

**CITY OF ECORSE
WAYNE COUNTY, MICHIGAN
Report on Financial Statements
(With required supplementary and
other supplemental information)**

Year Ended June 30, 2022

**City of Ecorse
Financial Report
For the Year Ended
June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ecorse
Wayne County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Ecorse (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Schools District'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 unit, each major fund and the aggregate remaining fund information of The City of Ecorse, Michigan as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules of major funds, the schedules of the City's share of the net pension liability and pension contributions, the schedules of the City's share of the net postemployment benefit other than pensions (OPEB) liability and OPEB contributions and the notes to required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ecorse, Michigan's basic financial statements. The other supplemental information, including combining and individual nonmajor fund financial statements, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of The City of Ecorse internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The City of Ecorse internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City of Ecorse internal control over financial reporting and compliance.

Haven Group CPAs & Advisors

Haven Group CPAs & Advisors
Taylor, Michigan
December 21, 2022

CITY OF ECORSE, MICHIGAN
Management's Discussion and Analysis

Our discussion and analysis of the City of Ecorse, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

- Total net position (deficit) \$(6,619,186)
- Change in total net position 10,977,161
- Fund balances, governmental funds 14,965,401
- Change in fund balances, governmental funds (2,205,973)
- Unassigned fund balance, general fund 8,633,199
- Change in fund balance, general fund (103,743)
- Long-term debt outstanding 18,448,300
- Change in long-term debt 1,786,550

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds.

The City as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2022 as compared to the prior year:

CITY OF ECORSE, MICHIGAN
Management's Discussion and Analysis
(Continued)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 16,030,689	\$ 17,969,642	\$ 6,551,584	\$ 8,540,649	\$ 22,582,273	\$ 26,510,291
Capital assets, net	10,911,164	5,631,157	24,916,447	23,253,182	35,827,611	28,884,339
Total assets	<u>26,941,853</u>	<u>23,600,799</u>	<u>31,468,031</u>	<u>31,793,831</u>	<u>58,409,884</u>	<u>55,394,630</u>
Deferred outflows	<u>2,627,272</u>	<u>(563,746)</u>	<u>338,774</u>	<u>357,765</u>	<u>2,966,046</u>	<u>(205,981)</u>
Long-term liabilities	6,856,011	8,468,824	11,592,289	11,766,026	18,448,300	20,234,850
Other liabilities	1,118,339	859,095	1,267,668	677,456	2,386,007	1,536,551
Other noncurrent liabilities	<u>25,451,801</u>	<u>30,360,023</u>	<u>2,562,996</u>	<u>2,727,350</u>	<u>28,014,797</u>	<u>33,087,373</u>
Total liabilities	<u>33,426,151</u>	<u>39,687,942</u>	<u>15,422,953</u>	<u>15,170,832</u>	<u>48,849,104</u>	<u>54,858,774</u>
Deferred inflows	<u>2,762,160</u>	<u>945,458</u>	<u>63,311</u>	<u>100,925</u>	<u>2,825,471</u>	<u>1,046,383</u>
Net position:						
Net investment in capital assets	4,348,358	5,631,157	13,337,371	11,503,712	17,685,729	17,134,869
Restricted	5,633,663	7,735,894	1,301,990	1,354,827	6,935,653	9,090,721
Unrestricted (deficit)	<u>(16,601,207)</u>	<u>(30,963,398)</u>	<u>1,681,180</u>	<u>4,021,300</u>	<u>(14,920,027)</u>	<u>(26,942,098)</u>
Total net position	<u>\$ (6,619,186)</u>	<u>\$ (17,596,347)</u>	<u>\$ 16,320,541</u>	<u>\$ 16,879,839</u>	<u>\$ 9,701,355</u>	<u>\$ (716,508)</u>

The City's combined net deficit position at June 30, 2021 was \$(716,508) net combined position at June 30, 2022 is \$9,701,355 which is an increase of \$10,417,863 over the course of the fiscal year. As we look at the governmental activities separately from the business-type activities, we can see that governmental activities net deficit decreased by \$10,977,159 and the business-type net position decreased by \$559,296.

Of the total combined net position, approximately \$17.7 million is net investment in capital assets, while \$6.9 million is restricted for various purposes and cannot be used for general obligations. The following table shows the changes of the net position during the current year ended June 30, 2022 as compared to the prior year:

CITY OF ECORSE, MICHIGAN
Management's Discussion and Analysis
(Continued)

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 892,417	\$ 889,230	\$ 6,749,667	\$ 5,663,787	\$ 7,642,084	\$ 6,553,017
Operating grants	2,541,670	1,724,879	126,942	-	2,668,612	1,724,879
Capital grants	3,098,625	2,028,158	-	-	3,098,625	2,028,158
General Revenues:						
Property taxes	6,619,905	6,683,803	27,356	46,072	6,647,261	6,729,875
Grants and contributions not restricted to specific programs	8,438,293	7,822,088	-	-	8,438,293	7,822,088
Other	(279,060)	166,372	45,415	17,088	(233,645)	183,460
Total revenues	<u>21,311,850</u>	<u>19,314,530</u>	<u>6,949,381</u>	<u>5,726,947</u>	<u>28,261,230</u>	<u>25,041,477</u>
Expenses:						
General government	1,069,566	2,416,657	-	-	1,069,566	2,416,657
Public safety	4,244,449	4,253,185	-	-	4,244,449	4,253,185
Public works	173,854	1,326,235	-	-	173,854	1,326,235
Highways and streets	3,123,108	1,082,376	-	-	3,123,108	1,082,376
Recreation and culture	162,620	222,275	-	-	162,620	222,275
Community and economic development	1,198,266	499,872	-	-	1,198,266	499,872
Interest on long-term debt	362,828	440,005	-	-	362,828	440,005
Water and sewer	-	-	7,508,677	9,067,553	7,508,677	9,067,553
Total expenses	<u>10,334,691</u>	<u>10,240,605</u>	<u>7,508,677</u>	<u>9,067,553</u>	<u>17,843,368</u>	<u>19,308,158</u>
Change in net position	10,977,159	9,073,925	(559,296)	(3,340,606)	10,417,863	5,733,319
Net position:						
Beginning of year	<u>(17,596,345)</u>	<u>(26,670,270)</u>	<u>16,879,837</u>	<u>20,220,443</u>	<u>(716,508)</u>	<u>(6,449,827)</u>
End of year	<u>\$ (6,619,186)</u>	<u>\$ (17,596,345)</u>	<u>\$ 16,320,541</u>	<u>\$ 16,879,837</u>	<u>\$ 9,701,355</u>	<u>\$ (716,508)</u>

Governmental Activities

The City's total governmental revenues net of current year expenses resulted in an increase of \$10,977,159 in net position, compared to the prior year's net increase of \$9,073,925. The increase in net position was primarily due to the decrease in the City's net pension and OPEB liability of \$6,465,515 and an increase in net capital assets.

Business-type Activities

The City's business-type activities consist of the water and sewer enterprise fund. The City provides water to residents from the Detroit water system and sewage treatment through the downriver sewage treatment system and the DUWA acquired sewer system along with various other communities.

Business-type activities revenues net of current year expenses resulted in a decrease in net position of \$559,296 as compared to last year's decrease of \$3,340,606. The decrease in net position is primarily due to an increase in operating expenses.

CITY OF ECORSE, MICHIGAN
Management's Discussion and Analysis
(Continued)

The City's Funds

Our analysis of the City's major funds begins with the governmental funds balance sheet, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major governmental funds are the general, major streets, and debt service stabilization funds.

The general fund pays for most of the City's governmental services. The most significant areas are general government and public safety, which incurred expenditures of \$8,180,027 and \$4,889,810 or 51 percent and 30 percent, respectfully, of the general fund's total expenditures for the fiscal year ended June 30, 2022. During this fiscal year the main expenditures in the general government were the liability insurances, retiree pension and retiree healthcare costs. The public safety department is comprised of police and fire services. These areas were funded primarily by the City's operating and judgment levy millages.

The fund balance of the major streets special revenue fund decreased by \$1,806,056 as compared to the prior fiscal year increase of \$206,456. This is the result of the local match for two (2) road-resurfacing projects on Southfield Road and Outer Drive and the reconstruction of 9th Street from Southfield Road to White Ave.

General Fund Budgetary Highlights

The general fund total expenditures came in under budget by \$592,994 due primarily to the following reasons: expenditures for police and fire were under budget by \$161,935. Department of public works expenditures were under budget by \$51,917. Finally, general government expenditures were under budget by \$259,000.

Capital Asset and Debt Administration

During the fiscal year the City had an increase in the water and sewer system of \$2,830,030, which was primarily citywide sewer main replacement and water lead service line replacement. During the fiscal year the City had an increase in the Governmental activities of \$5,780,518, which was primarily due to road resurfacing and new recreation play structures at six (6) parks.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 247,419	\$ 206,677	\$ 19,174	\$ 19,174	\$ 266,593	\$ 225,851
Land improvements	968,579	308,227	-	-	968,579	308,227
Buildings and systems	1,222,107	1,034,404	24,329,282	23,013,894	25,551,389	24,048,298
Vehicles	392,959	433,978	63,531	8,201	456,490	442,179
Equipment	679,707	577,090	267,857	77,000	947,564	654,090
Construction in progress	2,207,836	-	236,603	134,913	2,444,439	-
Infrastructure	5,192,558	3,070,782	-	-	5,192,558	3,070,782
Total assets	\$10,911,164	\$5,631,157	\$24,916,447	\$23,253,182	\$35,827,612	\$28,749,427

CITY OF ECORSE, MICHIGAN
Management's Discussion and Analysis
(Continued)

During the current year, the City had net decreases to the water/sewer systems debt of \$173,737 due to reductions in the City's allocation of debt, principle payments and compensated absences of \$1,058,680 and increase in WIFIA loan for \$884,943.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2021	2021	2022	2021
Clean Water Bonds	\$ -	\$ -	\$ 530,000	\$ 565,000	530,000	\$ 630,000
DUWA	-	-	6,813,007	6,358,566	6,813,007	6,358,566
Financial recovery bonds	4,070,000	5,580,000	-	-	4,070,000	5,580,000
Emergency loan	2,500,000	2,500,000	-	-	2,500,000	2,500,000
Unamortized discount	(100,717)	(107,914)	-	-	(129,496)	(122,302)
EPA Levy	-	-	51,560	58,760	51,560	58,760
Compensated Absences	386,728	496,736	13,213	16,556	399,941	513,292
State revolving fund loans	-	-	4,184,509	4,767,144	4,184,509	4,767,144
Total	\$ 6,856,011	\$ 8,468,822	\$11,592,289	\$ 11,766,026	\$18,419,521	\$20,285,460

Additional information of capital assets and long-term debt can be found in the notes to the financial statements.

Economic Factors

The City continues to operate conservatively due to uncertainties in the current economy. The day-to-day operations of the City are supervised by the City Administrator.

The City will continue working on a five-year projection, which includes the general fund to assist with budgeting and provide a financial roadmap for the years ahead.

The City continually monitors the adequacy of the water and sewer rates compared to operating costs; the City will continue to monitor the rates over the years and will adjust, accordingly.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City Clerk's office.

City of Ecorse
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority
Assets:				
Cash & Cash Equivalents	\$ 11,662,472	\$ 3,262,096	\$ 14,924,568	\$ -
Investments	2,703,395	-	2,703,395	-
Accounts Receivable - Net of Allowances	56,996	1,683,541	1,740,537	-
Due From Component Units	192,235	171,547	363,782	-
Due From Other Governmental Units	717,052	126,942	843,994	-
Prepays and Other Assets	698,539	5,468	704,007	739,219
Restricted Assets - Cash	-	216,780	216,780	-
Restricted Assets - Prepays	-	1,085,210	1,085,210	-
Capital Assets - Non-depreciating	2,455,255	255,777	2,711,032	79,696
Capital Assets - Depreciating, net	8,455,909	24,660,670	33,116,579	-
Total Assets	26,941,853	31,468,031	58,409,884	818,915
Deferred Outflows of Resources				
Deferred Outflows of Resources	2,627,272	338,774	2,966,046	-
Liabilities				
Accounts Payable and Accrued Expenditures	\$ 755,203	\$ 1,177,954	\$ 1,933,157	\$ -
Accrued Interest - W&S	53,051	85,719	138,770	-
Accrued Salaries	92,085	3,995	96,080	-
Due To Component Units	-	-	-	363,782
Unearned Revenue	218,000	-	218,000	-
Long-term liabilities:				
Due within one year	722,806	846,686	1,569,492	-
Due in more than one year	6,133,205	10,745,603	16,878,808	-
Other Noncurrent Liabilities:				
DUWA obligation	-	-	-	-
Net Other Postemployment Benefit Obligation	8,937,092	-	8,937,092	-
Net Pension Liability	16,514,709	2,562,996	19,077,705	-
Total Liabilities	33,426,151	15,422,953	48,849,104	363,782
Deferred Inflows of Resources				
Deferred Inflows of Resources	2,762,160	63,311	2,825,471	-
Net Position:				
Net Invested in Capital Assets	4,348,358	13,337,371	17,685,729	79,696
Restricted for:				
Highways and Streets	1,831,929	-	1,831,929	-
Public Safety	27,472	-	27,472	-
Public Works	1,819,673	-	1,819,673	-
Debt Service	1,009,177	1,085,210	2,094,387	-
Community Development	3,588	-	3,588	-
Recreation and Culture	941,824	-	941,824	-
Funds on Deposit with Wayne County for Sewer Debt Reserve and Capital Outlay	-	216,780	216,780	-
Unrestricted (Deficit)	(16,601,207)	1,681,180	(14,920,027)	375,437
Total net position (deficit)	\$ (6,619,186)	\$ 16,320,541	\$ 9,701,355	\$ 455,133

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

City of Ecorse
Statement of Activities
Year Ended June 30, 2022

Functions/programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental activities:								
General Government	\$ 1,069,566	\$ 885,109	\$ 1,574,417	\$ 1,003,383	\$ 2,393,343	\$ -	\$ 2,393,343	\$ -
Public Safety	4,244,449	-	2,214	-	(4,242,235)	-	(4,242,235)	-
Public Works	173,854	-	672,290	-	498,436	-	498,436	-
Highways and Streets	3,123,108	-	-	1,069,543	(2,053,565)	-	(2,053,565)	-
Community and Economic Devl.	1,198,266	-	-	1,025,699	(172,567)	-	(172,567)	-
Recreation and Culture	162,620	7,308	292,749	-	137,437	-	137,437	-
Interest on Long-Term Debt	362,828	-	-	-	(362,828)	-	(362,828)	-
Unallocated Depreciation	-	-	-	-	-	-	-	-
Total Governmental Activities	10,334,691	892,417	2,541,670	3,098,625	(3,801,979)	-	(3,801,979)	-
Business-type activities:								
Water and sewer	7,508,677	6,749,667	126,942	-	-	(632,068)	(632,068)	-
Total primary government	\$ 17,843,368	\$ 7,642,084	\$ 2,668,612	\$ 3,098,625	\$ (3,801,979)	\$ (632,068)	\$ (4,434,047)	\$ -
Component unit:								
Brownfield redevelopment authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Revenues:								
Property taxes					6,619,905	27,356	6,647,261	-
Grants and contributions not restricted to specific programs					8,438,293	-	8,438,293	-
Unrestricted investment earnings					(296,366)	1,961	(294,405)	-
Miscellaneous					17,306	43,454	60,760	-
Total general revenues					14,779,138	72,772	14,851,910	-
Change in net position					10,977,159	(559,296)	10,417,863	-
Net position, beginning of year					(17,596,345)	16,879,837	(716,508)	455,133
Net position, end of year					\$ (6,619,186)	\$ 16,320,541	\$ 9,701,355	\$ 455,133

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

City of Ecorse
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Major Highway Fund	Debt Stabilization Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash & Cash Equivalents	\$ 5,673,181	\$ 775,673	\$ 1,009,177	\$ 4,204,441	\$ 11,662,472
Investments	2,703,395	-	-	-	2,703,395
Receivables:					
Accounts Receivable	56,996	-	-	-	56,996
Due From Component Units	192,235	-	-	-	192,235
Due From Fiduciary Funds	-	-	-	-	-
Due From Other Governmental Units	549,153	116,024	-	51,875	717,052
Prepays	698,539	-	-	-	698,539
Restricted Assets - Cash	-	-	-	-	-
Restricted Assets - Prepays	-	-	-	-	-
Total Assets	\$ 9,873,499	\$ 891,697	\$ 1,009,177	\$ 4,256,316	\$ 16,030,689
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	\$ 451,726	\$ 207,318	\$ -	\$ 96,001	755,045
Accrued Expenditures	158	-	-	-	158
Accrued Interest - W&S	-	-	-	-	-
Accrued Salaries	89,877	-	-	2,208	92,085
Due To Component Units	-	-	-	-	-
Unearned Revenue	-	-	-	218,000	218,000
Total Liabilities	541,761	207,318	-	316,209	1,065,288
Fund Balances:					
Nonspendable:					
Prepays	698,539	-	-	-	698,539
Restricted for:					
Highways and streets	-	684,379	-	1,147,550	1,831,929
Public safety	-	-	-	27,472	27,472
Public works	-	-	-	1,819,673	1,819,673
Debt service	-	-	1,009,177	-	1,009,177
Community development	-	-	-	3,588	3,588
Committed for:					
Recreation and culture	-	-	-	941,824	941,824
Unassigned	8,633,199	-	-	-	8,633,199
Total Fund Balances	9,331,738	684,379	1,009,177	3,940,107	14,965,401
Total Liabilities and Fund Balances	\$ 9,873,499	\$ 891,697	\$ 1,009,177	\$ 4,256,316	\$ 16,030,689
Total Governmental Fund Balances					\$ 14,965,401
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are financial resources and are not reported in the funds					
Capital assets not being depreciated					\$ 2,455,255
Capital assets being depreciated, net					8,455,909
Long term liabilities are not due and payable in the current period and are not reported in the funds					
Bonds, loans and capital leases payable					(6,570,000)
Unamortized bond discount					100,716
Accrued interest on bonds payable					(53,051)
Net other postemployment benefit obligation					(8,937,092)
Compensated absences					(386,727)
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.					
Net pension liability					(16,514,709)
Deferred inflows/outflows					(134,888)
Net position of governmental activities					\$ (6,619,186)

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

City of Ecorse
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2022

	General Fund	Major Highway Fund	Debt Stabilization Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 5,773,207	\$ -	\$ 432,788	\$ 413,910	\$ 6,619,905
Licenses and Permits	511,421	-	-	-	511,421
Grants and Contributions	8,473,621	756,632	1,003,383	2,305,863	12,539,499
Charges for Services	885,109	-	-	-	885,109
Fines and Forfeitures	95,676	-	-	7,308	102,984
Interest and Rents	(296,399)	-	33	-	(296,366)
Other	931,992	5,357	-	11,949	949,298
Total Revenues	<u>16,374,627</u>	<u>761,989</u>	<u>1,436,204</u>	<u>2,739,030</u>	<u>21,311,850</u>
Expenditures:					
Current:					
General Government	8,180,027	-	-	-	8,180,027
Public Safety	4,889,810	-	-	6,290	4,896,100
Public Works	1,174,704	-	-	661,937	1,836,641
Highways & Streets	380,360	2,368,045	-	374,703	3,123,108
Community and Development	1,168,735	-	-	29,531	1,198,266
Recreation and Culture	308,461	-	-	548,807	857,268
Capital Outlay	-	540,000	-	1,013,585	1,553,585
Debt Payments:					
Principal	-	-	1,510,000	-	1,510,000
Interest	24,273	-	338,555	-	362,828
Total Expenditures	<u>16,126,370</u>	<u>2,908,045</u>	<u>1,848,555</u>	<u>2,634,853</u>	<u>23,517,823</u>
Revenues Over (Under) Expenditures	<u>248,257</u>	<u>(2,146,056)</u>	<u>(412,351)</u>	<u>104,177</u>	<u>(2,205,973)</u>
Other Financing Sources (Uses):					
Transfers In	-	340,000	-	12,000	352,000
Transfers Out	(352,000)	-	-	-	(352,000)
Total Other Financing Sources (Uses):	<u>(352,000)</u>	<u>340,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
Net Change in Fund Balance	(103,743)	(1,806,056)	(412,351)	116,177	(2,205,973)
Fund Balances:					
Beginning of Year	9,435,481	2,490,435	1,421,528	3,823,930	17,171,374
End of Year	<u>\$ 9,331,738</u>	<u>\$ 684,379</u>	<u>\$ 1,009,177</u>	<u>\$ 3,940,107</u>	<u>\$ 14,965,401</u>

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

City of Ecorse
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 Year Ended June 30, 2022

Net change in fund balances total governmental funds (2,205,973)

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

Governmental funds report capital outlays as expenditures in the statement of activities.

These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Capital outlay	5,746,259
Depreciation expense	(466,253)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	1,510,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on bonds and capital leases	7,777
Amortization of bond discount	(7,196)
Change in net pension liability and related deferred amounts	7,360,812
Change in net other postemployment benefit obligation and related deferred amounts	(1,078,274)
Change in the accrual for compensated absences	110,007

Change in net position of governmental activities	10,977,159
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The accompanying notes are an integral part of the financial statements.

City of Ecorse
Statement of Net Position
Water and Sewer Enterprise Fund
June 30, 2022

Assets

Current Assets:

Cash and Cash Equivalents	\$ 3,262,096
Receivables - Net of Allowances	1,683,541
Due from Other Government Units	126,942
Prepaid Expenses	5,468
Due From Component Units	171,547
Total Current Assets	5,249,594

Noncurrent assets:

Restricted Assets - Cash	216,780
Restricted Assets - Prepays	1,085,210
Capital Assets - Non-depreciating	255,777
Capital Assets - Depreciating, net	24,660,670
Total Noncurrent Assets	26,218,437

Total Assets

31,468,031

Deferred outflows of resources

Deferred Pension Amounts	338,774
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Liabilities

Current Liabilities:

Accounts Payable	1,173,654
Accrued Expenditures	4,300
Accrued Interest	85,719
Accrued Salaries	3,995
Bonds, Loans, and Compensated Absences Payable, Current Portion	846,686
Total Current Liabilities	2,114,354

Noncurrent Liabilities:

Net Pension Liability	2,562,996
Net OPEB Liability	-
Bonds, Loans, and Compensated Absences Payable, Long Term Portion	10,745,603
Total Noncurrent Liabilities	13,308,599

Total Liabilities

15,422,953

Deferred inflows of resources

Deferred Pension Amounts	63,311
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Net position

Net invested in capital assets	13,337,371
Restricted prepaid assets	1,085,210
Restricted for funds on deposit with Wayne County for sewer debt reserve and capital outlay	216,780
Unrestricted	1,681,180
Total net position	\$ 16,320,541

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

City of Ecorse
Statement of Revenues, Expenses
And Changes in Fund Net Position
Water and Sewer Enterprise Fund
Year Ended June 30, 2022

Operating revenues:	
Charges for services:	
Water operations	\$ 3,326,410
Sewer operations	3,288,755
Intergovernmental revenue	126,942
Other revenue	177,957
Total operating revenues	<u>6,920,063</u>
Operating expenses:	
Personnel	157,335
Administrative fee	355,000
Repair and maintenance	949,221
Utilities	3,372,255
Contractual and Other	1,329,344
Depreciation & amortization	1,166,766
Total operating expenses	<u>7,329,921</u>
 Net operating income (loss)	 <u>(409,858)</u>
Nonoperating revenues (expenses):	
Property taxes	27,356
Investment income	1,961
Interest expense & other	(178,756)
Total nonoperating revenues (expenses)	<u>(149,438)</u>
 Change in net position	 (559,296)
 Net position, beginning of year	 <u>16,879,837</u>
 Net position, end of year	 <u><u>\$ 16,320,541</u></u>

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

City of Ecorse
Statement of Cash Flows
Water and Sewer Enterprise Fund
For the Year Ended June 30, 2022

Cash flows provided by (used in) operating activities:	
Cash received from customers	\$ 6,146,977
Cash payments to suppliers for goods and services	(6,026,672)
Cash payments to employees	<u>(284,849)</u>
Net cash provided by operating activities	<u>(164,544)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,830,031)
Proceeds from issuance of long-term debt	884,943
Principal payments on long-term debt	(503,079)
Interest payments on long-term debt	<u>(178,756)</u>
Net cash (used) for capital and related financing activities	<u>(2,626,923)</u>
Cash flows from noncapital financing activities	
Property taxes	<u>27,356</u>
Cash flows from investing activities:	
Interest and dividends	<u>1,960</u>
Net cash provided (used) by investing activities	<u>1,960</u>
Net increase (decrease) in cash and investments	(2,762,150)
Cash and cash equivalents at beginning of year	<u>6,241,027</u>
Cash at end of year	<u><u>\$ 3,478,876</u></u>
Reconciliation of cash and investments per statement of net position:	
Cash and Cash Equivalents	\$ 3,262,096
Restricted cash	<u>216,780</u>
	<u><u>\$ 3,478,876</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (409,858)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation & Amortization expense	1,166,766
Changes in assets and liabilities:	
Accounts receivable, net	(747,258)
Due from other government	(78,031)
Prepaid items	52,203
Deferred Outflows and Inflows	(18,623)
Accounts Payable	541,154
Accrued Salaries	(5,924)
Accrued Expenditures	(100)
Accrued Interest Payable	55,082
Net pension liability and deferred amounts	(164,354)
Allocation change in DUWA	(552,258)
Accrued compensated absences	<u>(3,343)</u>
Net cash provided (used) by operating activities	<u><u>\$ (164,544)</u></u>

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

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ecorse (the "City") is a municipal corporation currently governed and administered by a city council along with the Transition Advisory Board appointed by the State of Michigan. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a June 30 year end.

Discretely Presented Component Unit. The Ecorse Brownfield Redevelopment Authority (EBRA) whose board is appointed by the City Council, was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the brownfield redevelopment zone.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *major streets special revenue fund* accounts for the expenditure of motor fuel taxes that are earmarked by state law for major street and highway purposes.

Debt service stabilization fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on fiscal stabilization debt of governmental funds.

The government reports the following major proprietary fund:

The *water and sewer enterprise fund* accounts for the activities of the water distribution and sewage disposal systems, which are financed primarily by user charges.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

The government reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Assets, Deferred Outflows of Resources, Liabilities, and Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

otherwise legal investments. The City's investments in municipal bonds are reported at amortized cost.

Receivables and Payables

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

Prepaid Items

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

Restricted Cash

Restricted cash of \$216,780 in the enterprise fund represents amounts held by Wayne County for a sewer debt reserve and capital outlay.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, are recorded as interest expense. No such interest expense was incurred during the current fiscal year.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	20-50
Vehicles	5-8
Equipment	5-15
Infrastructure	40
Water and sewer systems	50

Deferred Outflows of Resources

The City reports deferred outflows of resources for change in expected and actual investment returns assumptions, and benefits provided in its pension plans.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for vacation and sick pay benefits is accrued when incurred in the government-wide and enterprise fund financial statements, whereas it is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements. The compensated absence liability will be liquidated primarily by the general fund and the water and sewer fund.

Long-term Obligations

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

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,

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net pension liability has historically been liquidated from the funds from which the individual salaries are paid, which are the General Fund and Water and Sewer Fund.

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

Defined Contribution Plan

Full time employees that are not eligible for the now closed MERS Defined Benefit, or the open Police Hybrid DB/DC MERS Plan, are eligible to contribute to the AXA Equitable 457b Plan. The employer contributes varying amounts up to 10% based on compensation agreements. Employee and employer contributions are immediately vested. Actual account contributions for the year were \$196,183.

Other Postemployment Benefit Costs

The City offers retiree healthcare benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net OPEB obligation has generally been liquidated from the funds which the individual salaries are paid, which are the General Fund and Water and Sewer Fund.

Fund Balances

Governmental funds report *non spendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority; a formal resolution or action is required to establish, modify or rescind a fund balance commitment. *Assigned fund balance* is reported for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. *Unassigned fund balance* is the residual classification for the general fund. When the City incurs expenditures for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

Use of Estimates

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

New and Upcoming Accounting Standards

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City has evaluated the impact of the new leasing standard and concluded that the City currently does not have any lease agreements that would require recording a lease liability and a right-to-use lease asset.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were effective for the City's financial statements and implemented by the City for the June 30, 2021 fiscal year.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The City has no majority equity interest in a legally separate organization at this time that would cause the use of Statement 90.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the City's financial statements for the June 30, 2023 fiscal year.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is making a full evaluation.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, to bring uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City financial statements for the year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

statements for the year ending June 30, 2022. The City has evaluated the provisions of Statement No. 97 that relate to 457 plans and concluded that the 457 plans are reported in accordance with the new standard.

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal yearend. Budgets may be amended by the City Council with the approval of the Transition Advisory Board.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The budget document is prepared by fund, function and department. The legal level of budgetary control is the department level for the general fund and the fund level for the special revenue funds.

3. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978 as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated.

The City had the following budget function overdrafts for the year ended June 30, 2022 as follows:

Fund	Function	Amounts by which expenditures exceeded appropriations
General Fund	Other	\$ 32,360

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk of Bank Deposits—Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$14,633,609 of the City's bank balance of \$15,138,262 (savings and checking accounts) was uninsured and uncollateralized. The City believes due to the dollar amounts of cash deposits and the limits of FDIC insurance; it is impractical to insure all deposits.

The City chooses to disclose its investments by specifically identifying each. At June 30, 2022, the City had the following investments:

Investment	Maturity	Amortized Cost	Rating (Moody's)
Municipal bonds	5/1/2023	\$ 2,703,395	Aaa

Investment and deposit risk

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The maturity date for the investment held at year-end is disclosed in the table above.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers’ acceptances of specific financial institutions, qualified mutual funds, and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City’s investment policy does not have specific limits in excess of state law on investment credit risk. The credit rating for the investments held at year end is identified above.

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of June 30, 2022, \$14,633,609 of the City’s total bank balance of \$15,138,262 was exposed to custodial credit risk. All the other banks balances of City of Ecorse are covered by FDIC.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. None of the City’s investments are subject to custodial credit risk because their existence is not evidenced by securities in physical or book form.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The City’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

In accordance with the City’s investment policy and State law, all deposits are uncollateralized and held in the City’s name. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

5. RECEIVABLES & CONCENTRATION RISK

Receivables in the governmental activities are 7% accounts receivable and 93% due from other government units. Business-type activities receivables (net of an estimated allowance of \$265,498 for uncollectible accounts) are 93% due from customers and 7% due from other government units.

One customer accounted for approximately 49% of total business type accounts receivable at June 30, 2022. This customer also accounted for approximately 62% of total service revenue of the Water & Sewer business type fund. The loss of this customer would severely impact the operations of the business type fund.

Due from governmental units June 30, 2022 consist of the following:

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
State Aid	\$ 665,299	\$ 126,942	\$ 792,241
Other Governmental Entity	51,752	-	51,752
Net Total Due from Governmental Units	<u>\$ 717,051</u>	<u>\$ 126,942</u>	<u>\$ 843,993</u>

No allowance for doubtful accounts is considered necessary for receivables due from governmental units.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 206,677	\$ 75,000	\$ (34,258)	\$ 247,419
Construction in progress	-	2,207,836	-	2,207,836
Subtotal	<u>206,677</u>	<u>2,282,836</u>	<u>(34,258)</u>	<u>2,455,255</u>
Capital assets being depreciated				
Land improvements	2,299,054	701,481	(41,710)	2,958,825
Buildings	2,136,555	225,831	(46,575)	2,315,811
Vehicles	2,382,588	100,253	(371,199)	2,111,642
Equipment	1,139,292	212,824	(187,039)	1,165,077
Infrastructure	12,192,778	2,257,293	-	14,450,071
Subtotal	<u>20,150,267</u>	<u>3,497,682</u>	<u>(646,523)</u>	<u>23,001,426</u>
Less accumulated depreciation for:				
Land improvements	(1,990,826)	(41,130)	41,710	(1,990,246)
Buildings	(1,102,152)	(38,127)	46,575	(1,093,704)
Vehicles	(1,948,610)	(141,272)	371,199	(1,718,683)
Equipment	(562,202)	(110,207)	187,039	(485,370)
Infrastructure	(9,121,997)	(135,516)	-	(9,257,513)
Subtotal	<u>(14,725,787)</u>	<u>(466,253)</u>	<u>646,523</u>	<u>(14,545,517)</u>
Net capital assets being depreciated	<u>5,424,480</u>			<u>8,455,909</u>
Capital assets-net of depreciation	<u>\$ 5,631,157</u>			<u>\$ 10,911,164</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General Government	\$ 92,349
Public Safety, Fire & Police	135,639
Department of Public Works	211,004
Parks & Recreation	<u>27,261</u>
Total governmental activities depreciation expense	<u>\$ 466,253</u>

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 19,174	\$ -	\$ -	\$ -	\$ 19,174
Construction in progress	134,913	236,603		(134,913)	236,603
	<u>154,087</u>	<u>236,603</u>	<u>-</u>	<u>(134,913)</u>	<u>255,777</u>
Capital assets being depreciated:					
Land improvements	3,700	-	-	-	3,700
Buildings	187,000	-	-	-	187,000
Vehicles	80,016	65,355	-	-	145,371
Equipment	283,400	240,601	(73,400)	-	450,601
DUWA Intangible	5,934,851	-	-	-	5,934,851
Water and sewer mains	14,625,317	2,025,638	-	134,913	16,785,868
Sewage system	21,369,689	261,834	-	-	21,631,523
	<u>42,483,973</u>	<u>2,593,428</u>	<u>(73,400)</u>	<u>134,913</u>	<u>45,138,914</u>
Less accumulated depreciation and amortization for:					
Land improvements	(3,700)	-	-	-	(3,700)
Buildings	(187,000)	-	-	-	(187,000)
Vehicles	(71,815)	(10,025)	-	-	(81,840)
Equipment	(206,400)	(49,746)	73,400	-	(182,746)
DUWA	(652,835)	(237,394)	-	-	(890,229)
Water and sewer mains	(10,414,528)	(199,576)	-	-	(10,614,104)
Sewage system	(7,848,600)	(670,025)	-	-	(8,518,625)
	<u>(19,384,878)</u>	<u>(1,166,766)</u>	<u>73,400</u>	<u>-</u>	<u>(20,478,244)</u>
Total capital assets being depreciated and amortized, net	<u>23,099,095</u>				<u>24,660,670</u>
Business-type activities capital assets, net	<u>\$ 23,253,182</u>				<u>\$ 24,916,447</u>

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

7. PAYABLES

Payables in the governmental activities are 89% accounts payable and 11% accrued liabilities. Business-type activities payables are 93% accounts payable and 7% accrued liabilities.

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of inter fund receivables and payables at year end was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Brownfield Redevelopment Authority	<u>\$ 192,235</u>
	Total General Fund	192,235
Water and Sewer Fund	Brownfield Redevelopment Authority	<u>171,547</u>
	Total Water and Sewer Fund	171,547
	Total	<u><u>\$ 363,782</u></u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ -	\$ 352,000
Major Streets Fund	340,000	-
Downtown Development Authority	<u>12,000</u>	<u>-</u>
Totals	<u><u>\$ 352,000</u></u>	<u><u>\$ 352,000</u></u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) 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 (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

9. LONG-TERM DEBT

Related to governmental activities, the City of Ecorse has direct borrowings for Financial Recovery Bonds and direct borrowings and direct placements for Emergency Loans totaling \$4,070,000 and \$2,500,000, respectively. The City also has direct borrowings related to business-type activities totaling \$11,579,075.

The City of Ecorse issued Financial Recovery Bonds of \$9,495,000 in 2011. The first bond has a 5.8% interest rate and matures on 11/1/2026. The second bond has a 6.5% interest rate and matures on 11/1/2035. The interest is recurrent every six months.

Direct borrowings related to business-type activities of \$11,579,076 contain a pledge of the full faith and credit of the government whereas revenue bonds, including State Revolving Fund loans, pledge the income of the water and sewer operations for the repayment of the debt.

Direct borrowings related to business-type activities of \$11,579,076, also contains the DUWA debt of \$6,813,007. The Downriver Sewage Disposal System (the "System") is comprised of 13 member communities (the "communities") and was reported as an enterprise fund of Wayne County until 9/27/18. Until 9/27/18, the System was owned and operated by Wayne County and was on a 9/30 year-end. On 9/27/18, Wayne County sold the System to the Downriver Utility Wastewater Authority ("DUWA"). DUWA is a separate legal entity that serves the communities. As part of the transfer, DUWA received the capital assets as well as a majority of the cash and an assumption of the non-judgment levy funded long-term debt of the System ("transferred debt"). The County maintained the judgment levy debt and the related restricted assets. The judgment levy debt remained in the County's name but will continue to be financed directly by payments from the communities (County will invoice each community directly – communities will continue to levy the EPA tax).

After the transfer, DUWA issued an additional debt ("new debt") of \$58,725,000 to the county. The City of Ecorse was allocated 10.58% of the new debt, which was \$6,213,105. The original issuance of the DUWA Debt consisted of a Sr. Lien and a Jr. Lien. Since then, the Water Infrastructure Finance and Innovation Act (WIFIA) Loan has been added to the DUWA debt and the City of Ecorse's share of the debt has been adjusted down to 9.19%. Since the City of Ecorse does not use cash to pay this debt, the changes to these accounts are all considered a change in the percentage of share of the debt. The total DUWA debt as of 6/30/2022 for the county, excluding the State Revolving Fund loans, is \$74,135,000. The interest rate at the county level is 5%, with interest payments every 6 months and principal payments every 12 months. The Jr. Lien of \$321,650 is due in 2023.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Changes in long-term obligations of the City for the year ended June 30, 2022, are as follows:

	Beginning Balance	Allocations & Additions	Payments & Reductions	Change in % of Share	Ending Balance	Due Within One Year
Governmental Activities:						
<u>Bonds Payable</u>						
Financial Recovery Bonds	\$ 5,580,000	\$ -	\$ 1,510,000	\$ -	\$ 4,070,000	\$ 730,000
Total Bonds	<u>5,580,000</u>	<u>-</u>	<u>1,510,000</u>	<u>-</u>	<u>4,070,000</u>	<u>730,000</u>
<u>Loans & Other Payables</u>						
Emergency Loans	2,500,000	-	-	-	2,500,000	-
Unamortized Discount	(107,912)	-	(7,196)	-	(100,716)	(7,194)
Total Notes	<u>2,392,088</u>	<u>-</u>	<u>(7,196)</u>	<u>-</u>	<u>2,399,284</u>	<u>(7,194)</u>
Compensated Absences	496,736	(110,009)	-	-	386,727	-
Total Governmental	<u>\$ 8,468,824</u>	<u>\$ (110,009)</u>	<u>\$ 1,502,804</u>	<u>\$ -</u>	<u>\$ 6,856,011</u>	<u>\$ 722,806</u>
Business-Type Activities:						
<u>DUWA Loans</u>						
DUWA Sr. Lien	5,225,185	-	114,875	(259,368)	4,850,942	120,389
DUWA Jr. Lien	338,450	-	-	(16,800)	321,650	321,650
WIFIA Loan (DUWA)	794,931	884,943	-	(39,459)	1,640,415	-
Total DUWA Loans	<u>6,358,566</u>	<u>884,943</u>	<u>114,875</u>	<u>(315,627)</u>	<u>6,813,007</u>	<u>442,039</u>
<u>Other Business Loans</u>						
State Rev. Fd. Loans	4,767,145	-	346,004	(236,632)	4,184,509	362,087
EPA Levy	58,760	-	7,200	-	51,560	7,560
Clean Water Bonds	565,000	-	35,000	-	530,000	35,000
Total Loans/Bonds	<u>5,390,905</u>	<u>-</u>	<u>388,204</u>	<u>(236,632)</u>	<u>4,766,069</u>	<u>404,647</u>
Compensated Absences	16,556	(3,343)	-	-	13,213	-
Total Business-Type	<u>\$ 11,766,027</u>	<u>\$ 881,600</u>	<u>\$ 503,079</u>	<u>\$ (552,259)</u>	<u>\$ 11,592,289</u>	<u>\$ 846,686</u>

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Annual debt service requirements to maturity for governmental activities bonds and loans are as follows:

	Emergency Loans		Financial Recovery Bonds	
	Principal	Interest	Principal	Interest
2023	\$ -	\$ -	\$ 730,000	\$ 241,995
2024	-	-	350,000	196,275
2025	500,000	-	370,000	175,395
2026	500,000	-	390,000	153,355
2027	500,000	-	415,000	130,010
2028-2032	1,000,000	-	1,815,000	233,188
	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 4,070,000</u>	<u>\$ 1,130,218</u>

Annual DUWA debt requirements to maturity for business-type activities, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 442,038	\$ 242,547	\$ 684,585
2024	126,363	236,528	362,891
2025	133,255	230,210	363,465
2026	140,607	223,547	364,154
2027	165,880	216,516	382,396
2028-2032	964,950	949,419	1,914,369
2033-2037	1,239,731	682,105	1,921,836
2038-2042	1,590,789	338,789	1,929,578
Thereafter	2,009,394	18,449	2,027,843
Totals	<u>\$ 6,813,007</u>	<u>\$ 3,138,110</u>	<u>\$ 9,951,117</u>

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Annual debt service requirements to maturity for other business loans are as follows:

<u>Fiscal year ending,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 404,647	\$ 113,823	\$ 518,470
2024	413,737	103,443	517,180
2025	423,367	93,311	516,678
2026	437,078	82,895	519,973
2027	447,168	72,199	519,367
2028-2032	1,885,932	206,738	2,092,670
2033-2037	754,140	36,575	790,715
	<u>\$ 4,766,069</u>	<u>\$ 708,984</u>	<u>\$ 5,475,053</u>

During March of 2022 the City entered into a bond agreement for \$3,000,000. The proceeds from the “Capital Improvement Bond Series 2022” (the “Bond”) are earmarked to replace lead and galvanized water services throughout the City, from the water main to the water meter, within the private residence. The lead and galvanized service lines are being replaced to comply with the Michigan Department of Environment, Great Lakes and Energy Lead and Copper Rule.

The Principal and Interest Fund will receive funds from the City’s General Fund and, if necessary, from property taxes collected by the City. In addition, the City agreed to pledge its full faith and credit for the repayment of the bond and will pledge sufficient amounts of City taxes levied each year provided that the amount of taxes necessary to pay the principal and interest on the Bond, together with the other taxes levied for the same year, shall not exceed the limit authorized by law and the Michigan Constitution.

As of June 30, 2022 the City had not received any proceeds related to the Bond. The maturity date of the Bond is April 1, 2041 and requires annual principal payments beginning April 1, 2025 ranging from \$150,000 to \$205,000 through the maturity date of April 1, 2041. Interest payments on the Bond are due semi annually with the first payment due on October 1, 2022.

10. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the government carried insurance through various commercial carriers to cover risks of losses. The government has had settled claims resulting from these risks that exceeded its commercial coverage.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

11. JOINT VENTURE

The City of Ecorse, along with 12 other communities, jointly participated in the Downriver Sewage Disposal System (the “System”). On September 27, 2018, the System transferred from the County of Wayne, Michigan (the “County”) to the Downriver Utility Wastewater Authority (“DUWA”). DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 13 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the System. Debt balance transferred from WC (City of Ecorse portion) to DUWA, on 9/27/18 was \$6,492,374.

Existing County debt related to the System (City of Ecorse portion) was handled as follows:

- Judgment levy debt of \$125,372 remains as an obligation of the County and will continue to be paid directly from the communities (City of Ecorse) to the County.
- 2007 D series bonds (\$278,254) were refunded and reissued as part of the \$55,225,000 Senior Lien bond issuance.
- The outstanding State Revolving Fund (SRF) of \$6,492,374 was exchanged into DUWA’s name and has now become a liability of DUWA.

The new 2018 Senior Lien debt issuance with a face amount of \$55,225,000 and Junior Lien debt \$3.5 million. The Junior Lien debt is due 2023. The City of Ecorse was allocated at 10.58%, which is \$5,842,805 (Senior Lien debt) and \$370,300 (Junior Lien debt), respectively.

12. PROPERTY TAXES

The government’s property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through September 14; as of March 1, of the succeeding year, unpaid real property taxes are sold to and collected by Wayne County.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City totaled \$95,725,019. The government’s general operating tax rate for fiscal year 2021-22 was 18.6713 for general operating, 2.9481 mills for sanitation, 0.2500 mills for police and fire pension, 0.1000 mills for longevity, 30.0000 mills for police and fire special assessment, 0.2456 mills for library (library special revenue fund), 1.0000 mills for library special assessments, and 2.6892 mills for lighting special assessment.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

The City also collected property tax revenue for other taxing units. Taxes collected for other taxing units were distributed to those units timely per the requirements of the general property tax act. At June 30, 2022 the City had no outstanding property taxes payable to any of the taxing units.

13. PENSION PLAN

General Information About the Plan

Plan Description. The City participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability, and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at: www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 year period) and multipliers ranging from 2.0% to 2.50%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit. Member contributions range from 0% to 5.0%. The plan is currently closed to new hires in all divisions, except for fire and general union employees.

Employees Covered by Benefit Terms. At December 31, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	118
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>26</u>
Total membership	<u><u>156</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

30, 2022, employer contributions were \$4,060,522. In addition, the employer may establish contribution rates to be paid by its covered employees.

Net Pension Liability. The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases	3.00 % in the long term
Investment rate of return	7.00 % net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3 % long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on amount weighted sex distinct rates: the Pub-2010 Healthy Retiree Tables and the Pub-2010 Employee Mortality Tables and the Pub-2010 Juvenile Mortality Tables.

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

Investment Rate of Return. 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:

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	53.74%	4.70%
Global fixed income	23.20%	-0.31%
Real Assets	11.07%	3.32%
Diversifying strategies	11.99%	3.00%
	100.00%	

Discount Rate. The discount rate used to measure the total pension liability is 7.25% for 2021. 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. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$42,067,646	\$20,221,789	\$ 21,845,857
Changes for the year:			
Service cost	194,873	-	194,873
Interest	3,062,774	-	3,062,774
Differences between expected and actual experience	(161,608)	-	(161,608)
Changes in assumptions	1,266,820	-	1,266,820
Employer contributions	-	4,016,840	(4,016,840)
Employee contributions	-	83,550	(83,550)
Net investment income	-	2,913,474	(2,913,474)
Benefit payments, including refunds of employee contributions	(3,730,837)	(3,730,837)	-
Administrative expense	-	(33,494)	33,494
Other changes	-	150,641	(150,641)
Net changes	<u>632,022</u>	<u>3,400,174</u>	<u>(2,768,152)</u>
Balance as of December 2021	<u>\$42,699,668</u>	<u>\$23,621,963</u>	<u>\$ 19,077,705</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 22,975,458	\$ 19,077,705	\$ 15,731,815

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

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

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$ 1,084,253. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (1,806,958)
Contributions subsequent to the measurement date	<u>2,904,957</u>	<u>-</u>
Total	\$ 2,904,957	\$ (1,806,958)

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2022. Other amounts reported as pension-related deferred outflows of resources will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2023	\$ (308,785)
2024	(698,284)
2025	(503,707)
2026	<u>(296,182)</u>
Total	<u>\$ (1,806,958)</u>

14. POSTEMPLOYMENT HEALTH CARE BENEFITS

General Information About the Plan

Plan Description. The City provides other postemployment benefits (OPEB) to certain retirees and their beneficiaries. The benefits are provided through the City of Ecorse Retiree Health Care Plan (the Plan). The Plan is a single-employer defined benefit health care plan administered by the City. Administrative costs of the plan are paid for by the City's general fund. The plan was adopted and established by action of the City Council. The Plan does not issue a separate or stand-alone report.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

The City has established a qualifying trust with Municipal Employees' Retirement System (MERS) of Michigan for purposes of funding the retiree health benefits thru the MERS Retiree Health Funding Vehicle. MERS is an agent multiple-employer retirement system that pools assets of the participating employers for investment purposes, but maintains separate accounts for each individual employee in the Health Care Savings Program and each individual employer in the Retiree Health Funding Vehicle. Since 1996, MERS is solely administered by a nine-member retirement board. Participating municipalities can contribute monies to the Trust as desired and no contribution method is imposed. These funds constitute a health care fund, which enable municipalities to accumulate monies to provide or subsidize health benefits for retirees and beneficiaries as defined by Code Section 213. The Retiree Health Funding Vehicle accounts are invested in the MERS portfolio choices and earnings are tax exempt as a result of the MERS Private Letter Ruling.

Benefits Provided. The Plan benefits vary by division/bargaining unit. The Plan provides health care, dental, prescription drug and life insurance benefits for retirees and their spouse. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan, except for participant contributions as described below. Eligibility for health benefits are as follows:

- **General Union and General Non-Union:** Normal retirement age 50 with 25 years of service is eligible for medical for both the retiree and spouse. Normal retirement age 55 with 15 years of service is eligible for prescription drug for both the retiree and spouse. Normal retirement age 60 with 10 years of service is eligible for life insurance for retiree only. Retirees only are provided life insurance in the amount of \$5,000. No dental coverage is offered during retirement. Retirees do not receive reimbursement for Medicare Part B Premiums. Members hired on or after July 1, 2017 are not eligible for retiree medical, prescription drug, or life insurance coverage.
- **Police and Fire:** Normal retirement is 25 years of service regardless of age is eligible for medical, prescription drug and dental for both the retiree and spouse. Retirees are only provided with life insurance in the amount of \$5,000. Retirees do not receive reimbursement for Medicare Part B Premiums. Police members hired on or after January 1, 2012 are not eligible for retiree medical, prescription drug, dental or life insurance coverage. Fire members hired on or after July 1, 2017 are not eligible for retiree medical, prescription drug, dental or life insurance coverage.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Employees Covered by Benefit Terms. At June 30, 2022, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	0
Active employees	25
Total membership	112

The Plan is closed to General (Union and Non-Union) members hired on or after July 1, 2017. The Plan is closed to Police members hired on or after January 1, 2012. The Plan is closed to Fire members hired on or after July 1, 2017.

Contributions. The City Council establishes contribution rates based on an actuarially determined rate per funding valuation. There are no long-term contracts for contributions to the Plan. Retiree healthcare costs are paid by the City on a “pay-as-you-go” basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. Plan participants are not required to contribute to the Plan. For the year ended June 30, 2022, the City contributed \$830,074 to pay current premiums and \$300,000 to fund the OPEB trust. Effective for retirements on or after December 21, 2011, Plan members are required to contribute as follows:

- **General Non-Union and General Union:** Normal retirement age 50 with 25 years of service retiree and spouse share of cost is 20% of medical. Normal retirement age 55 with 15 years of service retiree and spouse share of cost is 20% of prescription drug. Normal retirement age 60 with 10 years of service the retiree has 0% share of cost on life insurance benefit.
- **Police and Fire:** Normal retirement is 25 years of service regardless of age the retiree and spouse share of cost are 20% on medical, prescription drug and dental. Retiree has 0% share of cost on life insurance benefit.

Net OPEB Liability. The City's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, which used updated procedures to roll forward the estimated OPEB liability to June 30, 2022. The roll-forward procedure increases the December 31, 2021 actuarial accrued liability with normal cost and interest and decreases it with expected benefit payments. The

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases	3.00 to 9.70 % in the long term
Healthcare cost trend rate	8.25 % initial trend gradually decrease 0.25% per year to a 4.50% long term rate.
Investment rate of return	5.75 % net of OPEB Plan investment expense.

No load was applied in connection with the “Cadillac” tax.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% to 9.70% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

All assumptions are expectations of future experience, not market measures. The rationale for the rates of merit and longevity salary increases, base wage inflation, rates of mortality, normal retirement rates, early retirement rates, rates of separation from active membership, disability rates, and marriage assumption used in this valuation is included in the MERS 5-year experience study for the period January 1, 2014 to December 31, 2018, issued February 14, 2020. These assumptions were first used in the December 31, 2019 OPEB Funding Valuation.

Mortality rates used were based on the Pub-2010 with generational mortality improvement using scale MP-2019.

Investment Policy. The objectives of the Plan are to accommodate the varying needs of the participants by providing appropriate and diversified investment options. The investment options will include an assortment of investment choices across a range of asset classes, risk levels, and investment strategies, at a reasonable cost. Each investment option should be an appropriate building block to forming a reasonably diversified portfolio.

Investment Rate of Return. The long-term expected rate of return on the OPEB plan investments was determined using a forward-looking estimate of capital market returns model for each investment major asset class. Other municipalities have different investment choices depending on their individual preferences and expected need for resources to fund their OPEB obligations.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00%	7.45%
Global fixed income	20.00%	4.90%
Private investments	20.00%	9.50%
	100.00%	

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 1.92 % , and the resulting *Single Discount Rate* is 6.50%.

A Single Discount Rate of 6.50% was used to measure the Total OPEB Liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 5.75%. The projection of cash flows used to determine this Single Discount Rate assumed that employer contributions will be made at rates equal to the projected benefit payments each year while an unfunded actuarial accrued liability exists and at rates equal to the actuarially determined service cost thereafter. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

Changes in Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2020	\$ 12,987,766	\$ 1,900,022	\$ 11,087,744
Changes for the year:			
Service cost	147,067	-	147,067
Interest	727,160	-	727,160
Differences between expected and actual experience	(286,492)	-	(286,492)
Changes in assumptions	(1,795,965)	-	(1,795,965)
Employer contributions	-	1,130,074	(1,130,074)
Employee contributions	-	-	-
Net investment income	-	(183,762)	183,762
Benefit payments, including refunds of employee contributions	(830,074)	(830,074)	-
Administrative expense	-	(3,890)	3,890
Net changes	<u>(2,038,304)</u>	<u>112,348</u>	<u>(2,150,652)</u>
Balance as of June 30, 2021	<u>\$ 10,949,462</u>	<u>\$ 2,012,370</u>	<u>\$ 8,937,092</u>

The Plan fiduciary net position represents 18.38 percent of the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's net OPEB liability	\$ 7,874,737	\$ 8,937,092	\$10,203,980

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$ (310,747). The City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (140,121)
Changes in assumptions	-	(878,392)
Net differences between projected and actual earnings on OPEB plan investments	61,089	-
Total	\$ 61,089	\$ (1,018,513)

OPEB-related deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2023	\$ (1,016,101)
2024	3,192
2025	(4,825)
2026	60,310
2027	-
Total	\$ (957,424)

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan’s fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses economic resources measurement focus and the full accrual basis of accounting. Investments are valued at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

15. CLAIMS AND JUDGMENTS

The City is and has been the defendant in a number of lawsuits that are currently pending, on appeal and/or have resulted in judgments against the City. There are no judgments that are currently a liability and are not recorded in the general fund. In addition, the City has one significant pending case, but it does not offer any serious estimated potential liability exposures. No liability has been recorded in the financial statements for these potential liabilities.

16. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets		
Capital assets not being depreciated	\$ 2,455,255	\$ 255,777
Capital assets being depreciated, net	8,455,909	24,660,670
	10,911,164	24,916,447
 Related debt		
Due within one year	680,000	846,686
Due in more than one year	5,890,000	10,732,390
Unamortized bond premium	(7,194)	-
	6,562,806	11,579,076
 Net investment in capital assets	\$ 4,348,358	\$ 13,337,371

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2022
(Continued)

17. SUBSEQUENT EVENTS

Evaluation of Events and Transactions

The District's management has evaluated subsequent events through December 21, 2022, the date which the financial statements were available to be issued. The City's management has concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Ecorse
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
Revenues				
Property Taxes	\$ 5,751,329	\$ 5,495,391	\$ 5,773,207	\$ 277,816
Special Assessment	-	-	-	-
Licenses and Permits	327,900	515,732	511,421	(4,311)
Federal Grants	-	7,380	7,380	-
State Grants	4,201,621	8,340,914	8,438,293	97,379
Contributions from Local Units	27,500	27,500	27,948	448
Charges for Services	780,100	845,194	885,109	39,915
Fines and Forfeitures	125,000	105,000	95,676	(9,324)
Interest & Rents	-	(236,309)	(296,399)	(60,090)
Other	20,250	1,007,492	931,992	(75,500)
Total revenues	11,233,700	16,108,294	16,374,627	266,333
Expenditures				
Current:				
General government:				
Attorney	1,132,719	1,148,540	1,124,090	24,450
Finance	1,049,247	1,057,978	943,097	114,881
City Hall	724,774	1,176,442	1,118,211	58,231
Retiree Pension	1,905,490	3,740,835	3,740,538	297
Retiree Health Care	1,129,052	1,119,943	1,026,440	93,503
Other	166,892	195,289	227,649	(32,360)
Total General Government	6,108,174	8,439,027	8,180,027	259,000
Public Safety:				
Police and Fire	3,905,905	4,626,131	4,464,196	161,935
Building & Inspection	279,672	449,514	425,616	23,898
Total public safety	4,185,577	5,075,645	4,889,812	185,833
Public works:				
Public Works	837,888	1,226,621	1,174,704	51,917
Highway and streets:				
Highways and Streets	372,000	381,000	380,360	640
Debt service:				
Principal Repayments	-	-	-	-
Interest	57,906	24,273	24,273	0
Total Debt Service	57,906	24,273	24,273	0
Community and Development:				
Community and Development	181,239	1,241,393	1,168,735	72,658
Recreation and Culture:				
Recreation and Culture	145,156	330,841	308,460	22,381
Total expenditures	11,887,940	16,718,800	16,126,369	592,431
Revenues Over (Under) Expenditures	(654,240)	(610,506)	248,257	858,763
Other Financing Sources (Uses)				
Transfers to other funds	(12,000)	(352,563)	(352,000)	563
Total Other Financing Sources (Uses)	(12,000)	(352,563)	(352,000)	563
Net Change in Fund Bbalance	(666,240)	(963,069)	(103,743)	859,326
Fund balance, beginning of year	9,435,481	9,435,481	9,435,481	-
Fund balance, end of year	\$ 8,769,241	\$ 8,472,412	\$ 9,331,738	\$ 859,326

City of Ecorse
Statement of Revenues, Expenditures
and Changes in Fund Balance-
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
State sources	\$ 717,961	\$ 768,261	\$ 756,632	\$ (11,629)
Interest income	-	-	-	-
Other revenue	5,000	5,000	5,357	357
TOTAL REVENUES	722,961	773,261	761,989	(11,272)
EXPENDITURES:				
Highways and streets	542,961	2,442,656	2,368,045	74,611
Capital Outlay	-	540,000	540,000	-
TOTAL EXPENDITURES	542,961	2,982,656	2,908,045	74,611
Revenues Over (Under) Expenditures	180,000	(2,209,395)	(2,146,056)	63,339
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(180,000)	-	-	-
Transfers from other funds	-	340,000	340,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(180,000)	340,000	340,000	-
Net Change In Fund Balance	-	(1,869,395)	(1,806,056)	63,339
FUND BALANCE, beginning	2,490,435	2,490,435	2,490,435	-
FUND BALANCE, ending	\$ 2,490,435	\$ 621,040	\$ 684,379	\$ 63,339

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

DEBT SERVICE FUND - 2012 BOND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
Property Taxes	\$ 420,816	\$ 393,694	\$ 432,788	\$ 39,094
State Grants	348,173	1,003,384	1,003,383	(1)
Interest and Rents	20	32	33	1
TOTAL REVENUES	769,009	1,397,110	1,436,204	39,094
EXPENDITURES:				
Principal Repayments	695,000	1,510,000	1,510,000	-
Interest	382,100	338,555	338,555	-
TOTAL EXPENDITURES	1,077,100	1,848,555	1,848,555	-
Revenues Over (Under) Expenditures	(308,091)	(451,445)	(412,351)	39,094
Net Change In Fund Balance	(308,091)	(451,445)	(412,351)	39,094
FUND BALANCE, beginning	1,421,528	1,421,528	1,421,528	-
FUND BALANCE, ending	\$ 1,113,437	\$ 970,083	\$ 1,009,177	\$ 39,094

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Water & Sewer Enterprise Fund
For the Fiscal Year Ended June 30, 2022

	WATER & SEWER FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
Property Taxes	\$ -	\$ -	\$ 27,356	\$ 27,356
State Grants	126,942	126,942	126,942	-
Charges for Services	6,422,300	6,721,663	6,749,667	28,004
Interest and Rents	800	334	1,961	1,627
Other Revenue	-	22,090	22,454	364
TOTAL REVENUES	6,550,042	6,871,029	6,928,381	57,352
EXPENDITURES:				
Water and Sewer	8,030,970	8,304,976	7,508,677	796,299
Other Expense	-	(21,000)	(21,000)	-
TOTAL EXPENDITURES	8,030,970	8,283,976	7,487,677	796,299
Revenues Over (Under) Expenditures	(1,480,928)	(1,412,947)	(559,296)	853,651
Net Change In Fund Balance	(1,480,928)	(1,412,947)	(559,296)	853,651
FUND BALANCE, beginning	16,879,837	16,879,837	16,879,837	-
FUND BALANCE, ending	\$ 15,398,909	\$ 15,466,890	\$ 16,320,541	\$ 853,651

CITY OF ECORSE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
DETERMINED AS OF THE PLAN YEAR ENDED DECEMBER 31

	2021 (12/31/21 Measurement Date)	2020 (12/31/20 Measurement Date)	2019 (12/31/19 Measurement Date)	2018 (12/31/18 Measurement Date)	2017 (12/31/17 Measurement Date)	2016 (12/31/16 Measurement Date)	2015 (12/31/15 Measurement Date)	2014 (12/31/14 Measurement Date)
Total Pension Liability								
Service Cost	\$ 194,873	\$ 179,139	\$ 175,984	\$ 206,822	\$ 189,305	\$ 186,962	\$ 194,132	\$ 191,053
Interest	3,062,774	3,039,968	2,977,590	3,173,217	3,189,721.00	3,200,465	3,141,599	3,174,890
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(161,608)	(404,421)	18,891	(100,144)	160,460	263,363	395,764	-
Changes in assumptions	1,266,820	1,227,815	1,259,138	(163)	-	-	1,979,630	-
Others	0	1	156,714	74	(1,382)	(10,506)	(10,522)	(10,517)
Benefits payments, including refunds	(3,730,837)	(3,769,732)	(3,768,517)	(3,734,857)	(3,769,681)	(3,781,830)	(3,760,544)	(3,760,437)
Net change in total pension liability	632,022	272,770	819,800	(455,051)	(231,577)	(141,546)	1,940,059	(405,011)
Total pension liability - beginning of year	\$ 42,067,646	\$ 41,794,876	\$ 40,975,076	\$ 41,430,127	\$ 41,661,704	\$ 41,803,250	\$ 39,863,191	\$ 40,268,202
Total pension liability - end of year	\$ 42,699,668	\$ 42,067,646	\$ 41,794,876	\$ 40,975,076	\$ 41,430,127	\$ 41,661,704	\$ 41,803,250	\$ 39,863,191
Plan Fiduciary Net Position								
Contributions - Employer	4,016,840	3,951,914	3,372,870	3,378,304	2,809,524	4,684,468	2,429,229	1,602,541
Contributions - Member	83,550	83,667	80,407	85,341	81,354	86,226	85,425	84,791
Net Investment income(loss)	2,913,474	2,343,237	2,126,675.85	(654,740)	2,009,273	1,434,495	(189,400)	952,166
Administrative expenses	(33,494)	(35,786)	(36,811)	(33,027)	(31,880)	(28,430)	(30,625)	(34,427)
Benefit payments, including refunds	(3,730,837)	(3,769,732)	(3,768,517)	(3,734,857)	(3,769,681)	(3,781,830)	(3,760,544)	(3,760,437)
Other	150,642							
Net change in plan fiduciary net position	3,400,175	2,573,300	1,774,625	(958,979)	1,098,590	2,394,929	(1,465,915)	(1,155,366)
Plan fiduciary net position - beginning of year	\$ 20,221,788	\$ 17,648,489	\$ 15,873,864	\$ 16,832,843	\$ 15,734,253	\$ 13,339,324	\$ 14,805,239	\$ 15,960,605
Plan fiduciary net position - end of year	\$ 23,621,963	\$ 20,221,788	\$ 17,648,489	\$ 15,873,864	\$ 16,832,843	\$ 15,734,253	\$ 13,339,324	\$ 14,805,239
City of Ecorse net pension liability - Ending	\$ 19,077,705	\$ 21,845,858	\$ 24,146,387	\$ 25,101,212	\$ 24,597,284	\$ 25,927,451	\$ 28,463,926	\$ 25,057,952
Plan fiduciary net position as a percentage of total pension liability	55.32%	48.07%	42.23%	38.74%	40.63%	37.77%	31.91%	37.14%
Covered employee payroll	1,889,524	1,842,903	1,584,076	1,833,471	1,650,070	1,612,357	1,688,425	1,668,040
City's net pension liability as a percentage of covered payroll	1009.66%	1185.40%	1524.32%	1369.05%	1490.68%	1608.05%	1685.83%	1502.24%

Notes:

The amounts presented for each fiscal year were determined as December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

City of Ecorse, Michigan
 Required Supplementary Information
 MERS Agent Multiple-Employer Defined Benefit Pension Plan
 Schedule of Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 39,863,191	\$ 14,805,239	\$ 25,057,952	37.1%	\$ 1,668,040	1502.2%
2016	41,803,250	13,339,324	28,463,926	31.9%	1,688,425	1685.8%
2017	41,661,704	15,734,253	25,927,451	37.8%	1,612,357	1608.0%
2018	41,430,127	16,332,843	24,597,284	40.60%	1,650,070	1490.7%
2019	40,975,076	15,873,864	25,101,212	38.74%	1,833,471	1369.1%
2020	41,794,876	17,648,489	24,146,387	42.23%	1,584,076	1524.3%
2021	42,067,646	20,221,788	21,845,858	48.07%	1,842,903	1185.4%
2022	42,699,668	23,621,963	19,077,705	55.32%	1,889,524	1009.7%

Notes:

The amounts presented for each fiscal year were determined as December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

City of Ecorse, Michigan
Required Supplementary Information
Other Post Employment Benefit Plan
Schedule of Changes in Net OPEB Liability and Related Ratios Multiyear

Year Ended June 30,	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 147,067	\$ 128,500	\$ 123,995	\$ 156,373	\$ 159,886
Interest on the Total OPEB Liability	727,160	725,509	1,051,180	1,039,821	1,028,027
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(286,492)	(25,379)	(7,504,975)	(55,426)	103,617
Changes of assumptions	(1,795,965)	-	1,476,306	-	-
Benefit payments, including refunds of employee contributions	(830,074)	(788,336)	(836,849)	(1,017,230)	(1,152,088)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	(2,038,304)	40,294	(5,690,343)	123,538	139,442
Total OPEB liability - beginning of year	12,987,766	12,947,472	18,637,815	18,514,277	18,374,835
Total OPEB liability - end of year	<u>10,949,462</u>	<u>12,987,766</u>	<u>12,947,472</u>	<u>18,637,815</u>	<u>18,514,277</u>
Plan Fiduciary Net Position					
Employer contributions	1,130,074	1,088,336	1,436,849	1,329,230	1,407,088
Nonemployer contributing entities contributions	-	-	-	-	-
OPEB plan net investment income	(183,762)	403,179	11,073	27,343	-
Benefit payments, including refunds	(830,074)	(788,336)	(836,849)	(1,017,230)	(1,152,088)
OPEB plan administrative expenses	(3,890)	(3,012)	(1,876)	(854)	(186)
Other	-	-	-	-	(2,645)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in plan fiduciary net position	112,348	700,167	609,197	338,489	252,169
Plan fiduciary net position - beginning	1,900,022	1,199,855	590,658	252,169	-
Plan fiduciary net position - ending	<u>2,012,370</u>	<u>1,900,022</u>	<u>1,199,855</u>	<u>590,658</u>	<u>252,169</u>
Net OPEB Liability - ending	<u>\$ 8,937,092</u>	<u>\$ 11,087,744</u>	<u>\$ 11,747,617</u>	<u>\$ 18,047,157</u>	<u>\$ 18,262,108</u>
Plan fiduciary net position as a percentage of total OPEB liability	18.38%	14.63%	9.27%	3.17%	1.36%
Covered employee payroll	2,472,758	2,174,937	1,957,982	2,007,398	1,755,718
City's net OPEB liability as a percentage of covered-employee payroll	361.42%	509.80%	599.99%	899.03%	1040.15%

City of Ecorse, Michigan
 Required Supplementary Information
 Other Post Employment Benefit Plan
 Schedule of Contributions

Schedule of Contributions Multiyear

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 1,527,178	\$ 1,407,088	\$ 120,090.00	\$ 1,755,718	80.14%
2019	\$ 1,649,716	\$ 1,329,230	\$ 320,486.00	\$ 2,007,398	66.22%
2020	\$ 1,642,490	\$ 1,436,849	\$ 205,641.00	\$ 1,957,982	73.38%
2021	\$ 1,161,044	\$ 1,088,336	\$ 72,708.00	\$ 2,174,937	50.04%
2022	\$ 1,154,696	\$ 1,130,074	\$ 24,622.00	\$ 2,472,758	45.70%

Notes to Schedule of Contributions

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level Dollar
Remaining amortization period	18 years, closed
Asset valuation method	Market Value of Assets
Inflation	2.5 percent
Salary increases	3.00 to 9.70 percent
Investment rate of return	5.75 percent -net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligible condition
Mortality	Pub-2010 with generational mortality improvement using scale MP-2019
Health care trend rates	Non-medicare: Initial rate of 8.25% decreasing 0.25% per year to a 4.50% long term rate Medicare: Initial rate of 6.50% decreasing 0.25% per year to a 4.50% long term rate
Aging Factors	Based on the 2013 SOA "health Care Costs - From Birth to Death"

City of Ecorse, Michigan
 Required Supplementary Information
 Other Post Employment Benefit Plan
 Schedule of Net OPEB Liability

Fiscal Year Ended June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
2018	\$ 18,514,277	\$ 252,169	\$ 18,262,108	1.36%	\$ 1,755,718	1040.15%
2019	\$ 18,637,815	\$ 590,658	\$ 18,047,157	3.17%	\$ 2,007,398	899.03%
2020	\$ 12,947,472	\$ 1,199,855	\$ 11,747,617	9.27%	\$ 1,957,982	599.99%
2021	\$ 12,987,766	\$ 1,900,022	\$ 11,087,744	14.63%	\$ 2,174,937	509.80%
2021	\$ 10,949,462	\$ 2,012,370	\$ 8,937,092	18.38%	\$ 2,472,758	361.42%

OTHER SUPPLEMENTAL INFORMATION

City of Ecorse
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	SPECIAL REVENUE FUNDS										TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL HIGHWAY	RUBBISH	DOWNTOWN DEVELOPMENT AUTHORITY	DRUG ENFORCEMENT	JUSTICE TRAINING	VEHICLE FORFEITURE	LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	AMERICAN RESCUE PLAN ACT		
ASSETS:											
Cash and Cash Equivalents	\$ 1,331,947	\$ 1,892,169	\$ 5,041	\$ 8,625	\$ 2,806	\$ 14,599	\$ 944,224	\$ 3,588	\$ 1,442		\$ 4,204,441
Due from Other Governmental Units	44,567	-	-	-	-	-	7,308	-	-		51,875
TOTAL ASSETS	\$ 1,376,514	\$ 1,892,169	\$ 5,041	\$ 8,625	\$ 2,806	\$ 14,599	\$ 951,532	\$ 3,588	\$ 1,442		\$ 4,256,316
LIABILITIES AND FUND BALANCE:											
LIABILITIES											
Accounts Payable	\$ 10,964	\$ 76,637	\$ 900	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ -		\$ 96,001
Accrued Salaries and Wages	-	-	-	-	-	-	2,208	-	-		2,208
Due to Component Units	-	-	-	-	-	-	-	-	-		-
Unearned Revenue	218,000	-	-	-	-	-	-	-	-		218,000
TOTAL LIABILITIES	228,964	76,637	900	-	-	-	9,708	-	-		316,209
Fund Balance:											
Restricted for:											
Highways and Streets	1,147,550	-	-	-	-	-	-	-	-		1,147,550
Public Safety	-	-	-	8,625	2,806	14,599	-	-	1,442		27,472
Public Works	-	1,815,532	4,141	-	-	-	-	-	-		1,819,673
Debt Service	-	-	-	-	-	-	-	-	-		-
Community Development	-	-	-	-	-	-	-	3,588	-		3,588
Committed for:											
Recreation and Culture	-	-	-	-	-	-	941,824	-	-		941,824
TOTAL FUND BALANCES	1,147,550	1,815,532	4,141	8,625	2,806	14,599	941,824	3,588	1,442		3,940,107
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,376,514	\$ 1,892,169	\$ 5,041	\$ 8,625	\$ 2,806	\$ 14,599	\$ 951,532	\$ 3,588	\$ 1,442		\$ 4,256,316

City of Ecorse
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS									TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL HIGHWAY	RUBBISH	DOWNTOWN DEVELOPMENT AUTHORITY	DRUG ENFORCEMENT	JUSTICE TRAINING	VEHICLE FORFEITURE	LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	AMERICAN RESCUE PLAN ACT	
REVENUES:										
Property Taxes	-	288,270	-	-	-	-	125,640	-	-	\$ 413,910
Federal Grants	-	-	-	-	-	-	-	20,000	1,005,699	1,025,699
State Grants	312,911	672,290	-	-	2,214	-	292,749	-	-	1,280,164
Contributions From Local Units	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	7,308	-	-	7,308
Interest and Rents	-	-	-	-	-	-	-	-	-	-
Other	-	-	11,000	-	-	-	949	-	-	11,949
TOTAL REVENUES	312,911	960,560	11,000	-	2,214	-	426,646	20,000	1,005,699	2,739,030
EXPENDITURES:										
Public Safety	-	-	-	-	6,290	-	-	-	-	6,290
Public Works	-	661,937	-	-	-	-	-	-	-	661,937
Highways & Streets	374,703	-	-	-	-	-	-	-	-	374,703
Community and Development	-	-	9,531	-	-	-	-	20,000	-	29,531
Recreation and Culture	-	-	-	-	-	-	548,807	-	-	548,807
Capital Outlay	-	-	9,328	-	-	-	-	-	1,004,257	1,013,585
Debt Payments:										
Principal Repayments	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	374,703	661,937	18,859	-	6,290	-	548,807	20,000	1,004,257	2,634,853
REVENUES OVER (UNDER) EXPENDITURES	(61,792)	298,623	(7,859)	-	(4,076)	-	(122,161)	-	1,442	104,177
OTHER FINANCING SOURCES:										
Transfer In	-	-	12,000	-	-	-	-	-	-	12,000
Total Other Financing Sources	-	-	12,000	-	-	-	-	-	-	12,000
NET CHANGE IN FUND BALANCES	(61,792)	298,623	4,141	-	(4,076)	-	(122,161)	-	1,442	116,177
FUND BALANCE, beginning	1,209,342	1,516,909	-	8,625	6,882	14,599	1,063,985	3,588	-	3,823,930
FUND BALANCE, ending	\$ 1,147,550	\$ 1,815,532	\$ 4,141	\$ 8,625	\$ 2,806	\$ 14,599	\$ 941,824	\$ 3,588	\$ 1,442	\$ 3,940,107

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	MOTOR VEHICLE HIGHWAY LOCAL STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
State sources	\$ 295,965	\$ 317,403	\$ 312,911	\$ (4,492)
Interest on savings and investments	-	-	-	-
TOTAL REVENUES	295,965	317,403	312,911	(4,492)
EXPENDITURES:				
Highways and streets	475,965	558,938	374,703	184,235
TOTAL EXPENDITURES	475,965	558,938	374,703	184,235
Revenues Over (Under) Expenditures	(180,000)	(241,535)	(61,792)	179,743
OTHER FINANCING SOURCES:				
Transfers From Other Funds	180,000	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	180,000	-	-	-
Net Change In Fund Balance	-	(241,535)	(61,792)	179,743
FUND BALANCE, beginning	1,209,342	1,209,342	1,209,342	-
FUND BALANCE, ending	\$ 1,209,342	\$ 967,807	\$ 1,147,550	\$ 179,743

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	RUBBISH FUND			FAVORABLE (UNVARORABLE) VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Property Taxes	\$ 302,179	\$ 274,672	\$ 288,270	\$ 13,598
State Grants	233,288	672,290	672,290	(0)
Interest and Rents	-	-	-	-
TOTAL REVENUES	535,467	946,962	960,560	13,598
EXPENDITURES:				
Public works	535,467	946,962	661,937	285,025
TOTAL EXPENDITURES	535,467	946,962	661,937	285,025
Revenues Over (Under) Expenditures	-	-	298,623	298,623
Net Change In Fund Balance	-	-	298,623	298,623
FUND BALANCE, beginning	1,516,909	1,516,909	1,516,909	-
FUND BALANCE, ending	\$ 1,516,909	\$ 1,516,909	\$ 1,815,532	\$ 298,623

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

DOWNTOWN DEVELOPMENT AUTHORITY FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
Other revenue	\$ 1,209	\$ 11,000	\$ 11,000	\$ -
TOTAL REVENUES	1,209	11,000	11,000	-
EXPENDITURES:				
Community & Development	13,209	13,000	9,531	3,469
Capital Outlay	-	10,000	9,328	672
TOTAL EXPENDITURES	13,209	23,000	18,859	4,141
Revenues Over (Under) Expenditures	(12,000)	(12,000)	(7,859)	4,141
Other Financing Sources (Uses)				
Transfers from other funds	12,000	12,000	12,000	-
Total Other Financing Sources (Uses)	12,000	12,000	12,000	-
Net Change In Fund Balance	-	-	4,141	4,141
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	\$ -	\$ 4,141	\$ 4,141

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	JUSTICE TRAINING			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
State Grants	\$ 4,401	\$ 2,214	\$ 2,214	\$ (0)
Interest and Rents	-	-	-	-
TOTAL REVENUES	4,401	2,214	2,214	(0)
EXPENDITURES:				
Public Satety - Training	4,585	9,096	6,290	2,806
TOTAL EXPENDITURES	4,585	9,096	6,290	2,806
Revenues Over (Under) Expenditures	(184)	(6,882)	(4,076)	2,806
Net Change In Fund Balance	(184)	(6,882)	(4,076)	2,806
FUND BALANCE, beginning	6,882	6,882	6,882	-
FUND BALANCE, ending	\$ 6,698	-	\$ 2,806	\$ 2,806

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
Property Taxes	\$ 124,451	\$ 119,727	\$ 125,640	\$ 5,913
State Grants	106,186	292,751	292,749	(2)
Contributions from Local Units	-	-	-	-
Fines & Forfeitures	14,346	14,346	7,308	(7,038)
Interest & Rents	-	-	-	-
Other	223	949	949	(0)
TOTAL REVENUES	245,206	427,773	426,646	(1,127)
EXPENDITURES:				
Recreation and Culture	245,206	696,186	548,807	147,379
TOTAL EXPENDITURES	245,206	696,186	548,807	147,379
Revenues Over (Under) Expenditures	-	(268,413)	(122,161)	146,252
Net Change In Fund Balance	-	(268,413)	(122,161)	146,252
FUND BALANCE, beginning	1,063,985	1,063,985	1,063,985	-
FUND BALANCE, ending	\$ 1,063,985	\$ 795,572	\$ 941,824	\$ 146,252

City of Ecorse
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	COMMUNITY DEVELOPMENT BLOCK GRANT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Federal Grants	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
State Grants	-	-	-	-
TOTAL REVENUES	20,000	20,000	20,000	-
EXPENDITURES:				
Community and Development	20,000	20,000	20,000	-
TOTAL EXPENDITURES	20,000	20,000	20,000	-
Revenues Over (Under) Expenditures	-	-	-	-
Net Change In Fund Balance	-	-	-	-
FUND BALANCE, beginning	3,588	3,588	3,588	-
FUND BALANCE, ending	\$ 3,588	\$ 3,588	\$ 3,588	\$ -

City of Ecorse
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

AMERICAN RESCUE PLAN ACT (ARPA) FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNVARORABLE) VARIANCE
REVENUES:				
Federal Grants	\$ -	\$ 1,003,695	\$ 1,005,699	\$ 2,004
TOTAL REVENUES	-	1,003,695	1,005,699	2,004
EXPENDITURES:				
Capital Outlay	-	1,004,258	1,004,257	1
TOTAL EXPENDITURES	-	1,004,258	1,004,257	1
Revenues Over (Under) Expenditures	-	(563)	1,442	2,005
Other Financing Sources (Uses)				
Transfers from other funds	-	563	-	(563)
Total Other Financing Sources (Uses)	-	563	-	(563)
Net Change In Fund Balance	-	-	1,442	1,442
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	\$ -	\$ 1,442	\$ 1,442

**City of Ecorse
Single Audit
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For the Year Ended June 30, 2022**

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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 Ecorse
Wayne County, 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 unit, each major fund and the aggregate remaining fund information of The City of Ecorse (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 21, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, 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 City’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 deficiency in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 City'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.

Haven Group CPAs & Advisors

Haven Group CPAs & Advisors
Taylor, Michigan
December 21, 2022



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and
Members of the City Council
City of Ecorse
Wayne County, Michigan

Opinion on Compliance for Each Major Federal Program

We have audited The City of Ecorse’s (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2022. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Compliance for Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance on each of the City’s major federal programs. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Haven Group CPAs & Advisors

Haven Group CPAs & Advisors
Taylor, Michigan
December 21, 2022

CITY OF ECORSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass through Grantor Program Title	Federal CFDA Number	Award Number	Approved Grant Award	Accrued (Deferred) Revenue July 1, 2021	Memo Only Prior Year Expenditures	Current Years Expenditures	Current Years Receipts	Passed through to Subrecipients	Accrued (Deferred) Revenue June 30, 2022
U.S. Department of Treasury									
Passed through Michigan Department of Treasury									
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	MI8246	\$ 1,005,699	\$ -	\$ -	\$ 1,005,699	\$ 1,005,699	\$ -	\$ -
Total U.S. Department of Treasury			<u>1,005,699</u>	<u>-</u>	<u>-</u>	<u>1,005,699</u>	<u>1,005,699</u>	<u>-</u>	<u>-</u>
U.S. Department of Housing & Urban Development (HUD)									
Passed through Charter County of Wayne									
Community Development Block Grant	14.218	21/18/05A	20,000	-	-	20,000	20,000	-	-
Total U.S. Department of HUD			<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation									
Passed through Suburban Mobility Authority for Regional Transportation (SMART)									
COVID-19 Urbanized Area Federal Transit Formula Grants	20.507	48108	7,380	-	-	7,380	7,380	-	-
Total U.S. Department of Transportation			<u>7,380</u>	<u>-</u>	<u>-</u>	<u>7,380</u>	<u>7,380</u>	<u>-</u>	<u>-</u>
Federal Emergency Management Agency (FEMA)									
Passed through Michigan State Police Emergency Management and Homeland Security Division									
Public Assistance Grant Program	97.036	4494DRMI00000001	8,231	8,231	8,231	-	8,231	-	-
Total FEMA			<u>8,231</u>	<u>8,231</u>	<u>8,231</u>	<u>-</u>	<u>8,231</u>	<u>-</u>	<u>-</u>
Total All Funds			<u>\$ 1,041,310</u>	<u>\$ 8,231</u>	<u>\$ 8,231</u>	<u>\$ 1,033,079</u>	<u>\$ 1,041,310</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF ECORSE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Ecorse (the City) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through entities, where applicable, have been identified in the Schedule.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports.

**CITY OF ECORSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditors' Report Issued: Unmodified

Internal Control over Financial Reporting:

* Material weakness(es) identified? Yes X No

* Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

* Material weakness(es) identified? Yes X No

* Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of Auditors' Report Issued on Compliance for Major Program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes X No

Identification of Major Programs

CFDA Number

21.027

Name of Federal Program/Cluster

Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

**CITY OF ECORSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I - SUMMARY OF AUDITORS' RESULTS (Continued)

**Dollar Threshold Used to
Distinguish Between Type
A and Type B Programs:**

\$ 750,000

Auditee qualified as low-risk
auditee?

Yes No

**CITY OF ECORSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)**

GOVERNMENT AUDITING STANDARDS FINDINGS

None.

FEDERAL PROGRAM AUDIT FINDINGS

None.

**CITY OF ECORSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

GOVERNMENT AUDITING STANDARDS FINDINGS

None.

FEDERAL PROGRAM AUDIT FINDINGS

None.



December 21, 2022

To the Honorable Mayor and
Members of the City Council
City of Ecorse
Wayne County, Michigan

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Ecorse (the City) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 22, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management discussion analysis, budgetary comparison schedules of major funds, schedule of pension contributions, schedule of the City's proportionate share of the net pension liability, schedule of other postemployment benefit (OPEB) contributions, and schedule of the City's proportionate of the net OPEB liability, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on other supplementary information such as the nonmajor combining statements which accompany the financial statements but are not RSI. Our responsibility for these supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

We performed our audit according to the planned scope and timing previously communicated in our discussion with the Mayor, City Council and management and in our engagement letter about the audit scope and timing.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City are described in Note 1 to the financial statements.

We noted no transactions entered into by City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements relate to the City's share of the pension plan net pension liability and net OPEB liability recorded on the government-wide statements for the implementation of GASB 68 and GASB 75, respectively.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of net pension liability
- The disclosure of net OPEB liability
- The disclosure of receivables and concentration risks

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements and Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Management has corrected all misstatements noted during the audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis, Budgetary Comparison Schedules of Major Funds, Schedule of The City of Ecorse' Pension Contributions, Schedule of The City of Ecorse' Proportionate Share of Net Pension Liability, Schedule of The City of Ecorse OPEB contributions, Schedule of The City of Ecorse' Proportionate Share of Net OPEB Liability and notes to required supplementary information which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the other supplemental information accompanying the financial statements that are not RSI, as shown in the table of contents, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Mayor, City Council and management of The City of Ecorse and is not intended to be, and should not be, used by anyone other than these specified parties.

Haven Group CPAs & Advisors

Haven Group CPAs & Advisors
Taylor, Michigan
December 21, 2022