Certified Public Accounting firm ,as a consultant, to assist us in improving our processes and internal controls.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Budget Overages

Expenditures were over budget in the following funds: general fund, major street fund, local street fund, and the DDA fund

Client Response

We will closely monitor our budget and make necessary adjustments in the future.

This communication is intended solely for the information and use of management Frankenmuth City Council, and others within City of Frankenmuth, and is not intended to be, and should not be, used by anyone other than these specified parties.

Gardner, Provenzano, Thomas & Luplow, P.C.

Gardner, Provenzano, Thomas & Luplow
Saginaw Michigan



CITY OF FRANKENMUTH
Frankenmuth, Michigan

FINANCIAL STATEMENTS
June 30, 2021



Gardner | Provenzano
Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FRANKENMUTH
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INDEPENDENT AUDITOR'S REPORT

January 25, 2022

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of City of Frankenmuth as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Frankenmuth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 unit, each major fund and the remaining fund information of City of Frankenmuth as of June 30, 2021 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Frankenmuth's basic financial statements. The capital project fund financial statement, component unit financial statement and the schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The capital project fund financial statement, component unit financial statement and schedule of indebtedness are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 capital project fund financial statement, component unit financial statement and the schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Gardner, Proronyano, Thomas & Luplow, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

The City of Frankenmuth, Michigan's (the "City") annual report consists of this analysis (management's discussion and analysis), government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

The government-wide statements are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources as measured in the individual fund statements. These statements make a distinction between governmental activities for example public safety and public works and business-type activities such as the provision of water and sewerage service. Two government-wide statements are provided.

One government-wide statement, the statement of net position, presents information on all of the City's assets and liabilities with the difference shown as net position. Increases or decreases of net position from period to period provide useful information on the direction of the City's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net position changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net position.

Following the government-wide statements, individual fund financial statements are provided for the City's funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services, proprietary funds which account for business-type activities and the fiduciary fund.

Reconciliations between the individual fund statements and the government-wide financial statements are provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities in the government-wide statement of net position, which are not included in the fund balance sheets. In addition, the difference is related to the timing of reporting capital outlays and debt principal repayment in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as bond proceeds and accrued interest in the individual fund statements versus the government-wide statements.

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Position and Results of Operation for the City as a Whole

Total current assets of the governmental activities decreased \$4,681,043 from the previous year with most of the decrease in cash. Bonds were sold to finance the Levee project in the fiscal year that ended June 30, 2020. All of the cash proceeds were not spent at that time. At June 30, 2021, most of those proceeds were spent. Noncurrent assets increased \$4,764,566 from the prior year. The increase is attributable to the Levee and Riverwalk project added to capital assets. Current liabilities decreased \$2,087,417 with most of that decrease in accounts payable. Noncurrent liabilities increased \$1,052,609 from the prior year. While bonded debt did decrease \$680,680, there was an increase due to an advance of \$1,250,000 from the water fund to the DDA fund.

Total assets of the business type activities decreased by \$295,064. Total liabilities decreased in the amount of \$357,951. Management does not believe those decreases to be significant.

In a condensed format, the tables below show the net position and changes in net position as of June 30, 2021 with comparable data for the prior fiscal year.

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2021	Restated 2020	2021	2020	2021	Restated 2020
Assets						
Current assets	\$ 7,363,755	\$ 12,044,798	\$ 4,201,367	\$ 5,330,029	\$ 11,565,122	\$ 17,374,827
Noncurrent assets	20,351,938	15,587,372	13,229,394	12,395,796	33,581,332	27,983,168
Total Assets	27,715,693	27,632,170	17,430,761	17,725,825	45,146,454	45,357,995
Deferred Outflows of Resources	804,786	886,984	201,197	221,746	1,005,983	1,108,730
Liabilities						
Current liabilities	2,164,401	4,251,818	442,498	704,917	2,606,899	4,956,735
Noncurrent liabilities	16,322,797	15,270,188	5,872,084	5,937,616	22,194,881	21,207,804
Total Liabilities	18,487,198	19,522,006	6,314,582	6,642,533	24,801,780	26,164,539
Deferred Inflows	267,438	4,914	103,189	1,228	370,627	6,142
Net Position						
Net investment in capital assets	9,992,217	4,546,971	6,978,570	7,183,369	16,970,787	11,730,340
Unrestricted	(226,374)	4,445,263	4,235,617	4,120,441	4,009,243	8,565,704
Total Net Position	\$ 9,765,843	\$ 8,992,234	\$ 11,214,187	\$ 11,303,810	\$ 20,980,030	\$ 20,296,044

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The change in net position for the 2020-2021 and 2019-2020 years are presented and discussed below.

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	Restated				Restated	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue						
Charges for services	\$ 1,672,926	\$ 1,750,161	\$ 3,891,032	\$ 3,700,587	\$ 5,563,958	\$ 5,450,748
Operating grants and contributions	1,140,093	909,812	-	-	1,140,093	909,812
Capital grants and contributions	137,436	142,762	88,064	121,340	225,500	264,102
General revenue						
Property taxes	3,956,865	3,892,632	-	-	3,956,865	3,892,632
State revenue	519,162	594,659	-	-	519,162	594,659
License and permits	-	-	-	-	-	-
Unrestricted investment earnings	86,609	69,042	26,458	28,840	113,067	97,882
Other revenues	155,956	142,783	-	-	155,956	142,783
Transfers	260,361	227,326	(217,941)	(205,197)	42,420	22,129
Total Revenue	<u>7,929,408</u>	<u>7,729,177</u>	<u>3,787,613</u>	<u>3,645,570</u>	<u>11,717,021</u>	<u>11,374,747</u>
Program Expense						
General government	2,561,413	1,946,970	-	-	2,561,413	1,946,970
Public safety	1,481,602	2,323,917	-	-	1,481,602	2,323,917
Public works	47,329	64,518	-	-	47,329	64,518
Highways and Street	529,353	789,477	-	-	529,353	789,477
Sanitation and public works	500,716	144,801	-	-	500,716	144,801
Economic development-DDA	995,548	705,950	-	-	995,548	705,950
Culture-recreations	714,259	1,038,174	-	-	714,259	1,038,174
Interest on long term debt	325,579	198,670	-	-	325,579	198,670
Water and waste water	-	-	3,877,236	3,305,384	3,877,236	3,305,384
Total Program Expenses	<u>7,155,799</u>	<u>7,212,477</u>	<u>3,877,236</u>	<u>3,305,384</u>	<u>11,033,035</u>	<u>10,517,861</u>
Change in Net Position	<u>\$ 773,609</u>	<u>\$ 516,700</u>	<u>\$ (89,623)</u>	<u>\$ 340,186</u>	<u>\$ 683,986</u>	<u>\$ 856,886</u>

Governmental Activities

The City of Frankenmuth's governmental wide activities indicates an increase in net position of \$773,609 for fiscal year 2020-2021 as compared to an increase in net position of \$516,700 for the prior fiscal year. Revenue increased \$200,231 from the prior year with most of that increase in operating grants and contributions.

Expenses decreased \$56,678 from the prior year. Management does not believe the decrease from the prior year to be significant.

State revenues, statutorily designated to support local community services and historically about 15% of the City's general operating revenues, have decreased over time to approximately 7% of total revenues. State shared revenue qualifications have changed significantly in the past few years and we continue to monitor this to maximize our state revenues.

Business-type Activities

Net position of the Business-type activities, (water and waste treatment funds) decreased by \$89,623 as compared to an increase of \$340,186 in the prior year. Most of the variance is due to adjustments for the pension and OPEB liability. Outside the purchase of water, the largest single expenditure in both funds is depreciation expense of \$1,035,868.

The City operates a water department and sewer treatment department. These departments provide water and sewage services to all the City's residents. Water is provided to some areas outside the City corporate limits. Rates are set to provide for annual operations, maintenance, replacement, and for the payment of debt service requirements. The Water Board reviewed the rate structure and increased rates as of November 1, 2020. Sewer rates were also increased effective November 1, 2020. The City, in June 2012, signed a 22 year water service agreement with the City of Saginaw to be the wholesale supplier of water.

Analysis of Individual Funds

Of the City's governmental funds, the general fund, the major and local street funds, parks and recreation and the Downtown Development Authority fund account for most of the significant expenditures.

The general fund ended the fiscal year with an increase to the fund balance in the amount of \$313,546 as compared to an increase of \$424,718 in the previous fiscal year. Management does not believe the change between the two years to be significant. An ongoing concerted effort by the City Council and management is being made to stabilize and reduce operational expenditures. Property taxes remain the major revenue source (50%) followed by charges for services (30%), intergovernmental revenue (12%), Other Revenues (8%) and licenses and permits, fines and forfeits making up the balance of the general fund revenue.

The City strives to maintain an unassigned fund balance reserve in the general fund of at least two months as recommended by the Government Accounting Standards Board in GASB statement number 54. Based upon the 2021-2022 budgeted general fund expenditures, we have approximately 5.6 months in reserves which fall within the desired level. This compares to 4.6 months reserve in the previous year.

Both the major and local street funds continue to struggle with limited funds available to undertake construction or reconstruction projects. The major source of revenue comes from the State gas and weight taxes. The general fund annually transfers money, as needed, into these street funds for any planned construction project. The ending fund balance in these street funds increased to \$610,227 for fiscal year 2020-21, as compared to an ending balance of \$452,929 for the prior fiscal year.

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Downtown Development Authority fund historically received the majority of their revenue from property taxes, captured taxes and special assessments. For the year ended June 30, 2021, there was not a property tax levy. The fund balance decreased in 2021 in the amount of \$585,801, as compared to a \$529,694 increase in 2020. During the year ended June 30, 2021 the DDA transferred \$1,613,984 to the capital projects fund for the Riverwalk project. The water fund advanced the DDA fund \$1,250,000 in 2020-21.

The parks and recreation fund had a fund balance increase in the amount of \$14,952, resulting in an ending fund balance of \$104,020. This fund required a \$335,000 transfer from the general fund.

The City maintained one capital project funds in the 2021 fiscal year: the Levee construction project. Bonds were sold to finance the project. This fund ended the year with a \$673,271 fund balance. The DDA Riverwalk project was also accounted for in this fund.

General Operating Fund Budget Highlights

During the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate the revised expenditure estimates.

The City did amend the originally adopted budget in January 2021 and June 2021.

The final revenue budget for the general fund was not amended.

The final expenditure budget for the general fund was increased by \$49,521. Management does not believe this increase to be significant.

Transfers out were increased by \$100,000 which included a budgeted transfer of \$50,000 to the major street fund and \$50,000 to the local street fund.

Actual results for revenue were \$284,069 better than budget. Almost every line item came in over budget.

Actual expenditures were \$34,998 less than budget. Public safety was the largest variance.

Capital Asset and Long-term Debt Activity

Information regarding the City's capital assets and debt are found in the notes to the financial statements. The City did service all outstanding debt on a timely basis.

Economic Factors and Next Year's Budgets and Rates

The City's tax levy rate for fiscal year 2021-2022 was set at 9.25. We are anticipating a modest increase in tax revenues in the next fiscal year. The limiting factor on tax revenue growth in the general fund results from the capture of commercial tax values in the DDA District.

The financial implications of COVID-19 have presented numerous challenges to the City. Looking to this next fiscal year, the City is cautiously optimistic that the most impactful parts of the COVID 19 pandemic are behind us and we are unaware of any other economic factors at this point.

Contacting the City's Financial Management

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the City's investors and creditors. If you have any questions about this report or need additional financial information, please do not hesitate to contact the City Manager or City Treasurer at Frankenmuth City & Township Government Center, 240 West Genesee Street, Frankenmuth, MI 48734-1398.

FINANCIAL STATEMENTS

City of Frankenmuth
Statement of Net Position
June 30, 2021

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
<u>Assets</u>				
Cash and cash equivalents	\$ 4,441,232	\$ 3,248,693	\$ 7,689,925	\$ 435,497
Investments	547,482	291,298	838,780	-
Receivables	140,624	418,370	558,994	280
Special Assessments Receivable	1,554,686	16,752	1,571,438	-
Due from other governmental units	529,148	-	529,148	-
Inventory	35,038	117,107	152,145	-
Advance due from DDA	-	100,144	100,144	-
Prepaid expenses	115,545	9,003	124,548	2,754
Total Current assets	7,363,755	4,201,367	11,565,122	438,531
Noncurrent Assets				
Special Assessments net of current portion	-	244,689	244,689	-
Advance due from DDA	-	1,299,856	1,299,856	-
Net Capital assets	20,351,938	11,684,849	32,036,787	-
Total Noncurrent Assets	20,351,938	13,229,394	33,581,332	-
Total Assets	27,715,693	17,430,761	45,146,454	438,531
Deferred Outflows-Pension	801,493	200,374	1,001,867	-
Deferred Outflows-OPEB	3,293	823	4,116	-
Total Deferred Outflows	804,786	201,197	1,005,983	-
<u>Liabilities</u>				
Accounts payable	254,031	176,511	430,542	75
Accrued expenditures	92,263	7,483	99,746	-
Due to other governments	20,451	15,508	35,959	-
Unearned revenue	1,697,512	242,996	1,940,508	-
Advance from water fund	100,144	-	100,144	-
Noncurrent liabilities:				
OPEB	170,128	42,531	212,659	-
Bonds payable due within one year	590,680	172,320	763,000	-
Advance from water fund	1,299,856	-	1,299,856	-
Bonds Payable (net of current portion)	9,769,041	4,533,959	14,303,000	-
Net pension liability	4,493,092	1,123,274	5,616,366	-
Total Liabilities	18,487,198	6,314,582	24,801,780	75
Deferred Inflow-Pension	261,585	101,727	363,312	-
Deferred Inflows-OPEB	5,853	1,462	7,315	-
Total Deferred Inflows	267,438	103,189	370,627	-
<u>Net Position</u>				
Net investment in capital assets	9,992,217	6,978,570	16,970,787	-
Unrestricted	(226,374)	4,235,617	4,009,243	438,456
Total Net Position	\$ 9,765,843	\$ 11,214,187	\$ 20,980,030	\$ 438,456

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

City of Frankenmuth
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General Government	\$ 2,561,413	\$ 807,052	\$ 143,788	\$ 57,939	\$ (1,552,634)	\$ -	\$ (1,552,634)	\$ -
Public Safety	1,481,602	262,079	99,725	-	(1,119,798)	-	(1,119,798)	-
Public Works	47,329	-	-	-	(47,329)	-	(47,329)	-
Highways & Streets	529,353	-	686,824	569	158,040	-	158,040	-
Sanitation	500,716	548,668	-	-	47,952	-	47,952	-
Economic Development - DDA	995,548	-	-	78,928	(916,620)	-	(916,620)	-
Culture - recreations	714,259	55,127	173,926	-	(485,206)	-	(485,206)	-
Interest on Long Term Debt	325,579	-	35,830	-	(289,749)	-	(289,749)	-
Total governmental activities	7,155,799	1,672,926	1,140,093	137,436	(4,205,344)	-	(4,205,344)	-
Business-type Activities:								
Wastewater Treatment Fund	1,620,452	1,617,383	-	79,523	-	76,454	76,454	-
Water Fund	2,256,784	2,273,649	-	8,541	-	25,406	25,406	-
Total business-type activities	3,877,236	3,891,032	-	88,064	-	101,860	101,860	-
Total primary government	\$ 11,033,035	\$ 5,563,958	\$ 1,140,093	\$ 225,500	(4,205,344)	101,860	(4,103,484)	-
Component unit:								
Building Code Authority	\$ 139,300	\$ -	\$ 1,630	\$ -	\$ -	\$ -	\$ -	\$ (137,670)
General revenues:								
Property Taxes					3,956,865	-	3,956,865	-
State Revenue					519,162	-	519,162	-
License & Permits					-	-	-	156,833
Interest					86,609	26,458	113,067	1,210
Other Revenues					155,956	-	155,956	-
Transfers					260,361	(217,941)	42,420	(42,420)
Total general revenues					4,978,953	(191,483)	4,787,470	115,623
Change in net position					773,609	(89,623)	683,986	(22,047)
Net position - beginning restated					8,992,234	11,303,810	20,296,044	460,503
Net position - ending					\$ 9,765,843	\$ 11,214,187	\$ 20,980,030	\$ 438,456

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

City of Frankenmuth
Governmental Funds Balance Sheet
June 30, 2021

	General	Major Street	Local Street	Parks and Recreation	DDA	Capital Projects	Total Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 1,802,098	\$ 428,757	\$ 75,939	\$ 210,250	\$ 903,965	\$ 278,793	\$ 3,699,802
Investments	547,482	-	-	-	-	-	547,482
Receivables							
Accounts	124,169	235	160	8,145	5,830	-	138,539
Special assessments	1,382,220	3,221	-	-	169,245	-	1,554,686
Due from other governmental units	13,648	75,967	28,884	-	-	410,649	529,148
Inventory	29,623	-	-	-	-	-	29,623
Prepaid expenditures	101,695	-	-	3,220	643	-	105,558
Total	<u>\$ 4,000,935</u>	<u>\$ 508,180</u>	<u>\$ 104,983</u>	<u>\$ 221,615</u>	<u>\$ 1,079,683</u>	<u>\$ 689,442</u>	<u>\$ 6,604,838</u>
<u>Liabilities</u>							
Liabilities							
Accounts payable	\$ 188,441	\$ 146	\$ 137	\$ 15,859	\$ 17,337	\$ 16,171	\$ 238,091
Accrued expenditures	69,318	-	-	5,386	17,559	-	92,263
Due to other governments	20,451	-	-	-	-	-	20,451
Unearned revenue	1,508,688	2,653	-	96,350	89,821	-	1,697,512
Total Liabilities	<u>1,786,898</u>	<u>2,799</u>	<u>137</u>	<u>117,595</u>	<u>124,717</u>	<u>16,171</u>	<u>2,048,317</u>
<u>Fund Balance</u>							
Restricted	-	505,381	104,846	-	-	-	610,227
Non-spendable							
Prepaid expenditures	101,695	-	-	3,220	643	-	105,558
Inventories	29,623	-	-	-	-	-	29,623
Committed	-	-	-	-	221,091	-	221,091
Assigned	-	-	-	100,800	733,232	673,271	1,507,303
Unassigned	2,082,719	-	-	-	-	-	2,082,719
Total Fund Balance	<u>2,214,037</u>	<u>505,381</u>	<u>104,846</u>	<u>104,020</u>	<u>954,966</u>	<u>673,271</u>	<u>4,556,521</u>
Total Liabilities and Fund Balance	<u>\$ 4,000,935</u>	<u>\$ 508,180</u>	<u>\$ 104,983</u>	<u>\$ 221,615</u>	<u>\$ 1,079,683</u>	<u>\$ 689,442</u>	<u>\$ 6,604,838</u>

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

City of Frankenmuth
Reconciliation of the Governmental Funds Balance Sheet
to the City-Wide Statement of Net Position
June 30, 2021

Fund balances of governmental funds	\$	4,556,521
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets		30,865,363
Accumulated depreciation		(11,305,946)

Certain pension contributions and changes in pension plan net and OPEB liability reported as deferred outflows/inflows of resources in the statement of net position, but are reported as expenditures in the governmental funds.

Outflows-Pension		751,401
Outflows-OPEB		3,087
Inflows-Pension		(243,419)
Inflows-OPEB		(5,487)

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

(11,759,721)

Net pension liability are not liabilities in the fund statements

(4,212,274)

Post-retirement benefits are not liabilities in the fund statements

(159,495)

Internal service funds are used by management to charge the cost of fleet management to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities

		1,275,813
	\$	9,765,843

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

City of Frankenmuth
Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	General	Major Street	Local Street	Parks and Recreation	DDA	Capital Projects	Total Governmental Funds
Revenues							
Taxes	\$2,549,047	\$ -	\$ -	\$ -	\$ 1,553,665	\$ -	\$ 4,102,712
Licenses	18,676	-	-	-	-	-	18,676
Intergovernmental	603,948	446,152	176,395	13,000	-	-	1,239,495
Charges for service	1,521,929	-	-	22,447	-	-	1,544,376
Fines and forfeits	3,859	-	-	-	-	-	3,859
Other revenues	436,610	56,867	9,830	192,868	132,615	3,321	832,111
Total Revenues	<u>5,134,069</u>	<u>503,019</u>	<u>186,225</u>	<u>228,315</u>	<u>1,686,280</u>	<u>3,321</u>	<u>7,741,229</u>
Expenditures							
General government	1,611,295	-	-	-	-	-	1,611,295
Public safety	1,469,259	-	-	-	-	-	1,469,259
Public works	578,559	328,839	303,107	-	-	-	1,210,505
Recreation and cultural	-	-	-	568,363	-	-	568,363
Other expenditures	401,485	-	-	-	1,140,783	5,070,795	6,613,063
Debt service	344,925	-	-	-	661,484	-	1,006,409
Total Expenditures	<u>4,405,523</u>	<u>328,839</u>	<u>303,107</u>	<u>568,363</u>	<u>1,802,267</u>	<u>5,070,795</u>	<u>12,478,894</u>
Excess (Deficiency) of Revenues over Expenditures	<u>728,546</u>	<u>174,180</u>	<u>(116,882)</u>	<u>(340,048)</u>	<u>(115,987)</u>	<u>(5,067,474)</u>	<u>(4,737,665)</u>
Other Financing Sources (Uses)							
Operating transfers in	40,000	-	156,000	355,000	-	1,613,984	2,164,984
Other financing sources	-	-	-	-	1,250,000	-	1,250,000
Operating transfers (out)	(455,000)	(56,000)	-	-	(1,719,814)	-	(2,230,814)
Total Other Financing Sources (Uses)	<u>(415,000)</u>	<u>(56,000)</u>	<u>156,000</u>	<u>355,000</u>	<u>(469,814)</u>	<u>1,613,984</u>	<u>1,184,170</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>313,546</u>	<u>118,180</u>	<u>39,118</u>	<u>14,952</u>	<u>(585,801)</u>	<u>(3,453,490)</u>	<u>(3,553,495)</u>
Fund Balances, Beginning	<u>1,900,491</u>	<u>387,201</u>	<u>65,728</u>	<u>89,068</u>	<u>1,540,767</u>	<u>4,126,761</u>	<u>8,110,016</u>
Fund Balances, Ending	<u>\$2,214,037</u>	<u>\$505,381</u>	<u>\$104,846</u>	<u>\$104,020</u>	<u>\$ 954,966</u>	<u>\$ 673,271</u>	<u>\$ 4,556,521</u>

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

City of Frankenmuth
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and
Changes in Fund Balance to the City-Wide Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net change in fund balances-total governmental funds \$ (3,553,495)

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

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

Depreciation expense	(685,719)
Capital Outlay	5,556,387
Loss on disposal of capital asset	(680)

The proceeds of an issued debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of debt	680,680
Advance from water fund	(1,250,000)

The difference between the actuarially determined Annual Required Contribution to fund long term liabilities and the actual contributions made during the year is reported as an expense in the Statement of Activities, but does not require the use of current resources and therefore is not reported as an expenditure in the fund level statements.

Change in deferred outflows-pension	(77,270)
Change in deferred outflows-OPEB	211
Change in deferred inflows-Pension	(243,419)
Change in deferred inflows-OPEB	(880)
Change in net pension obligation	245,021
Change in OPEB	728

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

Change in net position of governmental activities	102,045
	\$ 773,609

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

City of Frankenmuth
Proprietary Funds
Statement of Net Position
June 30, 2021

	Waste Water	Water	Enterprise Totals	Internal Service
<u>Assets and Deferred Outflows</u>				
Current Assets				
Cash and cash equivalents	\$ 1,502,402	\$ 1,746,291	\$ 3,248,693	\$ 741,430
Investments	-	291,298	291,298	-
Accounts receivable	158,905	259,465	418,370	2,085
Special assessments receivable	9,999	6,753	16,752	-
Inventory	19,432	97,675	117,107	5,240
Prepaid Expenses	6,581	2,422	9,003	9,987
Current portion advance due DDA	-	100,144	100,144	-
Total Current Assets	1,697,319	2,504,048	4,201,367	758,742
Noncurrent Assets				
Special assessments receivable net of current portion	134,165	110,524	244,689	-
Advance due from DDA	-	1,299,856	1,299,856	-
Net capital assets	5,382,740	6,302,109	11,684,849	792,696
Total Noncurrent Assets	5,516,905	7,712,489	13,229,394	792,696
Total Assets	7,214,224	10,216,537	17,430,761	1,551,438
Deferred Outflows of Resources-Pension	70,131	130,243	200,374	50,092
Deferred Outflows of Resources-OPEB	288	535	823	206
Total Deferred Outflows	70,419	130,778	201,197	50,298
<u>Liabilities, Deferred Inflows and Net Position</u>				
Current Liabilities				
Accounts Payable	28,785	147,726	176,511	15,940
Accrued expenditures	3,637	3,846	7,483	-
Due to other governments	-	15,508	15,508	-
Unearned Special Assessment Revenue	134,165	108,831	242,996	-
Current Portion of Long-Term Debt	44,640	127,680	172,320	-
Total Current Liabilities	211,227	403,591	614,818	15,940
Noncurrent Liabilities				
Bonds Payable (net of current portion)	754,659	3,779,300	4,533,959	-
Net pension liability	393,146	730,128	1,123,274	280,818
OPEB	14,887	27,644	42,531	10,633
Total Noncurrent Liabilities	1,162,692	4,537,072	5,699,764	291,451
Total Liabilities	1,373,919	4,940,663	6,314,582	307,391
Deferred Inflows of Resources-Pension	58,130	43,597	101,727	18,166
Deferred Inflows of Resources-OPEB	512	950	1,462	366
Total Deferred Outflows	58,642	44,547	103,189	18,532
Net Position				
Net investment in capital assets	4,583,441	2,395,129	6,978,570	792,696
Unrestricted	1,268,641	2,966,976	4,235,617	483,117
Total Net Position	\$ 5,852,082	\$ 5,362,105	\$ 11,214,187	\$ 1,275,813

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

City of Frankenmuth
Proprietary Funds
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Waste Water	Water	Enterprise Totals	Internal Service
Operating Revenues				
Sewage disposal charges	\$ 1,573,992	\$ -	\$ 1,573,992	\$ -
Water sales	-	2,220,754	2,220,754	-
Penalties on late payments	1,271	1,896	3,167	-
Hydrant rental	-	3,000	3,000	-
Billings to departments	-	-	-	542,366
Other revenues	-	27,166	27,166	11,194
Total Operating Revenues	<u>1,575,263</u>	<u>2,252,816</u>	<u>3,828,079</u>	<u>553,560</u>
Operating Expenses				
Transmission Maintenance	115,046	-	115,046	-
Sewage purification	1,215,321	-	1,215,321	-
Maintenance, Township Distribution System	-	48,139	48,139	-
Maintenance, City	-	140,842	140,842	-
Purification	-	1,733,355	1,733,355	-
Motor Vehicle Maintenance	-	-	-	404,949
Administration	321,859	167,044	488,903	38,012
Customer service	1,527	156,635	158,162	-
Total Operating Expenses	<u>1,653,753</u>	<u>2,246,015</u>	<u>3,899,768</u>	<u>442,961</u>
Operating Income (Loss)	<u>(78,490)</u>	<u>6,801</u>	<u>(71,689)</u>	<u>110,599</u>
Non-Operating Revenues (Expenses)				
Interest	8,318	18,140	26,458	1,131
Miscellaneous	10,121	-	10,121	-
Interest expense and agent fees	(28,827)	(129,572)	(158,399)	-
Special assessments	13,693	8,541	22,234	-
Gain (loss) on sale of capital assets	-	-	-	(2,706)
Changes in net pension liability, inflows and outflows	(42,469)	(14,509)	(56,978)	(6,979)
Total Non-operating Revenues	<u>(39,164)</u>	<u>(117,400)</u>	<u>(156,564)</u>	<u>(8,554)</u>
Income before other revenues	<u>(117,654)</u>	<u>(110,599)</u>	<u>(228,253)</u>	<u>102,045</u>
Other Revenue				
Capital Contributions-Connection fees	97,830	40,800	138,630	-
Total Other Revenue	<u>97,830</u>	<u>40,800</u>	<u>138,630</u>	<u>-</u>
Increase (decrease) in net position	(19,824)	(69,799)	(89,623)	102,045
Net Position, Beginning	5,871,906	5,431,904	11,303,810	1,173,768
Net Position, Ending	<u>\$ 5,852,082</u>	<u>\$ 5,362,105</u>	<u>\$ 11,214,187</u>	<u>\$ 1,275,813</u>

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

City of Frankenmuth
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Waste Water Fund	Water Fund	Enterprise Totals	Internal Service
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,545,465	\$2,191,241	\$ 3,736,706	\$ -
Billings from other departments	-	-	-	540,281
Payments to suppliers	(423,718)	(1,507,680)	(1,931,398)	(286,228)
Payments to employees	(535,052)	(289,107)	(824,159)	(123,989)
Internal activity - Net payments to other funds	(96,324)	(1,362,639)	(1,458,963)	169,026
Net cash provided by (used in) operating activities	<u>490,371</u>	<u>(968,185)</u>	<u>(477,814)</u>	<u>299,090</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(591,134)	(72,615)	(663,749)	-
Capital Contributions-Connection fees	97,830	40,800	138,630	-
Principal, interest and costs paid on capital debt	(73,466)	(252,251)	(325,717)	-
Net cash provided by (used in) capital and related financing activities	<u>(566,770)</u>	<u>(284,066)</u>	<u>(850,836)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest received on investments	8,318	18,140	26,458	1,131
Special assessment revenue and other revenue	23,814	8,541	32,355	-
Change in investments	-	(3,871)	(3,871)	-
Net cash provided by (used in) investing activities	<u>32,132</u>	<u>22,810</u>	<u>54,942</u>	<u>1,131</u>
Net Increase (Decrease) in Cash and cash equivalents	(44,267)	(1,229,441)	(1,273,708)	300,221
Cash and cash equivalents - Beginning of year	1,546,669	2,975,732	4,522,401	441,209
Cash and cash equivalents - End of year	<u>\$ 1,502,402</u>	<u>\$1,746,291</u>	<u>\$ 3,248,693</u>	<u>\$ 741,430</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ (78,490)	\$ 6,801	\$ (71,689)	\$ 110,599
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	642,826	393,042	1,035,868	102,716
Receivables	(64,627)	(85,364)	(149,991)	(2,085)
Due from other funds	2,500	14,191	16,691	177,832
Inventory	2,466	7,479	9,945	179
Prepaid	(692)	357	(335)	(462)
Unearned revenue	34,829	23,789	58,618	-
Accounts payable	(23,671)	(74,009)	(97,680)	(89,689)
Other Assets	-	(1,215,550)	(1,215,550)	-
Due to other funds	(24,770)	(38,921)	(63,691)	-
Net Cash provided by (used in) operating activities	<u>\$ 490,371</u>	<u>\$ (968,185)</u>	<u>\$ (477,814)</u>	<u>\$ 299,090</u>

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

City of Frankenmuth
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2021

	<u>Custodial Fund</u>
	<u>Current Tax</u>
	<u>Collection Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ -
	<u> </u>
<u>Liabilities</u>	
Due to other governmental units	-
	<u> </u>
<u>Net Position</u>	
Restricted for:	
Other governments	\$ -
	<u> </u>

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

City of Frankenmuth
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>Custodial Fund</u> <u>Current Tax</u> <u>Collection Fund</u>
<u>Additions</u>	
Property taxes collected for other governments	<u>\$ 14,823,857</u>
<u>Deductions</u>	
Property taxes distributed to other governments	<u>14,823,857</u>
Net increase (decrease) in fiduciary net position	-
Net position, beginning of year	-
Net position, end of year	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF FRANKENMUTH

NOTES TO FINANCIAL STATEMENTS

NOTE 1-Summary of Significant Accounting Policies

The City of Frankenmuth is organized under Michigan's Comprehensive Home Rule City Act. City government is directed by a seven-member City Council, including the Mayor, who is elected by the community at large. This legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, cultural and recreation, public improvements, and general administrative services.

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

The Reporting Entity

The accompanying financial statements present the City and one component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its financial relationship to the City. In addition, the City has consolidated the Frankenmuth Beautification Committee into these financial statements.

Construction Codes Group Authority

The Construction Codes Group Authority (CCGA) was formed in conjunction with Frankenmuth City, Frankenmuth Township and Blumfield Township in 2004. Tuscola Township joined the Authority in 2018. Members of this authority are appointed by each jurisdiction. The CCGA is included as part of the City's financial statements because of the significance of its financial relationship with the City and the City Council's ability to influence the operations. The financial statements of this component unit of the City, which are reported for the fiscal year ending June 30, 2021, are presented as a discretely presented component unit of the City.

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 governmental and business-type activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The City does not allocate indirect costs. An administrative fee is charged by the general fund to the other operating funds that is eliminated like a reimbursement to recover the direct costs of the general fund services provided.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

CITY OF FRANKENMUTH NOTES TO FINANCIAL STATEMENTS

Governmental Funds

General Fund--The general fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds--These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds--These funds are used to account for financial resources to be used for the construction of major capital facilities.

The emphasis in the fund financial statements is on major funds. The City has opted to display all funds without regard to the criteria for determining major funds. If the criteria had been, the general, DDA and capital projects funds would be major funds for the year ended June 30, 2021 in the governmental funds.

Proprietary Funds

Enterprise Funds--Enterprise funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds--These funds are used to record the financing of goods or services by the City to other departments and funds, or to other governmental units, on a cost reimbursement basis.

Fiduciary Fund

Tax Collection Fund--This fund is used to account for tax revenue collected by the City and disbursed to other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and waste water function. Eliminations of these charges would distort the direct costs and program revenues.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of source of supply, transmission and distribution maintenance, and administrative and general expenses, including depreciation and capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

Cash

Cash includes cash on hand and demand deposits.

Investments

Investments include a certificate of deposit and is stated at fair value.

Receivables

Receivables consist of all revenues earned at year-end but not yet received.

Inventories

Inventories consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

Prepaid

Prepaid amounts consist of payments for which the City will have a future benefit and will be used up at a date beyond the current year-end.

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. The City owns infrastructure assets such as water and sewer systems and roads and sidewalks. Depreciation on all assets is provided on the straight-line method.

Assets are depreciated over the following estimated useful lives:

Equipment and other	3-10 years
Vehicles	5-10 years
Buildings	50 years
Water and sewer mains	20-50 years
Water Towers	50 years
Water Meters	10-20 years
Other equipment	5-10 years
Infrastructure	5-50 years

The City elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

CITY OF FRANKENMUTH

NOTES TO FINANCIAL STATEMENTS

Accounts Payable

Accounts payable consist of items from which the City benefited during the current fiscal year but has not yet paid.

Accrued Sick Leave

Accumulated and unused sick leave at year end is recognized as an accrued expense of the respective funds in which each employee's wages are reported. The liability is calculated based upon various labor terms. Total accrued sick leave at June 30, 2021, was \$99,746.

Unearned Revenue

Unearned revenue represents amounts for which the City has received or is due to receive but has not yet earned. The revenues are considered unearned until the proceeds have been fully expensed/expended.

Long-term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Inter-fund Activity

Inter-fund activity is reported as payables and transfers. Both are eliminated upon consolidation.

Property Taxes

City property taxes are an enforceable lien on property, when levied on July 1. They are due without penalty on or before July 31. These summer tax bills include the City's own property taxes, state education tax and a portion of Saginaw County taxes billed on behalf of the Intermediate School District and Delta College. Real property taxes not collected as of March 1 are returned to Saginaw County for collection. The County settles with the City for 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

The City acts as a collection agent for a portion of Saginaw County, Saginaw ISD, Delta College, the Frankenmuth James Wickson District Library and the Frankenmuth School District for winter property taxes. Taxes collected on behalf of these entities are turned over immediately following collection, and are accounted for in a designated agency fund. At December 31, 2020, the taxable value of real and personal property located in the City totaled \$328,881,620, excluding industrial and property tax abatement values.

The levy for the year was based on the following rate:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate by Either State Law or City Charter</u>
General Operating	9.25	20* General

*Limited by Headlee amendment to 18.7860 mills

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 fund 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.

Deferred outflows/inflows of resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and OPEB items.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pension and OPEB items.

CITY OF FRANKENMUTH

NOTES TO FINANCIAL STATEMENTS

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Pension

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

OPEB

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Frankenmuth Retiree Medical Plan and additions to/deductions from City's fiduciary net position have been determined on the same basis as they are reported by the City of Frankenmuth. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 25, 2022, which is the date the financial statements were available to be issued.

CITY OF FRANKENMUTH

NOTES TO FINANCIAL STATEMENTS

Fund Balance

In the fund financial statements, governmental funds report the following components of fund balance:

- Non-spendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the City of Frankenmuth for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- Assigned – Intent to spend resources on specific purposes expressed by the City of Frankenmuth.
- Unassigned – Amounts that are available for any purpose.

NOTE 2-Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Manager submits to the City Council a proposed operating budget, adopted by activity, for the following fiscal year.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution at the May City Council meeting.
- Formal budgetary integration is employed as a measurement control device during the year for all funds.
- Budgets for all funds are adopted and have been prepared in accordance with generally accepted accounting principles.
- The legal level of budgetary control adopted is the activity level.
- Adoption and amendments of all budgets are governed by Public Act 621. The appropriations resolutions are based on the projected expenditures budget of the department heads of the City. Amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the fiscal year. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budget overages are illustrated in the required supplemental information.

NOTE 3-Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City's cash is subject to several types of risk as follows:

Custodial credit risk – deposits - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2021, \$4,031,799 of the City's bank balance of \$9,293,627 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$8,125,422.

Custodial credit risk – investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law. At June 30, 2021, the City's only investment was a certificate of deposit.

The operating cash of the City is handled through a common checking account at a credit union. Each fund's share of the cash balance is accounted for by using a separate cash general ledger account within each fund.

The investment policy of the City is to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 4-Unemployment Compensation

The City is subject to the Michigan Employment Security Act and has elected the reimbursement method. Under this method, the City must reimburse the Employment Commission for all benefits charged against the City. For the year ended June 30, 2021, the City did not incur any unemployment expenditures.

NOTE 5-Downtown Development Authority Captured Value

The Downtown Development Authority initial assessed valuation was established when the district was set. Subsequent to that initial value, additions and deletions to that valuation are captured and tax dollars from that captured value are recorded in the Downtown Development Authority Fund. Proposal A changed the formula to exclude school operating millage in the captured formula.

NOTE 6-Self-Insurance Program

The City of Frankenmuth offers a medical plan to all full-time employees. The City established an HRA fund for these claims through Basic HRA Benefit Services. The City is billed for the claims.

NOTE 7-Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Adjustments Additions	Adjustments Disposals	Balance June 30, 2021
GOVERNMENTAL ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 1,270,325	\$ -	\$ -	\$ 1,270,325
Construction in progress	5,780,563	3,366,820	-	9,147,383
Subtotal	1,270,325	3,366,820	-	10,417,708
Capital assets subject to depreciation				
Infrastructure	12,867,432	2,183,763	-	15,051,195
Furniture and Equipment	1,951,316	5,804	34,850	1,922,270
Vehicles	1,801,629	-	1,700	1,799,929
Buildings	4,372,417	-	-	4,372,417
Subtotal	20,992,794	2,189,567	36,550	23,145,811
Accumulated Depreciation				
Infrastructure	7,016,859	491,704	1,020	7,507,543
Furniture and Equipment	1,416,115	74,981	32,144	1,458,952
Vehicles	1,215,573	82,814	-	1,298,387
Buildings	2,807,763	138,936	-	2,946,699
Subtotal	12,456,310	788,435	33,164	13,211,581
Net capital assets being depreciated	8,536,484	1,401,132	3,386	9,934,230
Net governmental capital assets	\$ 9,806,809	\$ 4,767,952	\$ 3,386	\$ 20,351,938

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

BUSINESS-TYPE ACTIVITIES	Balance	Adjustments	Adjustments	Balance
	June 30, 2020	Additions	Disposals	June 30, 2021
Capital assets not subject to depreciation				
Land	\$ 22,963	\$ -	\$ -	\$ 22,963
Subtotal	22,963	-	-	22,963
Capital assets subject to depreciation				
Buildings	18,438,466	526,854	468	18,964,852
Water towers	533,842	4,665	-	538,507
Distribution systems	12,555,087	67,951	-	12,623,038
Collection systems	6,739,816	34,611	-	6,774,427
Machinery & equipment	2,590,563	29,668	125,039	2,495,192
Meters & boxes	148,552	-	-	148,552
Furniture & fixtures	62,166	-	28,741	33,425
Subtotal	41,068,492	663,749	154,248	41,577,993
Accumulated Depreciation				
Buildings	16,956,696	369,223	468	17,325,451
Water towers	448,823	8,555	-	457,378
Distribution systems	6,125,541	371,061	-	6,496,602
Collection systems	3,529,758	194,866	-	3,724,624
Machinery & equipment	1,778,809	87,889	125,039	1,741,659
Meters & boxes	132,791	4,268	-	137,059
Furniture & fixtures	62,069	6	28,741	33,334
Subtotal	29,034,487	1,035,868	154,248	29,916,107
Net capital assets being depreciated	12,034,005	(372,119)	-	11,661,886
Net Business-type capital assets	\$ 12,056,968	\$ (372,119)	\$ -	\$ 11,684,849

Depreciation expense was charged as follows:

Governmental activities:		Business-type activities:	
General government	\$ 101,698	Waste Water Treatment	\$ 642,826
Public safety	41,343	Water	393,042
Public works	7,767	Total business-type activities	\$ 1,035,868
Recreation and culture	164,073		
Economic Development - DDA	273,729		
Highway & Streets	97,109		
Internal Service	102,716		
Total governmental activities	\$ 788,435		

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 8-Inter-fund Transfers

The composition of inter-fund transfers as of June 30, 2021, is as follows:

<u>Transfers In</u>		<u>Transfers Out</u>	
General	\$ 40,000	DDA	\$ 40,000
Parks	335,000	General	335,000
Capital projects	1,613,984	DDA	1,613,984
Local Street	56,000	Major Street	56,000
Local Street	100,000	General	100,000
Waste water	65,830	DDA	65,830
	<u>\$ 2,210,814</u>		<u>\$ 2,210,814</u>

The majority of interfund transfers consisted of payments to/from funds to other funds to subsidize operations. The transfer from the DDA to the capital projects fund was for the Riverwalk project. The transfer from the DDA fund to the general fund is for administrative fees. The transfer from the DDA fund to the Waste water is for debt service.

NOTE 9-Defined Benefit Pension Plan

General Information about the Pension Plan

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

The City also offers a defined contribution plan to full time employees hired after January 1, 2007 with an employer match up to 4% if the employee contributes 4%.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

Benefits Provided

2020 Valuation	01-General :	02-Police:
Benefit Multiplier:	Closed to New Hires Bridged Benefit 2.5% (80%) Max Frozen FAC; 2.25% Multiplier (80%) Max	Closed to New Hires Bridged Benefit 2.5% (80%) Max Frozen FAC; 2.25% Multiplier (80%) Max
Bridged Benefit Date:	12/31/2015	12/31/2015
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/30	55/30
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (non-Compound)	2.50% (non-Compound)
Employee Contributions:	8.0%	8.0%
Act 88:	No	No
2020 Valuation	New Hires General	New Hires Police
Benefit Multiplier:	1.00% Multiple (No Max)	1.00% Multiple (No Max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	N/A	N/A
Early Retirement (Reduced):	N/A	N/A
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	N/A	N/A
Employee Contributions:	0%	0%
Act 88:	No	No

Employees Covered by the Benefit Term

At December 31, 2020 measurement date the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	3
Active employees	<u>28</u>
Total employees covered by MERS	<u>56</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement Board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer monthly contributions were a flat rate for all employees other than new hires for the plan year ended December 31, 2020. The flat rate for general employees was \$21,314 and \$13,897 for Police.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

Net Pension Liability

The net pension liability reported at June 30, 2021 was measured as of December 31, 2020 and the total pension liability was determined by an annual actuarial valuation performed as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the following measurement:

Inflation: 2.5%

Salary Increases: 3% plus merit and longevity: 3% in the long-term

Investment rate return: 7.35%, net investment and administrative expenses including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3% of long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.00%	7.45%	4.47%	2.50%	2.97%
Global fixed income	20.00%	4.90%	0.98%	2.50%	0.48%
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%
Total	100.00%		7.35%		4.85%

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

The discount rate used to measure the total pension liability is 7.6%. The current discount rate shown for GASB 68 purposes is higher than MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that the employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 16,853,656	\$ 10,910,597	\$ 5,943,059
Service cost	170,652	-	170,652
Interest	1,250,637	-	1,250,637
Difference in experience	(118,118)	-	(118,118)
Change in assumptions	280,159	-	280,159
Benefit payments	(966,459)	(966,459)	-
Employer contributions	-	422,211	(422,211)
Employee contributions	-	95,871	(95,871)
Net investment income	-	1,350,586	(1,350,586)
Administrative expense	-	(21,645)	21,645
Other changes	(63,000)	-	(63,000)
Net changes	553,871	880,564	(326,693)
Balance at December 31, 2020	<u>\$ 17,407,527</u>	<u>\$ 11,791,161</u>	<u>\$ 5,616,366</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's Net Pension Liability, calculated using the discount rate of 7.60%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate:

	1% Decrease in Rate to 6.60%	Current Discount Rate 7.60%	1% Increase in Rate to 8.60%
Net Pension Liability	\$ 7,559,780	\$ 5,616,366	\$ 3,967,204

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

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

During the year ended June 30, 2021, the City recognized pension expense of \$602,508. At year end, the City reported deferred outflows and inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 71,565	\$ -
Differences in assumptions	697,688	-
Excess (deficit) investment returns		363,312
Employer contributions to the plan subsequent to the measurement date	232,614	-
Total	<u>\$ 1,001,867</u>	<u>\$ 363,312</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a deduction in the Net Pension Liability for the year ending June 30, 2022.

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

Year Ending		
June 30,		
2022	\$	193,874
2023		337,165
2024		(17,253)
2025		(107,845)

NOTE 10-Restricted, Non-Spendable, Committed and Assigned Fund Balance

The general fund, parks and recreation fund and the DDA fund have non-spendable fund balances in the amounts of \$101,695, \$3,220, and \$643 respectively for prepaid expenditures. The general fund has \$29,623 in non-spendable fund balance for inventories. The major street and local street have restricted fund balances for street repairs in the amounts of \$505,381 and \$104,846, respectively. The DDA has committed \$41,091 in prepaid special assessments for future debt service and \$180,000 for capital replacements. Parks and recreation has \$100,800 fund balance amounts assigned for that fund purpose.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 11-Long-Term Debt

Long-term debt obligations for the year ended June 30, 2021, were as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Governmental Activities					
General Obligation Bonds					
2012 Capital Improvement Bonds					
Amount of issue: \$875,000					
Maturing through 10/01/2022	\$ 259,000	\$ -	\$ 88,000	\$ 171,000	\$ 88,000
2014 Capital Improvement Bonds					
Amount of issue: \$175,000					
Maturing through 05/01/2033	196,401	-	27,680	168,721	27,680
2015 DDA Refunding Bonds					
Amount of issue: \$2,415,000					
Maturing through 11/1/24	625,000	-	225,000	400,000	130,000
2019 Capital Improvement Bonds					
Amount of issue: \$9,750,000					
Maturing through 5/1/2045	9,750,000	-	265,000	9,485,000	275,000
Total Governmental Activities					
General Obligation Bonds	<u>\$ 10,830,401</u>	<u>\$ -</u>	<u>\$ 605,680</u>	<u>\$ 10,224,721</u>	<u>\$ 520,680</u>
Governmental Activities					
Special Assessment Bonds	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
2010 DDA refunding bonds					
Amount of issue: \$855,000					
Maturing through 10/1/2025	\$ 210,000	\$ -	\$ 75,000	\$ 135,000	70,000
Total Governmental Activities					
Special Assessment Bonds	<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 135,000</u>	<u>\$ 70,000</u>

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Business-type Activities					
2014 Capital Improvement Bonds					
Amount of issue: \$175,000					
Maturing through 05/01/2033	\$ 1,063,599	\$ -	\$ 52,320	\$ 1,011,279	\$ 52,320
G. O. 2018 Water Capital Improvement					
Amount of issue: \$4,000,000					
Maturing through 05/01/2042	3,810,000	-	115,000	3,695,000	120,000
Total Business-type					
General Obligation Bonds	<u>\$ 4,873,599</u>	<u>\$ -</u>	<u>\$ 167,320</u>	<u>\$ 4,706,279</u>	<u>\$ 172,320</u>

The following is the change in compensated absences:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Compensated Absences	<u>\$ 100,361</u>	<u>\$ 6,092</u>	<u>\$ 6,707</u>	<u>\$ 99,746</u>

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for the above governmental and Business-type bonds and contracts are as follows:

June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 574,520	\$ 254,648	\$ 829,168	\$ 188,480	\$ 162,848	\$ 351,328
2023	535,240	243,148	778,388	197,760	156,918	354,678
2024	462,240	230,151	692,391	202,760	150,696	353,456
2025	332,960	218,356	551,316	207,040	143,886	350,926
2026	322,841	210,588	533,429	212,159	136,904	349,063
2027-2031	1,773,315	935,248	2,708,563	1,211,685	568,960	1,780,645
2032-3036	1,998,605	716,238	2,714,843	1,126,395	348,461	1,474,856
3037-3041	2,280,000	462,762	2,742,762	1,110,000	166,872	1,276,872
3042-2045	2,080,000	144,578	2,224,578	250,000	9,062	259,062
Totals	<u>\$ 10,359,721</u>	<u>\$ 3,415,716</u>	<u>\$ 13,775,437</u>	<u>\$ 4,706,279</u>	<u>\$ 1,844,607</u>	<u>\$ 6,550,886</u>

NOTE 12-Risk Management

The City of Frankenmuth is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the City of Frankenmuth participated in the Michigan Municipal League Liability and Property Pool, a public entity risk pool currently operating as a common risk management program for municipalities in the State of Michigan. The City Council pays an annual premium to the pool for its general insurance coverage. The pool is self-sustaining through member premiums.

During the year ended June 30, 2021, the City also participated in the Michigan Municipal League Worker's Compensation Self-Insurer's Fund (SIF) for its workers' compensation benefits. The SIF is also a common risk management program for municipalities in the State of Michigan and is self-sustaining through premiums. In the event of unusually high claims, both the SIP and the SIF have the authority to bill the members retroactively. The City continues to carry commercial insurance for other risks of loss, including employee health and property insurance.

NOTE 13-Post Employment Health Benefits

Plan Description

The City of Frankenmuth Retiree Medical Plan is a single employer plan established and administered by The City of Frankenmuth and can be amended at its discretion. The actuary values are based on the June 30, 2020 results rolled forward to June 30, 2021.

Benefits Provided

Eligibility-Non-union – Hired prior to January 1, 2007, age 60 with 10 years of service or age 55 with 30 years of service

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

Union – Age 55 with 10 years of service

Employer Benefits-Employer pays single or double retiree premium up to \$450 per month until age 65. Spouse covered while retiree is still alive and covered

Employee Contribution-Balance of premium not paid by the City

Changes since prior valuation- None

Summary of Plan Participants

As of June 30, 2020, retirement plan membership consisted of the following:

	Non-Union	Union	Total
Active plan members	13	6	19
Retirees and beneficiaries	1	1	2
Total participants	14	7	21

Contributions

The City of Frankenmuth Retiree Medical Plan was established and is being funded under the authority of the City of Frankenmuth. The City's funding policy is that the City will pay benefits from general operating funds-pay-as-you-go. There are no long-term contracts for contributions to the plan.

Actuarial Assumptions

The City's OPEB liability was measured as of June 30, 2020 rolled forward to June 30, 2021. The following actuarial assumptions were used in the measurement:

Inflation	Not applicable
Salary increases	2.25% (for purpose of allocating liability)
Investment rate of return	N/A; plan is not prefunded
20-year Aa Municipal bond rate	2.18% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	Public general and police 2010 employee and healthy retiree, headcount weighted.
Improvement Scale	MP-2021

As this plan is not pre-funded, no long-term expected rate of return on plan investments was determined.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

Discount Rate

The discount rate used to measure the total OPEB liability was 2.18%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. 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 at 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 June 30, 2020 was 2.66%.

Changes in the Net OPEB Liability

Changes during the year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 213,631	\$ -	\$ 213,631
Service cost	4,332	-	4,332
Interest	5,672	-	5,672
Experience (gains)/Losses	(6,679)	-	(6,679)
Change in actuarial assumptions	5,141	-	5,141
Contributions/benefits paid			
from general operations	-	9,438	(9,438)
Benefit payments	(9,438)	(9,438)	-
Net changes	(972)	-	(972)
Balance at June 30, 2021	<u>\$ 212,659</u>	<u>\$ -</u>	<u>\$ 212,659</u>

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the City of Frankenmuth, calculated using discount rates and trend 1% higher and lower than base assumptions:

Discount	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	\$ 223,797	\$ 212,659	\$ 201,931

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

OPEB Expense

Components of the City's OPEB expense for the fiscal year are as follows:

	Fiscal Year Ending June 30, 2021
Service cost	\$ 4,332
Interest on total OPEB liability	5,672
Experience (Gains) Losses	(5,507)
Change in assumptions	4,860
Total OPEB Expense/(Income)	<u>\$ 9,357</u>

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of June 30, 2021 is \$0; this plan is not pre-funded.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (gains)/Losses	\$ -	\$ 7,315
Change in assumptions	4,116	-
Total	<u>\$ 4,116</u>	<u>\$ 7,315</u>

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

Year Ending June 30,	
2022	\$ (824)
2023	(1,410)
2024	(965)

NOTE 14-Contingencies and Commitments

The City is a third party guarantor of a loan between the Frankenmuth Chamber of Commerce and Frankenmuth Credit Union in the amount of \$176,796 for remodeling of the Chamber building which the Chamber leases from the City.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 15-Joint Venture

In 1960, the City entered into a Joint Venture with the Township of Frankenmuth to form the Frankenmuth City-Township Commission. The Commission manages jointly owned property and equipment. The City contributes to the Frankenmuth City-Township Commission based upon the adopted budget of the Commission. Contributions to the Commission for the year ended June 30, 2021, are as follows: general fund \$68,574, fire fund \$167,198, cemetery \$2,146 and debt service \$77,136.

NOTE 16-Advances

During the year ended June 30, 2015, the water fund advanced the DDA fund \$300,000 to fund project overruns for the south side sanitary sewer project. The advance is to be paid off March 2026. Interest is set at 2%. The first two years of the advance pay off included interest only. Principal payments began fiscal year 2017. The balance of the advance at June 30, 2021 was \$150,000.

During the year ended June 30, 2021 the water fund advanced the DDA fund \$1,250,000 to fund the construction of the Riverwalk project. The advance is to be paid off in January of 2031. Interest rate is set at 2.25%. Bi-annual payments of principal; and interest are scheduled to begin July 1, 2021. The balance of the advance at June 30, 2021 was \$1,250,000.

During the year ended June 30, 2017, the general fund advanced \$280,000 to the parks and recreation fund for a ball diamond lighting project. At June 30, 2021, the balance of the advance was \$140,000. The advance is to be paid off during the year ended June 30, 2024. There was not a payment made on the advance in fiscal year 2020-2021.

NOTE 17-Advance Refund of Bond Resulting in Defeasance of Debt

During the fiscal year ended June 30, 2015, the City issued \$2,415,000 in general obligation-refunding bonds with interest rates ranging between .75% to 2.75%. The City issued the bonds to advance refund \$1,285,000 of the outstanding series 2005 Downtown Development Bonds and \$1,065,000 of the 2004 Weiss Street Bonds. The City used the net proceeds along with other sources to purchase State and Local Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded series bonds. As a result, the above mentioned series bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$405,000 as of June 30, 2021.

The advance refunding reduced the total debt service payments over 9 years by \$159,605. This results in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$151,667.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

During the fiscal year ended June 30, 2011, the City issued \$855,000 in general obligation-refunding bonds with interest rates ranging between 4.0% to 5.0%. The City issued the bonds to advance refund \$1,045,000 of the outstanding series 1997 Special Assessment Bonds, 1999 Street Improvement Bonds and 2000 Public Improvement Bonds with interest rates ranging from 5.1% to 6.1%. The City used the net proceeds along with other sources to purchase State and Local Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded series bonds. As a result, the above mentioned series bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$185,000 as of June 30, 2021.

The advance refunding reduced the total debt service payments over 14 years by \$133,085. This results in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$59,096.

NOTE 18-Tax Abatement

The City may enter into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption), (P.A. 198 of 1974 as amended). Under the Act, the City may grant property tax abatements of up to 50% of the business' property tax bill for the purpose of attracting or retaining business within their jurisdictions. The abatement may be granted to any local business located within or promising to relocate to the City.

The property taxes abated under this program for the year ended June 30, 2021 was \$14,183.

NOTE 19-Restatement

The net position for the governmental activities was restated at June 30, 2020 as follows:

Governmental net position June 30, 2020 as previously stated	\$ 3,361,671
Water advance to DDA prior balance	(150,000)
Levee project was expensed in the year ended June 30, 2020	5,780,563
Governmental net position, restated	<u>\$ 8,992,234</u>

NOTE 20-Fund Reclassification

The City implemented provisions of GASB statement 84, Fiduciary Activities, during the current year. The implementation of this statement resulted in the current tax agency fund being reclassification to the tax collection custodial fund. In addition, this statement adds the requirement of the Statement of Changes in Fiduciary Net Position.

REQUIRED SUPPLEMENTAL INFORMATION

City of Frankenmuth
General Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Revenue and Expenditures Actual	Over (Under) Budget
Revenues				
Taxes	\$ 2,485,000	\$ 2,485,000	\$ 2,549,047	\$ 64,047
State revenue	483,500	483,500	519,162	35,662
Federal revenue	-	-	84,786	84,786
Licenses and permits	16,000	16,000	18,676	2,676
Charges for Service	1,444,400	1,444,400	1,521,929	77,529
Fines and forfeits	10,500	10,500	3,859	(6,641)
Other revenues	410,600	410,600	436,610	26,010
Total Revenues	4,850,000	4,850,000	5,134,069	284,069
Expenditures				
General Government	1,484,000	1,521,021	1,611,295	90,274
Public Safety	1,607,900	1,607,900	1,469,259	(138,641)
Highways and streets	77,000	77,000	77,892	892
Sanitation	506,500	516,500	500,667	(15,833)
Other expenditures	370,400	372,900	401,485	28,585
Debt service	345,200	345,200	344,925	(275)
Total Expenditures	4,391,000	4,440,521	4,405,523	(34,998)
Excess (Deficiency) of Revenues over Expenditures	459,000	409,479	728,546	319,067
Other Financing Sources (Uses)				
Operating Transfers In	35,000	35,000	40,000	(5,000)
Operating Transfers out	(355,000)	(455,000)	(455,000)	-
Total Other Financing Sources (Uses)	(320,000)	(420,000)	(415,000)	(5,000)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	139,000	(10,521)	313,546	324,067
Fund Balances, Beginning	1,900,491	1,900,491	1,900,491	-
Fund Balances, Ending	\$ 2,039,491	\$ 1,889,970	\$ 2,214,037	\$ 324,067

City of Frankenmuth
Major Street Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Revenues and Expenditures Actual	Over (Under) Budget
Revenues				
State	\$ 368,200	\$ 368,200	\$ 446,152	\$ 77,952
Other revenues	26,600	26,600	56,867	30,267
Total Revenues	<u>394,800</u>	<u>394,800</u>	<u>503,019</u>	<u>108,219</u>
Expenditures	<u>255,500</u>	<u>335,500</u>	<u>328,839</u>	<u>(6,661)</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>139,300</u>	<u>59,300</u>	<u>174,180</u>	<u>114,880</u>
Other Financing Sources (Uses)				
Transfers in	-	50,000	-	50,000
Transfers out	-	-	(56,000)	56,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>(56,000)</u>	<u>106,000</u>
Excess (deficiency) of Revenues and Other				
Sources Over Expenditures and Other Uses	139,300	109,300	118,180	8,880
Fund Balances, Beginning	<u>387,201</u>	<u>387,201</u>	<u>387,201</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 526,501</u>	<u>\$ 496,501</u>	<u>\$ 505,381</u>	<u>\$ 8,880</u>

City of Frankenmuth
Local Street Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Revenues and Expenditures Actual	Over (Under) Budget
Revenues				
State	\$ 196,200	\$ 196,200	\$ 176,395	\$ (19,805)
Other revenues	1,800	1,800	9,830	8,030
Total Revenues	<u>198,000</u>	<u>198,000</u>	<u>186,225</u>	<u>(11,775)</u>
Expenditures	<u>201,000</u>	<u>201,000</u>	<u>303,107</u>	<u>102,107</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>(116,882)</u>	<u>(113,882)</u>
Other Financing Sources (Uses)				
Operating transfers in	-	50,000	156,000	106,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>156,000</u>	<u>106,000</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(3,000)	47,000	39,118	(7,882)
Fund Balances, Beginning	<u>65,728</u>	<u>65,728</u>	<u>65,728</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 62,728</u>	<u>\$ 112,728</u>	<u>\$ 104,846</u>	<u>\$ (7,882)</u>

City of Frankenmuth
DDA Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Revenues and Expenditures Actual	Over (Under) Budget
Revenues				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,553,665	\$ 53,665
Other revenue	85,500	85,500	132,615	47,115
Total revenues	<u>1,585,500</u>	<u>1,585,500</u>	<u>1,686,280</u>	<u>100,780</u>
Expenditures	<u>2,102,431</u>	<u>2,102,431</u>	<u>1,802,267</u>	<u>(300,164)</u>
Excess of revenues over expenditures	<u>(516,931)</u>	<u>(516,931)</u>	<u>(115,987)</u>	<u>400,944</u>
Other financing sources (uses)				
Transfer in	-	-	1,250,000	1,250,000
Transfer out	<u>(113,906)</u>	<u>(113,906)</u>	<u>(1,719,814)</u>	<u>(1,605,908)</u>
Total other financing sources (uses)	<u>(113,906)</u>	<u>(113,906)</u>	<u>(469,814)</u>	<u>(355,908)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(630,837)</u>	<u>(630,837)</u>	<u>(585,801)</u>	<u>45,036</u>
Fund balance, beginning	<u>1,540,767</u>	<u>1,540,767</u>	<u>1,540,767</u>	<u>-</u>
Fund balance, ending	<u>\$ 909,930</u>	<u>\$ 909,930</u>	<u>\$ 954,966</u>	<u>\$ 45,036</u>

City of Frankenmuth
Parks and Recreation Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

	Original Budget	Amended Budget	Revenues and Expenditures Actual	Over (Under) Budget
Revenues				
Other Governmental Units	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Charges for Services	54,500	54,500	22,447	(32,053)
Rents and interest	183,000	183,000	115,150	(67,850)
Other revenue	37,000	37,000	77,718	40,718
Total Revenues	<u>287,500</u>	<u>287,500</u>	<u>228,315</u>	<u>(59,185)</u>
Expenditures				
Administration	253,500	253,500	206,827	(46,673)
Parks division	351,500	351,500	343,755	(7,745)
Recreation	46,000	46,000	17,781	(28,219)
Total expenditures	<u>651,000</u>	<u>651,000</u>	<u>568,363</u>	<u>(82,637)</u>
Excess of revenues over expenditures	<u>(363,500)</u>	<u>(363,500)</u>	<u>(340,048)</u>	<u>23,452</u>
Other financing sources (uses)				
Transfer in	<u>355,000</u>	<u>355,000</u>	<u>355,000</u>	<u>-</u>
Total other financing sources (uses)	<u>355,000</u>	<u>355,000</u>	<u>355,000</u>	<u>-</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(8,500)</u>	<u>(8,500)</u>	<u>14,952</u>	<u>23,452</u>
Fund balance, beginning	<u>89,068</u>	<u>89,068</u>	<u>89,068</u>	<u>-</u>
Fund balance, ending	<u>\$ 80,568</u>	<u>\$ 80,568</u>	<u>\$ 104,020</u>	<u>\$ 23,452</u>

City Of Frankenmuth
Required Supplementary Information-OPEB
Schedule of Actuarially Determined Contributions (ADC)
Fiscal Year Ending June 30, 2021

	<u>2022</u>	<u>2021</u>
Discount Rate	2.18%	2.66%
Amortization period	7 years	8 years
Amortization method	Level % of pay	Level % of pay
Normal cost	\$ 4,429	\$ 4,332
Amortization of net OPEB liability	30,317	27,079
Interest to end of the year	758	835
Total ADC	<u>\$ 35,504</u>	<u>\$ 32,246</u>

City of Frankenmuth
Required Supplementary Information-OPEB
Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

Fiscal year ending	2021	2020	2019	2018
Service cost	\$ 4,332	\$ 4,037	\$ 4,270	\$ 4,372
Interest	5,672	6,372	6,771	7,564
Difference in expected and actual experience	(6,679)	(349)	(1,760)	(8,682)
Change in assumptions	5,141	4,867	-	1,319
Benefits payments and refunds	(9,438)	(19,377)	(25,227)	(20,343)
Net change in total OPEB liability	(972)	(4,450)	(15,946)	(15,770)
Total OPEB- beginning	213,631	218,081	234,027	249,797
Total OPEB- ending	<u>\$ 212,659</u>	<u>\$ 213,631</u>	<u>\$ 218,081</u>	<u>\$ 234,027</u>
Plan Fiduciary Net Position				
Contributions from general operations	9,438	19,377	25,227	20,343
Benefits payments and refunds	(9,438)	(19,377)	(25,227)	(20,343)
Net change in total fiduciary net position	-	-	-	-
Total fiduciary net position- beginning	-	-	-	-
Total fiduciary net position-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	\$ 212,659	\$ 213,631	\$ 218,081	\$ 234,027
Plan fiduciary net position as a % of total OPEB liability	0%	0%	0%	0%
Covered employee payroll	\$ 1,138,966	\$ 1,392,089	\$ 1,894,953	Not available
Net OPEB Liability as a % of payroll	18.7%	15.3%	11.5%	Not available
Actuarially Recommended Contribution	\$ 32,246	\$ 36,481	\$ 34,786	\$ 33,514
Contribution made	(9,438)	(19,377)	(25,227)	(20,343)
Contribution deficiency (excess)	<u>\$ 22,808</u>	<u>\$ 17,104</u>	<u>\$ 9,559</u>	<u>\$ 13,171</u>
ADC as a percentage of covered payroll	2.8%	2.6%	1.8%	Not available
Employer contributions as a percentage of covered payroll	0.8%	1.4%	1.3%	Not available

City Of Frankenmuth
Required Supplementary Information-OPEB
State Of Michigan Public Acts 530 and 202 Information
Fiscal Year Ending June 30, 2021

	<u>2021</u>
Financial Information	
Assets (Fiduciary net position)	\$ -
Liabilities (Total OPEB liability)	212,659
Funded ratio for the plan year	0%
Actuarially determined contribution	\$ 32,246
Is ADC calculated in compliance with No. letter 2018-3?	Yes
Membership	
Number of active members	19
Number of inactive members	0
Number of retirees and beneficiaries	2
Premiums paid on behalf of retirees	\$ 9,438
Investment Performance	
No investments	Not applicable
Actuarial Assumptions	
Actuarially assumed rate of investment return	Not applicable
Discount rate	2.19%
Amortization method used for funding unfunded liability	Level % of pay
Amortization period used for funding unfunded liability	8 years
Is each division closed to a new employee	No
Healthcare inflation assumption next year	Not applicable
Healthcare inflation assumption- long-term	Not applicable
Uniform Assumptions	
Actuarial value of assets using uniform assumptions	\$ -
Actuarial accrued liability using uniform assumptions	208,956
Funded ratio using uniform assumptions	0%
Actuarially determined contribution (ADC) using uniform assumptions	\$ 30,012

City Of Frankenmuth
Required Supplementary Information-OPEB
Assumptions and methods used in Calculation of Actuarially Determined Contribution
Fiscal Year Ending June 30, 2021

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Reporting Date	June 30, 2021
Actuarial Methods	
Cost method	Entry Age Normal (level percentage of compensation)
Asset valuation method	Not applicable; plan is not pre-funded

Actuarial Assumptions

Discount rate – 2.18% for June 30, 2021 liability and 2022 contribution.

Rationale – 20-year Aa Municipal bond rate

20-year Aa Municipal Bond Rate-2.18% (S&P Municipal Bond 20-Year High Grade Rate Index)

Rationale – 20-year bond rate (based on information published by S & P as of June 30, 2021)

Salary scale – 2.25% (for purpose of allocating liability)

Rationale – Per employer experience and expectations

Return on plan assets – N/A; Plan is not pre-funded

Mortality Rates-Public Safety: 2010 Public Safety Employees and Healthy Retirees, Headcount weighted, MP-2021 improvement scale;

All Others: 2010 Public General Employees and Healthy Retirees Headcount weighted, MP-2021 improvement scale.

Rationale –Most current mortality rates available for municipalities

Utilization – 100% of future retirees will receive contributions towards healthcare costs at retirement; actual coverage used for non-active

Rationale –Benefits are provided at no or low cost to retirees

Turnover rates – See sample rates below:

Rationale –Based on past employer experience

<u>Years of Service</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
0	18%	30	9%
1	18%	35	7%
2	16%	40	5%
3	12%	45	4%
4	10%	50	4%

Rationale – based on past employer experience

Marital assumption-Not applicable

Rationale –Assumed benefit is the same whether married or single

Retirement Rates

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	18%	59-60	20%
56	15%	61-63	24%
57	10%	64	27%
58	15%	65	100%

City Of Frankenmuth
Required Supplementary Information-OPEB
Assumptions and methods used in Calculation of Actuarially Determined Contribution (Continued)
Fiscal Year Ending June 30, 2021

Monthly medical stipend – \$450.00

Rationale – Actual monthly cap in effect on the valuation date

Inflation – None assumed

Rationale – Monthly amount capped, per plan provisions

Implicit Subsidy – not applicable

Rationale –Retirees are not enrolled in the City's health coverage

Data Collection

Data and form of data-All personnel and asset data was prepared by the plan sponsor and was generally relied upon as being correct and complete without audit by Watkins Ross

Assumption changes since prior valuation

Discount rate updated from 2.66% to 2.18%

Mortality tables updated

Assumptions used for PA 202 Reporting

Discount rate-2020%

Mortality improvement scale- MP-2019

Salary Scale-3%

All other assumptions are the same as used for GASB

City Of Frankenmuth
Required Supplementary Information-OPEB
Schedule of Deferred Outflows (Inflows) Experience, Assumptions and Earnings
Fiscal Year Ending June 30, 2021

Year Ended June 30,	Difference Between Expected and Actual Experience	Recognition Period (Years)	Amount Recognized in Year Ended 6/30,				Deferred Outflow of Resources	Deferred Inflow of Resources
			2021	2022	2023	2024		
2018	\$ (8,682)	6.65	\$ (1,306)	\$ (1,306)	\$ (1,306)	\$ (846)	\$ -	\$ (3,458)
2019	\$ (1,760)	5.82	(302)	(302)	(302)	(250)	-	(854)
2020	\$ 349	2.77	(126)	(97)	-	-	-	(97)
2021	\$ (6,679)	1.77	(3,773)	(2,906)	-	-	-	(2,906)
Total			\$ (5,507)	\$ (4,611)	\$ (1,608)	\$ (1,096)	\$ -	\$ (7,315)

Schedule of Changes in Assumptions

Year Ended June 30,	Assumptions	Recognition Period (Years)	Amount Recognized in Year Ended 6/30,				Deferred Outflow of Resources	Deferred Inflow of Resources
			2021	2022	2023	2024		
2018	\$ 1,319	6.65	\$ 198	\$ 198	\$ 198	\$ 131	\$ 527	\$ -
2019	\$ -	-	-	-	-	-	-	-
2020	\$ 4,867	2.77	1,757	1,353	-	-	1,353	-
2021	\$ 5,141	1.77	2,905	2,236	-	-	2,236	-
Total			\$ 4,860	\$ 3,787	\$ 198	\$ 131	\$ 4,116	\$ -

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended 6/30,		
	2022	2023	2024
Total Deferred Outflow/(Inflow) of Resources	\$ (824)	\$ (1,410)	\$ (965)

City of Frankenmuth
Schedules of Required Supplementary Information-Pension
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Plan Years Ended December 31, 2020

	2020	2019	2018	2017	2016	2015	2014	2011* to 2013*
Total pension liability								
Service cost	\$ 170,652	\$ 194,846	\$ 181,443	\$ 187,157	\$ 192,720	\$ 202,010	\$ 199,208	\$ -
Interest	1,250,637	1,225,259	1,174,159	1,151,904	1,098,373	1,132,200	1,083,535	-
Changes of benefit terms	-	-	-	(4,469)	(5,153)	(1,172,668)	-	-
Difference in experience	(118,118)	86,363	181,617	(192,657)	198,043	(212,462)	-	-
Changes in assumptions	280,159	599,941	-	-	-	797,525	-	-
Benefit payments	(966,459)	(942,143)	(868,206)	(853,553)	(770,592)	(701,261)	(687,278)	-
Other changes	(63,000)	-	-	-	-	-	-	-
Net change in total pension liability	553,871	1,164,266	669,013	288,382	713,391	45,344	595,465	-
Total pension liability-beginning	16,853,656	15,689,390	15,020,377	14,731,995	14,018,604	13,973,260	13,377,795	-
Total pension liability-ending	<u>\$ 17,407,527</u>	<u>\$ 16,853,656</u>	<u>\$ 15,689,390</u>	<u>\$ 15,020,377</u>	<u>\$ 14,731,995</u>	<u>\$ 14,018,604</u>	<u>\$ 13,973,260</u>	<u>\$ -</u>
Plan fiduciary net position								
Contributions-employer	\$ 422,211	\$ 371,862	\$ 317,255	\$ 300,884	\$ 310,347	\$ 327,896	\$ 309,579	\$ -
Contributions-employee	95,871	101,133	148,699	103,666	107,803	76,431	76,692	-
Net investment income (loss)	1,350,586	1,344,549	(416,544)	1,309,656	1,055,559	(145,884)	599,460	-
Benefits payments, including refunds of member contribution	(966,459)	(942,143)	(868,206)	(853,553)	(770,592)	(701,261)	(687,278)	-
Administrative expense	(21,645)	(23,159)	(20,857)	(20,766)	(20,838)	(21,375)	(21,986)	-
Net change in fiduciary net position	880,564	852,242	(839,653)	839,887	682,279	(464,193)	276,467	-
Fiduciary net position-beginning	10,910,597	10,058,355	10,898,008	10,058,121	9,375,842	9,840,035	9,563,568	-
Fiduciary net position-ending	<u>\$ 11,791,161</u>	<u>\$ 10,910,597</u>	<u>\$ 10,058,355</u>	<u>\$ 10,898,008</u>	<u>\$ 10,058,121</u>	<u>\$ 9,375,842</u>	<u>\$ 9,840,035</u>	<u>\$ -</u>
Net pension liability-ending	\$ 5,616,366	\$ 5,943,059	\$ 5,631,035	\$ 4,122,369	\$ 4,673,874	\$ 4,642,762	\$ 4,133,225	\$ -
Fiduciary net position as a percentage of the total pension liability	67.74%	64.74%	64.11%	72.55%	68.27%	66.88%	70.42%	
Covered-employee payroll	\$ 1,805,429	\$ 1,943,226	\$ 1,827,170	\$ 1,690,065	\$ 1,752,319	\$ 1,617,983	\$ 1,553,178	\$ -
Net pension liability as a percentage of covered-employee payroll	311%	306%	308%	244%	267%	287%	266%	

Notes to schedule:

* GASB Statement No. 68 was implemented as of June 30, 2015. Information from 2011 through 2013 is not available. Additional years will be presented on this schedule on a prospective basis.

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

In fiscal year 2106 (plan year 2015), mortality tables were adjusted to reflect longer lifetimes, and the investment rate of return was decreased from 8.25% to 8.00%

In fiscal year 2020 (plan year 2019), the investment rate of return was decreased from 8.00% to 7.60%, and the assume rate of wage inflation changed from 3.75% to 3.00%.

In fiscal year 2021 (plan year 2020), mortality tables were adjusted from the Rp-2014 tables to the Pub-201 mortality tables.

City of Frankenmuth
Schedules of Required Supplementary Information-Pension
Schedule of Employer Contributions
For the Plan Year Ended December 31, 2020

	2020	2019	2018	2017	2016
Actuarially determined contributions	\$ 422,211	\$ 371,862	\$ 317,255	\$ 300,884	\$ 310,131
Contribution in relation to the actuarially determined contribution	422,211	371,862	317,255	300,884	310,347
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (216)
Covered-employee payroll	\$ 1,805,429	\$ 1,943,226	\$ 1,827,170	\$ 1,690,065	\$ 1,752,319
Contribution as a percentage of covered-employee payroll	23%	19%	17%	18%	18%
	2015	2014	2013	2012	2011
Actuarially determined contributions	\$ 327,897	\$ 309,579	\$ 281,955	\$ 275,770	\$ 280,987
Contribution in relation to the actuarially determined contribution	327,897	309,579	281,955	275,770	280,987
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,617,983	\$ 1,553,178	\$ 1,574,513	\$ 1,613,444	\$ 1,583,491
Contribution as a percentage of covered-employee payroll	20%	20%	18%	17%	18%

Notes to Schedule	
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll for open divisions, level dollar for closed
Remaining amortization period	18 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary Increases	3% plus merit and longevity
Investment rate of return	7.35%
Retirement age	Varies depending on plan adoption
Mortality	Pub-201 and fully generational MP-2019

*Actuarially Determined Contributions are found in the actuarial valuation in Table 5.
Above dates are based on fiscal year, not necessarily the measurement date.

OTHER SUPPLEMENTAL INFORMATION

City of Frankenmuth
Capital Projects Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

	Levee Project	Levee Project
	2021	2020
Revenue		
Interest revenue	\$ 3,321	\$ 23,324
Miscellaneous	-	9,000
Total Revenue	<u>3,321</u>	<u>32,324</u>
Expenditures		
Capital Project	<u>5,070,795</u>	<u>5,498,115</u>
Total Expenditures	<u>5,070,795</u>	<u>5,498,115</u>
Excess (Deficiency) of Revenues over Expenses	<u>(5,067,474)</u>	<u>(5,465,791)</u>
Other Financing Sources (uses)		
Transfer in	1,613,984	125,000
Bond proceeds	-	9,750,000
Transfers out	-	(282,448)
Total Other Financing Sources (use)	<u>1,613,984</u>	<u>9,592,552</u>
Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)	(3,453,490)	4,126,761
Fund Balance, Beginning	4,126,761	-
Fund Balance, Ending	<u>\$ 673,271</u>	<u>\$ 4,126,761</u>

City of Frankenmuth
Component Unit
Construction Codes Group Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Building permits and plan reviews	\$ 100,000	\$ 83,669	\$ (16,331)	\$ 140,603
Plumbing permits and plan reviews	15,000	16,765	1,765	15,902
Electrical permits and plan reviews	20,000	27,740	7,740	25,336
Mechanical permits and plan reviews	20,000	25,794	5,794	27,552
Interest	200	1,210	1,010	1,462
Miscellaneous	3,700	4,495	795	4,940
Total Revenues	<u>158,900</u>	<u>159,673</u>	<u>773</u>	<u>215,795</u>
Expenditures				
Administration	45,000	38,918	(6,082)	36,844
Building Inspection	100,000	93,916	(6,084)	74,723
Plumbing/Mechanical Inspections	36,000	31,882	(4,118)	36,277
Electrical Inspections	19,000	17,004	(1,996)	17,061
Total Expenditures	<u>200,000</u>	<u>181,720</u>	<u>(18,280)</u>	<u>164,905</u>
Excess (Deficiency) of revenues over expenditures	<u>(41,100)</u>	<u>(22,047)</u>	<u>19,053</u>	<u>50,890</u>
Fund Balance, Beginning	460,503	460,503	-	409,613
Fund Balance, Ending	<u>\$ 419,403</u>	<u>\$ 438,456</u>	<u>\$ 19,053</u>	<u>\$ 460,503</u>

City of Frankenmuth
Schedule of Indebtedness
June 30, 2021

Governmental Activities							
General Obligation Bonds		Date of	Amount of	Interest	Annual	Semiannual	Total
		Issue	Issue	Rate	Principal	Interest Payment	Fiscal Year
					1-Oct	1-Oct	Requirement
2012 Capital improvement		10/1/2012	\$ 875,000				
		Debt Service as follows:					
2021-22	General Fund		50%	4.25%	\$ 88,000	\$ -	\$ 1,764
2022-23	DDA		50%	4.25%	83,000	1,764	-
					<u>\$ 171,000</u>	<u>\$ 1,764</u>	<u>\$ 1,764</u>
							<u>\$ 174,528</u>
		Date of	Amount of	Interest	Annual	Semiannual	Total
		Issue	Issue	Rate	Principal	Interest Payment	Fiscal Year
					1-May	1-Nov	Requirement
2014 GO Capital Improvement		9/30/2014	\$ 1,750,000	3.0-4.625%			
2021-22	Debt Service as follows:				\$ 80,000	\$ 24,568	\$ 24,568
2022-23	DDA		50%		85,000	23,207	23,207
2023-24	General		34.6%		85,000	21,763	21,763
2024-25	Waste		5.8%		90,000	20,063	20,063
2025-26	Water		9.6%		90,000	18,263	18,263
2026-27					95,000	16,462	16,462
2027-28					100,000	14,562	14,562
2028-29					105,000	12,438	12,438
2029-30					105,000	10,206	10,206
2030-31					110,000	7,909	7,909
2031-32					115,000	5,434	5,434
2032-33					120,000	2,775	2,775
					<u>\$ 1,180,000</u>	<u>\$ 177,650</u>	<u>\$ 177,650</u>
							<u>\$ 1,535,300</u>
		Issue	Issue	Interest	Semiannual		Requirement
				Rate	1-May	1-Nov	1-May
2015 DDA Refunding		6/3/2015	\$ 2,415,000	.750-2.75%			
2021-22					\$ 130,000	\$ 5,137	\$ 5,137
2022-23					135,000	3,577	3,577
2023-24					135,000	1,856	1,856
					<u>\$ 400,000</u>	<u>\$ 10,570</u>	<u>\$ 10,570</u>
							<u>\$ 421,140</u>
		Issue	Issue	Interest	Semiannual		Requirement
				Rate	1-May	1-Nov	1-May
2019 Capital Improvement		11/26/2019	\$ 9,750,000	2.25%-2.75%			
2021-22					\$ 275,000	\$ 115,601	\$ 115,601
2022-23	Debt Service as follows:				285,000	112,507	112,507
2023-24	DDA		50%		290,000	109,301	109,301
2024-25	General		35%		300,000	106,039	106,039
2025-26	Special				310,000	102,664	102,664
2026-27	Assessment		15%		320,000	99,177	99,177
2027-28					330,000	95,576	95,576
2028-29					340,000	91,864	91,864
2029-30					350,000	88,039	88,039
2030-31					360,000	84,101	84,101
2031-32					370,000	80,051	80,051
2032-33					380,000	75,889	75,889
2033-34					395,000	71,614	71,614
2034-35					405,000	67,071	67,071
2035-36					415,000	62,312	62,312
2036-37					430,000	57,333	57,333
2037-38					440,000	52,065	52,065
2038-39					455,000	46,565	46,565
2039-40					470,000	40,764	40,764
2040-41					485,000	34,654	34,654
2041-42					495,000	28,348	28,348
2042-43					510,000	21,666	21,666
2043-44					530,000	14,781	14,781
2044-45					545,000	7,494	7,494
					<u>\$ 9,485,000</u>	<u>\$ 1,665,476</u>	<u>\$ 1,665,476</u>
					<u>\$ 11,236,000</u>	<u>\$ 1,855,460</u>	<u>\$ 1,855,460</u>
							<u>\$ 12,815,952</u>
							<u>\$ 14,946,920</u>
Total Governmental General Obligation Bonds							

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2021

Governmental Activities

Special Assessment Bonds

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment		Total Fiscal Year Requirement
					1-Sep	1-Mar	
2010 DDA Refunding	7/23/2010	\$ 850,000	4.0-5.0%				
2021-22				\$ 70,000	\$ 2,869	\$ 1,463	\$ 74,332
2022-23				20,000	1,463	1,069	22,532
2023-24				25,000	1,069	500	26,569
2024-25				20,000	500	-	20,500
Total Governmental Special Assessment Bonds				<u>\$ 135,000</u>	<u>\$ 5,901</u>	<u>\$ 3,032</u>	<u>\$ 143,933</u>

Business-type Activities

General Obligation Bonds

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-May	Semiannual Interest Payment		Total Fiscal Year Requirement
					1-Nov	1-May	
2018 Capital Improvement	3/6/2018	\$ 4,000,000	3.0-3.625%				
2021-22				\$ 120,000	\$ 60,394	\$ 60,394	\$ 240,788
2022-23				125,000	58,594	58,594	242,188
2023-24				130,000	56,719	56,719	243,438
2024-25				130,000	54,769	54,769	239,538
2025-26				135,000	52,819	52,819	240,638
2026-27				140,000	50,794	50,794	241,588
2027-28				150,000	48,694	48,694	247,388
2028-29				155,000	46,444	46,444	247,888
2029-30				160,000	44,119	44,119	248,238
2030-31				165,000	41,719	41,719	248,438
2031-32				170,000	39,141	39,141	248,282
2032-33				180,000	36,484	36,484	252,968
2033-34				185,000	33,559	33,559	252,118
2034-35				190,000	30,553	30,553	251,106
2035-36				200,000	27,466	27,466	254,932
2036-37				205,000	24,091	24,091	253,182
2037-38				215,000	20,631	20,631	256,262
2038-39				220,000	16,869	16,869	253,738
2039-40				230,000	12,964	12,964	255,928
2040-41				240,000	8,881	8,881	257,762
2041-42				250,000	4,531	4,531	259,062
Totals Business-type Activities Bonds				<u>\$ 3,695,000</u>	<u>\$ 770,235</u>	<u>\$ 770,235</u>	<u>\$ 5,235,470</u>
Total all Debt				<u>\$ 15,066,000</u>	<u>\$ 2,631,596</u>	<u>\$ 2,628,727</u>	<u>\$ 20,326,323</u>

City of Frankenmuth Audit Presentation June 30, 2021



What is an Audit?



- Independent person
- Designed to provide reasonable assurance that there is not a material misstatement
- Auditor's responsibility is not to close books or "clean up"
- Auditor's responsibilities
 - U.S. Generally Accepted Auditing Standards
 - Department of Treasury
 - Report findings
 - Budget issue
 - Material weakness
- Expression of an opinion
 - Unmodified-clean opinion

Required Communications



- Significant Accounting Policies Changes
 - City needs to follow generally accepted accounting polices (GAAP)
 - Governmental Accounting Standards Board (GASB) sets GAAP for governments
 - GASB 84 adopted this year which added activity in tax fund pages 18 and 19 of audit
- Accounting Estimates
- Significant Audit Adjustments
 - 48 adjustments
 - Most significant noted in letter of findings
- Disagreement with Management
 - None
- Consultation with Other Independent Accountants
 - None noted
- Issues Discussed
 - Issues related to the condition of the accounting records
- Difficulties Encountered in Performing the Audit
 - I did not receive information to start the audit until November 24 and had difficulty getting additional information from Treasurer

GASB 68 & 75

68



- To recognize Net Pension Liability
- Is the difference between the total pension liability (amount owed to employees) and the assets held to pay
- Total net pension liability as determined by actuary \$5,616,366 which is a decrease of \$326,693 from prior fiscal year
 - Governmental Activities \$4,493,092
 - Business-Type \$1,123,274

75

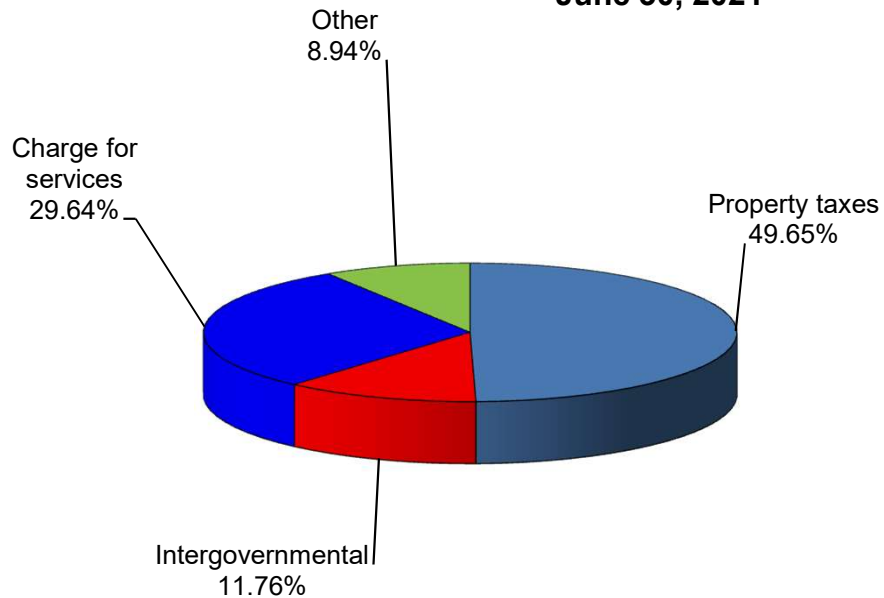
- To recognize the amount owed for post retirement health benefits
- This liability is unfunded and is not required to be funded at this time
- Liability at June 30, 2021 is \$212,659 which is a decrease of \$972 from previous year.
 - Governmental Activities \$170,128
 - Business-Type \$42,531

General Fund-Revenue Highlights

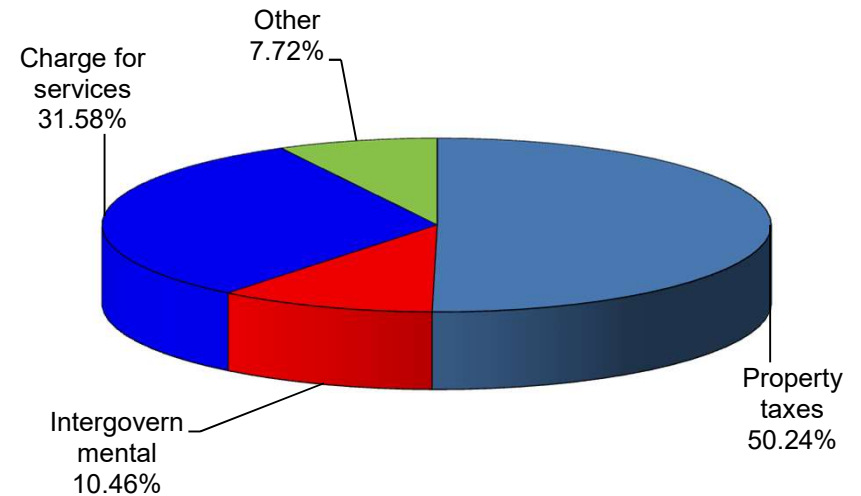


By Source For the Year Ended			Increase	Variance
June 30,	2021	2020	(Decrease)	%
Property taxes	\$ 2,549,047	\$ 2,457,757	\$ 91,290	4%
Intergovernmental	603,948	511,569	92,379	18%
Charge for services	1,521,929	1,544,997	(23,068)	-1%
Other	459,145	377,560	81,585	22%
Total Revenue	\$ 5,134,069	\$ 4,891,883	\$ 242,186	5%
The increase in property taxes is due to an increase in taxable value.				
Intergovernmental is higher due to \$84,786 in federal grants in 2021.				
Other revenue increases include interest (1st year of SA for Levee) and donations (City Beautification).				

June 30, 2021



June 30, 2020





General Fund-Expenditure Highlights

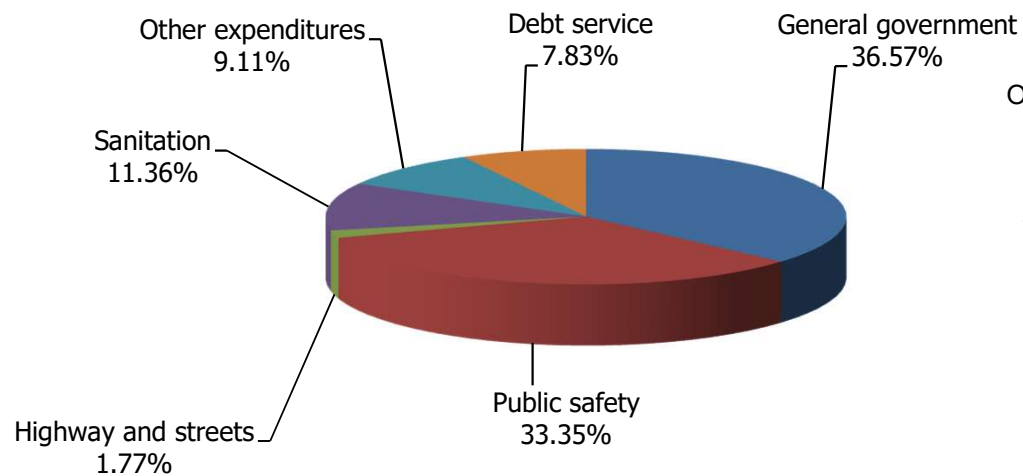
By Activity For the Year Ended June 30,	2021	2020	Variance	Variance %
General government	\$ 1,611,295	\$ 1,500,404	\$ 110,891	7.4%
Public safety	1,469,259	1,462,810	6,449	0%
Highway and streets	77,892	89,848	(11,956)	-13%
Sanitation	500,667	484,065	16,602	3%
Other expenditures	401,485	337,938	63,547	19%
Debt service	344,925	145,167	199,758	138%
Total expenditures and transfers out	\$ 4,405,523	\$ 4,020,232	\$ 385,291	10%

The increase in GG was mostly in general office staff, assessor, and other personal services.

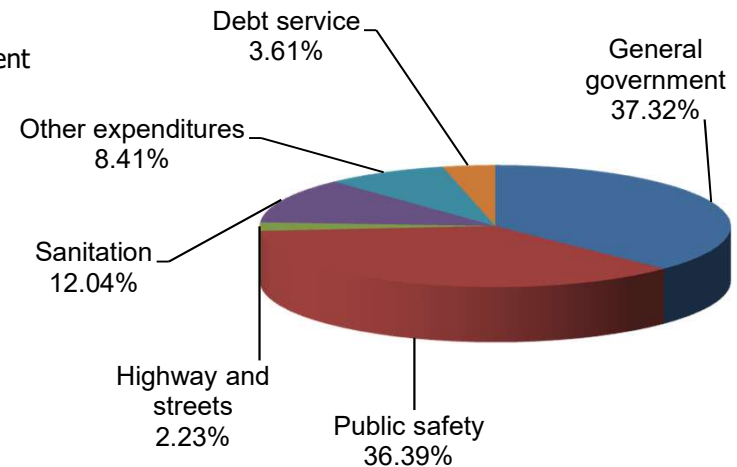
There was an increase in engineering and supervision (grouped in other expenditures) was comprised mostly of wages and equipment rental.

The increase in debt service is for the Levee project debt. 2021 had two interest payments and one principle. 2020 had only one interest payment.

June 30, 2021



June 30, 2020



General Fund

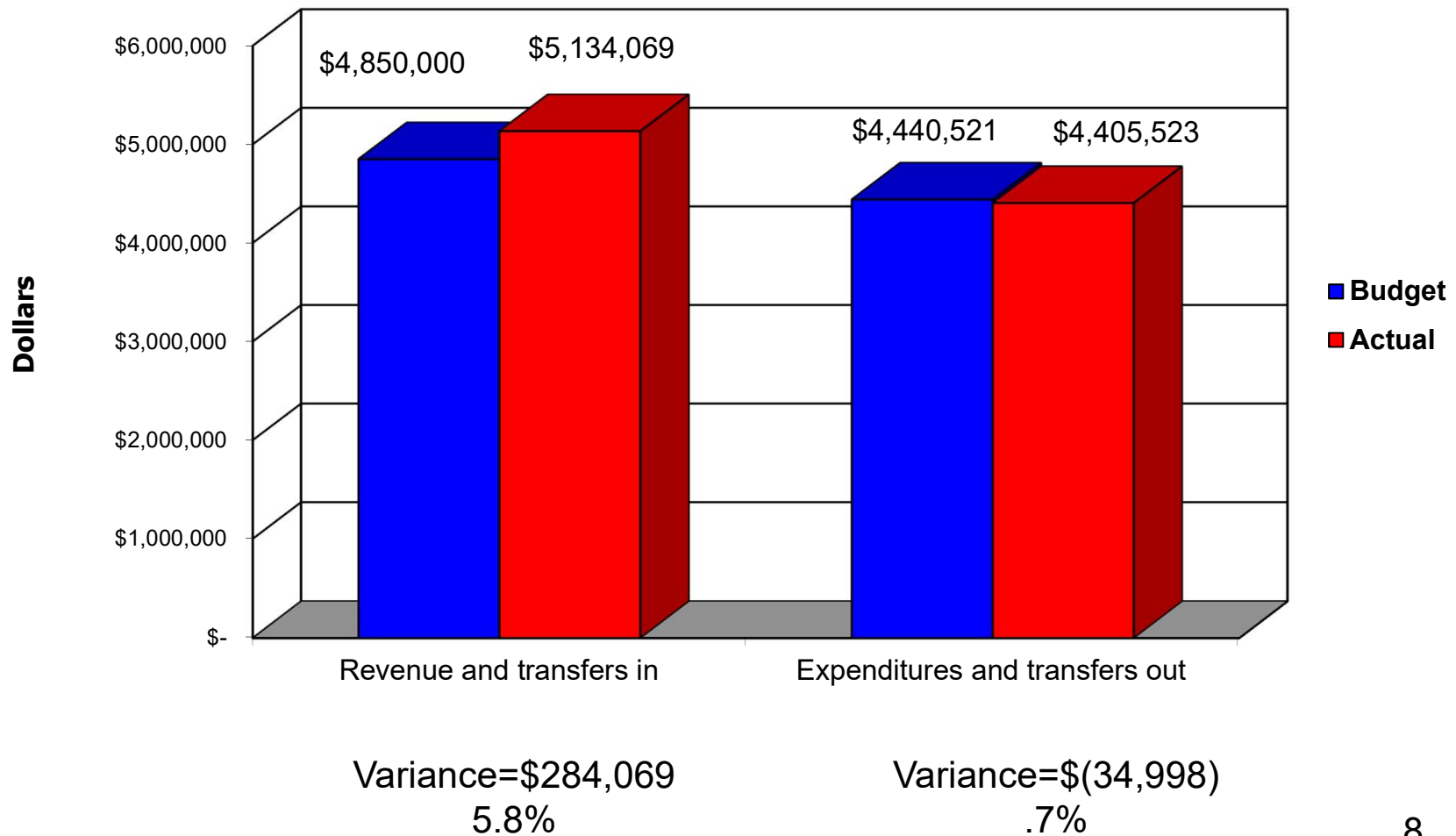
Changes in Fund Balance



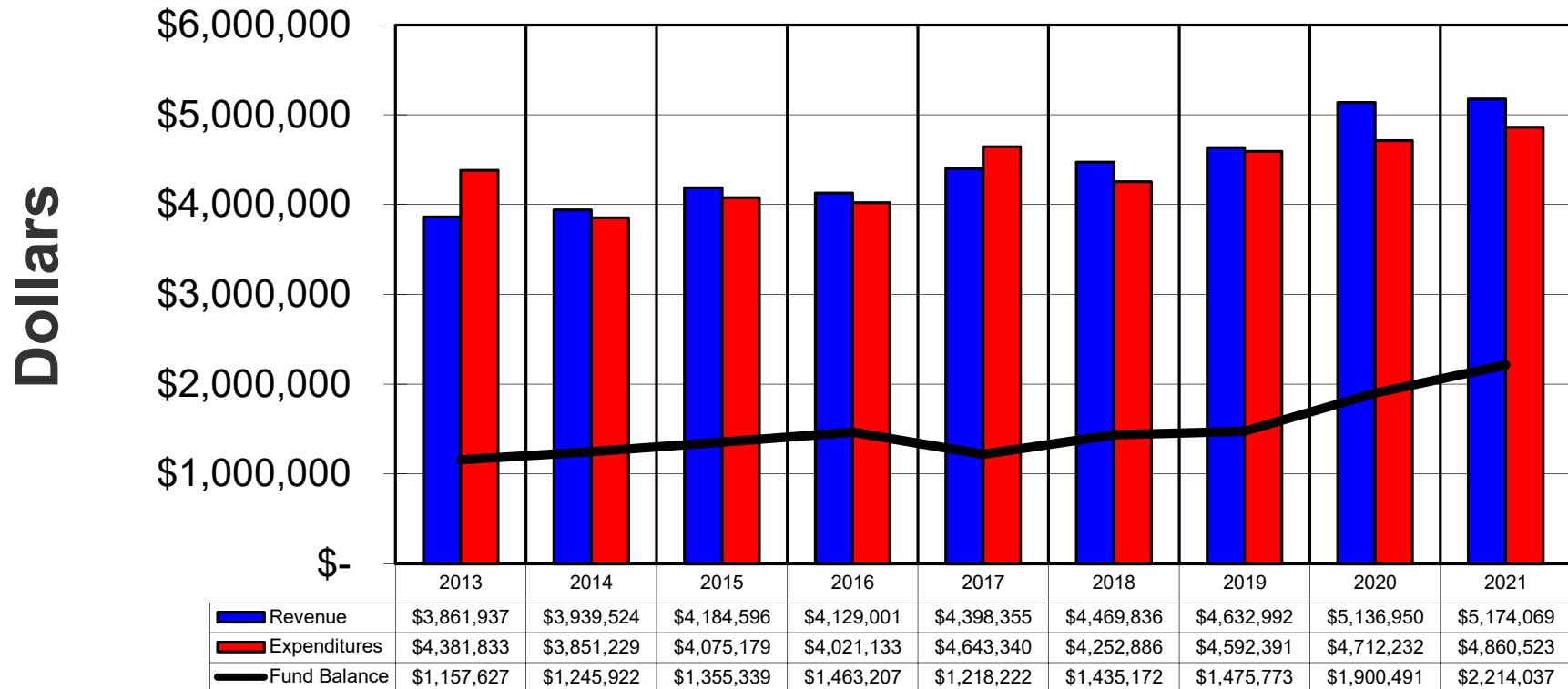
For The Year Ended				
June 30,	2021	2020	Variance	
Revenues	\$ 5,134,069	\$ 4,891,883	\$ 242,186	
Expenditures	(4,405,523)	(4,020,232)	(385,291)	
Transfers in/out	(415,000)	(446,933)	31,933	
Excess (deficit) of Revenue				
over Expenditures and transfers out	313,546	424,718	(111,172)	
Fund Balance, Beginning	1,900,491	1,475,773	424,718	
Fund Balance, Ending	\$ 2,214,037	\$ 1,900,491	\$ 313,546	
Months of Fund Balance	5.6	4.6	1.00	

Note: Fund balance decrease was budgeted for \$(10,521) a variance of \$324,067.

General Fund Budget to Actual For the year Ended June 30, 2021



General Fund Revenues, Expenditures, & Fund Balance



For the Years Ended June 30,

■ Revenue
 ■ Expenditures
 — Fund Balance

Special Revenue Funds and Component Unit-Financial Summary



- **Major Street Fund**
 - Fund balance increase of \$118,180 to \$505,381
 - Transfers out: local street fund \$56,000
- **Local Street Fund**
 - Fund balance increase of \$39,118 to \$104,846
 - Transfers in: major street \$56,000, and general \$100,000.
- **Parks and Recreation**
 - Fund Balance increase of \$14,952 to \$104,020
 - Transfer in from the general fund of \$335,000
- **DDA Fund**
 - Fund balance decrease of \$(585,801) to \$954,966
 - There was not a levy in 2021 for taxes, just capture of taxes
 - Fund balance commitment of \$180,000 for capital improvements and \$41,091 for prepaid special assessments
 - Transfers out: \$1,613,984 to Levee/Riverwalk fund, \$40,000 to the general fund and \$65,830 to waste treatment.
- **Building Fund-Component Unit**
 - Fund balance decrease of \$(22,047) to \$438,456
 - This fund is intended to be self sufficient
 - Joint venture with Frankenmuth Township and Blumfield Township and Tuscola Township.



Capital Projects Fund

	2021	2020
Revenue		
Interest revenue	\$ 3,321	\$ 23,324
Miscellaneous	-	9,000
Total Revenue	<u>3,321</u>	<u>32,324</u>
Expenditures		
Capital Project	<u>5,070,795</u>	<u>5,498,115</u>
Total Expenditures	<u>5,070,795</u>	<u>5,498,115</u>
Excess (Deficiency) of Revenues over Expenses	<u>(5,067,474)</u>	<u>(5,465,791)</u>
Other Financing Sources (uses)		
Transfer in	1,613,984	125,000
Bond proceeds	-	9,750,000
Transfers out	-	(282,448)
Total Other Financing Sources (use)	<u>1,613,984</u>	<u>9,592,552</u>
Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)	(3,453,490)	4,126,761
Fund Balance, Beginning	4,126,761	-
Fund Balance, Ending	<u>\$ 673,271</u>	<u>\$ 4,126,761</u>

This fund included the Levee project and the Riverwalk project.

Debt

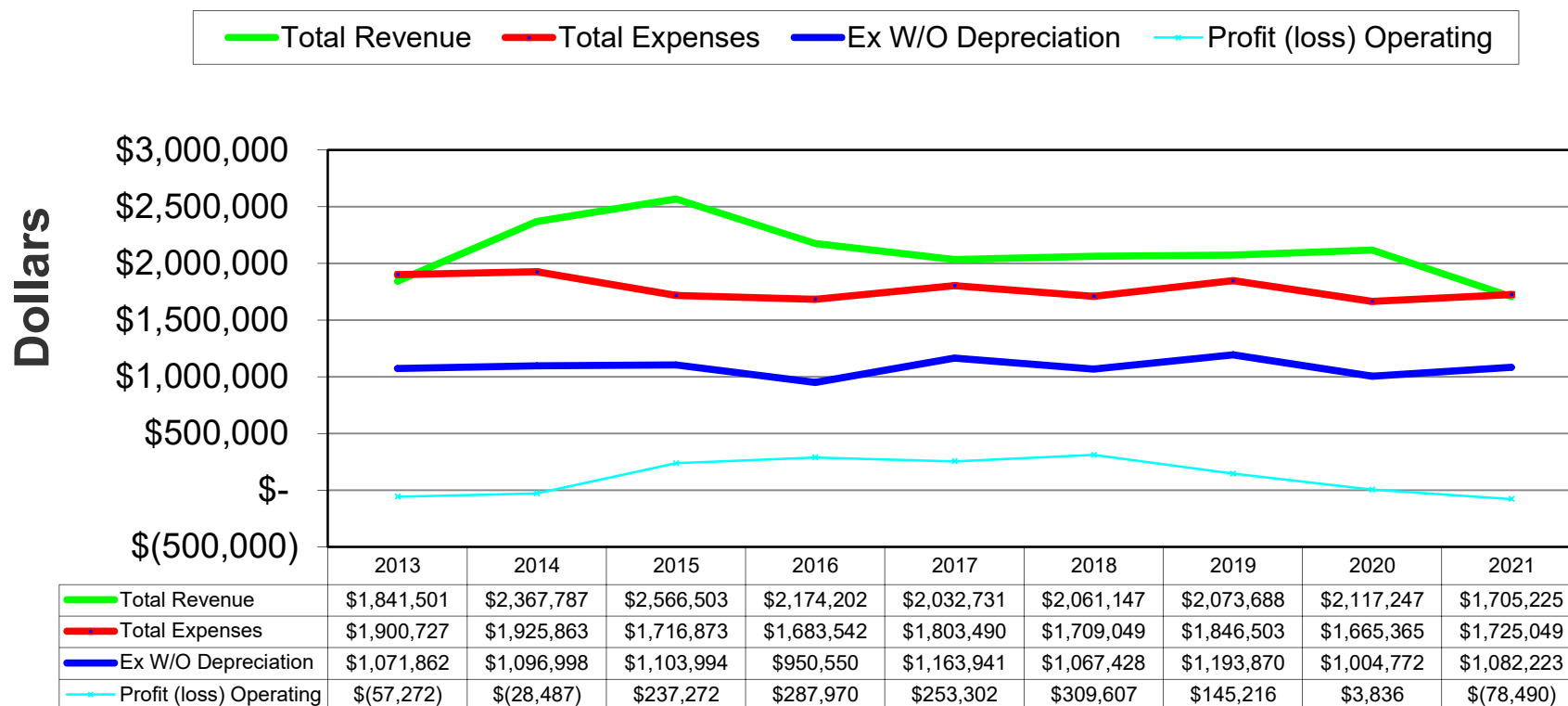


- Total Debt-\$15,066,000
 - General Obligation - \$ 14,931,000
 - Special Assessment-\$135,000

Year	Total Debt	Increase (decrease)
2006	\$ 19,161,636	\$ -
2007	\$ 17,596,170	\$ (1,565,466)
2008	\$ 16,844,219	\$ (751,951)
2009	\$ 15,251,862	\$ (1,592,357)
2010	\$ 13,169,767	\$ (2,082,095)
2011	\$ 11,383,767	\$ (1,786,000)
2012	\$ 8,817,672	\$ (2,566,095)
2013	\$ 8,010,000	\$ (807,672)
2014	\$ 8,542,000	\$ 532,000
2015	\$ 7,364,000	\$ (1,178,000)
2016	\$ 6,081,000	\$ (1,283,000)
2017	\$ 4,853,000	\$ (1,228,000)
2018	\$ 7,805,000	\$ 2,952,000
2019	\$ 6,797,000	\$ (1,008,000)
2020	\$ 15,914,000	\$ 9,117,000
2021	\$ 15,066,000	\$ (848,000)



Water Resource Recovery Facility (Waste Water Treatment Fund)



For the Years Ended June 30,

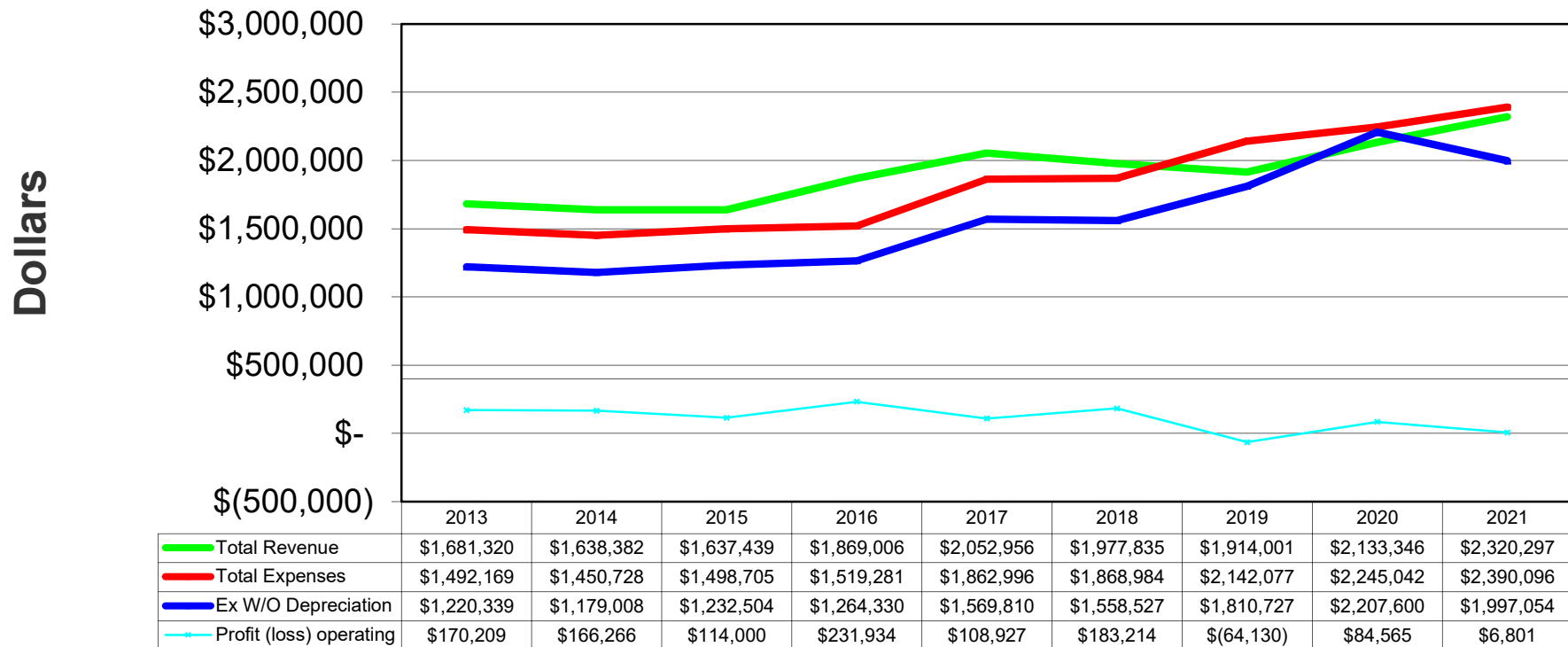
Rates decreased 10% September 2019.

Rates increased 3% November 2020.

Water Fund



— Total Revenue
 — Total Expenses
 — Ex W/O Depreciation
 — Profit (loss) operating



For the Years Ended June 30,

Rates were increased 9% September 2019.

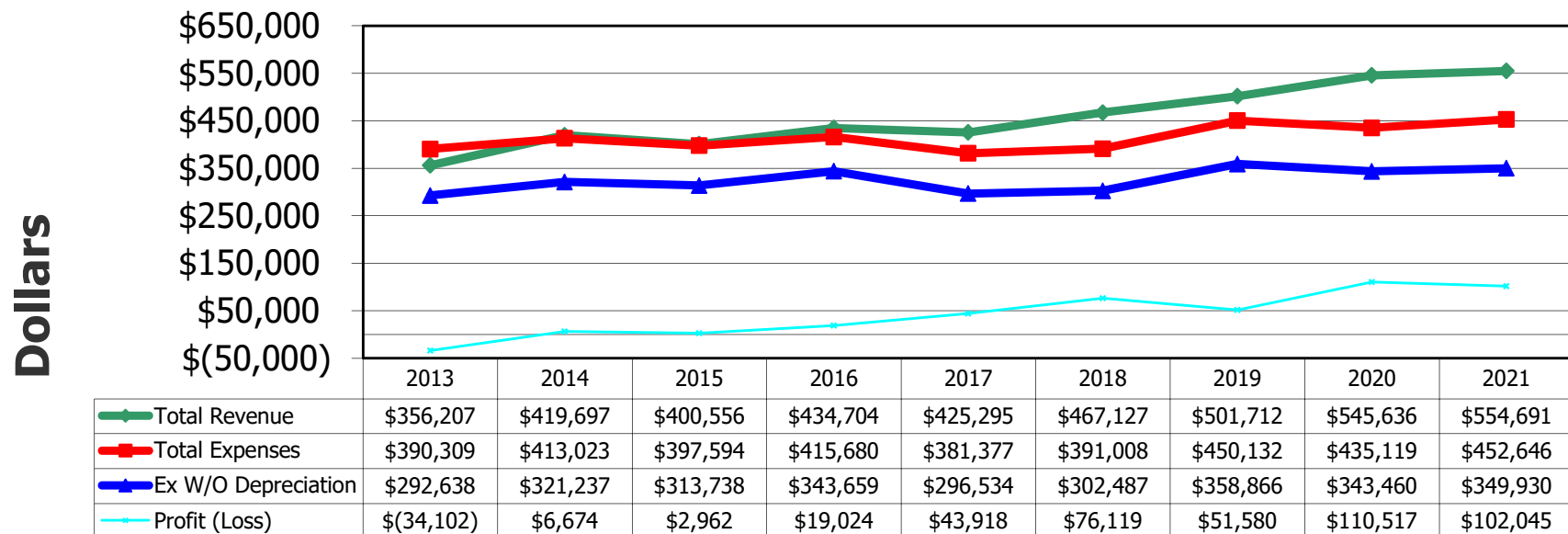
Rates increased 5.9% November 2020.

Water from Saginaw was aprox. \$139,000 higher in 2021, also there was a large cost in supplies for new meters.

Equipment Fund



◆ Total Revenue
 ■ Total Expenses
 ▲ Ex W/O Depreciation
 ✦ Profit (Loss)



For the Years Ended June 30,

Questions



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