

**CITY OF MARSHALL
CALHOUN COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and additional
supplementary information)**

YEAR ENDED JUNE 30, 2025



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, 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.

We did not audit the financial statements of the Michigan South Central Power Agency, which represents 15%, 25%, and 0%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the Electric Fund and 6%, 11%, and 0% of the assets and deferred outflows of resources, net position, and revenue of the business-type activities of the City of Marshall. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Michigan South Central Power Authority, are based solely on the report of the other auditors.

Basis for Opinions

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

Changes in Accounting Principles

As discussed in Note 18 to the financial statements, in 2025 the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

The Nonurban Regular Service Nonfinancial Report, as identified in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maner Costerian PC

November 5, 2025

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Marshall, Michigan (the “City” or “government”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$63.8 million (*net position*).
- The City had total revenue of \$51.28 million and total expenses of \$36.16 million resulting in an increase in total net position by \$15.12 million.
- As of the close of the 2025 fiscal year, the City’s *governmental funds* reported combined ending fund balances of \$10.02 million, an increase of \$1.2 million in comparison of the prior year. Approximately 22% of the combined fund balances, or \$2.25 million was available for spending at the government’s discretion (“*unassigned fund balance*”).
- The General Fund fund balance was \$3.90 million, or 42% of the total General Fund budgetary revenues and other financing sources. Of the total \$3.90 million fund balance, \$1.46 million was nonspendable, leaving \$2.43 million, or 27% of budgetary revenues and other financing sources. The unassigned fund balance for the General Fund was \$2.25 million, or 25% of total General Fund revenues and other financing sources.

Overview and Analysis of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave).

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, and recreation and culture. The business-type activities of the City include electric, wastewater, water, public transit, public housing, fiber to the premise, and solid waste disposal.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's General Fund and Municipal Streets Fund, which are considered to be major funds of the City. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein for the General Fund and major special revenue fund to demonstrate compliance with those budgets.

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

The City maintains two different types of proprietary funds, *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the electric, wastewater, water, Dial-A-Ride, public housing (Marshall House), solid waste disposal, and fiber to the premise funds. *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the City's various functions. The City uses an internal service funds to account for its motor pool, employee safety services, and data processing/computer technology. These services predominantly benefit governmental rather than business-type functions, therefore, they have been allocated to *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, wastewater, water, and FiberNet, which are considered to be major funds of the City. The nonmajor enterprise funds and internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements include the *statement of cash flows*. The *statement of cash flows* allows financial statement users to assess the proprietary funds' adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds, as well as Dial-A-Ride transit schedules, are presented immediately following the required supplementary information.

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Marshall, assets exceeded liabilities by \$63,738,102 at the close of the most recent fiscal year. The following chart illustrates the composition of net position:

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
ASSETS						
Current and other assets	\$ 11,329,269	\$ 12,343,840	\$ 19,178,637	\$ 26,252,688	\$ 30,507,906	\$ 38,596,528
Capital assets, net	33,599,245	33,933,410	32,002,812	31,943,677	65,602,057	65,877,087
TOTAL ASSETS	44,928,514	46,277,250	51,181,449	58,196,365	96,109,963	104,473,615
DEFERRED OUTFLOWS OF RESOURCES	1,412,656	1,265,639	978,566	871,357	2,391,222	2,136,996
LIABILITIES						
Current liabilities	2,269,815	2,450,501	3,540,752	2,974,921	5,810,567	5,425,422
Noncurrent liabilities	20,476,211	15,611,780	22,755,861	21,400,616	43,232,072	37,012,396
TOTAL LIABILITIES	22,746,026	18,062,281	26,296,613	24,375,537	49,042,639	42,437,818
DEFERRED INFLOWS OF RESOURCES	354,791	400,666	-	34,025	354,791	434,691
NET POSITION						
Investment in capital assets	25,401,244	30,092,375	18,291,453	19,107,181	43,692,697	49,199,556
Restricted	4,296,374	5,773,868	988,578	1,031,957	5,284,952	6,805,825
Unrestricted	(6,457,265)	(6,786,301)	6,583,371	14,519,022	126,106	7,732,721
TOTAL NET POSITION	\$ 23,240,353	\$ 29,079,942	\$ 25,863,402	\$ 34,658,160	\$ 49,103,755	\$ 63,738,102

A significant portion of the City's net position, \$49,199,556, reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$6,805,825, represents resources that are subject to external restrictions on how they may be used. Restricted net position includes amounts set aside for endowments, debt service, debt-financed projects, and externally mandated commitments. The remaining balance of *unrestricted net position*, the amount that may be used to meet the government's ongoing obligations to citizens and creditors, is \$7,732,721, representing the amount of resources that the City could utilize to promptly satisfy all accrued future liabilities.

Generally accepted accounting principles (GAAP) require that the City show our liability for pension benefits promised in the future as a liability on our entity-wide financial statements. An actuarial valuation as of December 31, 2024, provided a total pension liability of \$42,750,857. The City had plan fiduciary net position of \$25,162,422 as of plan year-end, with a net pension liability of \$17,588,435. The net pension liability was allocated to the Governmental Activities and Business-type Activities.

GAAP also require that the City show our liability for retiree health care and death benefits or other post-employment benefits (OPEB) promised in the future as a liability on our entity-wide financial statements. An actuarial valuation as of June 30, 2025, provided a total OPEB liability of \$5,573,915. The City's plan fiduciary net position was \$3,003,754. The resulting net OPEB liability of \$2,570,161 was allocated to the Governmental Activities and Business-type Activities.

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

The government's total net position increased by \$15,122,678 million or 31.11%. This net increase was a combination of a \$6.07 million increase in governmental activities net position and a \$9.06 million increase in business-type activities net position.

City of Marshall's Changes in Net Position
For the Year Ended June 30, 2024 and June 30, 2025

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
REVENUES						
Program revenue						
Charges for services	\$ 3,104,319	\$ 3,247,040	\$ 24,397,696	\$ 24,277,405	\$ 27,502,015	\$ 27,524,445
Operating grants and contributions	4,229,039	3,970,770	933,417	551,042	5,162,456	4,521,812
Capital grants and contributions	697,192	435,232	277,123	-	974,315	435,232
General revenue						
Property taxes	5,307,670	5,928,600	241,057	260,062	5,548,727	6,188,662
State shared revenues - unrestricted	871,264	885,474	-	-	871,264	885,474
Investment earnings	508,006	608,422	419,417	856,219	927,423	1,464,641
Gain on disposal of capital assets	43,647	15,876	-	-	43,647	15,876
Other	1,173,419	1,044,323	415,355	9,197,945	1,588,774	10,242,268
TOTAL REVENUES	15,934,556	16,135,737	26,684,065	35,142,673	42,618,621	51,278,410
EXPENSES						
General government	2,658,399	2,699,737	-	-	2,658,399	2,699,737
Public safety	5,664,394	6,367,188	-	-	5,664,394	6,367,188
Public works	2,754,017	3,061,377	-	-	2,754,017	3,061,377
Community development	468,410	876,241	-	-	468,410	876,241
Recreation and culture	510,964	698,853	-	-	510,964	698,853
Interest on long-term debt	212,965	146,509	-	-	212,965	146,509
Electric	-	-	15,279,304	15,486,370	15,279,304	15,486,370
Wastewater	-	-	1,806,452	1,901,466	1,806,452	1,901,466
Water	-	-	2,304,539	2,173,684	2,304,539	2,173,684
DART	-	-	459,687	545,407	459,687	545,407
Marshall house	-	-	954,453	469,726	954,453	469,726
Solid waste	-	-	377,469	428,355	377,469	428,355
FiberNet	-	-	1,143,906	1,300,819	1,143,906	1,300,819
TOTAL EXPENSES	12,269,149	13,849,905	22,325,810	22,305,827	34,594,959	36,155,732
Change in net position before transfers	3,665,407	2,285,832	4,358,255	12,836,846	8,023,662	15,122,678
Transfers (out) in	-	3,779,107	-	(3,779,107)	-	-
Change in net position	3,665,407	6,064,939	4,358,255	9,057,739	8,023,662	15,122,678
Net position - beginning of year	19,574,946	23,015,003	21,505,147	25,600,421	41,080,093	48,615,424
Net position - end of year	\$ 23,240,353	\$ 29,079,942	\$ 25,863,402	\$ 34,658,160	\$ 49,103,755	\$ 63,738,102

Governmental Activities

Governmental activities increased the City's net position \$6.07 million in 2025 as compared to a net increase of \$3.67 million in 2024. Governmental revenues increased by \$.20 million or 1.3% due primarily to other revenue related to reimbursements received related to the Blue Oval battery plant. There was an increase of total governmental expenses of 12.88% as compared to 2024, due primarily to community development projects.

Business-type Activities

Business-type activities increased the City's net position by \$9.06 million as compared to a prior year increase of \$4.36 million. The net increase is primarily related to increases in revenue due to the sale of Marshall House.

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$10,022,085, an increase of \$1,196,480 in comparison of the prior year. This is primarily due to transfers in of funds relating to the sale of Marshall House in 2025. Approximately 22% of the combined fund balances, or \$2,246,769 was available for spending at the government's discretion ("*unassigned fund balance*").

The remainder of fund balance is *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been committed 1) for encumbrances, inventories, and prepaid expenditures, 2) for advances to other funds and component units, 3) to generate income to pay for the municipal cemetery and future recreation programs, and 4) designated for use for next year's expenditures.

General Fund

The General Fund fund balance was \$3,895,308, or 42% of the total General Fund revenues. Of the total, \$3.89 million fund balance, \$1.46 million was nonspendable or committed, leaving \$2.25 million of unassigned fund balance, or 22% of revenues.

During the year the City amended the General Fund's budgeted revenues and other financing sources to reflect an increase of \$271,000, primarily related to property tax revenues and other revenues. Actual revenues and other financing sources were \$374,515 more than the amended budget. The City also amended the General Fund's budgeted expenditures and other financing uses to reflect an increase of \$745,983, primarily related to general government and public safety. The savings in General Fund operating expenditures of \$438,726 was due primarily to tightened budgetary control. Revenues and other financing sources exceeded expenditures and other financing uses by \$341,632. The General Fund fund balance increased by a total of \$341,632, which is \$813k higher than the amended budget.

Building Authority Debt Service Fund

The Building Authority Debt Service Fund ended the year with a fund balance \$0, a decrease of \$1,145. During the year the fund paid off the bonds from the proceeds of the sale of Marshall House.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Electric Fund

The Electric Fund had an unrestricted net position of \$5,290,978 with a total net position of \$14,817,147. The fund had an increase in net position of \$2,966,632.

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Wastewater Fund

The Wastewater Fund had an unrestricted net position of \$1,588,123 with a total net position of \$4,606,993. The fund had an increase in net position of \$365,377.

Water Fund

The Water Fund had an unrestricted net position of \$1,230,101 with a total net position of \$5,844,070. The fund had a decrease in net position of \$330,315.

FiberNet Fund

The FiberNet fund had a deficit unrestricted net position of \$(2,524,372) with a total net position of \$204,404. The fund had an increase in net position of \$319,696.

Marshall House Fund

The Marshall House fund had a unrestricted net position of \$7,550,516 with a total net position of \$7,550,516. The fund had an increase in net position of \$4,935,435 as a result of the sale the building and all associated assets.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totaled \$65.88 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, and infrastructure. Construction in progress includes capital outlay expenditures for projects that are not completed at June 30, 2025 and the asset has not yet been placed into service.

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	\$ 1,759,160	\$ 1,759,160	\$ 377,033	\$ 377,033	\$ 2,136,193	\$ 2,136,193
Building and improvements	14,252,663	13,727,269	1,314,019	623,189	15,566,682	14,350,458
Land improvements	132,706	459,304	457,362	359,738	590,068	819,042
Machinery and equipment	952,827	908,679	3,613,615	5,148,587	4,566,442	6,057,266
Vehicles	2,244,404	2,673,822	555,999	703,053	2,800,403	3,376,875
Infrastructure	11,683,642	13,724,439	23,061,746	22,974,537	34,745,388	36,698,976
Construction in progress	2,573,843	680,737	2,623,038	1,757,540	5,196,881	2,438,277
Total	\$ 33,599,245	\$ 33,933,410	\$ 32,002,812	\$ 31,943,677	\$ 65,602,057	\$ 65,877,087

Additional information on the City's capital assets can be found in note 6 of this report.

CITY OF MARSHALL, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,260,000.

The City's balance of long-term obligations decreased by \$5.13 million during the current fiscal year. The City made scheduled bond principal payments totaling \$1.60 million with an additional \$3.53 million paid to fully close out Building Authority Bond principal.

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
General obligation bonds	\$ 7,935,000	\$ 3,660,000	\$ 7,550,000	\$ 6,905,000	\$ 15,485,000	\$ 10,565,000
Revenue Bonds	-	-	5,905,000	5,695,000	5,905,000	5,695,000
Total bonded debt	<u>\$ 7,935,000</u>	<u>\$ 3,660,000</u>	<u>\$ 13,455,000</u>	<u>\$ 12,600,000</u>	<u>\$ 21,390,000</u>	<u>\$ 16,260,000</u>

The following table depicts the City's credit rating for the various outstanding debt by Standard & Poor's:

	Standard & Poor's
General obligation limited tax bonds	AA-
General obligation unlimited tax bonds	AA-
Revenue bonds	AA

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$39,756,020 which is greater than the amount of issued general obligation debt as of year-end.

Additional information on the City's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

In FY2026, the City intends to use current revenues to provide essential programs and services and to maintain the City's financial reserves at levels set by City Council policies. Utility rates based on previously approved cost of service studies will be used to assure prices remain market competitive while continuing to cover the expenses associated with maintaining sustainable operations and superior customer services and reliability.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 323 West Michigan Avenue, Marshall, Michigan 49068-1578.

BASIC FINANCIAL STATEMENTS

CITY OF MARSHALL
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and investments	\$ 7,846,805	\$ 18,896,981	\$ 26,743,786	\$ 3,582,942
Receivables				
Accounts, net	1,017,921	1,624,504	2,642,425	10,187
Interest	174,393	94,461	268,854	165,000
Leases	350,605	-	350,605	-
Special assessments	-	24,706	24,706	-
Due from other governmental units	1,289,481	46,132	1,335,613	-
Inventories	33,596	1,513,206	1,546,802	-
Prepays	331,092	237,911	569,003	500
Total current assets	<u>11,043,893</u>	<u>22,437,901</u>	<u>33,481,794</u>	<u>3,758,629</u>
Noncurrent assets				
Cash - restricted	-	1,031,957	1,031,957	-
Internal balances	1,000,000	(1,000,000)	-	-
Advances to primary government	-	-	-	1,000,000
Advances to component unit	299,947	-	299,947	-
Investment in MSCPAs	-	3,782,830	3,782,830	-
Capital assets not being depreciated/amortized	2,439,897	2,134,573	4,574,470	1,361,216
Capital assets, net of accumulated depreciation/amortization	<u>31,493,513</u>	<u>29,809,104</u>	<u>61,302,617</u>	<u>7,749,591</u>
Total noncurrent assets	<u>35,233,357</u>	<u>35,758,464</u>	<u>70,991,821</u>	<u>10,110,807</u>
TOTAL ASSETS	<u>46,277,250</u>	<u>58,196,365</u>	<u>104,473,615</u>	<u>13,869,436</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	11,092	11,092	-
Deferred outflows of resources related to pensions	<u>1,265,639</u>	<u>860,265</u>	<u>2,125,904</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,265,639</u>	<u>871,357</u>	<u>2,136,996</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
STATEMENT OF NET POSITION (continued)
JUNE 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,133,342	\$ 1,073,159	\$ 2,206,501	\$ 236,382
Accrued liabilities	251,968	174,845	426,813	1,349
Accrued interest payable	13,559	529,937	543,496	99,133
Unearned revenue	69,027	-	69,027	-
Current portion of compensated absences	349,304	278,627	627,931	-
Current portion of long-term debt	633,301	918,353	1,551,654	433,047
Total current liabilities	<u>2,450,501</u>	<u>2,974,921</u>	<u>5,425,422</u>	<u>769,911</u>
Noncurrent liabilities				
Advances from component unit	-	1,000,000	1,000,000	-
Advances from primary government	-	-	-	299,947
Noncurrent portion of compensated absences	393,896	314,195	708,091	-
Noncurrent portion of long-term debt	3,216,474	11,929,235	15,145,709	8,832,343
Net other post-employment benefits liability	1,530,274	1,039,887	2,570,161	-
Net pension liability	10,471,136	7,117,299	17,588,435	-
Total noncurrent liabilities	<u>15,611,780</u>	<u>21,400,616</u>	<u>37,012,396</u>	<u>9,132,290</u>
TOTAL LIABILITIES	<u>18,062,281</u>	<u>24,375,537</u>	<u>42,437,818</u>	<u>9,902,201</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	30,967	21,048	52,015	-
Deferred inflows of resources related to OPEB	19,094	12,977	32,071	-
Deferred inflows of resources related to leases	350,605	-	350,605	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>400,666</u>	<u>34,025</u>	<u>434,691</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	30,092,375	19,107,181	49,199,556	1,737,802
Restricted				
Nonexpendable	321,851	-	321,851	-
Expendable, restricted for:				
Debt service	468,207	1,031,957	1,500,164	-
Streets	2,826,309	-	2,826,309	-
Recreation	440,076	-	440,076	-
Regional Law Enforcement Center	600,497	-	600,497	-
Drug law enforcement	1,065	-	1,065	-
Capital projects	50	-	50	-
Leaf, brush, and trash removal	85,682	-	85,682	-
Building inspection	301,028	-	301,028	-
RAP Grant	346,800	-	346,800	-
Cemetery perpetual care	382,303	-	382,303	-
Unrestricted	<u>(6,786,301)</u>	<u>14,519,022</u>	<u>7,732,721</u>	<u>2,229,432</u>
TOTAL NET POSITION	<u>\$ 29,079,942</u>	<u>\$ 34,658,160</u>	<u>\$ 63,738,102</u>	<u>\$ 3,967,234</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses						Net (Expense) Revenue and Changes in Net Position		
		Program Revenues			Primary Government				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units	
Primary government									
Governmental activities									
General government	\$ 2,699,737	\$ 171,944	\$ 1,752,236	\$ 375,225	\$ (400,332)	\$ -	\$ (400,332)	\$ -	
Public safety	6,367,188	1,905,992	251,077	29,981	(4,180,138)	-	(4,180,138)	-	
Public works	3,061,377	914,377	1,212,171	21,390	(913,439)	-	(913,439)	-	
Community development	876,241	24,838	637,085	-	(214,318)	-	(214,318)	-	
Recreation and culture	698,853	229,889	42,085	8,636	(418,243)	-	(418,243)	-	
Interest on long-term debt	146,509	-	76,116	-	(70,393)	-	(70,393)	-	
Total governmental activities	13,849,905	3,247,040	3,970,770	435,232	(6,196,863)	-	(6,196,863)	-	
Business-type activities									
Electric	15,486,370	17,709,599	24,771	-	-	2,248,000	2,248,000	-	
Wastewater	1,901,466	2,098,792	5,768	-	-	203,094	203,094	-	
Water	2,173,684	2,258,087	5,894	-	-	90,297	90,297	-	
FiberNet	1,300,819	1,582,484	-	-	-	281,665	281,665	-	
Marshall House	469,726	150,490	218,784	-	-	(100,452)	(100,452)	-	
DART	545,407	29,894	295,825	-	-	(219,688)	(219,688)	-	
Solid waste	428,355	448,059	-	-	-	19,704	19,704	-	
Total business-type activities	22,305,827	24,277,405	551,042	-	-	2,522,620	2,522,620	-	
Total primary government	\$ 36,155,732	\$ 27,524,445	\$ 4,521,812	\$ 435,232	(6,196,863)	2,522,620	(3,674,243)	-	
Component units									
Local Development Finance Authority	\$ 924,612	\$ -	\$ 200,748	\$ -	-	-	-	(723,864)	
Downtown Development Authority	195,560	-	111,981	-	-	-	-	(83,579)	
Northeast Neighborhood Improvement Authority	225,561	-	-	-	-	-	-	(225,561)	
South Neighborhood Improvement Authority	57,473	-	-	-	-	-	-	(57,473)	
Total component units	\$ 1,403,206	\$ -	\$ 312,729	\$ -	-	-	-	(1,090,477)	
General revenues									
Property taxes					5,928,600	260,062	6,188,662	1,202,038	
Unrestricted state shared revenues					885,474	-	885,474	-	
Investment earnings					608,422	856,219	1,464,641	171,329	
Gain on disposal/sale of capital assets					15,876	8,532,272	8,548,148	-	
Miscellaneous					1,044,323	665,673	1,709,996	50,700	
Transfers					3,779,107	(3,779,107)	-	-	
Total general revenues					12,261,802	6,535,119	18,796,921	1,424,067	
Change in net position					6,064,939	9,057,739	15,122,678	333,590	
Net position, beginning of year, as previously reported					23,240,353	25,863,402	49,103,755	3,633,644	
Adjustments to beginning net position					(225,350)	(262,981)	(488,331)	-	
Net position, beginning of the year, as restated					23,015,003	25,600,421	48,615,424	3,633,644	
Net position, end of the year					\$ 29,079,942	\$ 34,658,160	\$ 63,738,102	\$ 3,967,234	

See accompanying notes to financial statements.

CITY OF MARSHALL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General	Building Authority Debt Service	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 2,019,828	\$ -	\$ 5,385,049	\$ 7,404,877
Receivables				
Accounts, net	207,029	-	810,892	1,017,921
Interest	174,393	-	-	174,393
Leases	350,605	-	-	350,605
Due from other funds	372,028	-	-	372,028
Due from other governmental units	1,886	-	1,287,595	1,289,481
Advances to other funds	1,000,000	-	-	1,000,000
Advances to component unit	299,947	-	-	299,947
Inventories	15,129	-	18,466	33,595
Prepays	149,463	-	41,350	190,813
TOTAL ASSETS	<u>\$ 4,590,308</u>	<u>\$ -</u>	<u>\$ 7,543,352</u>	<u>\$ 12,133,660</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 131,202	\$ -	\$ 941,814	\$ 1,073,016
Accrued liabilities	213,193	-	33,706	246,899
Due to other funds	-	-	372,028	372,028
Unearned revenue	-	-	69,027	69,027
TOTAL LIABILITIES	<u>344,395</u>	<u>-</u>	<u>1,416,575</u>	<u>1,760,970</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - leases	<u>350,605</u>	<u>-</u>	<u>-</u>	<u>350,605</u>
FUND BALANCES				
Nonspendable	1,464,539	-	381,667	1,846,206
Restricted	-	-	5,405,760	5,405,760
Committed	184,000	-	339,350	523,350
Unassigned	2,246,769	-	-	2,246,769
TOTAL FUND BALANCES	<u>3,895,308</u>	<u>-</u>	<u>6,126,777</u>	<u>10,022,085</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,590,308</u>	<u>\$ -</u>	<u>\$ 7,543,352</u>	<u>\$ 12,133,660</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds \$ 10,022,085

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

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

The cost of capital assets is	\$ 57,691,912
Accumulated depreciation/amortization is	<u>(26,837,488)</u>
Capital assets, net	

30,854,424

Governmental fund report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension/OPEB plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consisted of:

Deferred outflows of resources related to pensions	1,265,096
Deferred inflows of resources related to pensions	(30,954)
Deferred inflows of resources related to OPEB	<u>(19,084)</u>
1,215,058	

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

Net position of governmental activities accounted for in governmental activities internal service funds	3,554,185
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Long-term obligations	(3,832,517)
Net other post-employment benefits liability	(1,529,503)
Net pension liability	(10,466,647)
Accrued interest payable	(13,559)
Compensated absences	<u>(723,584)</u>
16,565,810	

Net Position of Governmental Activities	\$ 29,079,942
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See accompanying notes to financial statements.

CITY OF MARSHALL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

	Formerly Major		Building Authority Debt Service	Nonmajor Governmental Funds	Total
	General	Municipal Streets			
REVENUES					
Property taxes	\$ 4,892,977		\$ -	\$ 1,044,779	\$ 5,937,756
Licenses and permits	162,416		-	1,613,525	1,775,941
Intergovernmental	1,528,353		-	2,744,517	4,272,870
Charges for services	167,194		-	504,293	671,487
Fines and forfeits	19,429		-	-	19,429
Interest and rents	1,104,900		-	247,580	1,352,480
Other	1,307,860		-	734,137	2,041,997
TOTAL REVENUES	9,183,129		-	6,888,831	16,071,960
EXPENDITURES					
Current					
General government	2,296,402		-	1,423,267	3,719,669
Public safety	4,083,997		-	2,218,338	6,302,335
Public works	1,657,573		-	856,673	2,514,246
Community and economic development	248,580		-	623,656	872,236
Recreation and culture	278,454		-	415,522	693,976
Debt service	45,072		3,854,007	619,808	4,518,887
Capital outlay	-		-	33,238	33,238
TOTAL EXPENDITURES	8,610,078		3,854,007	6,190,502	18,654,587
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	573,051		(3,854,007)	698,329	(2,582,627)
OTHER FINANCING SOURCES (USES)					
Transfers in	33,509		3,852,862	654,215	4,540,586
Transfers out	(264,928)		-	(496,551)	(761,479)
TOTAL OTHER FINANCING SOURCES (USES)	(231,419)		3,852,862	157,664	3,779,107
NET CHANGE IN FUND BALANCES	341,632		(1,145)	855,993	1,196,480
Fund balances, beginning of year, as previously reported	3,908,533	181,201	-	4,735,871	8,825,605
Adjustments to beginning fund balances	(354,857)	(181,201)	1,145	534,913	-
Fund balances, beginning of year, as restated	3,553,676		1,145	5,270,784	8,825,605
Fund balances, end of year	\$ 3,895,308		\$ -	\$ 6,126,777	\$ 10,022,085

See accompanying notes to financial statements.

CITY OF MARSHALL
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 1,196,480

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Capital outlay	\$ 1,232,119
Depreciation/amortization expense	<u>(1,324,187)</u>
Excess of depreciation/amortization expense over capital outlay	(92,068)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain individual funds are included in the governmental activities.

Change in net position of governmental activities internal service funds	110,456
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Debt principal retirement	4,318,738
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Decrease) in deferred outflows of resources related to pensions	(145,229)
(Decrease) in deferred outflows of resources related to OPEB	(1,192)
(Increase) in deferred inflows of resources related to pensions	(30,954)
(Increase) in deferred inflows of resources related to OPEB	(19,084)
Decrease in unamortized bond premiums	15,012
Decrease in accrued interest payable	39,130
(Increase) in compensated absences	(111,449)
Decrease in net pension liability	373,531
Decrease in net OPEB liability	<u>411,568</u>
	<u>531,333</u>

Change in Net Position of Governmental Activities \$ 6,064,939

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Enterprise Funds							Governmental Activities				
	Electric		Wastewater		Water		FiberNet		Marshall House	Nonmajor Enterprise Funds	Total	Internal Service Funds
	ASSETS											
Current assets												
Cash and investments	\$ 3,936,379		\$ 2,110,493		\$ 2,572,138		\$ 1,062,913		\$ 7,550,516		\$ 18,896,981	\$ 441,928
Receivables												
Accounts, net	1,172,485		137,640		198,751		12,884		-	102,744	1,624,504	-
Interest	11,961		82,500		-		-		-	-	94,461	-
Special assessments	24,706		-		-		-		-	-	24,706	-
Due from other governmental units	-		-		-		-		-	46,132	46,132	-
Inventories	1,260,230		-		129,145		123,831		-	-	1,513,206	1
Prepays	133,400		49,184		24,874		15,846		-	14,607	237,911	140,279
Total current assets	6,539,161		2,379,817		2,924,908		1,215,474		7,550,516		22,437,901	582,208
Noncurrent assets												
Cash - restricted	714,195		52,351		265,411		-		-	-	1,031,957	-
Advance to other funds	598,056		500,000		-		-		-	-	1,098,056	-
Equity interest in MSCPAs	3,782,830		-		-		-		-	-	3,782,830	-
Capital assets not being depreciated/amortized	1,660,375		19,439		454,759		-		-	-	2,134,573	-
Capital assets, net of accumulated depreciation/amortization	11,848,924		4,258,709		10,721,341		2,728,776		-	251,354	29,809,104	3,078,986
Total noncurrent assets	18,604,380		4,830,499		11,441,511		2,728,776		-	251,354	37,856,520	3,078,986
TOTAL ASSETS	25,143,541		7,210,316		14,366,419		3,944,250		7,550,516	2,079,379	60,294,421	3,661,194
DEFERRED OUTFLOW OF RESOURCES												
Deferred amounts on refunding	11,092		-		-		-		-	-	11,092	-
Deferred outflows of resources related to pensions	535,917		129,906		149,503		-		-	44,939	860,265	543
TOTAL DEFERRED OUTFLOWS OF RESOURCES	547,009		129,906		149,503		-		-	44,939	871,357	543

See accompanying notes to financial statements.

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (continued)
JUNE 30, 2025**

	Enterprise Funds							Governmental Activities Internal Service Funds	
	Electric	Wastewater	Water	FiberNet	Marshall House	Nonmajor Enterprise Funds	Total		
	LIABILITIES								
Current liabilities									
Accounts payable	\$ 516,110	\$ 80,464	\$ 230,974	\$ 190,958	\$ -	\$ 54,653	\$ 1,073,159	\$ 60,326	
Accrued liabilities	104,182	25,038	22,796	16,002	-	6,827	174,845	5,069	
Accrued interest payable	35,699	10,247	59,530	424,461	-	-	529,937	-	
Current portion of compensated absences	190,831	32,390	50,533	4,873	-	-	278,627	9,220	
Current portion of long-term debt	339,553	171,630	407,170	-	-	-	918,353	14,768	
Total current liabilities	<u>1,186,375</u>	<u>319,769</u>	<u>771,003</u>	<u>636,294</u>	<u>-</u>	<u>61,480</u>	<u>2,974,921</u>	<u>89,383</u>	
Noncurrent liabilities									
Advances from other funds	-	-	-	2,098,056	-	-	2,098,056	-	
Advances from component unit	-	-	-	1,000,000	-	-	1,000,000	-	
Noncurrent portion of compensated absences	215,192	36,524	56,983	5,496	-	-	314,195	10,396	
Noncurrent portion of long-term debt	4,368,864	1,139,999	6,420,372	-	-	-	11,929,235	2,490	
Net other post-employment benefits liability	647,938	157,037	180,682	-	-	54,230	1,039,887	771	
Net pension liability	4,433,837	1,074,762	1,236,899	-	-	371,801	7,117,299	4,489	
Total noncurrent liabilities	<u>9,665,831</u>	<u>2,408,322</u>	<u>7,894,936</u>	<u>3,103,552</u>	<u>-</u>	<u>426,031</u>	<u>23,498,672</u>	<u>18,146</u>	
TOTAL LIABILITIES	<u>10,852,206</u>	<u>2,728,091</u>	<u>8,665,939</u>	<u>3,739,846</u>	<u>-</u>	<u>487,511</u>	<u>26,473,593</u>	<u>107,529</u>	
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows of resources related to pensions	13,112	3,178	3,658	-	-	1,100	21,048	13	
Deferred inflows of resources related to OPEB	8,085	1,960	2,255	-	-	677	12,977	10	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>21,197</u>	<u>5,138</u>	<u>5,913</u>	<u>-</u>	<u>-</u>	<u>1,777</u>	<u>34,025</u>	<u>23</u>	
NET POSITION									
Net investment in capital assets	8,811,974	2,966,519	4,348,558	2,728,776	-	251,354	19,107,181	3,061,728	
Restricted for debt service	714,195	52,351	265,411	-	-	-	-	1,031,957	-
Unrestricted	5,290,978	1,588,123	1,230,101	(2,524,372)	7,550,516	1,383,676	14,519,022	492,457	
TOTAL NET POSITION	<u>\$ 14,817,147</u>	<u>\$ 4,606,993</u>	<u>\$ 5,844,070</u>	<u>\$ 204,404</u>	<u>\$ 7,550,516</u>	<u>\$ 1,635,030</u>	<u>\$ 34,658,160</u>	<u>\$ 3,554,185</u>	

See accompanying notes to financial statements.

CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Enterprise Funds							Governmental Activities
	Electric	Wastewater	Water	FiberNet	Marshall House	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES								
Charges for services	\$ 17,709,599	\$ 2,098,792	\$ 2,258,087	\$ 1,582,484	\$ 150,490	\$ 477,953	\$ 24,277,405	\$ 1,202,329
Other	497,036	46,123	108,691	-	10,823	3,000	665,673	-
TOTAL OPERATING REVENUES	18,206,635	2,144,915	2,366,778	1,582,484	161,313	480,953	24,943,078	1,202,329
OPERATING EXPENSES								
Personnel services	3,305,408	714,698	763,747	430,942	(126,123)	239,464	5,328,136	139,570
Material and supplies	197,045	191,169	59,952	91,677	6,390	27,230	573,463	173,212
Utilities	9,163,191	144,295	83,145	19,880	34,087	445	9,445,043	30,822
Contractual	497,347	175,920	75,758	464,673	443,870	594,723	2,252,291	216,140
Insurance	115,633	43,254	17,590	11,910	12,730	6,000	207,117	95,175
Maintenance	312,297	144,467	94,273	9,104	842	5,484	566,467	43,269
Other expenses	992,624	171,331	239,657	69,869	7,663	21,222	1,502,366	20,053
Depreciation/amortization	652,626	275,317	593,057	140,803	90,267	79,194	1,831,264	436,907
TOTAL OPERATING EXPENSES	15,236,171	1,860,451	1,927,179	1,238,858	469,726	973,762	21,706,147	1,155,148
OPERATING INCOME (LOSS)	2,970,464	284,464	439,599	343,626	(308,413)	(492,809)	3,236,931	47,181

See accompanying notes to financial statements.

CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)
YEAR ENDED JUNE 30, 2025

	Enterprise Funds							Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Marshall House	Nonmajor Enterprise Funds	Total	Internal Service Funds	
NONOPERATING REVENUES (EXPENSES)									
Intergovernmental	\$ 24,771	\$ 5,768	\$ 5,894	\$ -	\$ 218,784	\$ 295,825	\$ 551,042	\$ 21,390	
Property taxes	-	-	-	-	-	260,062	260,062	-	
Interest earnings	221,596	116,160	131,327	38,031	271,899	77,206	856,219	26,511	
Change in equity interest	(236)	-	-	-	-	-	(236)	-	
Gain (loss) on sale of capital assets	(112,853)	-	-	-	8,532,272	-	8,419,419	15,876	
Interest expense and fiscal charges	(137,110)	(41,015)	(246,505)	(61,961)	-	-	(486,591)	(502)	
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,832)	80,913	(109,284)	(23,930)	9,022,955	633,093	9,599,915	63,275	
NET INCOME BEFORE TRANSFERS	2,966,632	365,377	330,315	319,696	8,714,542	140,284	12,836,846	110,456	
TRANSFERS OUT	-	-	-	-	(3,779,107)	-	(3,779,107)	-	
CHANGE IN NET POSITION	2,966,632	365,377	330,315	319,696	4,935,435	140,284	9,057,739	110,456	
Net position, beginning of year, as previously reported	12,045,003	4,264,714	5,553,613	(109,755)	-	4,109,827	25,863,402	3,451,473	
Adjustments to beginning net position	(194,488)	(23,098)	(39,858)	(5,537)	2,615,081	(2,615,081)	(262,981)	(7,744)	
Net position, beginning of year, as restated	<u>11,850,515</u>	<u>4,241,616</u>	<u>5,513,755</u>	<u>(115,292)</u>	<u>2,615,081</u>	<u>1,494,746</u>	<u>25,600,421</u>	<u>3,443,729</u>	
Net position, end of year	<u>\$ 14,817,147</u>	<u>\$ 4,606,993</u>	<u>\$ 5,844,070</u>	<u>\$ 204,404</u>	<u>\$ 7,550,516</u>	<u>\$ 1,635,030</u>	<u>\$ 34,658,160</u>	<u>\$ 3,554,185</u>	

See accompanying notes to financial statements.

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

	Enterprise Funds							Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Marshall House	Nonmajor Enterprise Funds	Total	Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash receipts from customers and interfund services	\$ 17,831,855	\$ 2,170,261	\$ 2,331,838	\$ 1,577,322	\$ 161,313	\$ 453,287	\$ 24,525,876	\$ 1,202,813	
Cash paid to suppliers	(12,430,514)	(1,057,364)	(549,722)	(611,248)	(609,637)	(670,519)	(15,929,004)	(629,077)	
Cash paid to employees	(3,243,106)	(728,367)	(764,462)	(430,744)	(223,134)	(247,999)	(5,637,812)	(137,336)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,158,235</u>	<u>384,530</u>	<u>1,017,654</u>	<u>535,330</u>	<u>(671,458)</u>	<u>(465,231)</u>	<u>2,959,060</u>	<u>436,400</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Intergovernmental	24,771	5,768	5,894	-	218,784	265,025	520,242	-	
Property taxes	-	-	-	-	-	260,062	260,062	-	
Changes in interfund and advances balances	299,027	-	-	(299,027)	-	-	-	-	
Transfers out	-	-	-	-	(3,779,107)	-	(3,779,107)	-	
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>323,798</u>	<u>5,768</u>	<u>5,894</u>	<u>(299,027)</u>	<u>(3,560,323)</u>	<u>525,087</u>	<u>(2,998,803)</u>	<u>-</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Intergovernmental	-	-	-	-	-	-	-	21,390	
Purchases of capital assets	(2,413,504)	(30,949)	(192,758)	(113,708)	-	-	(2,750,919)	(863,140)	
Proceeds from sale of capital assets	(112,853)	-	-	-	-	-	(112,853)	15,876	
Payments on borrowings	(310,000)	(165,000)	(380,000)	-	-	-	(855,000)	(14,476)	
Interest paid	(153,888)	(45,940)	(252,195)	(17,942)	9,511,062	-	9,041,097	(502)	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,990,245)</u>	<u>(241,889)</u>	<u>(824,953)</u>	<u>(131,650)</u>	<u>9,511,062</u>	<u>-</u>	<u>5,322,325</u>	<u>(840,852)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest received	<u>227,577</u>	<u>106,160</u>	<u>131,327</u>	<u>38,031</u>	<u>271,899</u>	<u>77,206</u>	<u>852,200</u>	<u>26,511</u>	
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>(280,635)</u>	<u>254,569</u>	<u>329,922</u>	<u>142,684</u>	<u>5,551,180</u>	<u>137,062</u>	<u>6,134,782</u>	<u>(377,941)</u>	
Cash and investments, beginning of year	<u>4,931,209</u>	<u>1,908,275</u>	<u>2,507,627</u>	<u>920,229</u>	<u>1,999,336</u>	<u>1,527,480</u>	<u>13,794,156</u>	<u>819,869</u>	
Cash and investments, end of year	<u>\$ 4,650,574</u>	<u>\$ 2,162,844</u>	<u>\$ 2,837,549</u>	<u>\$ 1,062,913</u>	<u>\$ 7,550,516</u>	<u>\$ 1,664,542</u>	<u>\$ 19,928,938</u>	<u>\$ 441,928</u>	

See accompanying notes to financial statements.

**CITY OF MARSHALL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
YEAR ENDED JUNE 30, 2025**

	Enterprise Funds							Governmental Activities	
	Electric	Wastewater	Water	FiberNet	Marshall House	Nonmajor Enterprise Funds	Total	Insurance and Benefits	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities									
Operating income (loss)	\$ 2,970,464	\$ 284,464	\$ 439,599	\$ 343,626	\$ (308,413)	\$ (492,809)	\$ 3,236,931	\$ 47,181	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities									
Depreciation/amortization	652,626	275,317	593,057	140,803	90,267	79,194	1,831,264	436,907	
(Increase) decrease in:									
Accounts receivable	(376,967)	25,346	(34,940)	(5,162)	-	(1,849)	(393,572)	484	
Special assessment receivable	2,187	-	-	-	-	-	2,187	-	
Inventories	(269,818)	-	(59,111)	27,523	-	-	(301,406)	-	
Prepads	(121,783)	(46,983)	(19,784)	(12,215)	-	(11,130)	(211,895)	(92,019)	
Deferred outflows of resources related to pension	31,873	10,875	11,155	-	43,282	3,665	100,850	595	
Deferred outflows of resources related to OPEB	480	119	136	-	36	41	812	1	
Increase (decrease) in:									
Accounts payable	(760,776)	(139,945)	99,548	40,557	(104,055)	(4,285)	(868,956)	41,613	
Accrued liabilities	28,266	5,808	5,923	2,078	(479)	464	42,060	89	
Unearned revenue	-	-	-	-	-	(25,817)	(25,817)	-	
Compensated absences	44,224	8,292	14,490	(1,880)	-	-	65,126	6,646	
Net pension liability	69,650	(7,321)	2,030	-	(332,672)	(1,779)	(270,092)	(4,258)	
Net other post-employment benefits liability	(133,388)	(36,580)	(40,362)	-	(59,424)	(12,703)	(282,457)	(862)	
Deferred inflows of resources related to pension	13,112	3,178	3,658	-	-	1,100	21,048	13	
Deferred inflows of resources related to OPEB	8,085	1,960	2,255	-	-	677	12,977	10	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,158,235	\$ 384,530	\$ 1,017,654	\$ 535,330	\$ (671,458)	\$ (465,231)	\$ 2,959,060	\$ 436,400	

Note: The City adjusted its equity interest in the Michigan South Central Power Agency (MSCPA) operations by \$236 to reflect the current year change in its investment in the Agency.

CITY OF MARSHALL
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Other Employee Benefit Trust Fund	Custodial Fund
	Retiree Health Insurance Plan Trust	Current Tax Collection
TOTAL ASSETS		
Cash and investments	\$ 3,003,754	\$ -
Pooled investment funds	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -
TOTAL NET POSITION		
Restricted for other post-employment benefits (health insurance)	<u>\$ 3,003,754</u>	<u>\$ -</u>

**CITY OF MARSHALL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025**

	Other Employee Benefit Trust Fund	Custodial Fund
	Retiree Health Insurance Plan Trust	Current Tax Collection
ADDITIONS		
Contributions		
Employer	\$ 848,973	\$ -
Investment earnings	247,985	-
Collection of taxes for other governments	-	<u>11,522,642</u>
TOTAL ADDITIONS	<u>1,096,958</u>	<u>11,522,642</u>
DEDUCTIONS		
Administrative expenses	5,590	-
Benefit payments	448,973	-
Payment of taxes collected for other governments	-	<u>11,522,642</u>
TOTAL DEDUCTIONS	<u>454,563</u>	<u>11,522,642</u>
NET CHANGE IN FIDUCIARY NET POSITION	642,395	-
Net position, beginning of year	<u>2,361,359</u>	-
Net position, end of year	<u>\$ 3,003,754</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF MARSHALL
COMPONENT UNITS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Local Development Finance Authority	Economic Development Corporation	Downtown Development Authority	Northeast Neighborhood Improvement Authority	South Neighborhood Improvement Authority	Total Component Units
ASSETS						
Current assets						
Cash and investments	\$ 823,543	\$ 9,310	\$ 356,807	\$ 2,302,361	\$ 90,921	\$ 3,582,942
Accounts receivable			10,187			10,187
Interest receivable	165,000	-	-	-	-	165,000
Prepays	500	-	-	-	-	500
Total current assets	<u>989,043</u>	<u>9,310</u>	<u>366,994</u>	<u>2,302,361</u>	<u>90,921</u>	<u>3,758,629</u>
Noncurrent assets						
Advances to primary government	1,000,000	-	-	-	-	1,000,000
Capital assets not being depreciated	432,454	-	55,670	873,092	-	1,361,216
Capital assets, net of accumulated depreciation	<u>7,150,284</u>	<u>-</u>	<u>-</u>	<u>13,230</u>	<u>586,077</u>	<u>7,749,591</u>
Total noncurrent assets	<u>8,582,738</u>	<u>-</u>	<u>55,670</u>	<u>886,322</u>	<u>586,077</u>	<u>10,110,807</u>
TOTAL ASSETS	<u>9,571,781</u>	<u>9,310</u>	<u>422,664</u>	<u>3,188,683</u>	<u>676,998</u>	<u>13,869,436</u>
LIABILITIES						
Current liabilities						
Accounts payable	850	-	17,295	204,484	13,753	236,382
Accrued liabilities	-	-	1,349	-	-	1,349
Accrued interest payable	54,750	-	9,393	28,700	6,290	99,133
Current portion of long-term debt	<u>383,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>433,047</u>
Total current liabilities	<u>438,647</u>	<u>-</u>	<u>28,037</u>	<u>233,184</u>	<u>70,043</u>	<u>769,911</u>
Noncurrent liabilities						
Advances from primary government	-	-	299,947	-	-	299,947
Noncurrent portion of long-term debt	<u>5,362,653</u>	<u>-</u>	<u>-</u>	<u>2,754,690</u>	<u>715,000</u>	<u>8,832,343</u>
Total noncurrent liabilities	<u>5,362,653</u>	<u>-</u>	<u>299,947</u>	<u>2,754,690</u>	<u>715,000</u>	<u>9,132,290</u>
TOTAL LIABILITIES	<u>5,801,300</u>	<u>-</u>	<u>327,984</u>	<u>2,987,874</u>	<u>785,043</u>	<u>9,902,201</u>
NET POSITION						
Net investment in capital assets	1,837,038	-	55,670	24,017	(178,923)	1,737,802
Unrestricted	<u>1,933,443</u>	<u>9,310</u>	<u>39,010</u>	<u>176,792</u>	<u>70,877</u>	<u>2,229,432</u>
TOTAL NET POSITION	<u>\$ 3,770,481</u>	<u>\$ 9,310</u>	<u>\$ 94,680</u>	<u>\$ 200,809</u>	<u>\$ (108,046)</u>	<u>\$ 3,967,234</u>

See accompanying notes to financial statements.

**CITY OF MARSHALL
COMPONENT UNITS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position					
		Operating Grants and Contributions	Local Development Finance Authority	Economic Development Corporation	Downtown Development Authority	Northeast Neighborhood Improvement Authority	South Neighborhood Improvement Authority	Total Component Units	
Governmental Activities									
Local Development Finance Authority	\$ 924,612	\$ 200,748	\$ (723,864)	\$ -	\$ -	\$ -	\$ -	\$ (723,864)	
Downtown Development Authority	195,560	111,981	-	-	(83,579)	-	-	(83,579)	
Northeast Neighborhood Improvement Authority	225,561	-	-	-	-	(225,561)	-	(225,561)	
South Neighborhood Improvement Authority	57,473	-	-	-	-	-	(57,473)	(57,473)	
TOTALS	\$ 1,403,206	\$ 312,729	(723,864)	-	(83,579)	(225,561)	(57,473)	(1,090,477)	
General revenues									
Property taxes		791,049		-	215,095	137,524	58,370	1,202,038	
Investment earnings		64,299		-	13,995	88,393	4,642	171,329	
Miscellaneous		-		-	-	50,700	-	50,700	
Total general revenues		855,348		-	229,090	276,617	63,012	1,424,067	
Change in net position		131,484		-	145,511	51,056	5,539	333,590	
Net position, beginning of year		3,638,997		9,310	(50,831)	149,753	(113,585)	3,633,644	
Net position, end of year		\$ 3,770,481		\$ 9,310	\$ 94,680	\$ 200,809	\$ (108,046)	\$ 3,967,234	

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marshall (the City) is located within Calhoun County, Michigan and has a population of approximately 6,820. The City of Marshall, Michigan is a municipal corporation formed in 1830 and governed by a seven-member Council and administered by an appointed City Manager.

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

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City of Marshall (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. The blended and discretely presented component units each have a June 30 year-end.

Blended Component Unit

The City of Marshall Building Authority is a blended component unit which finances and constructs the City's public buildings and other structures. It is included within the reporting entity as it provides services exclusively to the City.

The blended component unit's financial statements are included in the City's audited financial statements and are not audited separately.

Discretely Presented Component Units

The Downtown Development Authority (the "DDA") is a discretely presented component unit which corrects and prevents deterioration in the downtown district, encourages historical preservation, and promotes economic growth within the district. It is included within the reporting entity as the City Council appoints and may remove the DDA board and approves the DDA budget.

The Local Development Finance Authority (the "LDFA") is a discretely presented component unit which enhances and expands industrial development to eliminate the conditions of joblessness and underemployment. It is included within the reporting entity as the City Council appoints and may remove the LDFA board and approves the LDFA budget.

The Economic Development Corporation (the "EDC") is a discretely presented component unit which promotes economic development within the community. It is included within the reporting entity as the City Council appoints and may remove the EDC board and approves the EDC budget.

The Northeast Neighborhood Improvement Authority (the "NIA") is a discretely presented component unit which promotes economic development for the Northeast Marshall neighborhood. It is included within the reporting entity as the City Council appoints and may remove the NIA board and approves the NIA budget.

**CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (continued)

The South Neighborhood Improvement Authority (the “SNIA”) is a discretely presented component unit which promotes economic development for the South Marshall neighborhood. It is included within the reporting entity as the City Council appoints and may remove the SNIA board and approves the SNIA budget.

The discretely presented component units’ financial statements are included in the City’s audited financial statements and are not audited separately.

Fiduciary Component Unit

The Retiree Health Insurance Plan Trust Fund was established to account for the assets set aside to fund the City of Marshall Retiree Health Insurance Plan. The primary purpose of the Trust is to provide the necessary funding for the retiree health insurance premiums provided to eligible City employees during retirement. The Trust was established through MERS Retiree Health Funding Vehicle, with the City Council serving as the trustees. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purchase prior to the satisfaction of all liabilities. The assets are protected from any of the City’s creditors. The City Council has the ability to exercise responsibility, specifically in the area of designation of management.

Joint Venture

The City is a member of the Michigan South Central Power Agency (MSCPA), which provided electric services to the residents of its member communities. The participating communities provide annual funding for its operations. During the current year, the City paid \$9,135,670 for purchased power. The City is unaware of any other circumstances that would cause any additional benefit or burden to participating governments in the near future. Complete financial statements for the Michigan South Central Power Agency can be obtained from the administrative offices at 168 Division St., Coldwater, Michigan 49036. The City owns an approximate 18.90% interest in the MSCPA. The City records the investment using the equity method and calculates 18.90% of the MSCPA’s equity at year end. The MSCPA also holds assets of the City, which have been included in the MSCPA’s equity over the years. The calculation of the investment includes 100% of the City’s assets held at the MSCPA plus 18.90% of the equity net of the City’s assets. At June 30, 2025, the City’s equity interest in MSCPA was \$3,782,830.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them, demonstrating how governmental functions are either self-financing or supported by general revenues. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. General revenues include all taxes, interest, unrestricted State revenue sharing payments, and other revenues that are not required to be presented as program revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following *Major Governmental Funds*:

- a. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The *Building Authority Debt Service Fund* accounts for the payment of bonds issued to acquire and construct various buildings and building improvements..

The City reports the following *Major Enterprise Funds*:

- a. The *Electric Fund* accounts for the operations and maintenance of the electric supply system; financing is provided primarily by user charges.
- b. The *Wastewater Fund* accounts for the activities of the City's sewage disposal and treatment system; financing is provided primarily by user charges.
- c. The *Water Fund* accounts for the activities of the City's water distribution and treatment system; financing is provided primarily by user charges.
- d. The *FiberNet Fund* accounts for the building, operation, and maintenance of the fiber system; financing is provided through the internal advances and charges for services.
- e. The *Marshall House Fund* accounts for the activity of a lower-income senior citizen housing facility.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

Additionally, the reports the following *Fund Types*:

- a. *Special Revenue Funds* account for revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects or permanent funds.
- b. *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
- d. *Permanent Funds* account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support specified government programs.
- e. *Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.
- f. *Internal Service Funds* account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes data processing, motor pool, and safety programs.
- g. The *Other Employee Benefits Trust Fund* accounts for the activities of the Other Post-Employment Benefits Plan, which accumulates resources for other post-employment benefit payments to qualified employees.
- h. The *Custodial Fund* accounts for taxes collected and distributed to other governments.

Measurement Focus

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

All proprietary (i.e. enterprise and internal service) funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the City to disburse fiduciary resources.

If/when both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The General Fund and major special revenue fund budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. All annual appropriations lapse at year end. The legal level of budgetary control is the departmental level. On or before its first meeting in April of each year, the City Manager must present the proposed budget to the government's council for review. The proposed budget must be on file and available for public inspection for a period of not less than one week prior to adoption by City Council, which must occur not later than the first meeting in June.

Formal budgetary integration is employed as a management control device during the year. Supplemental appropriations were approved by the Council in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds, or notes, the total of which was not significant in relation to the original budget appropriation valuations.

**CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Cash and Investments

Cash consist of various cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of commercial paper and U.S. Government securities. Investments are reported at fair value.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. The United States government or federal agency obligations repurchase agreements.
- d. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Restricted Cash

Certain proceeds of bond issues as well as other resources set aside for the repayment of debt are classified as restricted cash on the statement of net position because their use is limited by applicable bond covenants.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables consist of amounts due from individuals, and businesses related to charges for services, amounts owed to the City from taxes levied, leases, and interest that have not been collected.

Inventories

Inventories are values at cost using the first in/first out (FIFO) method and consist of expendable supplies and vehicles repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when purchased, except for fuel included in the General Fund and road salt included in the Major Street Fund.

Prepays

Prepaid expenditures in the governmental and proprietary funds, such as memberships, software agreements, and insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. Prepaid expenditures in the governmental funds are reported using the consumption method.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activity and component units columns in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The measurement of intangible right-to-use assets is discussed below under the heading "leases". Donated capital assets are valued at their estimated acquisition cost on the date received. In accordance with the provisions of GASB Statement No. 34, the government has only capitalized infrastructure assets acquired or constructed since 1980.

Land and construction in progress, if any, are not depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Right-to-use assets of the City are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 50 years
Buildings and improvements	5 - 50 years
Systems infrastructure	25 - 50 years
Machinery, Vehicles, and Equipment	3 - 25 years
Public infrastructure	50 years
Right-to-use - leased equipment	5 years

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide and proprietary funds financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from debt proceeds received, are reported as expenses.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Unearned Revenue

Unearned revenues are reported for resources that have been received, but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position and in the proprietary funds statement of net position.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

The City reports items in deferred outflows of resources, which correspond to the City's net pension liability and net OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions subsequent to the measurement date. The City also reports deferred outflows of resources in the business-type activities and certain enterprise funds for deferred charges on refunding. The City reports deferred inflows of resources in the governmental activities and certain governmental funds for unavailable revenues related to leases receivable.

Net Pension Liability

A net pension liability is calculated by subtracting the pension net position from the total pension liability. The net pension liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements as well as the enterprise funds.

Net OPEB Liability

A net OPEB liability is calculated by subtracting the OPEB net position from the total OPEB liability. The net OPEB liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements as well as the enterprise funds.

Leases

Lessee: The City is a lessee for a noncancelable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Lessor: The City is a lessor for noncancelable leases of a cellular tower. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Property Taxes

The City of Marshall bills and collects its own property taxes and taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of Marshall on August 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date, and are payable without penalty through September 15. The August 1 levy was composed of the County's levy, the State Education Tax assessment and the City's millage and assessments. The City bills and collects its own property taxes for general governmental services, recreation, DART, leaf and trash removal, and debt service, and also collects for Calhoun County, the District Library, and various school districts. Collections of property taxes and remittances of them to the appropriate authorities are accounted for in the Current Tax Collection custodial fund.

The City is permitted by state statute to levy taxes up to 20 mills (\$20 per \$1,000 of assessed valuation) for general governmental services other than the payment of principal and interest on long-term debt. For the year ended June 30, 2025, the City levied 17.1629 mills for general governmental services, 0.9020 mills for recreation, 0.9020 mills for DART, 0.7376 mills for leaf and trash removal, and 2.0000 mills for debt service. The total original taxable value for the 2024 levy for property within the City was \$309,677,927.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes (continued)

The Downtown Development Authority is permitted by P.A. 197 of Michigan to levy taxes up to \$2.00 per \$1,000 of assessed valuation of property in the downtown district. The Authority's current year tax rate was \$1.5551 per \$1,000 of assessed valuation.

Advances To/From Other Governmental Units

Long-term advances from the primary government to component units are made to finance activities during their operations and to finance capital acquisitions. The applicable governmental fund balance is reported as nonspendable in the fund financial statements for such advances to reflect the amount of fund balance not currently available for expenditure.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The Internal Service Funds record charges for motor pool, technology, and safety provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses. The net revenues or losses of the Internal Service Fund, as well as the net position are included in the reconciliation to the government-wide financial statements.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications (continued)

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

For committed fund balance, City of Marshall's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Council Resolution.

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

For the classification of fund balances, the City of Marshall considers restricted or unrestricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, after restricted amounts have been depleted, the City considers committed, assigned, or unassigned amounts to have been spent, in succession when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Policy

The City Council has adopted a fund balance reserve policy to provide a general framework for setting unassigned fund balance. The ratios vary depending on the fund, ranging from 18-25 percent of the annual operating expenditures or 1.2 debt service ratio. If the unassigned fund balance falls below the minimum range, the City will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. At year end, total fund balance of the general fund met the minimum percentage requirement.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

Federal Programs

Federal programs are accounted for in the funds to which the programs pertain. The single audit reports and financial data will be issued under separate cover as supplementary information to the basic financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, the City had deposits subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2025, \$5,070,626 of the City's bank balance of \$5,570,805 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$5,956,290. The financial statements report \$1,550 of imprest cash on hand and \$588,403 of cash on deposit with the MSCPA.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's banking and investment policy does not specifically address custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics. The City's policy is that, unless matched to a specific cash flow, the government will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

	Fair Value	Weighted Average Maturity
PRIMARY GOVERNMENT		
Michigan CLASS Investment Pool	\$ 17,433,006	39 days
Michigan CLASS Edge Investment Pool	1,727,152	202 days
Federal Home Loan Bank	1,984,060	2.98 years
Commercial Paper	812,651	74 days
COMPONENT UNIT		
Michigan CLASS Investment Pool	<u>2,855,573</u>	<u>39 days</u>
	<u><u>\$ 24,812,442</u></u>	<u><u>135 days</u></u>

The City's investment in MERS total market portfolio is reported at its individual Net Asset Value. The weighted average maturity for the underlying investments held by each portfolio is not calculated or provided.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2025, the City investment in the Michigan Class investments was rated AAAm by S&P Global Ratings, the City's investment in the Michigan Class Edge investments was rated AAAf/S1 by Fitch Ratings, the City's investment in commercial paper were rated P1 by Moody's and A1+ by S&P, and the City's investment in Federal Home Loan Bank bonds were rated Aaa by Moody's and AA+ by S&P. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by security type and institution. Among other provisions, the City's investment policy provides that, except for U.S. treasuries and authorized investment pools, no more than 50 percent of the total investment portfolio may be invested in a single security type or with a single financial institution.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified using the fair value hierarchy.

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

As of June 30, 2025, the carrying amount and fair value for each investment type are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Primary Government				
Federal Home Loan Bank	\$ -	\$ 1,984,060	\$ -	\$ 1,984,060
Commercial Paper	<u>\$ -</u>	<u>\$ 812,651</u>	<u>\$ -</u>	<u>\$ 812,651</u>
	<u>\$ -</u>	<u>\$ 2,796,711</u>	<u>\$ -</u>	<u>\$ 2,796,711</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in MERS, Michigan CLASS, and Michigan CLASS Edge investment pools where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pools invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 17,433,006	\$ -	No restrictions	None
Michigan CLASS Edge Investment Pool	1,727,152	- -	No restrictions	None
COMPONENT UNIT				
Michigan CLASS Investment Pool	2,855,573	- -	No restrictions	None
FIDUCIARY FUNDS				
MERS total market portfolio	<u>3,003,754</u>	<u>- -</u>	No restrictions	None
	<u><u>\$ 25,019,485</u></u>	<u><u>\$ - -</u></u>		

The deposits and investments referred to above have been reported in the cash and investments captions on the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2025:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and investments	\$ 26,743,786	\$ 3,582,942	\$ 3,003,754	\$ 33,330,482
Cash - restricted	<u>1,031,957</u>	<u>- -</u>	<u>- -</u>	<u>1,031,957</u>
	<u><u>\$ 27,775,743</u></u>	<u><u>\$ 3,582,942</u></u>	<u><u>\$ 3,003,754</u></u>	<u><u>\$ 34,362,439</u></u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2025, are as follows:

Due to General Fund from:	
Nonmajor governmental funds	<u><u>\$ 372,028</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (continued)

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transactions that have not cleared as of the balance sheet date.

NOTE 4 - ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at June 30, 2025:

Advance to FiberNet Fund from:		
General Fund		\$ 1,000,000
Wastewater Fund		500,000
Electric Fund		<u>598,056</u>
		<u>\$ 2,098,056</u>

The \$2,098,056 interfund balance between the FiberNet Fund and other funds listed above represents the amount advanced to the FiberNet Fund to finance the installation of a fiber system. The amounts are not expected to be paid back in the next fiscal year. The FiberNet Fund also has a \$1,000,000 long-term advance from the Local Development Finance Authority, a component unit of the City.

NOTE 5 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and enterprise funds have been eliminated.

Fund	Transfers In	Transfers Out
General Fund	\$ 33,509	\$ (264,928)
Building Authority Debt Service	3,852,862	-
Nonmajor governmental funds	654,215	(496,551)
Marshall House	-	(3,779,107)
	<u>\$ 4,540,586</u>	<u>\$ (4,540,586)</u>

Transfers are used to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Primary Government

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Reductions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2025</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,759,160	\$ -	\$ -	\$ 1,759,160
Construction in progress	2,573,843	1,134,711	(3,027,817)	680,737
Subtotal	<u>4,333,003</u>	<u>1,134,711</u>	<u>(3,027,817)</u>	<u>2,439,897</u>
Capital assets being depreciated/amortized				
Land improvements	5,727,676	349,100	-	6,076,776
Buildings and improvements	25,461,314	35,313	-	25,496,627
Vehicles	5,746,829	822,097	(374,660)	6,194,266
Machinery and equipment	2,954,273	103,137	(43,425)	3,013,985
Right-to-use - equipment	71,331	-	-	71,331
Infrastructure	19,516,972	2,678,718	-	22,195,690
Subtotal	<u>59,478,395</u>	<u>3,988,365</u>	<u>(418,085)</u>	<u>63,048,675</u>
Less accumulated depreciation/amortization for:				
Land improvements	(5,594,970)	(22,502)	-	(5,617,472)
Buildings and improvements	(11,208,651)	(560,707)	-	(11,769,358)
Vehicles	(3,502,425)	(392,679)	374,660	(3,520,444)
Machinery and equipment	(2,029,978)	(133,019)	43,425	(2,119,572)
Right-to-use - equipment	(42,799)	(14,266)	-	(57,065)
Infrastructure	(7,833,330)	(637,921)	-	(8,471,251)
Subtotal	<u>(30,212,153)</u>	<u>(1,761,094)</u>	<u>418,085</u>	<u>(31,555,162)</u>
Net capital assets being depreciated/amortized	<u>29,266,242</u>	<u>2,227,271</u>	<u>-</u>	<u>31,493,513</u>
Capital assets, net	<u>\$ 33,599,245</u>	<u>\$ 3,361,982</u>	<u>\$ (3,027,817)</u>	<u>\$ 33,933,410</u>

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

General government	\$ 117,746
Public safety	469,166
Public works	710,188
Parks and recreation	27,087
Internal service funds	<u>436,907</u>
	<u><u>\$ 1,761,094</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2025
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 377,033	\$ -	\$ -	\$ 377,033
Construction in progress	<u>2,623,038</u>	<u>1,451,855</u>	<u>(2,317,353)</u>	<u>1,757,540</u>
Subtotal	<u>3,000,071</u>	<u>1,451,855</u>	<u>(2,317,353)</u>	<u>2,134,573</u>
Capital assets being depreciated				
Land improvements	889,149	-	(130,920)	758,229
Building and improvements	8,550,219	-	(1,890,412)	6,659,807
Vehicles	1,032,718	260,655	-	1,293,373
Machinery and equipment	15,148,917	2,184,415	(774,265)	16,559,067
Infrastructure	<u>43,813,525</u>	<u>1,171,347</u>	<u>-</u>	<u>44,984,872</u>
Subtotal	<u>69,434,528</u>	<u>3,616,417</u>	<u>(2,795,597)</u>	<u>70,255,348</u>
Less accumulated depreciation for:				
Land improvements	(431,787)	(29,893)	63,189	(398,491)
Building and improvements	(7,236,200)	(150,670)	1,350,252	(6,036,618)
Vehicles	(476,719)	(113,601)	-	(590,320)
Machinery and equipment	(11,535,302)	(278,544)	403,366	(11,410,480)
Infrastructure	<u>(20,751,779)</u>	<u>(1,258,556)</u>	<u>-</u>	<u>(22,010,335)</u>
Subtotal	<u>(40,431,787)</u>	<u>(1,831,264)</u>	<u>1,816,807</u>	<u>(40,446,244)</u>
Net capital assets being depreciated	<u>29,002,741</u>	<u>1,785,153</u>	<u>(978,790)</u>	<u>29,809,104</u>
Capital assets, net	<u>\$ 32,002,812</u>	<u>\$ 3,237,008</u>	<u>\$ (3,296,143)</u>	<u>\$ 31,943,677</u>

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

Electric	\$ 652,626
Wastewater	275,317
Water	593,057
FiberNet	140,803
Marshall House	90,267
DART	<u>79,194</u>
	<u>\$ 1,831,264</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (continued)

Component Units

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated				
Land	\$ 488,124	\$ -	\$ -	\$ 488,124
Construction in progress	<u>10,787</u>	<u>862,305</u>	<u>-</u>	<u>873,092</u>
Subtotal	<u>498,911</u>	<u>862,305</u>	<u>-</u>	<u>1,361,216</u>
Capital assets being depreciated				
Infrastructure	8,296,262	-	-	8,296,262
Machinery and equipment	<u>97,240</u>	<u>-</u>	<u>-</u>	<u>97,240</u>
Subtotal	<u>8,393,502</u>	<u>-</u>	<u>-</u>	<u>8,393,502</u>
Less accumulated depreciation for:				
Infrastructure	(332,453)	(216,458)	-	(548,911)
Machinery and equipment	<u>(94,440)</u>	<u>(560)</u>	<u>-</u>	<u>(95,000)</u>
Subtotal	<u>(426,893)</u>	<u>(217,018)</u>	<u>-</u>	<u>(643,911)</u>
Net capital assets being depreciated	<u>7,966,609</u>	<u>(217,018)</u>	<u>-</u>	<u>7,749,591</u>
Capital assets, net	<u>\$ 8,465,520</u>	<u>\$ 645,287</u>	<u>\$ -</u>	<u>\$ 9,110,807</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended June 30, 2025:

	Restated Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
General obligation bonds	\$ 7,935,000	\$ -	\$ (4,275,000)	\$ 3,660,000	\$ 580,000
Direct borrowings	98,640	- -	(58,214)	40,426	37,936
Compensated absences*	625,105	118,095	- -	743,200	349,304
Unamortized bond premiums	164,361	- -	(15,012)	149,349	15,365
Total Governmental Activities	<u>8,823,106</u>	<u>118,095</u>	<u>(4,348,226)</u>	<u>4,592,975</u>	<u>982,605</u>
Business-type Activities					
General obligation bonds	7,550,000	- -	(645,000)	6,905,000	670,000
Revenue bonds	5,905,000	- -	(210,000)	5,695,000	225,000
Compensated absences*	527,699	65,123	- -	592,822	278,627
Unamortized bond premiums	272,998	- -	(25,410)	247,588	23,353
Total Business-type Activities	<u>14,255,697</u>	<u>65,123</u>	<u>(880,410)</u>	<u>13,440,410</u>	<u>1,196,980</u>
Total Primary Government Long-term Obligations	<u><u>\$ 23,078,803</u></u>	<u><u>\$ 183,218</u></u>	<u><u>\$ (5,228,636)</u></u>	<u><u>\$ 18,033,385</u></u>	<u><u>\$ 2,179,585</u></u>
COMPONENT UNITS					
Local Development Finance Authority					
General obligation bonds	\$ 5,825,000	\$ - -	\$ (350,000)	\$ 5,475,000	\$ 365,000
Unamortized bond premiums	288,005	- -	(17,305)	270,700	18,047
Total Local Development Finance Authority	<u>\$ 6,113,005</u>	<u>\$ - -</u>	<u>\$ (367,305)</u>	<u>\$ 5,745,700</u>	<u>\$ 383,047</u>
South Neighborhood Improvement Authority					
General obligation bonds	\$ 765,000	\$ - -	\$ - -	\$ 765,000	\$ 50,000
Northeast Neighborhood Improvement Authority					
General obligation bonds	\$ - -	\$ 2,495,000	\$ - -	\$ 2,495,000	\$ - -
Unamortized bond premiums	- -	259,690	- -	259,690	- -
Total Northeast Neighborhood Improvement Authority	<u>\$ - -</u>	<u>\$ 2,754,690</u>	<u>\$ - -</u>	<u>\$ 2,754,690</u>	<u>\$ - -</u>

*The change in compensated absences liability is presented as a net change.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Significant details regarding outstanding long-term obligations (including current portion) are presented below:

Primary Government

Governmental Activities

General Obligation Bonds

\$1,680,000 2013 Michigan Transportation General Obligation Bonds dated April 10, 2013 due in annual installments ranging from \$120,000 to \$135,000 through October 1, 2028, with interest ranging from 2.15% to 3.00% payable semiannually. \$ 510,000

\$4,750,000 2021 Roads General Obligation Bonds dated May 18, 2021 due in annual installments ranging from \$460,000 to \$595,000 through April 1, 2031, with interest ranging from 1.00% to 1.625% payable semiannually. 3,150,000

\$ 3,660,000

Direct Borrowings

\$145,000 Fire Truck Installment Purchase Agreement dated July 9, 2015 due in an annual installment of \$23,168 on through July 9, 2025, with interest of 2.33%, payable semiannually. \$ 23,168

\$71,331 Copier Lease dated September 28, 2021 due in monthly installments of \$1,248 through August 1, 2026, including interest of 2.00%. 17,258

\$ 40,426

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Business-type Activities

General Obligation Bonds

\$1,345,000 2009 General Obligation Bonds dated July 7, 2009 due in annual installments ranging from \$85,000 to \$100,000 through April 1, 2029, with interest of 5.10% payable semiannually.	\$ 370,000
\$1,615,000 2012 Water General Obligation Bond dated September 5, 2012 due in annual installments ranging from \$95,000 to \$115,000 through April 1, 2032, with interest ranging from 3.00% to 3.30%, payable semiannually.	730,000
\$2,175,000 2012 Wastewater General Obligation Bond dated September 5, 2012 due in annual installments ranging from \$170,000 to \$205,000 through April 1, 2032, with interest ranging from 3.00% to 3.30%, payable semiannually	1,310,000
\$460,000 2016 Refunding Bond dated July 20, 2016 due in annual installments ranging from \$50,000 to \$55,000 through April 1, 2027, with interest of 4.00%, payable semiannually.	105,000
\$3,370,000 2016 General Obligation Bonds dated July 20, 2016 due in annual installments ranging from \$160,000 to \$230,000 through April 1, 2036, with interest ranging from 3.00% to 4.00%, payable semiannually.	2,130,000
\$2,665,000 2021 Dam General Obligation Bonds dated May 13, 2021 due in annual installments ranging from \$110,000 to \$175,000 through April 1, 2041, with interest of 2.75%, payable semiannually.	2,260,000
	<u><u>\$ 6,905,000</u></u>

Revenue Bonds

\$4,200,000 2019 Water Revenue Bonds dated July 9, 2019 due in annual installments ranging from \$140,000 to \$370,000 through April 1, 2040, with interest of 3.00%, payable semiannually.	\$ 3,650,000
\$2,200,000 2022 Water Revenue Bonds date April 1, 2023 due in annual installments ranging from \$85,000 to \$165,000 through April 1, 2042, with interest of 4.25% payable semiannually.	<u><u>2,045,000</u></u>

Component Units

General Obligation Bonds

\$6,445,000 2022 General Obligation Bonds dated May 17, 2022 due in annual installments ranging from \$365,000 to \$560,000 through April 1, 2037, with interest of 4.00%, payable semiannually.	\$ 5,475,000
\$765,000 2021 Revenue Bonds dated May 13, 2021 due in annual installments ranging from \$50,000 to \$65,000 through October 1, 2037, with interest of 3.40%, payable semiannually.	765,000
\$2,495,000 2024 General Obligation Bonds dated October 2, 2024 due in annual installments ranging from \$155,000 to \$265,000 through October 1, 2039, with interest ranging from 4.00% to 5.00%, payable semiannually.	<u><u>2,495,000</u></u>
	<u><u>\$ 8,735,000</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. This liability, including salary related benefits, has been accrued on the government-wide financial statements. The dollar amount of these vested rights, including related payroll taxes, amounted to \$743,200 and \$592,822 for governmental and business-type activities, respectively, at June 30, 2025. Of those amounts, \$349,304 and \$278,627 have been recorded as current liabilities for governmental and business-type activities, respectively.

The City's outstanding obligations from direct borrowings and direct placements related to governmental activities of \$40,426 contain provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Year Ending June 30,	Primary Government						Direct Borrowing			
	General Obligation / Revenue Bonds				Governmental Activities		Business-Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 580,000	\$ 54,054	\$ 895,000	\$ 421,907	\$ 37,936	\$ 482				
2027	610,000	46,199	940,000	390,385	2,490	6				
2028	640,000	37,524	910,000	357,258	-	-				
2029	670,000	28,194	960,000	325,425	-	-				
2030	565,000	18,144	900,000	291,549	-	-				
2031-2035	595,000	9,669	4,120,000	1,009,761	-	-				
2036-2040	-	-	3,380,000	412,116	-	-				
2041-2042	-	-	495,000	25,425	-	-				
	\$ 3,660,000	\$ 193,784	\$ 12,600,000	\$ 3,233,826	\$ 40,426	\$ 488				

Year Ending June 30,	Component Units		
	General Obligation Bonds		
	Principal	Interest	
2026	\$ 415,000	\$ 244,160	
2027	430,000	227,860	
2028	445,000	210,960	
2029	620,000	304,300	
2030	645,000	278,030	
2031-2035	3,665,000	955,135	
2036-2038	2,515,000	203,270	
	\$ 8,735,000	\$ 2,423,715	

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LEASES RECEIVABLE

The City leases tower space to a cellular company. The City will receive annual escalating payments through November 2047. For the year ended June 30, 2025, the City recognized \$4,186 in lease revenue. As of June 30, 2025, the City reports a receivable and deferred inflow of resources associated with this lease of \$350,605. The deferred inflow of resources will be recognized as revenue over the lease term.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

Summary of Significant Accounting Policies

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

Benefits Provided

Benefits provided include plans with multipliers ranging from 2.50% to 3.00%.

Vesting period of 10 years.

Normal retirement age is 60 with early retirement of 50 to 55 with 25 years of service or reduced early retirement at 50 with 25 years of service or 55 with 15 years of service.

Final average compensation is calculated based on three to five years.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Benefit terms may be subject to binding arbitration in certain circumstances.

At the December 31, 2024, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	18
Active employees	<u>38</u>
Total employees covered by the Plan	<u><u>163</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Payable to the Pension Plan

At June 30, 2025, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2025.

Net Pension Liability

The employer's net pension liability reported at June 30, 2025 was determined using a measure of the total pension liability and the pension net position as of December 31, 2024. The December 31, 2024 total pension liability was determined by an actuarial valuation performed as of that date.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at December 31, 2023	\$ 42,347,724	\$ 24,111,408	\$ 18,236,316
<i>Changes for the Year</i>			
Service cost	495,583	-	495,583
Interest on total pension liability	2,949,683	-	2,949,683
Difference between expected and actual experience	89,052	-	89,052
Changes of assumptions	(104,029)	-	(104,029)
Employer contributions	-	2,038,291	(2,038,291)
Employee contributions	-	256,515	(256,515)
Net investment income (loss)	-	1,836,369	(1,836,369)
Benefit payments, including employee refunds	(3,027,156)	(3,027,156)	-
Administrative expense	-	(53,005)	53,005
Net changes	<u>403,133</u>	<u>1,051,014</u>	<u>(647,881)</u>
Balances as of December 31, 2024	<u>\$ 42,750,857</u>	<u>\$ 25,162,422</u>	<u>\$ 17,588,435</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended June 30, 2025, the City recognized pension expense of \$1,960,728. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,526	\$ -
Assumption changes	- -	52,015
Net difference between projected and actual earnings on pension plan investments	881,970	- -
Contributions subsequent to the measurement date*	1,199,408	- -
Total	<u>\$ 2,125,904</u>	<u>\$ 52,015</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition in the net pension liability for the year ending June 30, 2026.

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

<u>Years Ending</u> <u>June 30,</u>	<u>Pension</u> <u>Expense</u>
2026	\$ 395,106
2027	706,046
2028	(199,999)
2029	<u>(26,672)</u>
	<u>\$ 874,481</u>

Actuarial Assumptions

The total pension liability in the December 31, 2024, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions (continued)

Investment rate of return: 7.18%, net of administrative expenses, including inflation.

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

The actuarial assumptions used in the valuation were based on the results of the 2019-2023 Five-Year Experience Study.

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Projected Cash Flows

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.15%	0.43%
Private investments	20.00%	6.50%	1.30%
	<u><u>100.00%</u></u>		<u><u>4.43%</u></u>
Inflation			2.50%
Administrative expense netted above			0.25%
Investment rate of return (discount rate)			<u><u>7.18%</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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

The following presents the Net Pension Liability of the employer, calculated using the discount rates 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	<u>\$ 22,389,904</u>	<u>\$ 17,588,435</u>	<u>\$ 13,549,376</u>

Changes in Assumptions

Adopted the results of an experience study covering the period of January 1, 2019 through December 31, 2023.

Changes in Benefit Terms

There were no changes in benefit terms during plan year 2024.

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN

The City provides a defined contribution pension plan, which provides retirement benefits to qualified employees who were hired after July 1, 2013. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on years of service with 100% vesting occurring after 5 years of service. The City and participants contribute a percentage of participant's salary to the plans. City contributions to the MERS plan are 10% of salary and participant contributions are 7.7% of salary. City contributions for the fiscal year 2025 were \$349,220. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council. The plan is administered along with the defined benefit pension plans, through MERS.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Marshall Other Post-Employment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City using MERS' retiree health funding vehicle (RHFV). The Plan provides certain retiree medical benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. Benefit provisions are established by the City Council. The Plan was closed to all employees hired after January 1, 1997. The Plan does not issue a separate stand-alone financial statement.

Benefits Provided

The Plan was established and is being funded under the authority of the City. The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The Plan has no legally required reserves.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Summary of Plan Participants

At the June 30, 2024 valuation date, the following employees were covered by the benefit terms:

Active plan members	1
Retirees and beneficiaries	<u>62</u>
Total employees covered by the plan	<u><u>63</u></u>

Net OPEB Liability

The net OPEB liability of the City was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	3.00%
Investment rate of return	6.93%, including inflation
Healthcare cost trend rate	7.25% graded down 4.50% by 0.25% per year
20-year Municipal bond rate	4.81%

Mortality rates were based on the 2016 general and safety employees and retirees, headcount weighted with improvement scale IRS 2024 Adjust Scale MP-2021.

The assumptions used in the June 30, 2024 valuation were determined by the City's management as of June 30, 2024.

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

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

Asset Class	Target Allocation	Real Rate of Return
Global equity	60.00%	4.50%
Global fixed income	20.00%	2.16%
Real assets	<u>20.00%</u>	6.50%
Total	<u><u>100.00%</u></u>	

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.93%. The projection of cash flows used to determine the discount rate assumed that City contributions will be \$200,000 in addition to paying retiree benefits from general operating funds for the foreseeable future. Thus, based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. There is no cross-over point. This discount rate is used to determine the Total OPEB Liability. As of June 30, 2024, the discount rate used to value OPEB liabilities was 7.00%.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- Discount rate changed from 7.00% to 6.93%
- Mortality tables updated from 2010 Public Safety and General Employee and Healthy Retiree, Headcount weighted
- Medical trend updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%

Change in Net OPEB Liability

The change in the net OPEB liability for the year ended June 30, 2025, is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Changes in Net OPEB Liability			
Balances at June 30, 2024	\$ 5,626,407	\$ 2,361,359	\$ 3,265,048
Changes for the Year			
Service cost	4,641	-	4,641
Interest on total OPEB liability	378,459	-	378,459
Difference between expected and actual experience	(120,737)	-	(120,737)
Changes of assumptions	134,118	-	134,118
Employer contributions	-	848,973	(848,973)
Net investment income	-	247,985	(247,985)
Benefit payments, including employee refunds	(448,973)	(448,973)	-
Administrative expense	-	(5,590)	5,590
Net changes	(52,492)	642,395	(694,887)
Balances as of June 30, 2025	<u>\$ 5,573,915</u>	<u>\$ 3,003,754</u>	<u>\$ 2,570,161</u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 3,069,916</u>	<u>\$ 2,570,161</u>	<u>\$ 2,144,835</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 2,083,270</u>	<u>\$ 2,570,161</u>	<u>\$ 3,273,831</u>

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

For the year ended June 30, 2025, the City recognized an OPEB liability of \$187,448. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	<u>\$ -</u>	<u>\$ 32,071</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2026	\$ 32,642
2027	(27,315)
2028	(25,720)
2029	<u>(11,678)</u>
	<u><u>\$ (32,071)</u></u>

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RISK MANAGEMENT

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

The City also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in any of the past three fiscal years.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The City participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The periodic program compliance audits of many of the programs have not yet been completed or final resolution has not been received. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Contingent liabilities represent items that are not recognized in the Statement of Net Position at June 30, 2025 because there is significant uncertainty as to the outcome of a future event. Contingent liabilities are recorded in the Statement of Net Position only when the contingency is probable, and the amount can be estimated. The City estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

The City has approximately \$2,433,393 in contractual commitments at June 30, 2025. These commitments are not susceptible to accrual. Accordingly, no liabilities have been recorded in the basic financial statements.

NOTE 14 - NET POSITION DEFICITS

The following funds had net position deficits at June 30, 2025:

	<u>Net Position</u>	
	<u>Unrestricted</u>	<u>Total</u>
PRIMARY GOVERNMENT		
Business-type Activities		
FiberNet Fund	\$ (2,524,372)	\$ 204,404
COMPONENT UNITS		
South Neighborhood Improvement Authority	70,877	(108,046)

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - DIAL-A-RIDE DISCLOSURES

The following disclosures are required by the Michigan Department of Transportation (MDOT) relative to the City's Dial-A-Ride program which is funded by and through MDOT:

Cost Allocation Plans

The Dial-A-Ride has one cost allocation plan (central service - building) where the methodology has been approved by the Office of Passenger Transportation (OPT). The cost allocation plan was adhered to in the preparation of the financial statements.

Nonfinancial Methodology

The methodology used for compiling vehicle mileage is adequate and reliable.

Depreciation

The depreciation expense reported in 51300 equals the ineligible depreciation reported in 55007. Therefore, the depreciation assurance regarding approval of useful life is not required.

Capital Funds Used to Pay for Operating

No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses for the fiscal year ended June 30, 2025.

Expenses Associated with PTMS Codes 406 & 407

Expenses associated with 406xx Auxiliary Transportation Revenue (advertising revenue) and/or 407xx Non-transportation, if any, are subtracted out as ineligible under 56002 Ineligible Expenses Associated with Advertising Revenue for the fiscal year ended September 30, 2024.

Retirement Benefits

The Dial-A-Ride offers two pension compensation plans: MERS defined benefit and MERS defined contribution. During the fiscal year ended September 30, 2024 the Dial-A-Ride paid \$0 in 50210 DC Pensions under its MERS defined contribution plan.

Pension costs incurred for the MERS defined benefit plan were calculated pursuant to the MERS GASB 68 Implementation Guide. The total pension expense recognized as calculated in STEP 6 of the guide was \$50,706 for the Dial-A-Ride's fiscal year end of September 30, 2024. The entire amount of \$50,706 was expensed on the books and is reported in 50220 DB Pensions as of September 30, 2024. The transit agency paid (e.g., an out of pocket payment) \$41,237, therefore, \$9,469 of defined benefit pension costs are ineligible for reimbursement. \$9,469 has been added in as ineligible on the OAR schedule under 58020 Ineligible DB Pension.

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - DIAL-A-RIDE DISCLOSURES (continued)

Retirement Benefits (continued)

OPEB costs incurred for the OPEB plan were calculated in accordance with GASB 75. The total OPEB expense recognized in the actuarial valuation is \$15,443. The entire amount of \$15,443 was expensed on the books and is reported in 50230 Other Post-employment Benefits (OPEB). The transit agency paid (e.g., an out of pocket payment) \$35,072, therefore, \$15,443 of OPEB costs are eligible for reimbursement.

	Defined Benefit Pension	Defined Benefit OPEB
Cumulative ineligible expenses/cost, beginning of year	\$ 106,438	\$ (938,708)
Current year ineligible expenses/cost	9,469	(19,629)
Cumulative ineligible expenses/cost, end of year	<u>\$ 115,907</u>	<u>\$ (958,337)</u>

NOTE 16 - FUND BALANCE CLASSIFICATIONS

The following are the various fund balance classifications as of June 30, 2025:

	General Fund	Building Authority Debt Service Fund	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable				
Inventory	\$ 15,129	\$ -	\$ 18,466	\$ 33,595
Prepays	149,463	-	41,350	190,813
Advances	1,299,947	-	-	1,299,947
Endowments	-	-	321,851	321,851
Restricted				
Streets	-	-	2,807,843	2,807,843
Recreation	-	-	422,892	422,892
Regional law enforcement center	-	-	576,969	576,969
Capital projects	-	-	50	50
Leaf, brush, and trash removal	-	-	85,682	85,682
Drug and law enforcement	-	-	1,065	1,065
Cemetery perpetual care	-	-	382,303	382,303
Debt service	-	-	481,766	481,766
Building Inspection	-	-	300,390	300,390
RAP Program	-	-	346,800	346,800
Committed				
Fire truck	184,000	-	-	184,000
Special projects	-	-	339,350	339,350
Unassigned	<u>2,246,769</u>	<u>-</u>	<u>-</u>	<u>2,246,769</u>
TOTAL FUND BALANCES	\$ 3,895,308	\$ -	\$ 6,126,777	\$ 10,022,085

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - RESTATEMENT OF BEGINNING NET POSITION

During the year ended June 30, 2025, changes within the reporting entity and a change in accounting principles for GASB Statement No. 101, *Compensated Absences*, resulted in a restatement of beginning fund balances/net position as follows:

	Reporting Units Affected by Adjustments to and Beginning Balances				
	General Fund	Municipal Streets Fund	Building Authority Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds
Fund balances/net position, beginning of year, as previously presented	\$ 3,908,533	\$ 181,201	\$ -	\$ 4,735,871	\$ 3,451,443
Changes within reporting entity					
Change from major fund to nonmajor fund	-	(181,201)	-	181,201	-
Change from nonmajor fund to major fund	-	-	1,145	(1,145)	-
Change from General Fund activity to nonmajor fund	(354,857)	-	-	354,857	-
Change in accounting principle (GASB 101)	-	-	-	-	(7,714)
Fund balances/net position, beginning of year, as restated	<u>\$ 3,553,676</u>	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ 5,270,784</u>	<u>\$ 3,443,729</u>
	Reporting Units Affected by Adjustments to and Beginning Balances				
	Electric Fund	Wastewater Fund	Water Fund	FiberNet Fund	Marshall House Fund
Fund balances/net position, beginning of year, as previously presented	\$ 12,045,003	\$ 4,264,714	\$ 5,553,613	\$ (109,755)	\$ -
Changes within reporting entity					
Change from major fund to nonmajor fund	-	-	-	-	-
Change from nonmajor fund to major fund	-	-	-	-	2,615,081
Change from General Fund activity to nonmajor fund	-	-	-	-	-
Change in accounting principle (GASB 101)	<u>(194,488)</u>	<u>(23,098)</u>	<u>(39,858)</u>	<u>(5,537)</u>	<u>-</u>
Fund balances/net position, beginning of year, as restated	<u>\$ 11,850,515</u>	<u>\$ 4,241,616</u>	<u>\$ 5,513,755</u>	<u>\$ (115,292)</u>	<u>\$ 2,615,081</u>
	Reporting Units Affected by Adjustments to and Beginning Balances				
	Nonmajor Enterprise Funds	Governmental Activities	Business-type Activities		
Fund balances/net position, beginning of year, as previously presented	\$ 4,109,827	\$ 23,240,353	\$ 25,863,402		
Changes within reporting entity					
Change from major fund to nonmajor fund	-	-	-	-	-
Change from nonmajor fund to major fund	(2,615,081)	-	-	-	-
Change from General Fund activity to nonmajor fund	-	-	-	-	-
Change in accounting principle (GASB 101)	<u>-</u>	<u>(225,350)</u>	<u>(262,981)</u>		
Fund balances/net position, beginning of year, as restated	<u>\$ 1,494,746</u>	<u>\$ 23,015,003</u>	<u>\$ 25,600,421</u>		

NOTE 18 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2025, the City implemented the following new pronouncements: GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. The following is a summary of the new pronouncements:

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 18 - CHANGES IN ACCOUNTING PRINCIPLES (continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact.

NOTE 19 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;

CITY OF MARSHALL
NOTES TO FINANCIAL STATEMENTS

NOTE 19 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARSHALL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,732,011	\$ 4,732,011	\$ 4,892,977	\$ 160,966
Licenses and permits	170,900	170,900	162,416	(8,484)
Intergovernmental	1,614,486	1,614,486	1,528,353	(86,133)
Charges for services	204,000	204,000	167,194	(36,806)
Fines and forfeits	12,500	12,500	19,429	6,929
Interest and rents	907,947	907,947	1,104,900	196,953
Other	929,279	1,200,279	1,307,860	107,581
TOTAL REVENUES	8,571,123	8,842,123	9,183,129	341,006
EXPENDITURES				
Current				
General government				
Council	2,930	5,230	3,495	1,735
Manager	201,636	222,636	222,107	529
Assessor	74,102	78,102	75,859	2,243
Attorney	75,000	225,000	215,401	9,599
Human resources	46,380	54,380	54,197	183
Clerk	134,870	148,670	145,242	3,428
Treasurer	578,034	608,073	564,581	43,492
City hall	75,563	87,063	87,026	37
Chapel	1,475	1,975	1,728	247
Other City properties	100,000	105,000	104,329	671
Non-departmental	818,047	818,047	822,437	(4,390)
Total general government	2,108,037	2,354,176	2,296,402	57,774
Public safety				
Police	2,472,582	2,472,582	2,466,608	5,974
Crossing guards	5,895	5,895	4,965	930
Dispatch operations	63,000	66,000	65,515	485
Fire	1,496,293	1,546,943	1,546,909	34
Total public safety	4,037,770	4,091,420	4,083,997	7,423
Public works				
Street	1,146,150	1,149,151	963,062	186,089
Composting	60,263	64,387	48,508	15,879
Engineering	64,344	64,344	63,581	763
Cemetery	204,237	204,237	204,154	83
Airport	210,622	216,622	187,790	28,832
Public services building	169,090	207,090	190,478	16,612
Total public works	1,854,706	1,905,831	1,657,573	248,258

CITY OF MARSHALL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (continued)
YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	Variances with Final Budget Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Community and economic development				
Farmers market	\$ 25,915	\$ 40,315	\$ 39,658	\$ 657
Planning and zoning	<u>127,247</u>	<u>328,416</u>	<u>208,922</u>	<u>119,494</u>
Total community and economic development	<u>153,162</u>	<u>368,731</u>	<u>248,580</u>	<u>120,151</u>
Recreation and culture				
Parks	104,073	283,573	278,454	5,119
Debt service	<u>45,073</u>	<u>45,073</u>	<u>45,072</u>	<u>1</u>
TOTAL EXPENDITURES	<u>8,302,821</u>	<u>9,048,804</u>	<u>8,610,078</u>	<u>438,726</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>268,302</u>	<u>(206,681)</u>	<u>573,051</u>	<u>779,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	33,509	33,509
Transfers out	<u>(264,928)</u>	<u>(264,928)</u>	<u>(264,928)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(264,928)</u>	<u>(264,928)</u>	<u>(231,419)</u>	<u>33,509</u>
NET CHANGE IN FUND BALANCE	3,374	(471,609)	341,632	813,241
Fund balance, beginning of year, as previously presented	3,908,533	3,908,533	3,908,533	-
Adjustments to beginning fund balance	<u>(354,857)</u>	<u>(354,857)</u>	<u>(354,857)</u>	<u>-</u>
Fund balance, beginning of year, as restated	<u>3,553,676</u>	<u>3,553,676</u>	<u>3,553,676</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,557,050</u>	<u>\$ 3,082,067</u>	<u>\$ 3,895,308</u>	<u>\$ 813,241</u>

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CHANGE IN TOTAL PENSION LIABILITY										
Service cost	\$ 495,583	\$ 450,718	\$ 443,110	\$ 425,726	\$ 382,455	\$ 408,090	\$ 394,120	\$ 433,744	\$ 479,907	\$ 499,467
Interest	2,949,683	2,917,045	2,844,314	2,846,747	2,734,814	2,752,916	2,682,389	2,674,178	2,624,048	2,516,972
Changes of benefit terms	-	-	-	-	70	-	-	4,811	-	-
Difference between expected and actual experience	89,052	180,968	709,332	(27,590)	224,980	(80,974)	288,807	(639,786)	(201,324)	(31,309)
Changes of assumptions	(104,029)	299,872	-	1,387,534	815,496	1,114,526	-	-	-	1,499,182
Benefit payments, including employee refunds	(3,027,156)	(3,021,251)	(2,973,480)	(2,759,318)	(2,653,844)	(2,563,879)	(2,417,509)	(2,283,549)	(2,222,675)	(2,142,685)
Net Change in Total Pension Liability	403,133	827,352	1,023,276	1,873,099	1,503,901	1,630,749	947,807	189,398	679,956	2,341,627
Total Pension Liability, beginning	<u>\$ 42,347,724</u>	<u>\$ 41,520,372</u>	<u>\$ 40,497,096</u>	<u>\$ 38,623,997</u>	<u>\$ 37,120,096</u>	<u>\$ 35,489,347</u>	<u>\$ 34,541,540</u>	<u>\$ 34,352,142</u>	<u>\$ 33,672,186</u>	<u>\$ 31,330,559</u>
Total Pension Liability, ending	<u>\$ 42,750,857</u>	<u>\$ 42,347,724</u>	<u>\$ 41,520,372</u>	<u>\$ 40,497,096</u>	<u>\$ 38,623,997</u>	<u>\$ 37,120,096</u>	<u>\$ 35,489,347</u>	<u>\$ 34,541,540</u>	<u>\$ 34,352,142</u>	<u>\$ 33,672,186</u>
CHANGE IN PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 2,038,291	\$ 1,956,005	\$ 1,868,810	\$ 1,522,547	\$ 1,259,552	\$ 1,104,995	\$ 984,063	\$ 862,172	\$ 790,417	\$ 710,139
Contributions - employee	256,515	240,576	300,007	256,274	275,570	248,537	269,424	282,382	311,834	329,215
Net investment income (loss)	1,836,369	2,467,600	(2,672,801)	3,285,702	2,712,878	2,751,161	(856,613)	2,742,993	2,241,410	(311,804)
Benefit payments, including employee refunds	(3,027,156)	(3,021,251)	(2,973,480)	(2,759,318)	(2,653,844)	(2,563,879)	(2,417,509)	(2,283,549)	(2,222,675)	(2,142,685)
Administrative expenses	(53,005)	(52,368)	(47,330)	(37,687)	(43,800)	(47,356)	(43,320)	(43,520)	(44,490)	(46,163)
Net Change in Plan Fiduciary Net Position	1,051,014	1,590,562	(3,524,794)	2,267,518	1,550,356	1,493,458	(2,063,955)	1,560,478	1,076,496	(1,461,298)
Plan Fiduciary Net Position, beginning	<u>\$ 24,111,408</u>	<u>\$ 22,520,846</u>	<u>\$ 26,045,640</u>	<u>\$ 23,778,122</u>	<u>\$ 22,227,766</u>	<u>\$ 20,734,308</u>	<u>\$ 22,798,263</u>	<u>\$ 21,237,785</u>	<u>\$ 20,161,289</u>	<u>\$ 21,622,587</u>
Plan Fiduciary Net Position, ending	<u>\$ 25,162,422</u>	<u>\$ 24,111,408</u>	<u>\$ 22,520,846</u>	<u>\$ 26,045,640</u>	<u>\$ 23,778,122</u>	<u>\$ 22,227,766</u>	<u>\$ 20,734,308</u>	<u>\$ 22,798,263</u>	<u>\$ 21,237,785</u>	<u>\$ 20,161,289</u>
City's Net Pension Liability	\$ 17,588,435	\$ 18,236,316	\$ 18,999,526	\$ 14,451,456	\$ 14,845,875	\$ 14,892,330	\$ 14,755,039	\$ 11,743,277	\$ 13,114,357	\$ 13,510,897
Plan fiduciary net position as a percentage of the total pension liability	58.86%	56.94%	54.24%	64.31%	61.56%	59.88%	58.42%	66.00%	61.82%	59.88%
Covered payroll	\$ 3,058,630	\$ 2,790,571	\$ 2,671,417	\$ 2,866,513	\$ 2,781,676	\$ 2,978,869	\$ 2,879,640	\$ 3,220,900	\$ 3,544,724	\$ 3,714,381
City's net pension liability as a percentage of covered payroll	575.0%	653.5%	711.2%	504.1%	533.7%	499.9%	512.4%	364.6%	370.0%	363.7%

CITY OF MARSHALL
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS
(AMOUNTS WERE DETERMINED AS OF 6/30 EACH FISCAL YEAR)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	\$ 2,033,864	\$ 1,879,920	\$ 2,011,143	\$ 1,670,079	\$ 1,351,493	\$ 1,166,246	\$ 984,063	\$ 862,172	\$ 815,277	\$ 710,139
Contributions in relation to the actuarially determined contribution	<u>2,309,920</u>	<u>1,879,920</u>	<u>2,011,143</u>	<u>1,670,079</u>	<u>1,351,493</u>	<u>1,166,246</u>	<u>984,063</u>	<u>862,172</u>	<u>815,277</u>	<u>710,139</u>
Contribution deficiency (excess)	\$ (276,056)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,184,607	\$ 2,934,990	\$ 2,856,931	\$ 3,029,723	\$ 2,950,962	\$ 2,919,292	\$ 2,822,047	\$ 3,317,527	\$ 3,459,896	\$ 3,751,525
Contributions as a percentage of covered payroll	72.53%	64.05%	70.40%	55.12%	45.80%	39.95%	34.87%	25.99%	23.56%	18.93%

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

	2025	2024	2023	2022	2021	2020	2019	2018
CHANGE IN TOTAL OPEB LIABILITY								
Service cost	\$ 4,641	\$ 5,223	\$ 4,985	\$ 8,222	\$ 8,348	\$ 31,537	\$ 165,819	\$ 155,319
Interest	378,459	439,981	448,276	640,587	658,434	690,180	761,974	764,687
Difference between expected and actual experience	(120,737)	(876,890)	(133,017)	(2,629,273)	(78,507)	(1,272,562)	(78,697)	(107,694)
Changes of assumptions	134,118	(1,000)	52,467	197,259	(226,421)	(287,369)	(14,990,818)	471,768
Benefit payments, including refunds of member contributions	(448,973)	(442,243)	(540,661)	(509,541)	(699,489)	(575,706)	(587,200)	(548,507)
Net Change in Total OPEB Liability	(52,492)	(874,929)	(167,950)	(2,292,746)	(337,635)	(1,413,920)	(14,728,922)	735,573
Total OPEB Liability, beginning	<u>5,626,407</u>	<u>6,501,336</u>	<u>6,669,286</u>	<u>8,962,032</u>	<u>9,299,667</u>	<u>10,713,587</u>	<u>25,442,509</u>	<u>24,706,936</u>
Total OPEB Liability, ending	<u>\$ 5,573,915</u>	<u>\$ 5,626,407</u>	<u>\$ 6,501,336</u>	<u>\$ 6,669,286</u>	<u>\$ 8,962,032</u>	<u>\$ 9,299,667</u>	<u>\$ 10,713,587</u>	<u>\$ 25,442,509</u>
CHANGE IN PLAN FIDUCIARY NET POSITION								
Employer contributions	\$ 400,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -
Contributions/benefits paid from general operating funds	448,973	442,243	540,661	509,541	699,489	575,706	587,200	548,507
OPEB plan net investment income (loss)	247,985	220,260	141,409	(162,190)	386,713	26,540	27,816	67,943
Benefit payments, including refunds of member contributions	(448,973)	(442,243)	(540,661)	(509,541)	(699,489)	(575,706)	(587,200)	(548,507)
Administrative expenses	(5,590)	(4,700)	(3,721)	(3,537)	(2,862)	(2,111)	(1,972)	(2,206)
Net Change in Plan Fiduciary Net Position	642,395	215,560	337,688	34,273	583,851	224,429	25,844	65,737
Plan Fiduciary Net Position, beginning	<u>2,361,359</u>	<u>2,145,799</u>	<u>1,808,111</u>	<u>1,773,838</u>	<u>1,189,987</u>	<u>965,558</u>	<u>939,714</u>	<u>873,977</u>
Plan Fiduciary Net Position, ending	<u>\$ 3,003,754</u>	<u>\$ 2,361,359</u>	<u>\$ 2,145,799</u>	<u>\$ 1,808,111</u>	<u>\$ 1,773,838</u>	<u>\$ 1,189,987</u>	<u>\$ 965,558</u>	<u>\$ 939,714</u>
City's Net OPEB Liability	\$ 2,570,161	\$ 3,265,048	\$ 4,355,537	\$ 4,861,175	\$ 7,188,194	\$ 8,109,680	\$ 9,748,029	\$ 24,502,795
Plan fiduciary net position as a percentage of the total OPEB liability	53.89%	41.97%	33.01%	27.11%	19.79%	12.80%	9.01%	3.69%
Covered payroll	\$ 62,107	\$ 56,813	\$ 55,549	\$ 51,855	\$ 336,660	\$ 456,791	\$ 301,626	N/A
City's net OPEB liability as a percentage of covered payroll	4138.28%	5747.01%	7840.89%	9374.55%	2135.15%	1775.36%	3231.83%	N/A

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

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 968,900	\$ 1,067,864	\$ 1,025,188	\$ 7,725,352	\$ 4,516,130	\$ 3,721,006	\$ 1,579,522	\$ 8,242,097
Contributions in relation to the actuarially determined contribution	848,973	442,243	740,661	709,541	899,489	775,706	587,200	548,507
Contribution deficiency	\$ 119,927	\$ 625,621	\$ 284,527	\$ 7,015,811	\$ 3,616,641	\$ 2,945,300	\$ 992,322	\$ 7,693,590
Covered payroll	\$ 62,107	\$ 56,813	\$ 55,549	\$ 51,855	\$ 336,660	\$ 456,791	\$ 301,626	N/A
Contributions as a percentage of covered payroll	1366.95%	778.42%	1333.35%	1368.32%	267.18%	169.82%	194.68%	N/A

CITY OF MARSHALL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City's budgeted expenditures have been shown at the activity level for the General. The approved budgets for the City have been adopted at the activity level for the General Fund and total expenditure level for the special revenue funds.

During the year ended June 30, 2025, the City incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Non-departmental	\$ 818,047	\$ 822,437	\$ (4,390)

NOTE 2 - DEFINED BENEFIT PENSION PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date: December 31, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed
Inflation rate	2.50%
Investment rate of return	7.18%, net of investment expenses and administrative expenses including inflation
Mortality	Pub-2010 and fully generational MP-2019

CITY OF MARSHALL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 2 - DEFINED BENEFIT PENSION PLAN (continued)

Changes in assumptions

Plan Year

2024	Adopted the results of an experience study covering the period of January 1, 2019 through December 31, 2023.
2023	Discount rate was lowered from 7.25% to 7.18%. Investment rate of return was lowered from 7.00% to 6.93%, net of administrative and investment expenses.
2021	Discount rate was lowered from 7.60% to 7.25%. Investment rate of return was lowered from 7.35% to 7.00%, net of administrative and investment expenses. Mortality rates were updated to be based on the Pub-2010 mortality tables.
2020	Increases in merit and longevity pay assumptions.
2019	Salary increase was decreased from 3.75% to 3.00%. Discount rate was lowered from 8.00% to 7.60%. Investment rate of return was lowered from 7.75% to 7.35%, net of administrative and investment expenses.
	Adopted the results of an experience study covering the period of January 1, 2014 through December 31, 2028.
	Mortality rates were updated to be based on the RP-2014 group mortality tables.
2015	Salary increase was decreased from 4.50% to 3.75%. Discount rate was lowered from 8.25% to 8.00%. Investment rate of return was lowered from 8.00% to 7.75%, net of administrative and investment expenses.

Changes in benefits

Plan Year

2019	Participant contribution rate changed from 10.39% to 8.79% for Fire Division
2017	Participant contribution rate changed from 10.39% to 8.79% for Public Safety Division

NOTE 3 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date: June 30, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value of assets
Inflation rate	2.50%
Salary increases rate	3.00%
Investment rate of return	6.93%
Mortality	2016 general and safety employees and retirees, headcount weighted with improvement scale IRS 2024 Adjust Scale MP-2021

CITY OF MARSHALL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 3 - OTHER POST-EMPLOYMENT BENEFITS PLAN (continued)

Changes in assumptions

Plan Year

2025	Discount rate changed from 7.0% to 6.93% Mortality tables updated from 2010 Public Safety and General Employee and Healthy Retiree, Headcount weighted Medical trend updated such that second-year trend increases by 0.25% rather than decreasing by the anticipated 0.25%
2024	Medical trend rates updated to those prescribed by PA 202 for year 2024 Mortality improvement scale updated to IRS 2024 Adjusted Scale MP-2021
2023	Medical trend bumped back up 25 basis points to initial rate from 2022 report
2022	Mortality improvement scale updated from MP-2020 to MP-2021 Discount rate changed from 7.35% to 7.00%
2021	Mortality improvement scale updated from MP-2019 to MP-2020 Trend rates updated to those prescribed by Public Act 2020 for year 2021
2020	Age weighting methodology has been revised to the most recent techniques published by the Society of Actuaries Mortality tables changed from SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with Scale MP-2017 Healthcare trend rates changed from Pre-65 - 8.5% in 2019 graded to 0.25% to an ultimate rate of 4.5% Medicare eligible - 7.0% graded to 0.25% to an ultimate rate of 4.5% Timing of claims changed from middle of year to beginning of year Discount rate changed from 6.60%
2019	Discount rate raised from 3.1% to reflect plan funding plans Health trend updated from an ultimate rate of 8% pre and post-65 consistent with Uniform assumptions published by the State of Michigan under Public Act (PA) 202
2018	Discount rate lowered from 7.0% Mortality updated to reflect mortality projection changes

Changes in benefits

There have been no changes in benefit terms.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MARSHALL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Special							
	Major Streets	Local Streets	Municipal Streets	Marshall Regional Law Enforcement Center		Recreation	Leaf, Brush, and Trash Removal	Drug Forfeiture
ASSETS								
Cash and investments	\$ 2,008,078	\$ 636,668	\$ 8,740	\$ 606,895	\$ 491,516	\$ 105,084	\$ 1,065	\$ -
Accounts receivable, net	-	-	-	-	-	-	-	8,604
Due from other governmental units	202,932	43,585	-	-	-	-	-	58,815
Inventories	18,466	-	-	-	-	-	-	-
Prepays	-	-	-	23,528	17,184	-	-	-
TOTAL ASSETS	\$ 2,229,476	\$ 680,253	\$ 8,740	\$ 630,423	\$ 508,700	\$ 105,084	\$ 1,065	\$ 67,419
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 76,815	\$ 8,072	\$ -	\$ 26,475	\$ 3,378	\$ 19,402	\$ -	\$ -
Accrued liabilities	4,269	3,004	-	3,451	11,216	-	-	8,604
Due to other funds	-	-	-	-	-	-	-	58,815
Unearned revenue	-	-	-	-	54,030	-	-	-
TOTAL LIABILITIES	81,084	11,076	-	29,926	68,624	19,402	-	67,419
FUND BALANCES								
Nonspendable	18,466	-	-	23,528	17,184	-	-	-
Restricted	2,129,926	669,177	8,740	576,969	422,892	85,682	1,065	-
Committed	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	2,148,392	669,177	8,740	600,497	440,076	85,682	1,065	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,229,476	\$ 680,253	\$ 8,740	\$ 630,423	\$ 508,700	\$ 105,084	\$ 1,065	\$ 67,419

Revenue				Debt Service		Capital Projects		Permanent	
ARPA Grant	CDBG	Building Inspection	RAP Program	Capital Improvement Bond	Building Authority Construction	Special Projects	Cemetery	Total	
\$ -	\$ -	\$ -	\$ -	\$ 481,766	\$ 50	\$ 341,033	\$ 704,154	\$ 5,385,049	
-	-	802,288	-	-	-	-	-	810,892	
-	-	-	982,263	-	-	-	-	1,287,595	
-	-	-	-	-	-	-	-	18,466	
-	-	638	-	-	-	-	-	41,350	
\$ -	\$ -	\$ 802,926	\$ 982,263	\$ 481,766	\$ 50	\$ 341,033	\$ 704,154	\$ 7,543,352	
\$ -	\$ -	\$ 334,908	\$ 471,081	\$ -	\$ -	\$ 1,683	\$ -	\$ 941,814	
-	-	3,162	-	-	-	-	-	33,706	
-	-	148,831	164,382	-	-	-	-	372,028	
-	-	14,997	-	-	-	-	-	69,027	
-	-	501,898	635,463	-	-	1,683	-	1,416,575	
-	-	638	-	-	-	-	321,851	381,667	
-	-	300,390	346,800	481,766	50	-	382,303	5,405,760	
-	-	-	-	-	-	339,350	-	339,350	
-	-	301,028	346,800	481,766	50	339,350	704,154	6,126,777	
\$ -	\$ -	\$ 802,926	\$ 982,263	\$ 481,766	\$ 50	\$ 341,033	\$ 704,154	\$ 7,543,352	

CITY OF MARSHALL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

	Special							
	Major Streets	Local Streets	Municipal Streets	Marshall Regional Law Enforcement Center	Recreation	Leaf, Brush, and Trash Removal	Drug Forfeiture	SAFER Grant
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 244,963	\$ 199,698	\$ -	\$ -
Licenses and permits								
Intergovernmental	925,534	273,438	-	-	18,281	13,199	-	251,077
Charges for services	-	-	-	282,853	216,965	-	-	-
Interest	83,694	30,324	10,387	26,219	20,532	7,367	115	-
Other	-	-	492	59,616	-	-	-	-
TOTAL REVENUES	1,009,228	303,762	10,879	368,688	500,741	220,264	115	251,077
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	481,614	-	-	1,000	251,089
Public works	353,291	207,009	113,340	-	-	183,033	-	-
Community and economic development	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	415,522	-	-	-
Debt service	135,750	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	489,041	207,009	113,340	481,614	415,522	183,033	1,000	251,089
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	520,187	96,753	(102,461)	(112,926)	85,219	37,231	(885)	(12)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	103,420	-	-	-	-
Transfers out	-	-	(70,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(70,000)	103,420	-	-	-	-
NET CHANGE IN FUND BALANCES	520,187	96,753	(172,461)	(9,506)	85,219	37,231	(885)	(12)
Fund balances, beginning of year, as previously reported	1,628,205	572,424	-	610,003	-	48,451	1,950	12
Adjustments to beginning fund balances	-	-	181,201	-	354,857	-	-	-
Fund balances, beginning of year, as restated	1,628,205	572,424	181,201	610,003	354,857	48,451	1,950	12
Fund balances, end of year	\$ 2,148,392	\$ 669,177	\$ 8,740	\$ 600,497	\$ 440,076	\$ 85,682	\$ 1,065	\$ -

				Debt Service		Capital Projects		Permanent	
				Formerly Nonmajor					
ARPA Grant	CDBG	Building Inspection	RAP Program	Building Authority	Capital Improvement Bond	Building Authority Construction	Special Projects	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ 600,118	\$ -	\$ -	\$ -	\$ -	\$ 1,044,779
173,854	363,469	1,613,525	649,549	76,116	-	-	-	-	1,613,525
-	-	-	-	-	-	-	-	4,475	2,744,517
1	-	1,613	1	12,151	-	19,016	36,160	-	504,293
-	260,187	-	235,225	-	-	178,617	-	-	247,580
173,855	623,656	1,615,138	884,775	688,385	-	197,633	40,635	-	6,888,831
173,854	-	-	1,249,413	-	-	-	-	-	1,423,267
-	-	1,484,635	-	-	-	-	-	-	2,218,338
-	-	-	-	-	-	-	-	-	856,673
-	623,656	-	-	-	-	-	-	-	623,656
-	-	-	-	-	-	-	-	-	415,522
-	-	-	-	484,058	-	-	-	-	619,808
-	-	-	-	-	-	33,238	-	-	33,238
173,854	623,656	1,484,635	1,249,413	484,058	-	33,238	-	-	6,190,502
1	-	130,503	(364,638)	204,327	-	164,395	40,635	-	698,329
-	-	-	550,795	-	-	-	-	-	654,215
(33,509)	-	-	-	-	-	(393,042)	-	-	(496,551)
(33,509)	-	-	550,795	-	-	(393,042)	-	-	157,664
(33,508)	-	130,503	186,157	204,327	-	(228,647)	40,635	-	855,993
33,508	-	170,525	160,643	1,145	277,439	50	567,997	663,519	4,735,871
-	-	-	-	(1,145)	-	-	-	-	534,913
33,508	-	170,525	160,643	-	277,439	50	567,997	663,519	5,270,784
\$ -	\$ -	\$ 301,028	\$ 346,800	\$ 481,766	\$ 50	\$ 339,350	\$ 704,154	\$ 6,126,777	

CITY OF MARSHALL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	DART	Solid Waste	Total
ASSETS			
Current assets			
Cash and investments	\$ 1,507,119	\$ 157,423	\$ 1,664,542
Accounts receivable	279	102,465	102,744
Due from other governmental units	46,132	-	46,132
Prepays	<u>14,537</u>	70	14,607
Total current assets	<u>1,568,067</u>	259,958	1,828,025
Noncurrent assets			
Capital assets, net of accumulated depreciation/amortization	<u>251,354</u>	-	251,354
TOTAL ASSETS	<u>1,819,421</u>	259,958	2,079,379
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>44,939</u>	-	44,939
LIABILITIES			
Current liabilities			
Accounts payable	54,443	210	54,653
Accrued liabilities	<u>6,396</u>	431	6,827
Total current liabilities	<u>60,839</u>	641	61,480
Noncurrent liabilities			
Net other post-employment benefits liability	54,230	-	54,230
Net pension liability	<u>371,801</u>	-	371,801
Total noncurrent liabilities	<u>426,031</u>	-	426,031
TOTAL LIABILITIES	<u>486,870</u>	641	487,511
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,100	-	1,100
Deferred inflows of resources related to OPEB	<u>677</u>	-	677
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,777</u>	-	1,777
NET POSITION			
Investment in capital assets	251,354	-	251,354
Unrestricted	<u>1,124,359</u>	259,317	1,383,676
TOTAL NET POSITION	<u>\$ 1,375,713</u>	\$ 259,317	\$ 1,635,030

CITY OF MARSHALL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Formerly Nonmajor			
	Marshall House	DART	Solid Waste	Total
OPERATING REVENUES				
Charges for services		\$ 29,894	\$ 448,059	\$ 477,953
Other		3,000	-	3,000
TOTAL OPERATING REVENUES		32,894	448,059	480,953
OPERATING EXPENSES				
Personnel services		227,967	11,497	239,464
Material and supplies		23,213	4,017	27,230
Utilities		445	-	445
Contractual		183,685	411,038	594,723
Insurance		6,000	-	6,000
Maintenance		5,484	-	5,484
Other expenses		19,419	1,803	21,222
Depreciation/amortization		79,194	-	79,194
TOTAL OPERATING EXPENSES		545,407	428,355	973,762
OPERATING INCOME (LOSS)		(512,513)	19,704	(492,809)
NONOPERATING REVENUES				
Intergovernmental		295,825	-	295,825
Property taxes		260,062	-	260,062
Interest earnings		70,838	6,368	77,206
TOTAL NONOPERATING REVENUES		626,725	6,368	633,093
CHANGE IN NET POSITION		114,212	26,072	140,284
Net position, beginning of year, as previously reported	2,615,081	1,261,501	233,245	4,109,827
Adjustments to beginning net position	(2,615,081)	-	-	(2,615,081)
Net position, beginning of year	-	1,261,501	233,245	1,494,746
Net position, end of year	\$ -	\$ 1,375,713	\$ 259,317	\$ 1,635,030

CITY OF MARSHALL
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	DART	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 9,963	\$ 443,324	\$ 453,287
Cash paid to suppliers	(253,624)	(416,895)	(670,519)
Cash paid to employees	<u>(236,543)</u>	<u>(11,456)</u>	<u>(247,999)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(480,204)</u>	 <u>14,973</u>	 <u>(465,231)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental	265,025	-	265,025
Property taxes received	<u>260,062</u>	<u>-</u>	<u>260,062</u>
 NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	 <u>525,087</u>	 <u>-</u>	 <u>525,087</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>70,838</u>	<u>6,368</u>	<u>77,206</u>
 NET INCREASE IN CASH AND INVESTMENTS	 <u>115,721</u>	 <u>21,341</u>	 <u>137,062</u>
Cash and investments, beginning of year	<u>1,391,398</u>	<u>136,082</u>	<u>1,527,480</u>
Cash and investments, end of year	<u><u>\$ 1,507,119</u></u>	<u><u>\$ 157,423</u></u>	<u><u>\$ 1,664,542</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (512,513)	\$ 19,704	\$ (492,809)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation/amortization	79,194	-	79,194
(Increase) decrease in:			
Accounts receivable	2,886	(4,735)	(1,849)
Prepays	<u>(11,127)</u>	<u>(3)</u>	<u>(11,130)</u>
Deferred outflows of resources related to pension	3,665	-	3,665
Deferred outflows of resources related to OPEB	41	-	41
Increase (decrease) in:			
Accounts payable	(4,251)	(34)	(4,285)
Accrued liabilities	423	41	464
Unearned revenue	<u>(25,817)</u>	<u>-</u>	<u>(25,817)</u>
Net pension liability	(1,779)	-	(1,779)
Net other post-employment benefits liability	<u>(12,703)</u>	<u>-</u>	<u>(12,703)</u>
Deferred inflows of resources related to pension	1,100	-	1,100
Deferred inflows of resources related to OPEB	<u>677</u>	<u>-</u>	<u>677</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u><u>\$ (480,204)</u></u>	 <u><u>\$ 14,973</u></u>	 <u><u>\$ (465,231)</u></u>

CITY OF MARSHALL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Data Processing	Motor Pool	Safety	Total
ASSETS				
Current assets				
Cash and investments	\$ 245,229	\$ 186,838	\$ 9,861	\$ 441,928
Inventories	-	-	1	1
Prepays	<u>70,115</u>	<u>70,164</u>	<u>-</u>	<u>140,279</u>
Total current assets	<u>315,344</u>	<u>257,002</u>	<u>9,862</u>	<u>582,208</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation/amortization	<u>73,751</u>	<u>3,005,235</u>	<u>-</u>	<u>3,078,986</u>
TOTAL ASSETS	<u>389,095</u>	<u>3,262,237</u>	<u>9,862</u>	<u>3,661,194</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>-</u>	<u>543</u>	<u>-</u>	<u>543</u>
LIABILITIES				
Current liabilities				
Accounts payable	30,434	29,892	-	60,326
Accrued liabilities	916	4,153	-	5,069
Current portion of compensated absences	-	9,220	-	9,220
Current portion of long-term debt	<u>14,768</u>	<u>-</u>	<u>-</u>	<u>14,768</u>
Total current liabilities	<u>46,118</u>	<u>43,265</u>	<u>-</u>	<u>89,383</u>
Noncurrent liabilities				
Net other post-employment benefits liability	-	771	-	771
Net pension liability	-	4,489	-	4,489
Noncurrent portion of compensated absences	-	10,396	-	10,396
Noncurrent portion of long-term debt	<u>2,490</u>	<u>-</u>	<u>-</u>	<u>2,490</u>
Total noncurrent liabilities	<u>2,490</u>	<u>15,656</u>	<u>-</u>	<u>18,146</u>
TOTAL LIABILITIES	<u>48,608</u>	<u>58,921</u>	<u>-</u>	<u>107,529</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>
Deferred inflows of resources related to OPEB	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total deferred inflows of resources	<u>-</u>	<u>23</u>	<u>-</u>	<u>23</u>
NET POSITION				
Net investment in capital assets	56,493	3,005,235	-	3,061,728
Unrestricted	<u>283,994</u>	<u>198,601</u>	<u>9,862</u>	<u>492,457</u>
TOTAL NET POSITION	<u><u>\$ 340,487</u></u>	<u><u>\$ 3,203,836</u></u>	<u><u>\$ 9,862</u></u>	<u><u>\$ 3,554,185</u></u>

CITY OF MARSHALL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Data Processing	Motor Pool	Safety	Total
OPERATING REVENUES				
Charges for services	\$ 275,895	\$ 926,434	\$ -	\$ 1,202,329
OPERATING EXPENSES				
Personnel services	23,931	115,639	-	139,570
Material and supplies	110,808	62,404	-	173,212
Utilities	-	30,822	-	30,822
Contractual	151,465	64,675	-	216,140
Insurance	18,149	77,026	-	95,175
Maintenance	4,478	38,791	-	43,269
Other expenses	2,376	17,087	590	20,053
Depreciation/amortization	<u>32,096</u>	<u>404,811</u>	-	436,907
TOTAL OPERATING EXPENSES	<u>343,303</u>	<u>811,255</u>	590	<u>1,155,148</u>
OPERATING INCOME (LOSS)	<u>(67,408)</u>	<u>115,179</u>	<u>(590)</u>	<u>47,181</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	20,956	434	21,390
Interest earnings	12,581	13,549	381	26,511
Gain on sale of capital assets	-	15,876	-	15,876
Interest expense	<u>(502)</u>	-	-	<u>(502)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>12,079</u>	<u>50,381</u>	815	<u>63,275</u>
CHANGE IN NET POSITION	<u>(55,329)</u>	<u>165,560</u>	225	<u>110,456</u>
Net position, beginning of year, as previously presented	395,816	3,046,020	9,637	3,451,473
Adjustments to beginning net position	-	<u>(7,744)</u>	-	<u>(7,744)</u>
Net position, beginning of year, as restated	<u>395,816</u>	<u>3,038,276</u>	<u>9,637</u>	<u>3,443,729</u>
Net position, end of year	<u>\$ 340,487</u>	<u>\$ 3,203,836</u>	<u>\$ 9,862</u>	<u>\$ 3,554,185</u>

CITY OF MARSHALL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	Data Processing	Motor Pool	Safety	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 276,379	\$ 926,434	\$ -	\$ 1,202,813
Cash paid to suppliers	(283,986)	(344,501)	(590)	(629,077)
Cash paid to employees	<u>(23,973)</u>	<u>(113,363)</u>	<u>-</u>	<u>(137,336)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(31,580)</u>	<u>468,570</u>	<u>(590)</u>	<u>436,400</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental	-	20,956	434	21,390
Purchases of capital assets	-	(863,140)	-	(863,140)
Proceeds from sale of capital assets	-	15,876	-	15,876
Payments on borrowings	(14,476)	-	-	(14,476)
Interest and fees paid	<u>(502)</u>	<u>-</u>	<u>-</u>	<u>(502)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(14,978)</u>	<u>(826,308)</u>	<u>434</u>	<u>(840,852)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>12,581</u>	<u>13,549</u>	<u>381</u>	<u>26,511</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>(33,977)</u>	<u>(344,189)</u>	<u>225</u>	<u>(377,941)</u>
Cash and investments, beginning of year	<u>279,206</u>	<u>531,027</u>	<u>9,636</u>	<u>819,869</u>
Cash and investments, end of year	<u>\$ 245,229</u>	<u>\$ 186,838</u>	<u>\$ 9,861</u>	<u>\$ 441,928</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (67,408)	\$ 115,179	\$ (590)	\$ 47,181
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation/amortization	32,096	404,811	-	436,907
(Increase) decrease in:				
Accounts receivable	484	-	-	484
Prepays	(22,694)	(69,325)	-	(92,019)
Deferred outflows of resources related to pension	-	595	-	595
Deferred outflows of resources related to OPEB	-	1	-	1
Increase (decrease) in:				
Accounts payable	25,984	15,629	-	41,613
Accrued liabilities	(42)	131	-	89
Compensated absences	-	6,646	-	6,646
Net pension liability	-	(4,258)	-	(4,258)
Other post-employment benefits liability	-	(862)	-	(862)
Deferred inflows of resources related to pension	-	13	-	13
Deferred inflows of resources related to OPEB	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (31,580)</u>	<u>\$ 468,570</u>	<u>\$ (590)</u>	<u>\$ 436,400</u>

**DIAL A RIDE FUND
TRANSIT SCHEDULES**

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 1 - SCHEDULE OF LOCAL REVENUES
YEAR ENDED JUNE 30, 2025

Description	7/1/2024 - 9/30/2024	10/1/2024 - 6/30/2025	Total
Demand Response (Farebox)			
Regular Service	\$ 19,054	\$ 10,840	\$ 29,894
Advertising	6,352	(3,352)	3,000
Other revenues	6,189	(6,189)	-
Tax levy	201,869	58,193	260,062
Contributions from local units	12,214	5,786	18,000
Interest income	<u>5,927</u>	<u>64,911</u>	<u>70,838</u>
 TOTAL LOCAL REVENUES	 <u>\$ 251,605</u>	 <u>\$ 130,189</u>	 <u>\$ 381,794</u>

DIAL-A-RIDE FUND
SCHEDULE 1A - SCHEDULE OF LOCAL REVENUES
YEAR ENDED SEPTEMBER 30, 2024

Description	10/1/2023 - 6/30/2024	7/1/2024 - 9/30/2024	Total
Demand Response (Farebox)			
Regular Service	\$ 16,968	\$ 19,054	\$ 36,022
Advertising	(2,752)	6,352	3,600
Other revenues	(6,189)	6,189	-
Tax levy	28,886	201,869	230,755
Contributions from local units	-	12,214	12,214
Interest income	<u>24,275</u>	<u>5,927</u>	<u>30,202</u>
 TOTAL LOCAL REVENUES	 <u>\$ 61,188</u>	 <u>\$ 251,605</u>	 <u>\$ 312,793</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2025

Federal and State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant No./ Authorization Number	Program Award Amount	Current Year's Expenditures			Prior Years' Expenditures	Award Amount Remaining
				Total	Federal	State		
U.S. DEPARTMENT OF TRANSPORTATION								
Passed through Michigan Department of Transportation								
Formula Grants for Other than Urbanized Areas	20.509							
Operating Assistance - Section 5311 (FY25)		N/A	\$ 99,660	\$ 99,660	\$ 99,660	\$ -	\$ -	\$ -
Operating Assistance - Section 5311 (FY24)		N/A	74,183	(23,204)	(23,204)	-	97,387	-
Rural Transit Assistance Program (RTAP)		N/A	9,811	9,811	9,811	-	-	-
			<u>183,654</u>	<u>86,267</u>	<u>86,267</u>	<u>-</u>	<u>97,387</u>	<u>-</u>
MICHIGAN DEPARTMENT OF TRANSPORTATION								
Operating Assistance - Act 51		N/A						
Nonurban/Small Urban		N/A	<u>150,161</u>	<u>150,161</u>	<u>-</u>	<u>150,161</u>	<u>-</u>	<u>-</u>
TOTALS			<u>\$ 333,815</u>	<u>\$ 236,428</u>	<u>\$ 86,267</u>	<u>\$ 150,161</u>	<u>\$ 97,387</u>	<u>\$ -</u>

^(a) The schedule below reconciles the total Federal and State revenues reported in the June 30, 2025, financial statements to the expenditures reported in the Schedule of Expenditures of Federal and State Awards.

	Revenue per Financial Statements	Adjustments for Prior Year Reconciliations	Local Revenue	Federal and State Award Expenditures
Federal	\$ 112,084	\$ (25,817)	\$ -	\$ 86,267
State	165,741	(15,580)	-	150,161
Local	<u>18,000</u>	-	<u>(18,000)</u>	-
	<u>\$ 295,825</u>	<u>\$ (41,397)</u>	<u>\$ (18,000)</u>	<u>\$ 236,428</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 2A - SCHEDULE OF FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY
YEAR ENDED JUNE 30, 2025

Description	7/1/2024 - 9/30/2024	10/1/2024 - 6/30/2025	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ (71,203)	\$ 221,364	\$ 150,161
Federal Transit Administration			
Section 5311	(23,204)	99,660	76,456
RTAP	<u>2,903</u>	<u>6,908</u>	<u>9,811</u>
	<u><u>\$ (91,504)</u></u>	<u><u>\$ 327,932</u></u>	<u><u>\$ 236,428</u></u>

DIAL-A-RIDE FUND
SCHEDULE 2B - SCHEDULE OF FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY
YEAR ENDED SEPTEMBER 30, 2024

Description	10/1/2023 - 6/30/2024	7/1/2024 - 9/30/2024	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 237,286	\$ (71,203)	\$ 166,083
Federal Transit Administration			
Section 5311	97,387	(23,204)	74,183
RTAP	<u>2,597</u>	<u>2,903</u>	<u>5,500</u>
	<u><u>\$ 337,270</u></u>	<u><u>\$ (91,504)</u></u>	<u><u>\$ 245,766</u></u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 3 - OPERATING AND CONTRACT EXPENSES
YEAR ENDED JUNE 30, 2025

	<u>Nonurban</u>
EXPENSES	
Labor	\$ 145,926
Fringe benefits	82,041
Services	183,685
Materials and supplies	28,697
Utilities	445
Insurance	6,000
Miscellaneous	4,819
Operating lease and rentals	14,600
Depreciation	<u>79,194</u>
 TOTAL EXPENSES	 <u>\$ 545,407</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
SCHEDULE 3A - OPERATING EXPENSES BY PROGRAM
YEAR ENDED JUNE 30, 2025

	<u>7/1/2024 -</u> <u>9/30/2024</u>	<u>10/1/2024 -</u> <u>6/30/2025</u>	<u>Total</u>
EXPENSES			
Labor	\$ 27,759	\$ 118,167	\$ 145,926
Fringe benefits	117,628	(35,587)	82,041
Services	(7,607)	191,292	183,685
Materials and supplies	(7,847)	36,544	28,697
Utilities	(24,672)	25,117	445
Insurance	6,000	-	6,000
Taxes and fees	6,746	(6,746)	-
Miscellaneous	(5,211)	10,030	4,819
Operating lease and rentals	42,009	(27,409)	14,600
Depreciation	<u>8,502</u>	<u>70,692</u>	<u>79,194</u>
 Total expenses	 <u>\$ 163,307</u>	 <u>\$ 382,100</u>	 <u>\$ 545,407</u>

DIAL-A-RIDE FUND
SCHEDULE 3B - OPERATING EXPENSES BY PROGRAM
YEAR ENDED SEPTEMBER 30, 2024

	<u>10/1/2023 -</u> <u>6/30/2024</u>	<u>7/1/2024 -</u> <u>9/30/2024</u>	<u>Total</u>
EXPENSES			
Labor	\$ 209,886	\$ 27,759	\$ 237,645
Fringe benefits	(32,461)	117,628	85,167
Services	44,613	(7,607)	37,006
Materials and supplies	39,113	(7,847)	31,266
Utilities	25,212	(24,672)	540
Insurance	-	6,000	6,000
Taxes and fees	(1,410)	6,746	5,336
Miscellaneous	6,231	(5,211)	1,020
Operating lease and rentals	(18,802)	42,009	23,207
Depreciation	<u>63,010</u>	<u>8,502</u>	<u>71,512</u>
 Total expenses	 <u>\$ 335,392</u>	 <u>\$ 163,307</u>	 <u>\$ 498,699</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
NONURBAN REGULAR SERVICE REVENUE REPORT - SCHEDULE 4R
YEAR ENDED SEPTEMBER 30, 2024

Code	Description		Amount
401	Farebox revenue		
	40100	Regular service	\$ 36,022
406	Auxiliary transportation revenue		
	40615	Advertising	3,600
408	Local revenue		
	40800	Tax levied directly for/by transit agency	230,755
409	Local revenue		
	40910	Local operating assistance	12,214
411	State formula and contracts		
	41101	State operating assistance	166,083
413	Federal contracts		
	41301	Federal section 5311	74,183
	41398	RTAP	5,500
414	Other revenue		
	41400	Interest income	30,202
TOTAL NONURBAN SERVICE REVENUE			<u>\$ 558,559</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
NONURBAN REGULAR SERVICE EXPENSE REPORT - SCHEDULE 4E
YEAR ENDED SEPTEMBER 30, 2024

Code	Description	Amount
501	Labor	
50101	Operators' salaries and wages	\$ 100,078
50102	Other salaries and wages	99,680
50103	Dispatchers' salaries and wages	37,887
502	Fringe benefits	
50200	Payroll taxes and fringe benefits	19,018
50220	DB pensions	50,706
50230	DB other post-employment benefits	15,443
503	Services	
50302	Advertising	265
50399	Professional services	36,741
504	Materials and supplies	
50401	Fuel and lubricants	25,491
50499	Other materials and supplies	5,775
505	Utilities	
50500	Utilities	540
506	Insurance	
50603	Liability insurance	6,000
507	Taxes and fees	
50700	Taxes and fees	5,336
509	Miscellaneous expenses	
50903	Association dues and subscriptions	1,020
512	Operating leases and rentals	
51200	Operating leases and rentals	23,207
513	Depreciation	
51300	Depreciation	71,512
550	Ineligible expenses	
55007	Ineligible depreciation	71,512
55009	Ineligible dues	93
574	Ineligible expenses	
57402	Ineligible RTAP	5,500
580	Ineligible expenses	
58020	Ineligible pension	<u>9,469</u>
	Total expenses	498,699
	Total ineligible expenses	<u>86,574</u>
	Total eligible expenses	<u>\$ 412,125</u>

CITY OF MARSHALL
DIAL-A-RIDE FUND
NONURBAN REGULAR SERVICE NONFINANCIAL REPORT - SCHEDULE 4N (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2024

	<u>Miles</u>	<u>Hours</u>
Demand Response	<u>55,213</u>	<u>5,024</u>

**CITY OF MARSHALL
DIAL-A-RIDE FUND
OPERATING ASSISTANCE CALCULATION
YEAR ENDED SEPTEMBER 30, 2024**

	<u>Total</u>
Total expenses	<u>\$ 498,699</u>
Less ineligible expenses	
Depreciation	(71,512)
Percent of association dues	(93)
RTAP	(5,500)
Ineligible DB pensions	<u>(9,469)</u>
Total ineligible expenses per R&E Manual	<u>(86,574)</u>
TOTAL STATE ELIGIBLE EXPENSES	<u>\$ 412,125</u>
Eligible expense for state reimbursement	\$ 412,125
x Reimbursement percentage	<u>40.2993%</u>
State operating assistance	<u>\$ 166,083</u>
Eligible expense for federal reimbursement	\$ 166,083
x Reimbursement percentage	<u>18.0000%</u>
Federal Section 5311 operating assistance	<u>\$ 74,183</u>



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**INDEPENDENT AUDITOR'S 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 Honorable Mayor and
Members of the City Council
City of Marshall, 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 Marshall, Michigan (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 5, 2025. We did not audit the financial statements of the Michigan South Central Power Agency, which represents 15%, 25%, and 0%, respectively, of the assets and deferred outflows of resources, net position, and revenue of the Electric Fund and 6%, 11%, and 0% of the assets and deferred outflows of resources, net position, and revenue of the business-type activities. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Michigan South Central Power Authority, are based solely on the report of the other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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*.

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerian PC

November 5, 2025