

CITY OF OWOSSO
Shiawassee County, Michigan

FINANCIAL STATEMENTS

June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Owosso, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Owosso and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Members of the City Council
City of Owosso, Michigan

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-9), pension schedules (pages 64-66), and budgetary comparison information (pages 67-70) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Members of the City Council
City of Owosso, Michigan

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023 on our consideration of the City of Owosso's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Owosso's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Owosso's internal control over financial reporting and compliance.

Berthiaume & Co.

November 28, 2023
Saginaw, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OWOSSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

As management of the City of Owosso (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The City's combined total net position is reported as \$69,552,003 for the fiscal year ended June 30, 2023, compared to \$65,267,612 for the fiscal year ended June 30, 2022 (restated).
- In the City's governmental activities, revenues generated were \$14,282,763 while expenses totaled \$12,837,881.
- In the City's business-type activities, revenues generated were \$13,542,967 while expenses totaled \$10,723,551.
- Total net position increased by \$4,284,391.

OVERVIEW OF THE FINANCIAL STATEMENTS:

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

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the City's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all of the City's revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The government-wide statements of the City of Owosso are divided into three categories:

Governmental Activities – Most of the City's basic services are included here, such as the general government, public safety, public works, community and economic development, and recreation and culture. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The City charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include the sewage disposal system, water supply system, wastewater treatment system, and transportation.

Component Units – The City includes the Brownfield Redevelopment Authority and Downtown Development Authority as discretely presented component units.

Fund Financial Statements:

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

CITY OF OWOSSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

The City has three types of funds:

Governmental Funds – Many of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The City maintains 15 individual governmental funds. Separate information is presented for the General Fund, Major Street Fund, and ARPA Fund which are considered to be "major" funds. Data from the other 12 governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for major governmental funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the City charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows. The City's enterprise funds are the Transportation Fund, Sewage Disposal System Fund, Water Supply System Fund, and Wastewater Treatment System Fund.
- Internal service funds are used to report activities that provide supplies and services to the City's other programs. The City's internal service fund is the Equipment Fund.

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

THE CITY OF OWOSSO AS A WHOLE:

The City's total combined net position for the fiscal year ended June 30, 2023 is \$69,552,003 consisting of \$42,965,661 in governmental activities and \$26,586,342 in business-type activities. Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$12,414,512. Governmental activities unrestricted net position is \$8,105,358. Business-type activities unrestricted net position is \$4,309,154.

CITY OF OWOSSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

The statement of net position provides the perspective of the City as a whole. The following table provides a summary of the City's net position, in a condensed format, as of June 30, 2023 and June 30, 2022.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>Restated 2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>Restated 2022</u>
Assets:						
Current and other assets	\$ 20,214,754	\$ 18,161,597	\$ 10,908,160	\$ 9,875,488	\$ 31,122,914	\$ 28,037,085
Capital assets, net	<u>38,592,497</u>	<u>40,208,726</u>	<u>29,767,528</u>	<u>25,153,762</u>	<u>68,360,025</u>	<u>65,362,488</u>
Total assets	<u>58,807,251</u>	<u>58,370,323</u>	<u>40,675,688</u>	<u>35,029,250</u>	<u>99,482,939</u>	<u>93,399,573</u>
Deferred outflows of resources						
	<u>3,295,569</u>	<u>1,507,389</u>	<u>943,544</u>	<u>436,250</u>	<u>4,239,113</u>	<u>1,943,639</u>
Liabilities:						
Current liabilities	2,225,851	2,179,098	1,958,685	1,457,473	4,184,536	3,636,571
Long-term liabilities	<u>16,491,519</u>	<u>11,633,389</u>	<u>12,944,755</u>	<u>8,857,152</u>	<u>29,436,274</u>	<u>20,490,541</u>
Total liabilities	<u>18,717,370</u>	<u>13,812,487</u>	<u>14,903,440</u>	<u>10,314,625</u>	<u>33,620,810</u>	<u>24,127,112</u>
Deferred inflows of resources						
	<u>419,789</u>	<u>4,555,351</u>	<u>129,450</u>	<u>1,393,137</u>	<u>549,239</u>	<u>5,948,488</u>
Net position:						
Net investment in capital assets	28,897,050	29,952,352	18,835,872	16,679,588	47,732,922	46,631,940
Restricted	5,963,253	5,908,420	3,441,316	1,905,498	9,404,569	7,813,918
Unrestricted	<u>8,105,358</u>	<u>5,649,102</u>	<u>4,309,154</u>	<u>5,172,652</u>	<u>12,414,512</u>	<u>10,821,754</u>
Total net position	<u>\$ 42,965,661</u>	<u>\$ 41,509,874</u>	<u>\$ 26,586,342</u>	<u>\$ 23,757,738</u>	<u>\$ 69,552,003</u>	<u>\$ 65,267,612</u>

Overall Analysis of Financial Position and Change in Net Position:

The City's combined total net position increased by \$4,284,391 during the current fiscal year. Governmental activities increased by \$1,455,787 while business-type activities increased by \$2,828,604. The City continues to report a solid net position in its governmental and business-type activities, with approximately \$21.7 million reported in cash and investments.

Governmental Activities:

The City's total governmental revenue is reported at \$14,282,763, an increase of \$1,990,457 from the prior fiscal year. Total expenses increased by \$1,531,416 from the prior fiscal year.

Business-type Activities:

The City's total business-type revenue is reported at \$13,542,967, an increase of \$3,759,225 from the prior fiscal year. Water Fund revenues for the current year includes local, federal and state grants/contributions of \$3,135,522 for improvements to the water system. Total business-type expenses increased by \$3,195,315 from the prior fiscal year.

CITY OF OWOSSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

The following table shows the comparison of the change in net position in a condensed format for the fiscal years ended June 30, 2023 and June 30, 2022.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>Restated 2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>Restated 2022</u>
Revenues:						
Program revenues						
Charges for services	\$ 3,854,339	\$ 3,192,027	\$ 10,176,426	\$ 9,292,673	\$ 14,030,765	\$ 12,484,700
Operating grants	2,134,436	2,040,602	1,745,562	4,642	3,879,998	2,045,244
Capital grants	181,446	-	1,392,495	426,619	1,573,941	426,619
General revenues						
Taxes	4,941,682	4,669,162	41,923	39,861	4,983,605	4,709,023
Fees	165,527	165,442	-	-	165,527	165,442
Unrestricted grants	2,335,884	2,171,194	-	-	2,335,884	2,171,194
Investment earnings	363,272	53,879	186,561	19,947	549,833	73,826
Other	306,177	-	-	-	306,177	-
Total revenues	<u>14,282,763</u>	<u>12,292,306</u>	<u>13,542,967</u>	<u>9,783,742</u>	<u>27,825,730</u>	<u>22,076,048</u>
Expenses:						
General government	2,022,042	2,089,973	-	-	2,022,042	2,089,973
Public safety	5,120,087	4,323,396	-	-	5,120,087	4,323,396
Public works	4,768,220	4,045,050	-	-	4,768,220	4,045,050
Health and welfare	23,611	-	-	-	23,611	-
Community and economic development	140,629	155,027	-	-	140,629	155,027
Recreation and culture	527,670	435,701	-	-	527,670	435,701
Interest	235,622	257,318	-	-	235,622	257,318
Sewage disposal system	-	-	2,530,987	2,170,814	2,530,987	2,170,814
Water supply system	-	-	5,749,588	3,325,617	5,749,588	3,325,617
Wastewater treatment	-	-	2,380,112	1,962,210	2,380,112	1,962,210
Transportation	-	-	62,864	69,595	62,864	69,595
Total expenses	<u>12,837,881</u>	<u>11,306,465</u>	<u>10,723,551</u>	<u>7,528,236</u>	<u>23,561,432</u>	<u>18,834,701</u>
Excess of revenues over expenses before special items	<u>1,444,882</u>	<u>985,841</u>	<u>2,819,416</u>	<u>2,255,506</u>	<u>4,264,298</u>	<u>3,241,347</u>
Special items:						
Sale of capital assets	<u>10,905</u>	<u>-</u>	<u>9,188</u>	<u>-</u>	<u>20,093</u>	<u>-</u>
Changes in net position	<u>1,455,787</u>	<u>985,841</u>	<u>2,828,604</u>	<u>2,255,506</u>	<u>4,284,391</u>	<u>3,241,347</u>
Net position, beginning of year, restated	<u>41,509,874</u>	<u>40,524,033</u>	<u>23,757,738</u>	<u>21,502,232</u>	<u>65,267,612</u>	<u>62,026,265</u>
Net position, end of year	<u>\$ 42,965,661</u>	<u>\$ 41,509,874</u>	<u>\$ 26,586,342</u>	<u>\$ 23,757,738</u>	<u>\$ 69,552,003</u>	<u>\$ 65,267,612</u>

CITY OF OWOSSO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

THE CITY OF OWOSSO'S FUNDS:

Presentation of the City of Owosso's major funds begins on page 15, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the City's largest governmental fund and the one of three governmental funds that is considered a major fund. It pays for most of the City's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended June 30, 2023, General Fund financing sources exceeded its financing uses by \$452,353, increasing its ending fund balance to \$7,657,409. For the year ended June 30, 2023, Major Street Fund increased its ending fund balance by \$729,335. For the year ended June 30, 2023, ARPA Fund increased its ending fund balance by \$43,644.

Overall Analysis of Financial Position and Change in General Fund Fund Balance:

The General Fund fund balance of \$7,657,409 as of June 30, 2023 is considered, by management, to be healthy in comparison to the annual General Fund expenditures budget of approximately \$9 million. The City has utilized effective budget controls in the General Fund to maintain its fund balance.

General Fund Budgetary Highlights:

The General Fund adopted budget projected a decrease in fund balance of \$31,271. During the year, the City made budget amendments with a projected decrease in fund balance of \$40,115. The actual results for the year yielded an increase in fund balance of \$452,353.

Capital Assets and Debt Administration:

At June 30, 2023, the City of Owosso had \$68,360,025 invested in capital assets including land, buildings and improvements, machinery and other equipment, land improvements, vehicles, utility distribution systems, and infrastructure, net of accumulated depreciation. At June 30, 2022 (restated), this total was \$65,362,488. Additional information about the City's capital assets is presented in Note 1 and Note 5 of the Notes to the Financial Statements.

At June 30, 2023, the City of Owosso's total long-term indebtedness (not including compensated absences, net pension liability and the 2021 bond premiums that are being amortized to interest expense over the life of the bonds) was \$19,472,310, of which \$9,873,761 was backed by the full faith of the government and \$9,598,549 was backed by specific revenue sources. Additional information about the City's indebtedness is presented in Note 6 of the Notes to the Financial Statements.

Economic Factors:

We are continuing to plan for the long term, and will continue to balance the budgets through controls over spending, while striving to provide the City's residents with the same level of service to which they have been accustomed.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall, 301 W. Main Street, Owosso, MI 48867.

BASIC FINANCIAL STATEMENTS

CITY OF OWOSSO

STATEMENT OF NET POSITION

June 30, 2023

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 11,888,676	\$ 925,620	\$ 12,814,296	\$ 83,597
Investments	3,625,525	1,852,251	5,477,776	157,416
Receivables	4,173,996	4,477,337	8,651,333	31,853
Inventory	77,236	211,636	288,872	-
Prepaid expenses	172,526	-	172,526	-
Restricted cash and cash equivalents	-	559,336	559,336	-
Restricted investments	-	2,881,980	2,881,980	-
Capital assets not being depreciated	4,920,040	5,437,850	10,357,890	-
Capital assets being depreciated, net	33,672,457	24,329,678	58,002,135	22,481
Other assets	276,795	-	276,795	-
Total assets	58,807,251	40,675,688	99,482,939	295,347
Deferred outflows of resources:				
Related to pension	3,219,846	943,544	4,163,390	-
Deferred charges on refunding	75,723	-	75,723	-
Total deferred outflows of resources	3,295,569	943,544	4,239,113	-
Liabilities:				
Accounts payable and accrued expenses	700,425	1,958,685	2,659,110	17,012
Unearned revenue	1,525,426	-	1,525,426	6,760
Long-term liabilities:				
Due within one year				
Long-term debt	556,885	603,655	1,160,540	29,845
Advance from primary government	-	-	-	157,101
Compensated absences payable	185,673	55,086	240,759	-
Due in more than one year				
Long-term debt	9,214,285	10,328,001	19,542,286	203,085
Net pension liability	6,349,002	1,902,926	8,251,928	-
Advance from primary government	-	-	-	1,263,850
Compensated absences payable	185,674	55,087	240,761	-
Total liabilities	18,717,370	14,903,440	33,620,810	1,677,653
Deferred inflows of resources:				
Related to pension	419,789	129,450	549,239	-

continued

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

CITY OF OWOSSO

STATEMENT OF NET POSITION, CONTINUED

June 30, 2023

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Net position:				
Net investment in capital assets	28,897,050	18,835,872	47,732,922	437
Restricted for:				
ARPA	46,273	-	46,273	-
Construction code	185,382	-	185,382	-
Debt service	112,324	81,895	194,219	-
Historical	65,450	-	65,450	-
Improvement/Replacement	-	3,359,421	3,359,421	-
Opioid	20,737	-	20,737	-
Parks	28,775	-	28,775	-
Revolving loan	1,077,891	-	1,077,891	-
Streets	4,426,421	-	4,426,421	-
Unrestricted (deficit)	8,105,358	4,309,154	12,414,512	(1,382,743)
Total net position	<u>\$ 42,965,661</u>	<u>\$ 26,586,342</u>	<u>\$ 69,552,003</u>	<u>\$ (1,382,306)</u>

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

CITY OF OWOSSO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 2,022,042	\$ 1,061,636	\$ -	\$ -	\$ (960,406)
Public safety	5,120,087	1,364,117	49,696	142,124	(3,564,150)
Public works	4,768,220	1,355,003	2,037,813	39,322	(1,336,082)
Health and welfare	23,611	33,213	10,987	-	20,589
Community and economic development	140,629	21,054	-	-	(119,575)
Recreation and culture	527,670	19,316	35,940	-	(472,414)
Interest on long-term debt	235,622	-	-	-	(235,622)
Total governmental activities	12,837,881	3,854,339	2,134,436	181,446	(6,667,660)
<i>Business-type activities:</i>					
Sewage disposal system	2,530,987	2,705,877	-	-	174,890
Water supply system	5,749,588	4,762,780	1,743,027	1,392,495	2,148,714
Wastewater treatment system	2,380,112	2,707,769	-	-	327,657
Transportation	62,864	-	2,535	-	(60,329)
Total business-type activities	10,723,551	10,176,426	1,745,562	1,392,495	2,590,932
Total primary government	\$ 23,561,432	\$ 14,030,765	\$ 3,879,998	\$ 1,573,941	\$ (4,076,728)
COMPONENT UNITS:					
Brownfield redevelopment authority	\$ 403,295	\$ -	\$ 30,644	\$ -	\$ (372,651)
Downtown development authority	335,670	3,477	106,023	-	(226,170)
Total component units	\$ 738,965	\$ 3,477	\$ 136,667	\$ -	\$ (598,821)

continued

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

CITY OF OWOSSO

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended June 30, 2023

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (6,667,660)	\$ 2,590,932	\$ (4,076,728)	\$ (598,821)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	3,654,697	-	3,654,697	-
Property taxes, levied for brush/leaves	279,640	-	279,640	-
Property taxes, levied for debt service	794,533	-	794,533	-
Property taxes, levied for transit	-	41,923	41,923	-
Payment in lieu of property taxes	5,181	-	5,181	-
Property taxes levied and captured by component units	-	-	-	689,281
Marijuana taxes	207,631	-	207,631	-
Franchise fees	90,527	-	90,527	-
Marijuana license fees	75,000	-	75,000	-
Grants and contributions not restricted to specific programs	2,335,884	-	2,335,884	-
Unrestricted investment earnings	363,272	186,561	549,833	4,437
Other	306,177	-	306,177	-
Special items:				
Sale of capital assets	10,905	9,188	20,093	-
Total general revenues and special items	8,123,447	237,672	8,361,119	693,718
Changes in net position	1,455,787	2,828,604	4,284,391	94,897
Net position, beginning of year, restated	41,509,874	23,757,738	65,267,612	(1,477,203)
Net position, end of year	\$ 42,965,661	\$ 26,586,342	\$ 69,552,003	\$ (1,382,306)

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

CITY OF OWOSSO

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2023

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>ARPA Fund</u>
Assets:			
Cash and cash equivalents	\$ 5,732,060	\$ 1,196,434	\$ 922,452
Investments	55,235	1,522,698	633,608
Accounts receivable	296,140	-	-
Special assessments receivable	287,190	524,386	-
Loans receivable	-	-	-
Due from other governments	331,321	287,607	-
Due from other funds	62,500	-	-
Inventory	77,236	-	-
Prepaid expenditures	172,526	-	-
Advance to component unit	1,362,787	-	-
Total assets	<u>\$ 8,376,995</u>	<u>\$ 3,531,125</u>	<u>\$ 1,556,060</u>
Liabilities:			
Accounts payable	\$ 195,679	\$ 103,428	\$ -
Due to other funds	-	-	-
Payroll deductions payable	33,383	-	-
Accrued wages payable	72,004	2,801	-
Performance deposits payable	23,804	-	-
Unearned revenue	2,307	-	1,509,787
Total liabilities	<u>327,177</u>	<u>106,229</u>	<u>1,509,787</u>
Deferred inflows of resources:			
Unavailable revenue	<u>392,409</u>	<u>524,386</u>	<u>-</u>
Fund balances:			
Nonspendable	1,612,549	-	-
Restricted	-	2,900,510	46,273
Assigned	2,075,000	-	-
Unassigned	<u>3,969,860</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>7,657,409</u>	<u>2,900,510</u>	<u>46,273</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,376,995</u>	<u>\$ 3,531,125</u>	<u>\$ 1,556,060</u>

continued

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

CITY OF OWOSSO

GOVERNMENTAL FUNDS BALANCE SHEET, CONTINUED

June 30, 2023

	<u>Nonmajor Funds</u>	<u>Total</u>
Assets:		
Cash and cash equivalents	\$ 1,845,986	\$ 9,696,932
Investments	778,767	2,990,308
Accounts receivable	25,363	321,503
Special assessments receivable	406,311	1,217,887
Loans receivable	492,419	492,419
Due from other governments	100,958	719,886
Due from other funds	-	62,500
Inventory	-	77,236
Prepaid expenditures	-	172,526
Advance to component unit	58,164	1,420,951
Total assets	<u>\$ 3,707,968</u>	<u>\$ 17,172,148</u>
Liabilities:		
Accounts payable	\$ 136,194	\$ 435,301
Due to other funds	62,500	62,500
Payroll deductions payable	-	33,383
Accrued wages payable	4,141	78,946
Performance deposits payable	-	23,804
Unearned revenue	13,332	1,525,426
Total liabilities	<u>216,167</u>	<u>2,159,360</u>
Deferred inflows of resources:		
Unavailable revenue	406,311	1,323,106
Fund balances:		
Nonspendable	58,164	1,670,713
Restricted	3,016,470	5,963,253
Assigned	11,625	2,086,625
Unassigned	(769)	3,969,091
Total fund balances	<u>3,085,490</u>	<u>13,689,682</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,707,968</u>	<u>\$ 17,172,148</u>

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

CITY OF OWOSSO

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2023

Fund balances of governmental funds	\$ 13,689,682
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	4,920,040
Capital assets being depreciated, net	33,672,457
Capital assets accounted for in the internal service fund	(1,487,788)
Assets held on deposit with the MMRMA for self insurance are not current financial resources and, therefore, are not reported in the funds.	235,295
Certain receivables are not available to pay for current year expenditures and, therefore, are not reported in the funds.	1,323,106
Certain pension benefits, such as net pension liability and related deferred amounts, are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	
Net pension liability	(6,104,766)
Deferred outflows related to the net pension liability	3,085,588
Deferred inflows related to the net pension liability	(405,394)
Certain liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	
Accrued interest payable	(75,838)
Long-term debt	(9,771,170)
Compensated absences payable	(359,921)
Deferred charges on refunding related to the issuance of long-term refunding of debt will be amortized over the life of the debt on the statement of net position.	75,723
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position.	<u>4,168,647</u>
Net position of governmental activities	<u>\$ 42,965,661</u>

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

CITY OF OWOSSO

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2023

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>ARPA Fund</i>
Revenues:			
Property taxes	\$ 3,939,518	\$ -	\$ -
Marijuana taxes	207,631	-	-
Special assessments	14,158	137,494	-
Licenses and permits	92,262	-	-
Federal grants	172,117	39,322	7,800
State grants	2,216,983	1,464,137	-
Contributions from other units	15,790	-	-
Charges for services	2,356,126	707,996	-
Fines and forfeits	13,903	-	-
Interest and rents	135,613	67,168	43,644
Other revenue	306,800	5,921	-
	<u>9,470,901</u>	<u>2,422,038</u>	<u>51,444</u>
Expenditures:			
Current:			
General government	2,221,935	-	-
Public safety	5,016,792	-	-
Public works	954,041	1,211,002	-
Health and welfare	-	-	-
Community and economic development	107,604	-	7,800
Recreation and culture	303,975	-	-
Capital outlay	346,500	131,701	-
Debt service			
Principal	61,254	-	-
Interest and charges	-	-	-
	<u>9,012,101</u>	<u>1,342,703</u>	<u>7,800</u>
Excess (deficiency) of revenues over expenditures	<u>458,800</u>	<u>1,079,335</u>	<u>43,644</u>
Other financing sources (uses):			
Sale of capital assets	4,948	-	-
Proceeds from contract financing	111,908	-	-
Interfund transfers in	33,277	-	-
Interfund transfers out	(156,580)	(350,000)	-
	<u>(6,447)</u>	<u>(350,000)</u>	<u>-</u>
Changes in fund balances	452,353	729,335	43,644
Fund balances, beginning of year, restated	<u>7,205,056</u>	<u>2,171,175</u>	<u>2,629</u>
Fund balances, end of year	<u>\$ 7,657,409</u>	<u>\$ 2,900,510</u>	<u>\$ 46,273</u>

continued

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

CITY OF OWOSSO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2023

	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues:		
Property taxes	\$ 794,533	\$ 4,734,051
Marijuana taxes	-	207,631
Special assessments	63,077	214,729
Licenses and permits	295,858	388,120
Federal grants	10,987	230,226
State grants	620,664	4,301,784
Contributions from other units	72,500	88,290
Charges for services	4,381	3,068,503
Fines and forfeits	-	13,903
Interest and rents	73,252	319,677
Other revenue	133,826	446,547
	<u>2,069,078</u>	<u>14,013,461</u>
Total revenues		
Expenditures:		
Current:		
General government	-	2,221,935
Public safety	252,880	5,269,672
Public works	575,698	2,740,741
Health and welfare	23,611	23,611
Community and economic development	25,527	140,931
Recreation and culture	70,890	374,865
Capital outlay	552,412	1,030,613
Debt service		
Principal	535,000	596,254
Interest and charges	329,450	329,450
	<u>2,365,468</u>	<u>12,728,072</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>(296,390)</u>	<u>1,285,389</u>
Other financing sources (uses):		
Sale of capital assets	-	4,948
Proceeds from contract financing	-	111,908
Interfund transfers in	506,580	539,857
Interfund transfers out	(33,277)	(539,857)
	<u>473,303</u>	<u>116,856</u>
Net other financing sources (uses)		
Changes in fund balances	176,913	1,402,245
Fund balances, beginning of year, restated	<u>2,908,577</u>	<u>12,287,437</u>
Fund balances, end of year	<u>\$ 3,085,490</u>	<u>\$ 13,689,682</u>

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

CITY OF OWOSSO

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2023

Changes in fund balances of governmental funds	\$ 1,402,245
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Purchases of capitalized assets	1,111,597
Capital assets purchased in the internal service fund	(171,114)
Depreciation expense	(2,726,526)
Depreciation expense accounted for in the internal service fund	340,517
Loss on sale of capital assets	(1,300)
Changes to the MMRMA deposit and related self-insurance liability are not shown in the fund financial statements. The amount represents the change in net position held with an agent for self-insurance.	58,424
Proceeds from installment purchase agreements are revenues in the governmental funds, but but increase long-term liabilities in the statement of net position.	(111,908)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in deferred charges	(5,190)
Change in accrued interest payable	17,248
Change in long-term debt	678,024
Change in compensated absences payable	16,885
Change in net pension liability and related deferred outflows/inflows of resources	469,258
Revenue in the statement of activities that do no provide current financial resources are not reported as revenue in the funds, but rather are deferred to the following fiscal year.	12,602
An internal service fund is used by management to charge the costs of certain activities, such as equipment usage, to individual funds. The change in net position of the internal service fund is included in the governmental activities in the statement of net position.	<u>365,025</u>
Change in net position of governmental activities	<u>\$ 1,455,787</u>

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

CITY OF OWOSSO

PROPRIETARY FUNDS STATEMENT OF NET POSITION

June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
Assets:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 931,451	\$ (10,056)	\$ -
Investments	1,033,549	457,545	299,366
Utility bills receivable	712,902	1,178,160	-
Accounts receivable	4,850	30,028	22,500
Loans receivable	-	100,540	-
Due from other governments	-	1,620,624	807,733
Inventory	-	211,636	-
Total current assets	<u>2,682,752</u>	<u>3,588,477</u>	<u>1,129,599</u>
<i>Noncurrent assets:</i>			
Restricted cash and cash equivalents	-	-	559,336
Restricted investments	-	2,048,634	833,346
Capital assets not being depreciated	286,792	1,874,517	3,276,541
Capital assets being depreciated, net	<u>2,819,833</u>	<u>15,997,722</u>	<u>5,512,123</u>
Total noncurrent assets	<u>3,106,625</u>	<u>19,920,873</u>	<u>10,181,346</u>
Total assets	<u>5,789,377</u>	<u>23,509,350</u>	<u>11,310,945</u>
Deferred outflows of resources:			
Related to pension	<u>67,562</u>	<u>321,040</u>	<u>554,942</u>
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	100,641	979,588	594,261
Accrued interest payable	6,763	20,598	21,892
Deposits payable	-	200,890	-
Accrued wages payable	3,166	19,734	11,152
Compensated absences payable - current	6,757	25,200	23,129
Bonds payable - current	<u>105,000</u>	<u>278,655</u>	<u>220,000</u>
Total current liabilities	<u>222,327</u>	<u>1,524,665</u>	<u>870,434</u>
<i>Noncurrent liabilities:</i>			
Compensated absences payable - net of current	6,758	25,200	23,129
Bonds payable - net of current	1,183,450	4,567,230	4,577,321
Net pension liability	<u>170,614</u>	<u>664,424</u>	<u>1,067,888</u>
Total noncurrent liabilities	<u>1,360,822</u>	<u>5,256,854</u>	<u>5,668,338</u>
Total liabilities	<u>1,583,149</u>	<u>6,781,519</u>	<u>6,538,772</u>

continued

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

CITY OF OWOSSO

PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
Deferred inflows of resources:			
Related to pension	14,481	46,618	68,351
Net position:			
Net investment in capital assets	1,818,175	13,026,354	3,991,343
Restricted for:			
Debt service	-	-	81,895
Improvement/Replacement	-	2,048,634	1,310,787
Unrestricted (deficit)	2,441,134	1,927,265	(125,261)
Total net position	<u>\$ 4,259,309</u>	<u>\$ 17,002,253</u>	<u>\$ 5,258,764</u>

continued

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

CITY OF OWOSSO

PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Nonmajor</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>		
	<i>Transportation</i>		<i>Service</i>
	<i>Fund</i>		<i>Fund</i>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,225	\$ 925,620	\$ 2,191,744
Investments	61,791	1,852,251	635,217
Utility bills receivable	-	1,891,062	-
Accounts receivable	-	57,378	1,350
Loans receivable	-	100,540	-
Due from other governments	-	2,428,357	-
Inventory	-	211,636	-
Total current assets	66,016	7,466,844	2,828,311
Noncurrent assets:			
Restricted cash and cash equivalents		559,336	-
Restricted investments		2,881,980	-
Capital assets not being depreciated	-	5,437,850	-
Capital assets being depreciated, net	-	24,329,678	1,487,788
Total noncurrent assets	-	33,208,844	1,487,788
Total assets	66,016	40,675,688	4,316,099
Deferred outflows of resources:			
Related to pension	-	943,544	134,258
Liabilities:			
Current liabilities:			
Accounts payable	-	1,674,490	9,528
Accrued interest payable	-	49,253	-
Deposits payable	-	200,890	-
Accrued wages payable	-	34,052	2,125
Compensated absences payable - current	-	55,086	5,713
Bonds payable - current	-	603,655	-
Total current liabilities	-	2,617,426	17,366
Noncurrent liabilities:			
Compensated absences payable - net of current	-	55,087	5,713
Bonds payable - net current	-	10,328,001	-
Net pension liability	-	1,902,926	244,236
Total noncurrent liabilities	-	12,286,014	249,949
Total liabilities	-	14,903,440	267,315

continued

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

CITY OF OWOSSO

PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2023

	<u>Enterprise Funds</u>		
	<u>Nonmajor Fund</u>		<u>Internal Service Fund</u>
	<u>Transportation Fund</u>	<u>Total</u>	
Deferred inflows of resources:			
Related to pension	-	129,450	14,395
Net position:			
Net investment in capital assets	-	18,835,872	1,487,788
Restricted for:			
Debt service	-	81,895	-
Improvement/Replacement	-	3,359,421	-
Unrestricted	66,016	4,309,154	2,680,859
Total net position	<u>\$ 66,016</u>	<u>\$ 26,586,342</u>	<u>\$ 4,168,647</u>

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

CITY OF OWOSSO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
Operating revenues:			
Charges for services			
Sales and other	\$ 2,705,877	\$ 4,692,805	\$ 2,707,769
Equipment rental	-	-	-
Total operating revenues	<u>2,705,877</u>	<u>4,692,805</u>	<u>2,707,769</u>
Operating expenses:			
Personnel services	260,889	1,287,457	792,065
Supplies and chemicals	10,677	291,641	200,646
Contracted services	76,884	674,204	23,563
Plant charges	1,746,113	-	-
Project costs (not capitalized)	-	1,421,743	-
Administrative charges	271,053	489,230	223,476
Other services and charges	56,014	980,516	667,520
Depreciation	83,250	516,443	414,266
Total operating expenses	<u>2,504,880</u>	<u>5,661,234</u>	<u>2,321,536</u>
Operating income (loss)	<u>200,997</u>	<u>(968,429)</u>	<u>386,233</u>
Non-operating revenues (expenses):			
Property taxes	-	-	-
State grants	-	1,693,027	-
Contributions	-	50,000	-
Investment income	51,178	86,679	46,330
Rental income	-	34,424	-
Reimbursements	-	35,551	-
Sale of capital assets	-	9,188	-
Interest expense	(26,107)	(88,354)	(58,576)
Net non-operating revenues (expenses)	<u>25,071</u>	<u>1,820,515</u>	<u>(12,246)</u>
Changes in net position before capital contributions	226,068	852,086	373,987
Capital contributions:			
Local contributions	-	155,285	-
Federal grants	-	1,129,944	-
State grants	-	107,266	-
Total capital contributions	<u>-</u>	<u>1,392,495</u>	<u>-</u>
Changes in net position	226,068	2,244,581	373,987
Net position, beginning of year, restated	<u>4,033,241</u>	<u>14,757,672</u>	<u>4,884,777</u>
Net position, end of year	<u>\$ 4,259,309</u>	<u>\$ 17,002,253</u>	<u>\$ 5,258,764</u>

continued

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

CITY OF OWOSSO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION, CONTINUED

Year Ended June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Nonmajor</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>		
	<i>Transportation</i>		<i>Service</i>
	<i>Fund</i>	<i>Total</i>	<i>Fund</i>
Operating revenues:			
Charges for services			
Sales and other	\$ -	\$ 10,106,451	\$ -
Equipment rental	-	-	1,006,992
Total operating revenues	-	10,106,451	1,006,992
Operating expenses:			
Personnel services	-	2,340,411	150,960
Supplies and chemicals	-	502,964	88,134
Contracted services	62,864	837,515	2,788
Plant charges	-	1,746,113	-
Project costs (not capitalized)	-	1,421,743	-
Administrative charges	-	983,759	48,442
Other services and charges	-	1,704,050	79,308
Depreciation	-	1,013,959	340,517
Total operating expenses	62,864	10,550,514	710,149
Operating income (loss)	(62,864)	(444,063)	296,843
Non-operating revenues (expenses):			
Property taxes	41,923	41,923	-
State grants	2,535	1,695,562	-
Contributions	-	50,000	-
Investment income	2,374	186,561	60,925
Rental income	-	34,424	-
Reimbursements	-	35,551	-
Sale of capital assets	-	9,188	7,257
Interest expense	-	(173,037)	-
Net non-operating revenues (expenses)	46,832	1,880,172	68,182
Changes in net position before capital contributions	(16,032)	1,436,109	365,025
Capital contributions:			
Local contributions	-	155,285	-
Federal grants	-	1,129,944	-
State grants	-	107,266	-
Total capital contributions	-	1,392,495	-
Changes in net position	(16,032)	2,828,604	365,025
Net position, beginning of year, restated	82,048	23,757,738	3,803,622
Net position, end of year	\$ 66,016	\$ 26,586,342	\$ 4,168,647

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

CITY OF OWOSSO

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
 Year Ended June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
Cash flows from operating activities:			
Cash received from customers	\$ 2,610,946	\$ 4,601,944	\$ 2,685,269
Cash received (paid) for interfund services	(29,989)	(171,454)	(1,048)
Cash paid to/on behalf of employees	(271,148)	(1,326,099)	(876,729)
Cash paid to suppliers for goods and services	(2,049,880)	(3,335,823)	(1,057,117)
Net cash provided (used) by operating activities	259,929	(231,432)	750,375
Cash flows from non-capital financing activities:			
Property taxes	-	-	-
State grants	-	1,693,027	-
Contributions	-	50,000	-
Reimbursements	-	35,551	-
Net cash provided (used) by non-capital financing activities	-	1,778,578	-
Cash flows from capital and related financing activities:			
Sale of capital assets	-	9,188	-
Capital contributions	-	85,498	-
Acquisition/Construction of capital assets	(256,393)	(2,465,371)	(2,905,961)
Principal payments on bonds	(105,000)	(789,516)	(90,000)
Proceeds from issuance of bonds	-	1,062,918	1,836,514
Interest paid on bonds	(28,809)	(95,399)	(50,293)
Net cash provided (used) by capital and related financing activities	(390,202)	(2,192,682)	(1,209,740)
Cash flows from investing activities:			
Interest received	51,178	86,679	46,330
Rent received	-	34,424	-
Net cash provided by investing activities	51,178	121,103	46,330
Net change in cash, cash equivalents and investments	(79,095)	(524,433)	(413,035)
Cash, cash equivalents and investments, beginning of year	2,044,095	3,020,556	2,105,083
Cash, cash equivalents and investments, end of year	\$ 1,965,000	\$ 2,496,123	\$ 1,692,048

continued

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

CITY OF OWOSSO

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 931,451	\$ (10,056)	\$ -
Investments	1,033,549	457,545	299,366
Restricted cash and cash equivalents	-	-	559,336
Restricted investments	-	2,048,634	833,346
	<u>\$ 1,965,000</u>	<u>\$ 2,496,123</u>	<u>\$ 1,692,048</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 200,997	\$ (968,429)	\$ 386,233
Adjustments:			
Depreciation	83,250	516,443	414,266
Change in assets and liabilities:			
Utility bills receivable	(90,081)	(60,833)	-
Accounts receivable	(4,850)	(30,028)	(22,500)
Inventory	-	(83,401)	-
Accounts payable	80,872	425,093	57,040
Deposits payable	-	8,365	-
Accrued wages payable	(309)	4,813	2,791
Compensated absences payable	2,733	7,276	(5,018)
Net pension liability and related deferred outflows/inflows	(12,683)	(50,731)	(82,437)
	<u>\$ 259,929</u>	<u>\$ (231,432)</u>	<u>\$ 750,375</u>

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

CITY OF OWOSSO

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2023

	<i>Enterprise Funds</i>		
	<i>Nonmajor</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>		
	<i>Transportation</i>		<i>Service</i>
	<i>Fund</i>	<i>Total</i>	<i>Fund</i>
Cash flows from operating activities:			
Cash received from customers	\$ -	\$ 9,898,159	\$ -
Cash received (paid) for interfund services		(202,491)	1,008,521
Cash paid to/on behalf of employees	-	(2,473,976)	(169,461)
Cash paid to suppliers for goods and services	(62,864)	(6,505,684)	(223,888)
Net cash provided (used) by operating activities	(62,864)	716,008	615,172
Cash flows from non-capital financing activities:			
Property taxes	41,923	41,923	-
State grants	2,535	1,695,562	-
Contributions	-	50,000	-
Reimbursements	-	35,551	-
Net cash provided (used) by non-capital financing activities	44,458	1,823,036	-
Cash flows from capital and related financing activities:			
Sale of capital assets	-	9,188	7,257
Capital contributions	-	85,498	-
Acquisition/Construction of capital assets	-	(5,627,725)	(171,114)
Principal payments on bonds	-	(984,516)	-
Proceeds from issuance of bonds	-	2,899,432	-
Interest paid on bonds	-	(174,501)	-
Net cash provided (used) by capital and related financing activities	-	(3,792,624)	(163,857)
Cash flows from investing activities:			
Interest received	2,374	186,561	60,925
Rent received	-	34,424	-
Net cash provided by investing activities	2,374	220,985	60,925
Net change in cash, cash equivalents and investments	(16,032)	(1,032,595)	512,240
Cash, cash equivalents and investments, beginning of year	82,048	7,251,782	2,314,721
Cash, cash equivalents and investments, end of year	\$ 66,016	\$ 6,219,187	\$ 2,826,961

continued

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

CITY OF OWOSSO

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
 Year Ended June 30, 2023

	<u><i>Enterprise Funds</i></u>		
	<u><i>Nonmajor</i></u>		<i>Internal</i>
	<u><i>Fund</i></u>		<i>Service</i>
	<u><i>Transportation</i></u>		<i>Fund</i>
	<u><i>Fund</i></u>	<u><i>Total</i></u>	<u><i>Fund</i></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,225	\$ 925,620	\$ 2,191,744
Investments	61,791	1,852,251	635,217
Restricted cash and cash equivalents	-	559,336	-
Restricted investments	-	2,881,980	-
	<u>\$ 66,016</u>	<u>\$ 6,219,187</u>	<u>\$ 2,826,961</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (62,864)	\$ (444,063)	\$ 296,843
Adjustments:			
Depreciation	-	1,013,959	340,517
Change in assets and liabilities:			
Utility bills receivable	-	(150,914)	-
Accounts receivable	-	(57,378)	1,529
Inventory	-	(83,401)	-
Accounts payable	-	563,005	(5,216)
Deposits payable	-	8,365	-
Accrued wages payable	-	7,295	42
Compensated absences payable	-	4,991	480
Net pension liability and related deferred outflows/inflows	-	(145,851)	(19,023)
	<u>\$ (62,864)</u>	<u>\$ 716,008</u>	<u>\$ 615,172</u>

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

CITY OF OWOSSO

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u><i>Custodial Fund</i></u>
	<u><i>Current Tax Collection Fund</i></u>
Assets:	
Cash and cash equivalents	\$ 17,560
Liabilities:	
Accounts payable	<u>17,560</u>
Net position:	
Held for others	<u><u>\$ -</u></u>

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

CITY OF OWOSSO

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2023

	<u><i>Custodial Fund</i></u>
	<u><i>Current Tax Collection Fund</i></u>
Additions:	
Property taxes collected for other governments	\$ 9,516,782
Total additions	<u>9,516,782</u>
Deductions:	
Property taxes collected to other governments	<u>9,516,782</u>
Total deductions	<u>9,516,782</u>
Change in net position	<u>-</u>
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

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

CITY OF OWOSSO

COMPONENT UNITS STATEMENT OF NET POSITION

June 30, 2023

	<i>Brownfield Development Authority</i>	<i>Downtown Development Authority</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 48,093	\$ 35,504	\$ 83,597
Investments	50,579	106,837	157,416
Accounts receivable	-	31	31
Loans receivable	-	31,822	31,822
Capital assets being depreciated, net	-	22,481	22,481
Total assets	<u>98,672</u>	<u>196,675</u>	<u>295,347</u>
Liabilities:			
Accounts payable and accrued expenses	791	16,221	17,012
Unearned revenue	-	6,760	6,760
Long-term liabilities:			
Due within one year			
Long-term debt	25,008	4,837	29,845
Advance from primary government	157,101	-	157,101
Due in more than one year			
Long-term debt	185,878	17,207	203,085
Advance from primary government	<u>1,263,850</u>	<u>-</u>	<u>1,263,850</u>
Total liabilities	<u>1,632,628</u>	<u>45,025</u>	<u>1,677,653</u>
Net position:			
Net investment in capital assets	-	437	437
Unrestricted	<u>(1,533,956)</u>	<u>151,213</u>	<u>(1,382,743)</u>
Total net position	<u>\$ (1,533,956)</u>	<u>\$ 151,650</u>	<u>\$ (1,382,306)</u>

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

CITY OF OWOSSO

COMPONENT UNITS STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<i><u>Brownfield Development Authority</u></i>	<i><u>Downtown Development Authority</u></i>	<i><u>Total</u></i>
Expenses:			
Community and economic development	\$ 403,295	\$ 335,670	\$ 738,965
Program revenues:			
Charges for services	-	3,477	3,477
Operating grants and contributions	30,644	106,023	136,667
	<u>30,644</u>	<u>109,500</u>	<u>140,144</u>
Net (expenses) revenues	<u>(372,651)</u>	<u>(226,170)</u>	<u>(598,821)</u>
General revenues:			
Property taxes levied and captured	453,553	235,728	689,281
Unrestricted investment earnings	2,593	1,844	4,437
	<u>456,146</u>	<u>237,572</u>	<u>693,718</u>
Changes in net position	83,495	11,402	94,897
Net position (deficit), beginning of year, restated	<u>(1,617,451)</u>	<u>140,248</u>	<u>(1,477,203)</u>
Net position (deficit), end of year	<u>\$ (1,533,956)</u>	<u>\$ 151,650</u>	<u>\$ (1,382,306)</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the City of Owosso (the “City”):

Reporting Entity:

The City is governed by an elected seven-member Council, and the Mayor is chosen by the elected council members. The day to day operations and administration of the City is under the responsibility of an appointed City Manager. The accounting policies of the City of Owosso conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

The accompanying financial statements present the City as the primary government. Component units are separate legal entities for which the City is financially accountable. Blended component units are, in substance, part of the primary government’s operations, and presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements. The City has determined that it has two discretely presented component units.

Blended Component Unit:

Building Authority – The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were a part of the primary government because its primary purpose is to finance and construct the City’s public buildings. The Building Authority is reported as a debt service fund.

Discretely Presented Component Units:

Brownfield Redevelopment Authority – The Brownfield Redevelopment Authority (“Brownfield”) was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the Brownfield Redevelopment Zone. The Brownfield’s governing body, which consists of seven members, is appointed by the City Council. In addition, the Brownfield’s annual budget and any debt issuances are subject to approval by the City Council. The financial statements of the Brownfield are included in the City’s financial statements and are not audited separately.

Downtown Development Authority – The Downtown Development Authority (“DDA”) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA’s nine-member governing body is appointed by the City Council for a fixed term. The City approves the annual budget and any debt issuances of the DDA. The financial statements of the DDA are included in the City’s financial statements and are not audited separately.

Accounting and Reporting Principles:

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Report Presentation:

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are not included in the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting:

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due. Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary funds use the economic resources measurement focus and the full 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.

Fund Accounting:

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the City to show the particular expenditures that specific revenues were used for. The various funds are aggregated into two broad fund types:

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as “major” governmental funds:

General Fund is the City’s primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

Special Revenue Fund – Major Street Fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as major streets in the City.

Special Revenue Fund – ARPA Fund accounts for the funding received through the American Rescue Plan Act and related expenditures.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The City reports the following as “major” enterprise funds:

Enterprise Fund – Sewer Disposal System Fund – accounts for the operation and maintenance of the City’s sewage disposal system.

Enterprise Fund – Water Supply System Fund – accounts for the operation and maintenance of the City’s water supply system.

Enterprise Fund – Wastewater Treatment Supply System Fund – accounts for the operation and maintenance of the City’s wastewater treatment plant. It provides treatment facilities for Owosso and Caledonia Townships, the City of Corunna, as well as the City itself.

Additionally, the City reports the following fund types:

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

Debt Service Funds – Debt Service Funds account for payment of principal and interest on long-term debt.

Capital Projects Funds – Capital Projects Funds account for the resources used for capital projects.

Internal Service Fund – The Internal Service Fund accounts for fleet maintenance services provided to other departments of the City on a cost reimbursement basis.

Fiduciary Funds – Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Specific Balances and Transactions:

Deposits and Investments – Cash and cash equivalents includes cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the City considers all investments (including restricted assets) to be cash equivalents.

Restricted Assets – Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restricted cash and investments in the water supply system and wastewater treatment supply system are comprised of replacement and debt charges collected from system users, net of replacement costs and debt payments.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds and proprietary funds (other than the Water Fund) are recorded as expenditures when purchased rather than when consumed.

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

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items acquired or constructed since 1980), are defined by the City as assets with an individual cost in excess of \$10,000 with the exception of infrastructure, which must have a cost in excess of \$50,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-50 years
Infrastructure	20-50 years
Land improvements	10-20 years
Machinery and equipment	5-20 years
Office equipment	5-10 years
Utility systems and improvements	5-60 years
Vehicles and Vehicles/Equipment	4-30 years

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

Long-term Obligations – In the government-wide financial statements and the proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discount. The general fund and debt service funds are generally used to liquidate governmental long-term debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Unearned Revenues – Governmental funds and proprietary funds defer revenue recognition in connection with resources that have been received but not yet earned.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position 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 and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

Net Position Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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.

Fund Balance Flow Assumption – 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.

Fund Balance Policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, and the nonspendable portion of endowments. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council.

The City Council has adopted a minimum fund balance policy in which the general fund will be equal to 25% of general fund operating expenses. If the fund balance of the general fund falls below the minimum range, the City will replenish shortfall by reducing expenditures, increasing revenues or a combination of expenditure reductions and revenue enhancements as detailed in the policy. If the fund balance of the general fund exceeds 25% plus an infrastructure emergency reserve of \$1 million, the City shall consider using such surpluses for one-time non-recurring expenditures that will not require additional future expenses for maintenance, additional staffing, or any other recurring expenditures, in accordance with the policy.

Property Taxes – Property taxes are levied each July 1 and December 1 on the taxable valuation of property, as equalized by the State, as of the preceding December 31, the lien date. The levies are considered past due on September 1 and February 15, respectively, at which time applicable penalties and interest are assessed. The City bills and collects its own property taxes as well as taxes for the various local governmental units. Collections and remittances for other units are accounted for in the trust and agency fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. The 2022 taxable valuation of the City totaled \$299,933,488 (a portion of which is captured by the DDA and Brownfield). The City levied 12.6919 mills for general operations, 1.0000 for Public Act 298 (brush/leaves/street cleanings), 2.6784 for debt service, 0.1500 for transit services. The taxable valuation for the DDA totaled \$17,849,344 and the DDA levied 1.8855 mills.

Defined Benefit Plan Pension Costs – The City offers a defined benefit pension plan to its employees. For this plan, the City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

Proprietary Funds Operating Classification – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds recognize as capital contributions the tap fees intended to recover the cost of connecting new customers to the system, if any, and as nonoperating revenues rental income and investment income. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity:

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other

funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year-end, except for those approved by the City Council for carry forward. The annual budget is prepared by the City's management and adopted by the City Council; subsequent amendments are approved by the City Council. During the current year, the budget was amended in a legally permissible manner. Unexpended appropriations lapse at year end.

Budget appropriations are authorized by the City Council on a departmental basis in accordance with sections of the City Charter. Legal budgetary control is exercised at the activity level for the general fund and the activity level inclusive of capital outlay for all other funds.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the City incurred expenditures that were in excess of the amounts budgeted, as follows:

	<i>Final Budget</i>		<i>Actual</i>		<i>Actual over Budget</i>
General Fund:					
General government					
Manager	\$ 278,461	\$	282,212	\$	3,751
Building and grounds	151,994		155,425		3,431

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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 deposits and investments have been made in accordance with statutory authority.

The City's deposits and investments are subject to several types of risk, which are presented in more detail as follows:

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a written deposit policy for custodial credit risk. At year end, the City had \$12,507,081 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$4,366,419 was covered by depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For an investment, custodial credit risk 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. In order to minimize this risk, City policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2023, none of the City's investments were exposed to custodial credit risk.

Interest Rate Risk - Investments: Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of State law on investment maturities as a means on managing its exposure to fair value losses arising from increasing interest rates.

The City's investments had the following average maturity structure as of June 30, 2023:

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 Year</u>
Investment Trust Funds - Michigan CLASS	\$ 5,288,447	\$ 5,288,447
Money Market Funds - US Treasury & Government	3,228,725	3,228,725
	<u>\$ 8,517,172</u>	<u>\$ 8,517,172</u>

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a percentage of the total investment portfolio.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Credit Risk – Investments: State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The City’s investment policy does not have specific limits in excess of state law on investment credit risk.

The City’s investments had the following credit risk structure as of June 30, 2023:

<u>Investment Type</u>	<u>Market Value</u>	<u>Rating</u>	<u>Rating Organization</u>	<u>Percent of Total</u>
Investment Trust Funds - Michigan CLASS	\$ 5,288,447	AAAm	S&P	62%
Money Market Funds - US Treasury & Government	<u>3,228,725</u>	AAAm	S&P	<u>38%</u>
	<u>\$ 8,517,172</u>			<u>100%</u>

NOTE 4: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City has the following recurring fair value measurement as of June 30, 2023:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Market Value</u>
Investment Trust Funds - Michigan CLASS	\$ -	\$ -	\$ -	\$ 5,288,447
Money Market Funds - US Treasury & Government	-	-	-	<u>3,228,725</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,517,172</u>

The City has \$5,288,447 invested with the Michigan Cooperative Liquid Assets Security System (Michigan CLASS). Michigan CLASS is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS funds are authorized to invest in U.S. Treasuries, U.S. Agencies, commercial paper, bankers’ acceptances, repurchase agreements, certificates of deposit, and mutual funds. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however, does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1. Fair value of the City’s position in the government investment pool is the same as the value of the Michigan CLASS pool shares.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 4: FAIR VALUE MEASUREMENTS, CONTINUED

Michigan CLASS (money market mutual fund) is recorded at amortized cost, which approximates fair value and these funds are not subject to the fair value disclosures under Governmental Accounting Standards Board (GASB) Statement No. 72. The funds do not require notification of redemptions.

The City's investment in the Money Market Funds – US Treasury & Government of \$3,228,725 are valued at net asset value. At June 30, 2023, there were no unfunded commitments or redemption restrictions.

NOTE 5: CAPITAL ASSETS

Capital assets activity of the City's government activities, business-type activities and component units was as follows:

	<i>Restated</i> <i>July 1,</i> <i>2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2023</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,559,913	\$ -	\$ (1,300)	\$ 4,558,613
Construction in progress	-	361,427	-	361,427
Total capital assets not being depreciated	<u>4,559,913</u>	<u>361,427</u>	<u>(1,300)</u>	<u>4,920,040</u>
Capital assets being depreciated:				
Buildings and improvements	3,168,588	-	(2,497)	3,166,091
Infrastructure	65,726,614	-	(25,266,115)	40,460,499
Land improvements	4,333,883	20,000	-	4,353,883
Machinery and equipment	2,317,161	162,148	(47,538)	2,431,771
Office equipment	1,392,099	84,185	(22,279)	1,454,005
Vehicles	5,306,455	483,837	(87,294)	5,702,998
Total capital assets being depreciated	<u>82,244,800</u>	<u>750,170</u>	<u>(25,425,723)</u>	<u>57,569,247</u>
Accumulated depreciation				
Buildings and improvements	(2,623,798)	(40,412)	2,497	(2,661,713)
Infrastructure	(34,762,767)	(2,017,136)	25,266,115	(11,513,788)
Land improvements	(2,799,076)	(155,081)	-	(2,954,157)
Machinery and equipment	(1,875,813)	(122,294)	47,538	(1,950,569)
Office equipment	(1,351,650)	(16,933)	22,279	(1,346,304)
Vehicles	(3,182,883)	(374,670)	87,294	(3,470,259)
Total accumulated depreciation	<u>(46,595,987)</u>	<u>(2,726,526)</u>	<u>25,425,723</u>	<u>(23,896,790)</u>
Net capital assets being depreciated	<u>35,648,813</u>	<u>(1,976,356)</u>	<u>-</u>	<u>33,672,457</u>
Governmental activities, capital assets, net	<u>\$ 40,208,726</u>	<u>\$ (1,614,929)</u>	<u>\$ (1,300)</u>	<u>\$ 38,592,497</u>

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: CAPITAL ASSETS, CONTINUED

Business-type activities:

Capital assets not being depreciated:

Land	\$ 365,842	\$ -	\$ -	\$ 365,842
Construction in progress	<u>2,188,035</u>	<u>4,516,433</u>	<u>(1,632,460)</u>	<u>5,072,008</u>
Total capital assets not being depreciated	<u>2,553,877</u>	<u>4,516,433</u>	<u>(1,632,460)</u>	<u>5,437,850</u>

Capital assets being depreciated:

Buildings and improvements	13,245,204	-	-	13,245,204
Machinery and equipment	721,581	-	(8,500)	713,081
Office equipment	454,452	-	(106,563)	347,889
Utility systems and improvements	34,067,835	2,743,752	(133,615)	36,677,972
Vehicles/Equipment	<u>1,635,372</u>	<u>-</u>	<u>(6,500)</u>	<u>1,628,872</u>
Total capital assets being depreciated	<u>50,124,444</u>	<u>2,743,752</u>	<u>(255,178)</u>	<u>52,613,018</u>

Accumulated depreciation

Buildings and improvements	(8,943,735)	(231,281)	-	(9,175,016)
Machinery and other equipment	(228,391)	(41,683)	8,500	(261,574)
Office equipment	(452,236)	(554)	106,563	(346,227)
Utility systems and improvements	(17,459,429)	(647,719)	133,615	(17,973,533)
Vehicles/Equipment	<u>(440,768)</u>	<u>(92,722)</u>	<u>6,500</u>	<u>(526,990)</u>
Total accumulated depreciation	<u>(27,524,559)</u>	<u>(1,013,959)</u>	<u>255,178</u>	<u>(28,283,340)</u>

Net capital assets being depreciated

	<u>22,599,885</u>	<u>1,729,793</u>	<u>-</u>	<u>24,329,678</u>
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Business-type activities, capital assets, net

	<u>\$ 25,153,762</u>	<u>\$ 6,246,226</u>	<u>\$ (1,632,460)</u>	<u>\$ 29,767,528</u>
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Component units:

Capital assets being depreciated:

Machinery and equipment	<u>\$ 34,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,257</u>
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Accumulated depreciation

Machinery and other equipment	<u>(7,494)</u>	<u>(4,282)</u>	<u>-</u>	<u>(11,776)</u>
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Component units, capital assets, net

	<u>\$ 26,763</u>	<u>\$ (4,282)</u>	<u>\$ -</u>	<u>\$ 22,481</u>
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Depreciation expense was charged to programs of the primary government and component units as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
General government	\$ 75,584	\$ -	\$ -
Public safety	152,243	-	-
Public works	2,357,653	-	-
Community and economic development	-	-	4,282
Recreation and culture	141,046	-	-
Sewer disposal system	-	83,250	-
Water supply system	-	516,443	-
Wastewater treatment system	<u>-</u>	<u>414,266</u>	<u>-</u>
	<u>\$ 2,726,526</u>	<u>\$ 1,013,959</u>	<u>\$ 4,282</u>

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: LONG-TERM DEBT

The City may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Other long-term obligations include compensated absences.

Long-term debt transactions for the City for the year ended June 30, 2023 was as follows:

	<i>Restated</i> <i>July 1,</i> <i>2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2023</i>	<i>Due Within</i> <i>One Year</i>
Governmental activities:					
<i>Direct Placements</i>					
Unlimited Tax General Obligation Refunding Bonds, Series 2021A for \$9,110,000, due in annual amounts of \$285,000 to \$595,000, interest at 3.00-4.00% through May, 2039.	\$ 8,600,000	\$ -	\$ (480,000)	\$ 8,120,000	\$ 490,000
General Obligation Limited Tax Refunding Bonds, Series 2021B for \$475,000, due in annual amounts of \$50,000 to \$70,000, interest at 4.00% through May, 2029.	425,000	-	(55,000)	370,000	50,000
Premium on 2021A UTGO Bonds	1,257,817	-	(73,989)	1,183,828	-
Premium on 2021B LTGO Bonds	54,469	-	(7,781)	46,688	-
<i>Direct Borrowings:</i>					
2023 Installment Purchase Agreement, \$111,908, due in annual installments of \$16,885 through February 2026.	-	111,908	(61,254)	50,654	16,885
<i>Other liabilities:</i>					
Compensated absences	<u>387,752</u>	<u>177,471</u>	<u>(193,876)</u>	<u>371,347</u>	<u>185,673</u>
Total governmental activities long-term debt	<u>\$ 10,725,038</u>	<u>\$ 289,379</u>	<u>\$ (871,900)</u>	<u>\$ 10,142,517</u>	<u>\$ 742,558</u>
Business-type activities:					
<i>Direct Placements:</i>					
General Obligation Limited Tax Sewer System Improvement Bond, Series 2008 for \$801,786, due in annual amounts of \$50,000 to \$51,786, interest at 2.50% through April 1, 2028.	\$ 306,786	\$ -	\$ (50,000)	\$ 256,786	\$ 50,000

continued

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: LONG-TERM DEBT, CONTINUED

	<i>Restated</i> <i>July 1,</i> <i>2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2023</i>	<i>Due Within</i> <i>One Year</i>
Sewer System Revenue Bond, Series 2020 for \$1,141,664, due in annual amounts of \$50,000 to \$71,664, interest at 2.00% through October 1, 2040.	1,086,664	-	(55,000)	1,031,664	50,000
Water Supply System Revenue Bond, Series 2002A for \$3,800,000, due in annual amounts of \$505,000, interest at 3.25% through November 1, 2022.	505,000	-	(505,000)	-	-
Water Supply System Revenue Bond, Series 2020 for \$2,971,023, due in annual amounts of \$126,000 to \$184,023, interest at 2.00% through October 1, 2040.	2,841,023	-	(135,000)	2,706,023	126,000
Water Supply System Revenue Bond, Series 2022B for \$715,540, due in annual amounts of \$30,000 to \$40,540, interest at 1.875% through April 1, 2042.	-	715,540	(30,000)	685,540	30,000
Water Supply System Revenue Bond, Series 2023 for \$3,033,750, due in annual amounts of \$123,750 to \$180,000, interest at 1.875% through April 1, 2044.	-	378,001	-	378,001	-
Wastewater Treatment System Revenue Bonds, Series 2020 for \$2,145,000, due in annual amounts of \$90,000 to \$130,000, interest at 2.00% through October 1, 2040.	2,055,000	-	(90,000)	1,965,000	90,000
Wastewater Treatment System Revenue Bonds, Series 2022 for \$4,885,000, due in annual amounts of \$130,000 to \$230,000, interest at 2.125% through April 1, 2051.	529,230	2,303,091	-	2,832,321	130,000

continued

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: LONG-TERM DEBT, CONTINUED

	<i>Restated</i> <i>July 1,</i> <i>2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2023</i>	<i>Due Within</i> <i>One Year</i>
<i>Direct Borrowings:</i>					
2017 Installment Purchase Agreement for \$1,900,000, due due in annual amounts of \$122,655 to \$147,057, interest at 2.50% through May 15, 2031.	1,195,837	-	(119,516)	1,076,321	122,655
<i>Other liabilities:</i>					
Compensated absences	105,182	57,582	(52,591)	110,173	55,086
Total business-type activities long-term debt	<u>\$ 8,624,722</u>	<u>\$ 3,454,214</u>	<u>\$ (1,037,107)</u>	<u>\$ 11,041,829</u>	<u>\$ 653,741</u>
Component units:					
<i>Direct Borrowings:</i>					
Promissory Note for \$34,257, due in annual amounts of \$1,799 to \$5,291, interest at 2.70% through June 2028.	\$ 26,740	\$ -	\$ (4,696)	\$ 22,044	\$ 4,837
EGLE - Brownfield Redevelopment Loan for \$287,969, due in annual amounts of \$25,008 to \$27,755, interest at 1.50% through March 31, 2031.	235,524	-	(24,638)	210,886	25,008
	<u>\$ 262,264</u>	<u>\$ -</u>	<u>\$ (29,334)</u>	<u>\$ 232,930</u>	<u>\$ 29,845</u>

Annual debt service requirements to maturity for the governmental activities direct borrowings and direct placements, not including bond premiums, as of June 30, 2023 are as follows:

<i>Year Ended</i> <i>June 30,</i>	<i>Governmental Activities</i>			<i>Governmental Activities</i>		
	<i>Direct Placements</i>			<i>Direct Borrowings</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 540,000	\$ 307,050	\$ 847,050	\$ 16,885	\$ -	\$ 16,885
2025	555,000	285,450	840,450	16,885	-	16,885
2026	575,000	263,250	838,250	16,884	-	16,884
2027	600,000	240,250	840,250	-	-	-
2028	615,000	216,250	831,250	-	-	-
2029-2033	2,905,000	718,850	3,623,850	-	-	-
2034-2038	2,415,000	244,200	2,659,200	-	-	-
2039	285,000	8,550	293,550	-	-	-
	<u>\$ 8,490,000</u>	<u>\$ 2,283,850</u>	<u>\$ 10,773,850</u>	<u>\$ 50,654</u>	<u>\$ -</u>	<u>\$ 50,654</u>

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 6: LONG-TERM DEBT, CONTINUED

Annual debt service requirements to maturity for the business-type activities direct borrowings and direct placements as of June 30, 2023 are as follows:

<i>Year Ended</i> <i>June 30,</i>	<i>Business-type Activities</i>			<i>Business-type Activities</i>		
	<i>Direct Placements</i>			<i>Direct Borrowings</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 476,000	\$ 180,975	\$ 656,975	\$ 122,655	\$ 28,264	\$ 150,919
2025	604,750	171,018	775,768	125,876	25,043	150,919
2026	621,000	160,034	781,034	129,181	21,738	150,919
2027	631,000	149,834	780,834	132,574	18,345	150,919
2028	647,786	139,300	787,086	136,055	14,864	150,919
2034-2038	3,500,000	284,712	3,784,712	-	-	-
2039-2043	3,053,227	42,897	3,096,124	-	-	-
2044-2048	1,205,000	-	1,205,000	-	-	-
2049-2051	675,000	-	675,000	-	-	-
	\$ 14,563,763	\$ 1,673,946	\$ 16,237,709	\$ 1,076,321	\$ 131,031	\$ 1,207,352
Less: Amount not drawn	(4,708,428)					
	\$ 9,855,335					

Annual debt service requirements to maturity for the component units direct borrowings as of June 30, 2023 are as follows:

<i>Year Ended</i> <i>June 30,</i>	<i>Component Units</i>		
	<i>Direct Borrowings</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 29,845	\$ 3,758	\$ 33,603
2025	30,367	3,236	33,603
2026	30,899	2,704	33,603
2027	31,441	2,161	33,602
2028	28,339	1,640	29,979
2029-2031	82,039	2,474	84,513
	\$ 232,930	\$ 15,973	\$ 248,903

NOTE 7: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivable and payable balances at June 30, 2023 is as follows:

<i>Receivable</i>	<i>Payable</i>	<i>Amount</i>
General Fund	Nonmajor Governmental Fund	
	Housing & Redevelopment Fund	\$ 62,500

Management does not anticipate that the interfund balance will remain outstanding long-term.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: INTERFUND BALANCES AND TRANSFERS, CONTINUED

Interfund transfers were either to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, or (2) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
Major Street Fund	Local Street Fund	\$ 350,000
Nonmajor Governmental Funds		
DDA Construction Fund	General Fund	33,277
	Nonmajor Governmental Funds	
General Fund	Historical Fund	10,000
General Fund	Capital Project Fund	<u>146,580</u>
		<u>\$ 539,857</u>

NOTE 8: LONG-TERM ADVANCES

The City authorized the following long-term loans or advances from the General Fund and the Revolving Loan Fund to the Component Unit – Brownfield Redevelopment Authority. Balances outstanding at year end were as follows:

	<u>Restated July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>	<u>Due Within One Year</u>
Advances:					
General Fund loan to Component Unit - Brownfield Redevelopment Authority for \$2,120,497, due in annual amounts of \$137,710 to \$165,897, interest at 2.33% through March 2032.	\$ 1,497,328	\$ -	\$ (134,541)	\$ 1,362,787	\$ 137,710
Revolving Loan Fund to Component Unit - Brownfield Redevelopment Authority for \$220,880, due in annual amounts of \$19,388, interest at 0.00% through June 30, 2026.	<u>76,011</u>	<u>-</u>	<u>(17,847)</u>	<u>58,164</u>	<u>19,391</u>
	<u>\$ 1,573,339</u>	<u>\$ -</u>	<u>\$ (152,388)</u>	<u>\$ 1,420,951</u>	<u>\$ 157,101</u>

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: LONG-TERM ADVANCES, CONTINUED

Annual debt service requirements to maturity for the component unit advance payable to the primary government as of June 30, 2023 are as follows:

<i>Year Ended</i> <i>June 30,</i>	<i>Component Units</i>		
	<i>Advance Payables</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 157,101	\$ 30,288	\$ 187,389
2025	160,344	27,045	187,389
2026	163,654	23,726	187,380
2027	147,670	20,328	167,998
2028	151,148	16,850	167,998
2029-2032	641,034	30,958	671,992
	<u>\$ 1,420,951</u>	<u>\$ 149,195</u>	<u>\$ 1,570,146</u>

NOTE 9: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end in the aggregate are as follows:

	<i>Governmental</i> <i>Activities</i>	<i>Business-type</i> <i>Activities</i>	<i>Total</i> <i>Primary</i> <i>Government</i>	<i>Component</i> <i>Units</i>
Receivables:				
Utility bills receivable	\$ -	\$ 1,891,062	\$ 1,891,062	\$ -
Accounts	322,853	57,378	380,231	31
Special assessments receivable				
Current	149,366	-	149,366	-
Long-term	1,068,521	-	1,068,521	-
Loans receivable				
Current	135,000	4,680	139,680	4,925
Long-term	357,419	95,860	453,279	26,897
Intergovernmental	2,140,837	2,428,357	4,569,194	-
Total receivables	<u>\$ 4,173,996</u>	<u>\$ 4,477,337</u>	<u>\$ 8,651,333</u>	<u>\$ 31,853</u>
Accounts payable and accrued expenses:				
Accounts	\$ 444,829	\$ 1,674,490	\$ 2,119,319	\$ 14,830
Payroll and related liabilities	155,954	34,052	190,006	1,391
Interest	75,838	49,253	125,091	791
Deposits payable	23,804	200,890	224,694	-
Total accounts payable and accrued expenses	<u>\$ 700,425</u>	<u>\$ 1,958,685</u>	<u>\$ 2,659,110</u>	<u>\$ 17,012</u>

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The City has two employee pension plans. One plan is a Defined Contribution Plan and the other plan is a Defined Benefit Plan. Information concerning each plan follows:

Defined Contribution Pension Plan:

The City provides pension benefits to the city manager position along with new employees under the AFSCME collective bargaining contract and general employees under the Personnel Policy Manual (revised as of 12-19-2022) with a defined contribution plan administered under ICMA-RC (company changed their name to Mission Square in 2022), for which the City provides employer contributions. In accordance with the collective bargaining agreement and personnel policy manual, the City contributed \$216,238 during the current year and employees contributed \$202,441 during the year. At June 30, 2023, the City had no outstanding amounts due to the Plan.

Defined Benefit Pension Plan (Municipal Employees' Retirement System of Michigan):

Plan Description – 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.

Benefits Provided – The following are the benefits provided from the December 31, 2022 valuation.

	<u>01 - AFSCME Council: Open Division</u>	<u>02 - Plc. Cmnd. Emp: Open Division</u>	<u>05 - Fire hired bf 5/1/19: Closed to new hires, linked to Division HB</u>
Benefit Multiplier:	2.50% Multiplier (80% max)	Bridged Benefit: 2.80% Multiplier (80% max)-Frozen FAC; 2.50% Multiplier (80% max)	2.80% Multiplier for Svc < 25 yrs, 1.00% Multiplier for Svc > 25 yrs paid to SS Age, 2.38% Multiplier paid after SS Age (75% max)
Bridged Benefit Date:		6/30/2012	
Normal Retirement Age:	60	60	55
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	55/25	50/25	50/25
Early Retirement (Reduced):	50/25; 55/15	55/15	-
Final Average Compensation:	3 years	3 years	3 years
COLA for Future and Current Retirees:			1.40% (Non-Compound) payable for 10 years
Employee Contributions:	6.40%	10.00%	8%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

	<i>10 - AFSCME hired pr 7/1/05: Closed to new hires</i>	<i>11 - General ee's hired pr 1/1/06: Closed to new hires</i>	<i>20 - POLC - NonSupervisory: Closed to new hires, linked to Division HA</i>
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.80% Multiplier (80% max)
Normal Retirement Age:	60	60	55
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	55/25	50/25	50/25
Early Retirement (Reduced):	50/25; 55/15	55/15	-
Final Average Compensation:	3 years	3 years	3 years
COLA for Future and Current Retirees:	1.40% (Non-Compound) payable for 10 years	1.40% (Non-Compound) payable for 10 years	1.40% (Non-Compound) payable for 10 years
Employee Contributions:	6.00%	6.00%	10.00%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)
		<i>HA - POLC - NonSup hired aft 12/1/18: Open Division, linked to Division 20</i>	<i>HB - IAFF hired aft 5/1/19: Open Division, linked to Division 5</i>
Benefit Multiplier:		1.50% Multiplier (no max)	1.50% Multiplier (no max)
Normal Retirement Age:		60	60
Vesting:		6 years	6 years
Early Retirement (Unreduced):		55/25	55/25
Early Retirement (Reduced):		-	-
Final Average Compensation:		3 years	3 years
Employee Contributions:		0.00%	0.00%
Act 88:		Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

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

Inactive employees or beneficiaries currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits (including refunds):	5
Active employees	46
Total	154

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The City 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may establish contribution rates to be paid by its covered employees.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

The annual City required contributions, equal to the actuarially determined contribution based on the valuation projected payroll from the December 31, 2020 actuarial valuation, were as follows:

	<i><u>Employer Contribution Percentage or Flat Amount</u></i>
<i>Divisions:</i>	
01 - AFSCME Council	\$4,864/month
02 - Plc. Cmnd. Emp	42.48%
05 - Fire hired bf 5/1/19	\$16,124/month
10 - AFSCME hired pr 7/1/05	\$13,403/month
11 - General ee's hired pr 1/1/06	\$19,264/month
20 - POLC - NonSupervisory	\$12,438/month
HA - POLC - NonSup hired aft 12/1/18	6.56%
HB - IAFF hired aft 5/1/19	5.65%

Net Pension Liability – The City’s net pension liability reported at June 30, 2023 was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.50%; Salary Increases: 3.00% in the long-term; Investment rate of return: 7.00%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% 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-2020.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2014-2019.

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

Asset Class	Target Allocation	Long-term Expected Gross Return	Long-term Expected		Long-term Expected Real Rate of Return
			Gross Return Contribution	Inflation Assumption	
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.0%	9.50%	1.90%	2.50%	1.40%
Total	100.0%		7.00%		4.50%

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. 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 net pension liability during the measurement year were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/21	\$ 46,981,061	\$ 45,794,914	\$ 1,186,147
Service cost	511,755	-	511,755
Interest on total pension liability	3,300,298	-	3,300,298
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(265,918)	-	(265,918)
Changes in assumptions	-	-	-
Employer contributions	-	1,042,571	(1,042,571)
Employee contributions	-	256,962	(256,962)
Net investment income (loss)	-	(4,736,113)	4,736,113
Benefit payments, including employee refunds	(3,431,169)	(3,431,169)	-
Administrative expenses	-	(83,066)	83,066
Net changes	114,966	(6,950,815)	7,065,781
Balances at 12/31/22	<u>\$ 47,096,027</u>	<u>\$ 38,844,099</u>	<u>\$ 8,251,928</u>

The net pension liability is recorded as follows:

Governmental activities	\$ 6,349,002
Business-type activities	<u>1,902,926</u>
	<u>\$ 8,251,928</u>

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City’s net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	<i>1% Decrease Rate 6.25%</i>	<i>Current Rate 7.25%</i>	<i>1% Increase Rate 8.25%</i>
Change in net pension liability as of 12/31/22	<u>\$ 4,971,625</u>	<u>\$ -</u>	<u>\$ (4,205,581)</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the 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.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2023; the City recognized pension expense, on the defined benefit plan, of \$900,534.

The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<i><u>Deferred Outflows of Resources</u></i>	<i><u>Deferred Inflows of Resources</u></i>
Difference between expected and actual experience	\$ 23,563	\$ 549,239
Changes in assumptions	533,677	-
Net difference between projected and actual earnings on pension plan investments	2,600,748	-
Contributions subsequent to the measurement date	<u>1,005,402</u>	<u>-</u>
	<u>\$ 4,163,390</u>	<u>\$ 549,239</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

Governmental activities	\$ 3,219,846	\$ 419,789
Business-type activities	<u>943,544</u>	<u>129,450</u>
	<u>\$ 4,163,390</u>	<u>\$ 549,239</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$1,005,402), which will impact the net pension liability in fiscal year 2024, rather than pension expense.

<i><u>Year Ended</u></i>	<i><u>Amount</u></i>
2024	\$ 77,230
2025	(90,199)
2026	1,026,525
2027	1,595,193

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 11: RISK MANAGEMENT

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

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority ("MMRMA") (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remain with the City.

At June 30, 2023, the City had \$276,795 on deposit with the Authority to pay claims. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the City. The City estimates the liability for claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported.

Changes in net position for the past two fiscal year were as follows:

	<u>2023</u>	<u>2022</u>
Unpaid claims - beginning of year	\$ 65,519	\$ 10,000
Incurred claims and adjustments (including claims incurred but not reported)	86,749	111,038
Claim payments	<u>(110,768)</u>	<u>(55,519)</u>
Unpaid claims - end of year	41,500	65,519
Assets held on deposit with Authority	<u>276,795</u>	<u>242,390</u>
<i>Net position end of year</i>	<u>\$ 235,295</u>	<u>\$ 176,871</u>

NOTE 12: TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. For the year ended June 30, 2023, the City's property taxes were reduced by \$23,323 under this program.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 12: TAX ABATEMENTS, CONTINUED

Obsolete property rehabilitation tax abatements are granted in the State of Michigan under Public Act 146, as amended, to encourage investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use. The obsolete property rehabilitation tax (OPRA) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. OPRA exemptions can cover only real property. Property must be functionally obsolete as determined by the City Assessor as defined in the legislation. Project must be for a project that will have a commercial or commercial housing use. The taxable value of the qualifying property is set (“frozen”) at the taxable value assigned in the year immediately preceding the effective date of the exemption certificate. New taxable value in excess of the frozen taxable value is exempted from certain millages levied on real property for a period of 1-12 years. The amount of the abatement is equal to the exempted mills applied to the amount of the taxable value created by investment in the project. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting entities) an amount equal to amount of the taxes abated, if it does not meet the job creation or private investment estimates contained in their application. For the year ended June 30, 2023, the City’s property taxes were reduced by \$2,562 under this program.

Brownfield redevelopment property tax abatements are granted in the State of Michigan under Public Act 381, as amended, to encourage investment in the revitalization, redevelopment, and reuse of certain properties considered contaminated, blighted, functionally obsolete, or historic resources. The brownfield redevelopment tax exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. Brownfield redevelopment exemptions can cover real and/or personal property. Property must be included in a Brownfield Plan and qualify as either a facility/site, functionally obsolete, blighted, historic resource, transit oriented property/development or a targeted redevelopment area. The beneficiary’s taxes are not reduced, but are captured and reimbursed, thereby reducing the effective rate of taxation. Upon paying its taxes, a participant is eligible to be reimbursed, from a portion of its taxes paid, by the Brownfield Redevelopment Authority for the documented costs of its eligible activities, thereby reducing the effective tax that is paid. In this case, the taxes are not reduced, but are used to reimburse for certain eligible activity costs. The amount of taxes not collected by local taxing authorities is generally any amount of taxes in excess of those taxes paid in the year immediately preceding approval of a Brownfield Plan Amendment. Reimbursement is made pursuant to the terms and conditions of a Development and Reimbursement Agreement between the applicant and the Brownfield Redevelopment Authority. If taxes are captured and the terms and conditions of the Development and Reimbursement Agreement for the project are violated, the taxes may be returned to the taxing authorities that would otherwise have received the taxes. From time to time, the City and/or the Brownfield Redevelopment Authority participate in a project by making investments in public infrastructure surrounding a project. For the year ended June 30, 2023, the City’s property taxes were reduced by \$106,972 under this program.

NOTE 13: ENDOWED FUNDS

During the current year, the City of Owosso Historical Commission irrevocably transferred assets to the Shiawassee Community Foundation. The Fund is endowed, meaning that the Historical Commission intends that it exist in perpetuity. The assets are deemed under the power of the Community Foundation and are not reported on the financial statements of the Historical Commission. The balance at June 30, 2023 held in perpetuity was \$21,244. The Historical Commission will receive distributions from the endowment fund in accordance with the policy of the Shiawassee Community Foundation.

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 14: DEFICIT NET POSITION

The City's Brownfield Redevelopment Authority, a discretely presented component unit, has a deficit unrestricted and total net position of \$1,533,956. The Brownfield Redevelopment Authority will capture property taxes in the future and use revenues from services to eliminate this deficit.

NOTE 15: FUND BALANCES – GOVERNMENTAL FUNDS

The City reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in governmental funds. Detailed information on fund balance of governmental funds is as follows:

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>ARPA Fund</i>	<i>Nonmajor Funds</i>	<i>Total Governmental Funds</i>
Nonspendable:					
Inventory	\$ 77,236	\$ -	\$ -	\$ -	\$ 77,236
Prepaid expenditures	172,526	-	-	-	172,526
Advance to component unit	1,362,787	-	-	58,164	1,420,951
Total nonspendable	<u>1,612,549</u>	<u>-</u>	<u>-</u>	<u>58,164</u>	<u>1,670,713</u>
Restricted for:					
ARPA	-	-	46,273	-	46,273
Construction code	-	-	-	185,382	185,382
Debt service	-	-	-	112,324	112,324
Historical	-	-	-	65,450	65,450
Opioid	-	-	-	20,737	20,737
Parks	-	-	-	28,775	28,775
Revolving loan	-	-	-	1,077,891	1,077,891
Streets	-	2,900,510	-	1,525,911	4,426,421
Total restricted	<u>-</u>	<u>2,900,510</u>	<u>46,273</u>	<u>3,016,470</u>	<u>5,963,253</u>
Assigned for:					
Capital projects	-	-	-	11,625	11,625
Ambulance	400,000	-	-	-	400,000
Economic development	500,000	-	-	-	500,000
Fire truck	825,000	-	-	-	825,000
Special assessments - streets	350,000	-	-	-	350,000
Total assigned	<u>2,075,000</u>	<u>-</u>	<u>-</u>	<u>11,625</u>	<u>2,086,625</u>
Unassigned	<u>3,969,860</u>	<u>-</u>	<u>-</u>	<u>(769)</u>	<u>3,969,091</u>
Total fund balances	<u>\$ 7,657,409</u>	<u>\$ 2,900,510</u>	<u>\$ 46,273</u>	<u>\$ 3,085,490</u>	<u>\$ 13,689,682</u>

NOTE 16: RESTATEMENTS TO FUND BALANCE/NET POSITION

The fund financial statements for the year ended June 30, 2022 have been restated to correct the following: building inspection activity was recorded in the General Fund and now is being recorded in a Special Revenue Fund. The effect of the restatement is as follows:

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 16: RESTATEMENTS TO FUND BALANCE/NET POSITION, CONTINUED

Reclassification of Building Inspection Fund:

	<u>Fund Financial Statements</u>	
	<u>General Fund</u>	<u>Building Inspection Fund</u>
Fund Balance/Net Position, June 30, 2022, previously stated	\$ 7,344,229	\$ -
Reallocate building inspection fund balance	(139,173)	139,173
Fund Balance/Net Position, June 30, 2022, restated	<u>\$ 7,205,056</u>	<u>\$ 139,173</u>

Capital Asset Corrections:

The government-wide financial statements and the internal service fund financial statements for the year ended June 30, 2022 have been restated to correct the following: 1) the Internal Service Fund capital assets balance required an increase to agree to the City's detailed listing of capital assets; 2) the City had been following the modified approach for streets infrastructure through 2017. It was determined from that time to current, the modified approach was no longer being followed; however, the street infrastructure was not depreciated, as required, after 2017. The effect of the restatements are as follows:

	<u>Fund Financial Statements</u>	<u>Government-wide Financial Statements</u>
	<u>Internal Service Fund</u>	<u>Governmental Activities</u>
Net Position, June 30, 2022, previously stated	\$ 3,663,782	\$ 48,551,586
Increase capital assets balance to capital asset schedule - Internal Service Fund	139,840	139,840
Decrease capital assets balance to capital asset schedule - Governmental Funds	-	(38,357)
Record accumulated depreciation on infrastructure from 2017 through 2022, previously under the modified approach - Governmental Funds	-	(7,143,195)
Net Position, June 30, 2022, restated	<u>\$ 3,803,622</u>	<u>\$ 41,509,874</u>

Component Unit Fund Advance:

The component unit – Brownfield Redevelopment Authority financial statements for the year ended June 30, 2022 have been restated to correct the following: 1) the advance from the primary government was not recorded as a liability. The effect of the restatements are as follows:

	<u>Component Unit</u>
Fund Balance, June 30, 2022, previously stated	\$ 192,295
Record long-term advance from primary government as a liability	(1,573,339)
Fund Balance (deficit), June 30, 2022, restated	<u>\$ (1,381,044)</u>

CITY OF OWOSSO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 17: SUBSEQUENT EVENTS

On August 21, 2023, the Michigan Finance Authority authorized financial assistance to the City of Owosso for wastewater treatment system improvements. The final grant amount and loan total will be recalculated at the completion of the project, but are currently estimated as: eligible project cost \$20,412,500; loan total \$19,000,000; principal forgiven \$5,300,000, and; grant amount \$1,412,500.

On September 20, 2023, the City closed on a general obligation bond with USDA Rural Development for the purchase of a fire truck. The bond is \$842,000 at 3.625% interest.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OWOSSO

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

<u>Calendar Year</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability					
Service cost	\$ 511,755	\$ 490,586	\$ 511,427	\$ 206,341	\$ 58,387
Interest on total pension liability	3,300,298	3,396,971	751,518	392,133	386,699
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(265,918)	(1,115,880)	36,158,635	5,515,134	33,459
Changes in assumptions	(3,431,169)	1,502,391	299,435	164,399	-
Benefit payments, including employee refunds	-	(3,489,411)	(2,314,615)	(572,986)	(396,219)
Net change in total pension liability	114,966	784,657	35,406,400	5,705,021	82,326
Total pension liability - beginning	<u>46,981,060</u>	<u>46,196,403</u>	<u>10,790,003</u>	<u>5,084,982</u>	<u>5,002,656</u>
Total pension liability - ending	<u>\$ 47,096,026</u>	<u>\$ 46,981,060</u>	<u>\$ 46,196,403</u>	<u>\$ 10,790,003</u>	<u>\$ 5,084,982</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,042,571	\$ 1,467,148	\$ 25,564,961	\$ 5,953,640	\$ 140,293
Contributions - employee	256,962	256,479	2,857,659	85,826	42,775
Net investment income (loss)	(4,736,113)	5,808,757	6,810,907	543,653	(122,935)
Benefit payments, including employee refunds	(3,431,169)	(3,489,411)	(2,314,615)	(572,986)	(396,219)
Administrative expenses	(83,066)	(66,679)	(52,632)	(9,039)	(6,245)
Net change in plan fiduciary net position	(6,950,815)	3,976,294	32,866,280	6,001,094	(342,331)
Plan fiduciary net position - beginning	<u>45,794,913</u>	<u>41,818,619</u>	<u>8,952,339</u>	<u>2,951,245</u>	<u>3,293,576</u>
Plan fiduciary net position - ending	<u>\$ 38,844,098</u>	<u>\$ 45,794,913</u>	<u>\$ 41,818,619</u>	<u>\$ 8,952,339</u>	<u>\$ 2,951,245</u>
City's net pension liability	\$ 8,251,928	\$ 1,186,147	\$ 4,377,784	\$ 1,837,664	\$ 2,133,737
Plan fiduciary net position as a percentage of the total pension liability	82%	97%	91%	83%	58%
Covered employee payroll	\$ 3,151,094	\$ 3,081,347	\$ 3,262,120	\$ 1,347,302	\$ 427,743
City's net pension liability as a percentage of covered employee payroll	262%	38%	134%	136%	499%

Note: GASB Statement No. 68 was implemented for the year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of data is displayed. Information presented in this schedule is as of the measurement date of December 31 of each year.

continued

CITY OF OWOSSO

SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS, CONTINUED

<u>Calendar Year</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 60,121	\$ 58,476	\$ 59,072	\$ 56,663
Interest on total pension liability	372,940	370,415	367,218	364,054
Changes in benefit terms	7,111	5,931	50,916	-
Difference between expected and actual experience	128,899	(6,914)	(109,144)	-
Changes in assumptions	-	-	203,319	-
Benefit payments, including employee refunds	<u>(396,218)</u>	<u>(398,083)</u>	<u>(385,997)</u>	<u>(381,134)</u>
Net change in total pension liability	172,853	29,825	185,384	39,583
Total pension liability - beginning	<u>4,829,803</u>	<u>4,799,978</u>	<u>4,614,594</u>	<u>4,575,011</u>
Total pension liability - ending	<u>\$ 5,002,656</u>	<u>\$ 4,829,803</u>	<u>\$ 4,799,978</u>	<u>\$ 4,614,594</u>
Plan fiduciary net position				
Contributions - employer	\$ 139,100	\$ 206,166	\$ 45,863	\$ 50,484
Contributions - employee	43,917	45,641	59,586	59,724
Net investment income (loss)	399,865	328,921	(45,980)	205,685
Benefit payments, including employee refunds	(396,218)	(398,083)	(385,997)	(381,134)
Administrative expenses	<u>(6,346)</u>	<u>(6,486)</u>	<u>(6,899)</u>	<u>(7,495)</u>
Net change in plan fiduciary net position	180,318	176,159	(333,427)	(72,736)
Plan fiduciary net position - beginning	<u>3,113,258</u>	<u>2,937,099</u>	<u>3,270,526</u>	<u>3,343,262</u>
Plan fiduciary net position - ending	<u>\$ 3,293,576</u>	<u>\$ 3,113,258</u>	<u>\$ 2,937,099</u>	<u>\$ 3,270,526</u>
City's net pension liability	\$ 1,709,080	\$ 1,716,545	\$ 1,862,879	\$ 1,344,068
Plan fiduciary net position as a percentage of the total pension liability	66%	64%	61%	71%
Covered employee payroll	\$ 418,961	\$ 413,925	\$ 313,381	\$ 339,241
City's net pension liability as a percentage of covered employee payroll	408%	415%	594%	396%

CITY OF OWOSSO

SCHEDULE OF CITY DEFINED BENEFIT PENSION CONTRIBUTIONS

<i>Fiscal Year Ended June 30,</i>	<i>Actuarially Determined Contribution</i>	<i>Employer Contributions</i>	<i>Contribution (Excess) Deficiency</i>	<i>Covered Payroll</i>	<i>ADC as Percentage of Covered Payroll</i>	<i>Employer Contributions as Percentage of Covered Payroll</i>
2015	\$ 46,402	\$ 46,402	\$ -	\$ 339,241	13.68%	13.7%
2016	81,621	81,621	-	313,381	26.05%	26.0%
2017	128,079	128,079	-	413,925	30.94%	30.9%
2018	139,100	139,100	-	418,961	33.20%	33.2%
2019	140,293	140,293	-	427,743	32.80%	32.8%
2020	5,138,223	5,953,640	(815,417)	1,347,302	381.37%	441.9%
2021	846,081	1,350,393	(504,312)	3,262,120	25.94%	41.4%
2022	1,024,696	1,025,418	(722)	3,081,347	33.25%	33.3%
2023	1,029,996	1,534,773	(504,777)	3,151,094	32.69%	48.7%

Notes to Schedule

Valuation date Actuarially determined contribution rates are calculated as of December 31, 18 months prior to the beginning of the fiscal year in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open and closed
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.0% wage inflation with 0.00%-11.00% merit and longevity increases (3.75% for 2015 through 2019)
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 and fully generational MP-2019

CITY OF OWOSSO

GENERAL FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2023

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Property taxes	\$ 3,931,611	\$ 3,934,994	\$ 3,939,518	\$ 4,524
Marijuana tax	169,000	207,631	207,631	-
Special assessments	-	-	14,158	14,158
Licenses and permits	312,000	93,318	92,262	(1,056)
Federal grants	127,886	170,895	172,117	1,222
State grants	1,970,307	2,238,471	2,216,983	(21,488)
Contributions from other units	14,594	15,790	15,790	-
Charges for services	2,308,941	1,928,340	2,356,126	427,786
Fines and forfeits	13,500	10,759	13,903	3,144
Interest and rents	65,729	141,535	135,613	(5,922)
Other revenue	130,000	166,707	306,800	140,093
Total revenues	9,043,568	8,908,440	9,470,901	562,461
Expenditures:				
Current				
General government				
Council	6,800	6,800	5,188	1,612
Manager	273,386	278,461	282,212	(3,751)
Finance	304,153	259,766	255,056	4,710
Clerk	332,593	396,533	396,348	185
Information technology	162,225	166,392	166,392	-
Treasurer	170,218	170,714	170,438	276
Assessor	204,537	206,991	206,570	421
General administration	272,659	294,034	293,355	679
Building and grounds	125,947	151,994	155,425	(3,431)
Attorney	120,000	120,000	93,666	26,334
Human resources	204,517	203,121	197,285	5,836
Total general government	2,177,035	2,254,806	2,221,935	32,871
Public safety				
Police	2,565,810	2,646,149	2,645,285	864
Fire	2,041,647	2,309,348	2,309,162	186
Building and safety	300,766	70,305	62,345	7,960
Total public safety	4,908,223	5,025,802	5,016,792	9,010
Public works				
Department of public works	567,738	453,709	452,725	984
Street lighting	208,427	186,770	186,770	-
Leaf and brush collection	202,397	284,419	281,873	2,546
Parking	24,950	36,923	32,673	4,250
Total public works	1,003,512	961,821	954,041	7,780

continued

CITY OF OWOSSO

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended June 30, 2023

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Community and economic development				
Community development	103,370	70,638	70,630	8
Economic development	<u>37,952</u>	<u>37,952</u>	<u>36,974</u>	<u>978</u>
Total community and economic development	<u>141,322</u>	<u>108,590</u>	<u>107,604</u>	<u>986</u>
Recreation and culture				
Parks	<u>203,916</u>	<u>304,597</u>	<u>303,975</u>	<u>622</u>
Capital outlay				
General government				
Information technology	99,000	94,833	68,535	26,298
General administration	-	17,315	17,210	105
Public safety				
Police	259,271	216,201	216,201	-
Fire	<u>263,541</u>	<u>44,554</u>	<u>44,554</u>	<u>-</u>
Total capital outlay	<u>621,812</u>	<u>372,903</u>	<u>346,500</u>	<u>26,403</u>
Debt service				
Principal	<u>-</u>	<u>61,254</u>	<u>61,254</u>	<u>-</u>
Total expenditures	<u>9,055,820</u>	<u>9,089,773</u>	<u>9,012,101</u>	<u>77,672</u>
Excess (deficiency) of revenues over expenditures	<u>(12,252)</u>	<u>(181,333)</u>	<u>458,800</u>	<u>640,133</u>
Other financing sources (uses):				
Sale of capital assets	-	2,313	4,948	2,635
Proceeds from contract financing	-	111,908	111,908	-
Interfund transfers in	-	183,577	33,277	(150,300)
Interfund transfers out	<u>(19,019)</u>	<u>(156,580)</u>	<u>(156,580)</u>	<u>-</u>
Net other financing sources (uses)	<u>(19,019)</u>	<u>141,218</u>	<u>(6,447)</u>	<u>(147,665)</u>
Change in fund balance	(31,271)	(40,115)	452,353	492,468
Fund balance, beginning of year, restated	<u>7,205,056</u>	<u>7,205,056</u>	<u>7,205,056</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,173,785</u>	<u>\$ 7,164,941</u>	<u>\$ 7,657,409</u>	<u>\$ 492,468</u>

CITY OF OWOSSO

MAJOR STREET FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2023

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Special assessments	\$ 111,125	\$ 111,125	\$ 137,494	\$ 26,369
Federal grants	-	-	39,322	39,322
State grants	1,448,584	1,459,065	1,464,137	5,072
Charges for services	36,358	704,226	707,996	3,770
Interest and rents	100	60,000	67,168	7,168
Other revenue	-	5,921	5,921	-
Total revenues	<u>1,596,167</u>	<u>2,340,337</u>	<u>2,422,038</u>	<u>81,701</u>
Expenditures:				
Current				
Public works	713,941	1,426,527	1,211,002	215,525
Capital outlay	<u>260,500</u>	<u>263,099</u>	<u>131,701</u>	<u>131,398</u>
Total expenditures	<u>974,441</u>	<u>1,689,626</u>	<u>1,342,703</u>	<u>346,923</u>
Excess (deficiency) of revenues over expenditures	<u>621,726</u>	<u>650,711</u>	<u>1,079,335</u>	<u>428,624</u>
Other financing sources (uses):				
Interfund transfer out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Change in fund balance	271,726	300,711	729,335	428,624
Fund balance, beginning of year	<u>2,171,175</u>	<u>2,171,175</u>	<u>2,171,175</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,442,901</u>	<u>\$ 2,471,886</u>	<u>\$ 2,900,510</u>	<u>\$ 428,624</u>

CITY OF OWOSSO

ARPA FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Actual</i>
	<u>Original</u>	<u>Final</u>		<i>Over (Under)</i>
				<u>Final Budget</u>
Revenues:				
Federal grants	\$ 755,760	\$ 158,100	\$ 7,800	\$ (150,300)
Interest and rents	<u>100</u>	<u>38,444</u>	<u>43,644</u>	<u>5,200</u>
Total revenues	<u>755,860</u>	<u>196,544</u>	<u>51,444</u>	<u>(145,100)</u>
Expenditures:				
Current				
Community and economic development	<u>-</u>	<u>7,800</u>	<u>7,800</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>755,860</u>	<u>188,744</u>	<u>43,644</u>	<u>(145,100)</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(150,300)</u>	<u>-</u>	<u>150,300</u>
Change in fund balance	755,860	38,444	43,644	5,200
Fund balance, beginning of year	<u>2,629</u>	<u>2,629</u>	<u>2,629</u>	<u>-</u>
Fund balance, end of year	<u>\$ 758,489</u>	<u>\$ 41,073</u>	<u>\$ 46,273</u>	<u>\$ 5,200</u>

SUPPLEMENTARY INFORMATION

CITY OF OWOSSO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

June 30, 2023

	<i>Special Revenue Funds</i>			
	<i>Local Streets Fund</i>	<i>Park/ Recreation Sites Fund</i>	<i>Revolving Loan Fund</i>	<i>Building Inspection Fund</i>
Assets:				
Cash and cash equivalents	\$ 1,135,740	\$ (1,092)	\$ 472,803	\$ 49,412
Investments	419,026	30,901	112,669	153,073
Accounts receivable	290	-	-	13,218
Special assessments receivable	406,311	-	-	-
Loans receivable, net allowance	-	-	492,419	-
Due from other governments	89,970	-	-	-
Advance to component unit	-	-	58,164	-
Total assets	<u>\$ 2,051,337</u>	<u>\$ 29,809</u>	<u>\$ 1,136,055</u>	<u>\$ 215,703</u>
Liabilities:				
Accounts payable	\$ 116,777	\$ 1,034	\$ -	\$ 15,645
Due to other funds	-	-	-	-
Accrued wages payable	2,338	-	-	1,422
Unearned revenue	-	-	-	13,254
Total liabilities	<u>119,115</u>	<u>1,034</u>	<u>-</u>	<u>30,321</u>
Deferred inflows of resources:				
Unavailable revenues	<u>406,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Long-term advances	-	-	58,164	-
Restricted for:				
Construction code	-	-	-	185,382
Debt service	-	-	-	-
Historical	-	-	-	-
Opioid	-	-	-	-
Parks	-	28,775	-	-
Revolving loan	-	-	1,077,891	-
Streets	1,525,911	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,525,911</u>	<u>28,775</u>	<u>1,136,055</u>	<u>185,382</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,051,337</u>	<u>\$ 29,809</u>	<u>\$ 1,136,055</u>	<u>\$ 215,703</u>

continued

CITY OF OWOSSO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2023

	<i>Special Revenue Funds</i>			<i>Debt Service Funds</i>	
	<i>Housing and Redevelopment Fund</i>	<i>Historical Fund</i>	<i>Opioid Settlement Fund</i>	<i>General Obligation Bonds Fund</i>	<i>Limited Tax General Obligation Bonds Fund</i>
Assets:					
Cash and cash equivalents	\$ 40,424	\$ 15,638	\$ 20,737	\$ 112,324	\$ -
Investments	-	51,473	-	-	-
Accounts receivable	11,855	-	-	-	-
Loans receivable	-	-	-	-	-
Due from other governments	10,988	-	-	-	-
Advance to component unit	-	-	-	-	-
Total assets	<u>\$ 63,267</u>	<u>\$ 67,111</u>	<u>\$ 20,737</u>	<u>\$ 112,324</u>	<u>\$ -</u>
Liabilities:					
Accounts payable	\$ 1,536	\$ 1,202		\$ -	\$ -
Due to other funds	62,500	-	\$ -	-	-
Accrued wages payable	-	381	-	-	-
Unearned revenue	-	78	-	-	-
Total liabilities	<u>64,036</u>	<u>1,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Fund balances:					
Nonspendable:					
Long-term advances	-	-	-	-	-
Restricted for:					
Construction code	-	-	-	-	-
Debt service	-	-	-	112,324	-
Historical	-	65,450	-	-	-
Opioid	-	-	20,737	-	-
Parks	-	-	-	-	-
Revolving loan	-	-	-	-	-
Streets	-	-	-	-	-
Assigned for:					
Capital projects	-	-	-	-	-
Unassigned	(769)	-	-	-	-
Total fund balances	<u>(769)</u>	<u>65,450</u>	<u>20,737</u>	<u>112,324</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,267</u>	<u>\$ 67,111</u>	<u>\$ 20,737</u>	<u>\$ 112,324</u>	<u>\$ -</u>

continued

CITY OF OWOSSO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2023

Debt

Service

	<i>Fund</i>	<i>Capital Projects Funds</i>		<i>Total</i>
	<i>Building Authority Fund</i>	<i>Capital Projects Fund</i>	<i>DDA Construction Fund</i>	
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,845,986
Investments	11,625	-	-	778,767
Accounts receivable	-	-	-	25,363
Special assessments receivable	-	-	-	406,311
Loans receivable	-	-	-	492,419
Due from other governments	-	-	-	100,958
Advance to component unit	-	-	-	58,164
	\$ 11,625	\$ -	\$ -	\$ 3,707,968
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 136,194
Due to other funds	-	-	-	62,500
Accrued wages payable	-	-	-	4,141
Unearned revenue	-	-	-	13,332
	-	-	-	216,167
Deferred inflows of resources:				
Unavailable revenues	-	-	-	406,311
Fund balances:				
Nonspendable:				
Long-term advances	-	-	-	58,164
Restricted for:				
Construction code	-	-	-	185,382
Debt service	-	-	-	112,324
Historical	-	-	-	65,450
Opioid	-	-	-	20,737
Parks	-	-	-	28,775
Revolving loan	-	-	-	1,077,891
Streets	-	-	-	1,525,911
Assigned for:				
Capital projects	11,625	-	-	11,625
Unassigned (deficit)	-	-	-	(769)
	11,625	-	-	3,085,490
Total liabilities, deferred inflows of resources and fund balances				
	\$ 11,625	\$ -	\$ -	\$ 3,707,968

CITY OF OWOSSO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2023

	<i>Special Revenue Funds</i>			
	<i>Local Streets Fund</i>	<i>Park/ Recreation Sites Fund</i>	<i>Revolving Loan Fund</i>	<i>Building Inspection Fund</i>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	63,077	-	-	-
Licenses and permits	-	-	-	295,858
Federal grants	-	-	-	-
State grants	573,676	-	-	-
Contributions from other units	-	-	-	-
Charges for services	-	-	235	-
Investment income and rentals	23,679	928	11,417	3,206
Other revenue	48,072	10,000	20,819	25
Total revenues	<u>708,504</u>	<u>10,928</u>	<u>32,471</u>	<u>299,089</u>
Expenditures:				
<i>Current:</i>				
Public safety	-	-	-	252,880
Public works	575,698	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	24,500	-
Recreation and culture	-	295	-	-
Capital outlay	198,414	63,072	-	-
Debt service				
Principal	-	-	-	-
Interest and charges	-	-	-	-
Total expenditures	<u>774,112</u>	<u>63,367</u>	<u>24,500</u>	<u>252,880</u>
Excess (deficiency) of revenues over expenditures	<u>(65,608)</u>	<u>(52,439)</u>	<u>7,971</u>	<u>46,209</u>
Other financing sources (uses):				
Interfund transfers in	350,000	-	-	-
Interfund transfers out	-	-	-	-
Net other financing sources (uses)	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances	284,392	(52,439)	7,971	46,209
Fund balances, beginning of year, restated	<u>1,241,519</u>	<u>81,214</u>	<u>1,128,084</u>	<u>139,173</u>
Fund balances (deficit), end of year	<u>\$ 1,525,911</u>	<u>\$ 28,775</u>	<u>\$ 1,136,055</u>	<u>\$ 185,382</u>

continued

CITY OF OWOSSO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2023

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>	
	<u>Housing and Redevelopment Fund</u>	<u>Historical Fund</u>	<u>Opioid Settlement Fund</u>	<u>General Obligation Bonds Fund</u>	<u>Limited Tax General Obligation Bonds Fund</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 794,533	\$ -
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	10,987	-	-	-	-
State grants	-	3,665	-	43,323	-
Contributions from other units	-	-	-	-	72,500
Charges for services	-	4,146	-	-	-
Investment income and rentals	-	17,642	7	13,477	-
Other revenue	11,855	22,325	20,730	-	-
Total revenues	<u>22,842</u>	<u>47,778</u>	<u>20,737</u>	<u>851,333</u>	<u>72,500</u>
Expenditures:					
<i>Current:</i>					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	23,611	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	70,595	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	480,000	55,000
Interest and charges	-	-	-	311,950	17,500
Total expenditures	<u>23,611</u>	<u>70,595</u>	<u>-</u>	<u>791,950</u>	<u>72,500</u>
Excess (deficiency) of revenues over expenditures	<u>(769)</u>	<u>(22,817)</u>	<u>20,737</u>	<u>59,383</u>	<u>-</u>
Other financing sources (uses):					
Interfund transfers in	-	10,000	-	-	-
Interfund transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances	(769)	(12,817)	20,737	59,383	-
Fund balances, beginning of year, restated	<u>-</u>	<u>78,267</u>	<u>-</u>	<u>52,941</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ (769)</u>	<u>\$ 65,450</u>	<u>\$ 20,737</u>	<u>\$ 112,324</u>	<u>\$ -</u>

continued

CITY OF OWOSSO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2023

	<i>Debt Service Fund</i>	<i>Capital Project Funds</i>		<i>Total</i>
	<i>Building Authority Fund</i>	<i>Capital Project Fund</i>	<i>DDA Construction Fund</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ 794,533
Special assessments	-	-	-	63,077
Licenses and permits	-	-	-	295,858
Federal grants	-	-	-	10,987
State grants	-	-	-	620,664
Contributions from other units	-	-	-	72,500
Charges for services	-	-	-	4,381
Investment income and rentals	942	1,446	508	73,252
Other revenue	-	-	-	133,826
Total revenues	<u>942</u>	<u>1,446</u>	<u>508</u>	<u>2,069,078</u>
Expenditures:				
<i>Current:</i>				
Public safety	-	-	-	252,880
Public works	-	-	-	575,698
Health and welfare	-	-	-	23,611
Community and economic development	-	-	1,027	25,527
Recreation and culture	-	-	-	70,890
Capital outlay	25,925	265,001	-	552,412
Debt service				
Principal	-	-	-	535,000
Interest and charges	-	-	-	329,450
Total expenditures	<u>25,925</u>	<u>265,001</u>	<u>1,027</u>	<u>2,365,468</u>
Excess (deficiency) of revenues over expenditures	<u>(24,983)</u>	<u>(263,555)</u>	<u>(519)</u>	<u>(296,390)</u>
Other financing sources (uses):				
Interfund transfers in	-	146,580	-	506,580
Interfund transfers out	-	-	(33,277)	(33,277)
Net other financing sources (uses)	<u>-</u>	<u>146,580</u>	<u>(33,277)</u>	<u>473,303</u>
Changes in fund balances	(24,983)	(116,975)	(33,796)	176,913
Fund balances, beginning of year, restated	<u>36,608</u>	<u>116,975</u>	<u>33,796</u>	<u>2,908,577</u>
Fund balances (deficit), end of year	<u>\$ 11,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,085,490</u>

CITY OF OWOSSO

COMPONENT UNITS COMBINING BALANCE SHEET

June 30, 2023

	<i><u>Brownfield Development Authority</u></i>	<i><u>Downtown Development Authority</u></i>	<i><u>Total</u></i>
Assets:			
Cash and cash equivalents	\$ 48,093	\$ 35,504	\$ 83,597
Investments	50,579	106,837	157,416
Accounts receivable	-	31	31
Loan receivable	-	31,822	31,822
	<u>-</u>	<u>31,822</u>	<u>31,822</u>
Total assets	<u>\$ 98,672</u>	<u>\$ 174,194</u>	<u>\$ 272,866</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 14,830	\$ 14,830
Accrued wages payable	-	1,391	1,391
Advances from primary government	1,420,951	-	1,420,951
Unearned revenue	-	6,760	6,760
	<u>-</u>	<u>6,760</u>	<u>6,760</u>
Total liabilities	<u>1,420,951</u>	<u>22,981</u>	<u>1,443,932</u>
Fund Balances:			
Unassigned (deficit)	<u>(1,322,279)</u>	<u>151,213</u>	<u>(1,171,066)</u>
Total liabilities and fund balances	<u>\$ 98,672</u>	<u>\$ 174,194</u>	<u>\$ 272,866</u>

CITY OF OWOSSO

RECONCILIATION OF FUND BALANCES OF COMPONENT UNITS TO NET POSITION OF COMPONENT UNITS

June 30, 2023

Fund balances of component units \$ (1,171,066)

Net position reported for component units in the statement of net position is different because:

Capital assets used in component units are not financial resources and therefore are not reported in the component units fund statements.

Capital assets being depreciated, net 22,481

Certain liabilities are not due and payable in the current year and, therefore, are not reported in the component units fund statements.

Accrued interest payable (791)

Long-term debt (232,930)

\$ (1,382,306)

CITY OF OWOSSO

COMPONENT UNITS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE**

Year Ended June 30, 2023

	<i>Brownfield Development Authority</i>	<i>Downtown Development Authority</i>	<i>Total</i>
Revenues:			
Property taxes	\$ 453,553	\$ 235,728	\$ 689,281
State grants	3,775	56,968	60,743
Contributions from other units	-	7,800	7,800
Charges for services	-	1,224	1,224
Investment income	2,593	1,844	4,437
Other revenue	26,869	43,508	70,377
Total revenues	486,790	347,072	833,862
Expenditures:			
Current			
Community and economic development	361,837	292,158	653,995
Capital outlay	-	38,494	38,494
Debt service			
Principal	24,638	4,696	29,334
Interest and fees	41,550	736	42,286
Total expenditures	428,025	336,084	764,109
Changes in fund balances	58,765	10,988	69,753
Fund balances (deficit), beginning of year, restated	(1,381,044)	140,225	(1,240,819)
Fund balances (deficit), end of year	\$ (1,322,279)	\$ 151,213	\$ (1,171,066)

CITY OF OWOSSO

RECONCILIATION OF CHANGES IN FUND BALANCES OF COMPONENT UNITS TO CHANGES IN NET POSITION OF COMPONENT UNITS

Year Ended June 30, 2023

Changes in fund balances of component units	\$ 69,753
Change in net position reported for governmental activities in the statement of activities is different because:	
Component units report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	-
Less depreciation expense	(4,282)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the component units.	
Change in long-term debt	29,334
Change in accrued interest	<u>92</u>
Change in net position of component units	<u>\$ 94,897</u>

CITY OF OWOSSO

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021A

Issue dated June 23, 2021 in the amount of	\$	9,110,000
Less: Principal paid in prior years		(510,000)
Principal paid in current year		<u>(480,000)</u>
Balance payable at June 30, 2023	\$	<u>8,120,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due November 1,</i>	<i>Principal due May 1,</i>	<i>Interest due May 1,</i>	<i>Total Annual Requirement</i>
2024	4.00%	\$ 146,125	\$ 490,000	\$ 146,125	\$ 782,250
2025	4.00%	136,325	500,000	136,325	772,650
2026	4.00%	126,325	515,000	126,325	767,650
2027	4.00%	116,025	535,000	116,025	767,050
2028	4.00%	105,325	545,000	105,325	755,650
2029	4.00%	94,425	560,000	94,425	748,850
2030	4.00%	83,225	575,000	83,225	741,450
2031	4.00%	71,725	595,000	71,725	738,450
2032	4.00%	59,825	550,000	59,825	669,650
2033	3.00%	48,825	555,000	48,825	652,650
2034	3.00%	40,500	560,000	40,500	641,000
2035	3.00%	32,100	510,000	32,100	574,200
2036	3.00%	24,450	530,000	24,450	578,900
2037	3.00%	16,500	530,000	16,500	563,000
2038	3.00%	8,550	285,000	8,550	302,100
2039	3.00%	<u>4,275</u>	<u>285,000</u>	<u>4,275</u>	<u>293,550</u>
		<u>\$ 1,114,525</u>	<u>\$ 8,120,000</u>	<u>\$ 1,114,525</u>	<u>\$ 10,349,050</u>

CITY OF OWOSSO

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, SERIES 2021B

Issue dated June 23, 2021 in the amount of	\$	475,000
Less: Principal paid in prior years		(50,000)
Principal paid in current year		<u>(55,000)</u>
Balance payable at June 30, 2023	\$	<u>370,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due November 1,</i>	<i>Principal due May 1,</i>	<i>Interest due May 1,</i>	<i>Total Annual Requirement</i>
2024	4.00%	\$ 7,400	\$ 50,000	\$ 7,400	\$ 64,800
2025	4.00%	6,400	55,000	6,400	67,800
2026	4.00%	5,300	60,000	5,300	70,600
2027	4.00%	4,100	65,000	4,100	73,200
2028	4.00%	2,800	70,000	2,800	75,600
2029	4.00%	<u>1,400</u>	<u>70,000</u>	<u>1,400</u>	<u>72,800</u>
		<u>\$ 27,400</u>	<u>\$ 370,000</u>	<u>\$ 27,400</u>	<u>\$ 424,800</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

GENERAL OBLIGATION LIMITED TAX SEWER SYSTEM IMPROVEMENT BOND, SERIES 2008

Issue dated June 23, 2008 in the amount of	\$	801,786
Less: Principal paid in prior years		(495,000)
Principal paid in current year		<u>(50,000)</u>
Balance payable at June 30, 2023	\$	<u>256,786</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>October 1,</u>	<i>Principal due</i> <u>April 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.50%	\$ 3,210	\$ 50,000	\$ 3,210	\$ 56,420
2025	2.50%	2,585	50,000	2,585	55,170
2026	2.50%	1,960	50,000	1,960	53,920
2027	2.50%	1,335	55,000	1,335	57,670
2028	2.50%	<u>647</u>	<u>51,786</u>	<u>647</u>	<u>53,080</u>
		<u>\$ 9,737</u>	<u>\$ 256,786</u>	<u>\$ 9,737</u>	<u>\$ 276,260</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

SEWER SYSTEM REVENUE BOND, SERIES 2020

Issue dated June 12, 2020 in the amount of	\$ 1,141,664
Less: Principal paid in prior years	(55,000)
Principal paid in current year	<u>(55,000)</u>
Balance payable at June 30, 2023	<u>\$ 1,031,664</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>October 1,</u>	<i>Interest due</i> <u>October 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.00%	\$ 50,000	\$ 10,317	\$ 9,817	\$ 70,134
2025	2.00%	50,000	9,817	9,317	69,134
2026	2.00%	50,000	9,317	8,817	68,134
2027	2.00%	50,000	8,817	8,317	67,134
2028	2.00%	50,000	8,317	7,817	66,134
2029	2.00%	50,000	7,817	7,317	65,134
2030	2.00%	55,000	7,317	6,767	69,084
2031	2.00%	55,000	6,767	6,217	67,984
2032	2.00%	55,000	6,217	5,667	66,884
2033	2.00%	55,000	5,667	5,117	65,784
2034	2.00%	55,000	5,117	4,567	64,684
2035	2.00%	60,000	4,567	3,967	68,534
2036	2.00%	60,000	3,967	3,367	67,334
2037	2.00%	65,000	3,367	2,717	71,084
2038	2.00%	65,000	2,717	2,067	69,784
2039	2.00%	65,000	2,067	1,417	68,484
2040	2.00%	70,000	1,417	717	72,134
2041	2.00%	71,664	717	-	72,381
		<u>\$ 1,031,664</u>	<u>\$ 104,306</u>	<u>\$ 93,989</u>	<u>\$ 1,229,959</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

2017 INSTALLMENT PURCHASE AGREEMENT

Issue dated May 15, 2017 in the amount of	\$	1,900,000
Less: Principal paid in prior years		(704,163)
Principal paid in current year		<u>(119,516)</u>
Balance payable at June 30, 2023	\$	<u>1,076,321</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i> <i>May 15,</i>	<i>Interest due</i> <i>May 15,</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.50%	\$ 122,655	\$ 28,264	\$ 150,919
2025	2.50%	125,876	25,043	150,919
2026	2.50%	129,181	21,738	150,919
2027	2.50%	132,574	18,345	150,919
2028	2.50%	136,055	14,864	150,919
2029	2.50%	139,628	11,291	150,919
2030	2.50%	143,295	7,624	150,919
2031	2.50%	<u>147,057</u>	<u>3,862</u>	<u>150,919</u>
		<u>\$ 1,076,321</u>	<u>\$ 131,031</u>	<u>\$ 1,207,352</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2023

WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020

Issue dated March 27, 2020 in the amount of	\$	2,971,023
Less: Principal paid in prior years		(130,000)
Principal paid in current year		<u>(135,000)</u>
Balance payable at June 30, 2023	\$	<u>2,706,023</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>October 1,</u>	<i>Interest due</i> <u>October 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.000%	\$ 126,000	\$ 27,060	\$ 25,800	\$ 178,860
2025	2.000%	126,000	25,800	24,540	176,340
2026	2.000%	131,000	24,540	23,230	178,770
2027	2.000%	131,000	23,230	21,920	176,150
2028	2.000%	136,000	21,920	20,560	178,480
2029	2.000%	136,000	20,560	19,200	175,760
2030	2.000%	141,000	19,200	17,790	177,990
2031	2.000%	146,000	17,790	16,330	180,120
2032	2.000%	146,000	16,330	14,870	177,200
2033	2.000%	151,000	14,870	13,360	179,230
2034	2.000%	156,000	13,360	11,800	181,160
2035	2.000%	156,000	11,800	10,240	178,040
2036	2.000%	161,000	10,240	8,630	179,870
2037	2.000%	166,000	8,630	6,970	181,600
2038	2.000%	166,000	6,970	5,310	178,280
2039	2.000%	171,000	5,310	3,600	179,910
2040	2.000%	176,000	3,600	1,840	181,440
2041	2.000%	184,023	1,840	-	185,863
		<u>\$ 2,706,023</u>	<u>\$ 273,050</u>	<u>\$ 245,990</u>	<u>\$ 3,225,063</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2023

WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2022B

Issue dated May 6, 2022 in the amount of	\$ 941,500
Less: Loan principal forgiven	(225,960)
Principal paid in prior years	-
Principal paid in current year	<u>(30,000)</u>
Balance payable at June 30, 2023	<u>\$ 685,540</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Interest due</i> <i>October 1,</i>	<i>Principal due</i> <i>April 1,</i>	<i>Interest due</i> <i>April 1,</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	1.875%	\$ 7,070	\$ 30,000	\$ 6,427	\$ 43,497
2025	1.875%	6,146	30,000	6,146	42,292
2026	1.875%	5,864	30,000	5,864	41,728
2027	1.875%	5,583	30,000	5,583	41,166
2028	1.875%	5,302	35,000	5,302	45,604
2029	1.875%	4,974	35,000	4,974	44,948
2030	1.875%	4,646	35,000	4,646	44,292
2031	1.875%	4,318	35,000	4,318	43,636
2032	1.875%	3,989	35,000	3,989	42,978
2033	1.875%	3,661	35,000	3,661	42,322
2034	1.875%	3,333	35,000	3,333	41,666
2035	1.875%	3,005	40,000	3,005	46,010
2036	1.875%	2,630	40,000	2,630	45,260
2037	1.875%	2,255	40,000	2,255	44,510
2038	1.875%	1,880	40,000	1,880	43,760
2039	1.875%	1,505	40,000	1,505	43,010
2040	1.875%	1,130	40,000	1,130	42,260
2041	1.875%	755	40,000	755	41,510
2042	1.875%	380	40,540	380	41,300
		<u>\$ 68,426</u>	<u>\$ 685,540</u>	<u>\$ 67,783</u>	<u>\$ 821,749</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2023

WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2023

Issue dated March 24, 2023 in the amount of	\$ 3,033,750
Less: Principal paid in prior years	-
Principal paid in current year	<u>-</u>
Balance payable at June 30, 2023	<u>\$ 3,033,750</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>October 1,</u>	<i>Principal due</i> <u>April 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	1.875%	\$ 383	\$ -	\$ 469	\$ 852
2025	1.875%	469	123,750	469	124,688
2026	1.875%	-	130,000	-	130,000
2027	1.875%	-	130,000	-	130,000
2028	1.875%	-	135,000	-	135,000
2029	1.875%	-	135,000	-	135,000
2030	1.875%	-	140,000	-	140,000
2031	1.875%	-	140,000	-	140,000
2032	1.875%	-	145,000	-	145,000
2033	1.875%	-	145,000	-	145,000
2034	1.875%	-	150,000	-	150,000
2035	1.875%	-	155,000	-	155,000
2036	1.875%	-	155,000	-	155,000
2037	1.875%	-	160,000	-	160,000
2038	1.875%	-	160,000	-	160,000
2039	1.875%	-	165,000	-	165,000
2040	1.875%	-	165,000	-	165,000
2041	1.875%	-	170,000	-	170,000
2042	1.875%	-	175,000	-	175,000
2043	1.875%	-	175,000	-	175,000
2044	1.875%	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>
		<u>\$ 852</u>	<u>\$ 3,033,750</u>	<u>\$ 938</u>	<u>\$ 3,035,540</u>

Note: The debt schedule has not been finalized because not all draws have been made. The amount amount outstanding at June 30, 2023 was \$378,001.

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2023

WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2020

Issue dated June 12, 2020 in the amount of	\$ 2,145,000
Less: Principal paid in prior years	(90,000)
Principal paid in current year	<u>(90,000)</u>
Balance payable at June 30, 2023	<u>\$ 1,965,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>October 1,</u>	<i>Interest due</i> <u>October 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.000%	\$ 90,000	\$ 19,650	\$ 18,750	\$ 128,400
2025	2.000%	95,000	18,750	17,800	131,550
2026	2.000%	95,000	17,800	16,850	129,650
2027	2.000%	95,000	16,850	15,900	127,750
2028	2.000%	100,000	15,900	14,900	130,800
2029	2.000%	100,000	14,900	13,900	128,800
2030	2.000%	105,000	13,900	12,850	131,750
2031	2.000%	105,000	12,850	11,800	129,650
2032	2.000%	110,000	11,800	10,700	132,500
2033	2.000%	110,000	10,700	9,600	130,300
2034	2.000%	110,000	9,600	8,500	128,100
2035	2.000%	115,000	8,500	7,350	130,850
2036	2.000%	115,000	7,350	6,200	128,550
2037	2.000%	120,000	6,200	5,000	131,200
2038	2.000%	120,000	5,000	3,800	128,800
2039	2.000%	125,000	3,800	2,550	131,350
2040	2.000%	125,000	2,550	1,300	128,850
2041	2.000%	<u>130,000</u>	<u>1,300</u>	<u>-</u>	<u>131,300</u>
		<u>\$ 1,965,000</u>	<u>\$ 197,400</u>	<u>\$ 177,750</u>	<u>\$ 2,340,150</u>

CITY OF OWOSSO

BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2023

WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2022

Issue dated March 25, 2022 in the amount of	\$ 4,885,000
Less: Principal paid in prior years	-
Principal paid in current year	<u>-</u>
Balance payable at June 30, 2023	<u>\$ 4,885,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>October 1,</u>	<i>Principal due</i> <u>April 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	2.125%	\$ 24,134	\$ 130,000	\$ 24,678	\$ 178,812
2025	2.125%	23,297	130,000	23,297	176,594
2026	2.125%	21,916	135,000	21,916	178,832
2027	2.125%	20,482	140,000	20,482	180,964
2028	2.125%	18,994	140,000	18,994	177,988
2029	2.125%	17,507	145,000	17,507	180,014
2030	2.125%	15,966	145,000	15,966	176,932
2031	2.125%	14,425	150,000	14,425	178,850
2032	2.125%	12,832	155,000	12,832	180,664
2033	2.125%	11,185	155,000	11,185	177,370
2034	2.125%	9,538	160,000	9,538	179,076
2035	2.125%	7,838	165,000	7,838	180,676
2036	2.125%	6,085	165,000	6,085	177,170
2037	2.125%	4,332	170,000	4,332	178,664
2038	2.125%	2,525	175,000	2,525	180,050
2039	2.125%	666	175,000	666	176,332
2040	2.125%	-	180,000	-	180,000
2041	2.125%	-	185,000	-	185,000
2042	2.125%	-	190,000	-	190,000
2043	2.125%	-	195,000	-	195,000
2044	2.125%	-	195,000	-	195,000
2045	2.125%	-	200,000	-	200,000
2046	2.125%	-	205,000	-	205,000
2047	2.125%	-	210,000	-	210,000
2048	2.125%	-	215,000	-	215,000
2049	2.125%	-	220,000	-	220,000
2050	2.125%	-	225,000	-	225,000
2051	2.125%	-	230,000	-	230,000
		<u>\$ 211,722</u>	<u>\$ 4,885,000</u>	<u>\$ 212,266</u>	<u>\$ 5,308,988</u>

Note: The debt schedule has not been finalized because not all draws have been made. The amount amount outstanding at June 30, 2023 was \$2,832,321.

CITY OF OWOSSO

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULE OF INDEBTEDNESS

June 30, 2023

PROMISSORY NOTE - ELECTRIC VEHICLE CHARGING STATION

Note dated September 18, 2020 in the amount of	\$	34,257
Less: Principal paid in prior years		(7,517)
Principal paid in current year		<u>(4,696)</u>
Balance payable at June 30, 2023	\$	<u>22,044</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	3.00%	\$ 4,837	\$ 595	\$ 5,432
2025	3.00%	4,984	448	5,432
2026	3.00%	5,135	297	5,432
2027	3.00%	5,291	140	5,431
2028	3.00%	<u>1,797</u>	<u>11</u>	<u>1,808</u>
		<u>\$ 22,044</u>	<u>\$ 1,491</u>	<u>\$ 23,535</u>

CITY OF OWOSSO

COMPONENT UNIT – BROWNFIELD REDEVELOPMENT AUTHORITY

SCHEDULE OF INDEBTEDNESS

June 30, 2023

EGLE - BROWNFIELD REDEVELOPMENT LOAN

Loan dated March 31, 2016 in the amount of	\$	287,969
Less: Principal paid in prior years		(52,445)
Principal paid in current year		<u>(24,638)</u>
Balance payable at June 30, 2023	\$	<u>210,886</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2024	1.50%	\$ 25,008	\$ 3,163	\$ 28,171
2025	1.50%	25,383	2,788	28,171
2026	1.50%	25,764	2,407	28,171
2027	1.50%	26,150	2,021	28,171
2028	1.50%	26,542	1,629	28,171
2029	1.50%	26,940	1,231	28,171
2030	1.50%	27,344	827	28,171
2031	1.50%	<u>27,755</u>	<u>416</u>	<u>28,171</u>
		<u>\$ 210,886</u>	<u>\$ 14,482</u>	<u>\$ 225,368</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council
City of Owosso, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Owosso, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Owosso's basic financial statements, and have issued our report thereon dated November 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Owosso's internal control over financial reporting (internal controls) to determine the 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 the City of Owosso's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Owosso's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Owosso's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the City Council
City of Owosso, Michigan

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berthiaume & Co.

November 28, 2023
Saginaw, Michigan