



CITY OF LOWELL, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF LOWELL

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INDEPENDENT AUDITORS' REPORT

December 16, 2022

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lowell, Michigan (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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lowell, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and budgetary comparison and benefit plan information on pages 47 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Ordedveld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Lowell, Michigan

Management's Discussion and Analysis

As management of the City of Lowell (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2022 fiscal year as follows:

- Lowell Light and Power issued new debt
- Completed construction of the new showboat.
- Received higher than anticipated payments of state shared revenue, marijuana fees and act 51 funds
- Interest revenue declined

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include wastewater, water, light and power and airport operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Downtown Development Authority (DDA) for which the City is financially accountable. Information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general funds which are considered major fund. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The City adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided for the general and special revenue funds to demonstrate legal compliance.

Proprietary funds The City maintains four separate enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its wastewater, water, and light and power activity, as well as nonmajor airport operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City utilizes internal service funds to account for its data processing and equipment usage. Because these services primarily benefit the City's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and light and power operations, which are considered to be major funds of the City. Conversely, nonmajor enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

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

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

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension and OPEB schedules and the general fund budget and actual presentation. Supplemental information follows the required OPEB schedules and includes combining and individual fund statements and schedules.

Government-wide Financial Analysis

Statement of Net Position As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$27,745,926 at the close of the most recent fiscal year. The following chart illustrates the composition of net position.

City of Lowell Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 5,144,268	\$ 4,456,575	\$10,074,121	\$ 9,207,596	\$15,218,389	\$13,664,171
Capital assets	12,101,780	11,617,062	19,923,220	19,505,944	32,025,000	31,123,006
Total assets	17,246,048	16,073,637	29,997,341	28,713,540	47,243,389	44,787,177
Deferred outflows	646,612	712,448	622,091	349,061	1,268,703	1,061,509
Liabilities						
Current liabilities	760,486	638,403	1,711,355	1,844,036	2,471,841	2,482,439
Long-term liabilities	6,358,338	6,623,389	9,962,148	9,809,916	16,320,486	16,433,305
Total liabilities	7,118,824	7,261,792	11,673,503	11,653,952	18,792,327	18,915,744
Deferred inflows	607,022	450,384	1,366,817	203,863	1,973,839	654,247
Net position						
Net investment in capital						
Assets	9,232,253	8,536,164	14,307,049	11,626,498	23,539,302	20,162,662
Restricted	2,640,727	2,253,735	243,355	259,253	2,551,922	2,512,988
Unrestricted	(1,706,166)	(1,715,990)	3,028,708	5,319,035	1,654,702	3,603,045
Total net position	\$10,166,814	\$ 9,073,909	\$17,579,112	\$17,204,786	\$27,745,926	\$26,278,695

The largest portion of the City's net position in the amount of 85% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position in the amount of \$2,551,922 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position amounts to \$1,654,702.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole, and the business-type activities. Governmental activities unrestricted net position reports a deficit of \$1,706,166 primarily as a result of underfunded benefit plans

Statement of Activities The City's total revenue for the fiscal year ended June 30, 2022, was \$16,315,587 while total cost of all programs and services was \$14,983,045. This results in an increase in net position of \$1,332,542. The increase is less than the 2022 increase as a result of increased expenses for both general government and enterprise funds.

The following table presents a summary of the changes in net position for the years ended June 30.

City of Lowell Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 656,171	\$ 340,000	\$11,768,208	\$11,242,527	\$12,424,379	\$11,582,527
Operating grants and contributions	1,314,959	2,073,121	-	-	1,314,959	2,073,121
Capital grants and contributions	212,048	3,733	-	-	212,048	3,733
General revenues						
Property taxes	1,757,393	1,682,108	-	-	1,757,393	1,682,108
State shared revenues	541,366	441,141	-	-	541,366	441,141
Investment earnings	2,957	1,316	20,195	23,089	23,152	24,405
Other	38,557	46,930	3,733	22,071	42,290	69,001
Total revenues	4,523,451	4,588,349	11,792,136	11,287,687	16,315,587	15,876,036
Expenses						
General government	1,198,990	1,005,739	-	-	1,198,990	1,005,739
Public safety	1,298,088	1,267,335	-	-	1,298,088	1,267,335
Public works	71,267	369,467	-	-	71,267	369,467
Culture and recreation	440,016	420,262	-	-	440,016	420,262
Highways and streets	703,120	336,224	-	-	703,120	336,224
LCTV endowment	33,758	104,479	-	-	33,758	104,479
Interest on long-term debt	74,501	108,179	-	-	74,501	108,179
Wastewater	-	-	1,151,029	973,276	1,151,029	973,276
Water	-	-	1,301,873	1,109,206	1,301,873	1,109,206
Light and power	-	-	8,626,182	7,840,919	8,626,182	7,840,919
Airport	-	-	84,221	86,216	84,221	86,216
Total expenses	3,819,740	3,611,685	11,163,305	10,009,617	14,983,045	13,621,302
Increase (decrease) before transfers	703,711	976,664	628,831	1,278,070	1,332,542	2,254,734
Transfers in (out)	389,194	373,356	(389,194)	(373,356)	-	-
Increase (decrease) in net position	1,092,905	1,350,020	239,637	904,714	1,332,542	2,254,734
Net position – beginning	9,073,909	7,723,889	17,339,475	16,300,072	26,413,384	24,023,961
Net position – ending	\$10,166,814	\$9,073,909	\$17,579,112	\$17,204,786	\$27,745,926	\$26,278,695

Governmental Activities During the year the City invested \$1,298,088 or 34% of governmental activities in public safety. General government expenses were \$1,198,990 or 31% of governmental activities, while public works, culture and recreation, highways and streets, LCTV endowment, and interest on long-term debt made up the remaining 35% of governmental activities. The preceding table shows that the governmental activities increased the City's net position by \$1,092,905 during this fiscal year. The increase is primarily the result of and the timing of capital asset purchases and depreciation of those assets.

Business-type Activities Business-type activities increased the City's net position by \$239,637 during the year. This increase is primarily the result of increased revenue. The beginning net position at July 1, 2021 was adjusted by \$134,689 to properly reflect the deferred outflow of resources related to the asset retirement obligation for Lowell Light & Power.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,320,872 an increase of \$426,125 from the prior year as a decrease in expenditures relating to capital projects.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$1,551,953. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 44% of total general fund expenditures including transfers out.

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

The City of Lowell's enterprise operations consist of four separate and distinct activities. The wastewater, water, light and power, and airport funds provide service to most residents and businesses of the City. The wastewater and water funds reported increased net position of \$1,041 and \$70,329 respectively while the light and power fund increased net position by \$170,249. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

- A lump sum additional pension contribution was made during the year
- State shared revenue was higher than anticipated

Capital Asset and Debt Administration

Capital assets The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$32,025,000 (net of accumulated depreciation). Of this amount, \$12,101,780 was for its governmental activities and \$19,923,220 was for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Significant current year additions included upgrades to the sewer and water systems, road projects, and showboat restroom costs.

Additional information on the City's capital assets can be found in Note 5 to these financial statements.

Long-term debt At the end of the current fiscal year, the City had total long-term debt outstanding of \$8,373,920. Of this amount, \$2,903,920 was for governmental activities while \$5,470,000 was for business-type activities. The balance of noncurrent bonds payable at year end was \$7,489,460. Principal payments during the year including bond refundings were \$3,964,066. The City issued \$3,100,000 in refunding bonds to refund the City's 2012 Building Authority bonds during the year.

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

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the City's budget for the 2022-2023 fiscal year:

- Increased general fund property tax revenue
- Additional marijuana excise tax
- Slight inflation in expenditures
- Retirement unfunded liabilities are a continued concern for the administration

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Lowell, 301 East Main Street, Lowell, MI 49331.

BASIC FINANCIAL STATEMENTS

CITY OF LOWELL
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Downtown
	Activities	Activities		Development
				Authority
Assets				
Cash and pooled investments	\$ 3,935,865	\$ 4,787,584	\$ 8,723,449	\$ 498,804
Investments	955,746	968,794	1,924,540	-
Accounts receivable	3,656	1,421,781	1,425,437	-
Special assessments receivable	-	32,404	32,404	-
Prepaid items	31,745	453,857	485,602	-
Due from other governments	175,358	-	175,358	-
Advance to MPPA	-	381,005	381,005	-
Advance to City DDA	-	99,577	99,577	-
Lease receivable - long-term	-	983,518	983,518	-
Internal balances	35,747	(35,747)	-	-
Inventory	6,151	552,151	558,302	-
Restricted assets				
Cash and pooled investments	-	185,842	185,842	-
Investments	-	243,355	243,355	-
Capital assets				
Land	568,460	432,618	1,001,078	452,306
Construction in progress	-	2,524,181	2,524,181	-
Depreciable capital assets, net	11,533,320	16,966,421	28,499,741	992,155
Total assets	17,246,048	29,997,341	47,243,389	1,943,265
Deferred outflows of resources				
Pension related	554,504	337,853	892,357	-
OPEB related	57,715	18,629	76,344	-
Asset requirement obligation	-	265,609	265,609	-
Deferred charge on refunding	34,393	-	34,393	-
Total deferred outflows of resources	646,612	622,091	1,268,703	-
Liabilities				
Accounts payable	72,244	795,821	868,065	835
Accrued liabilities	129,801	89,577	219,378	7,381
Customer deposits	-	184,529	184,529	-
Due to other governments	2,070	-	2,070	-
Unearned revenue	301,911	11,428	313,339	-
Debt due within one year	254,460	630,000	884,460	-
Noncurrent liabilities				
Premium on bonds	-	146,171	146,171	-
OPEB obligation	1,213,043	1,606,941	2,819,984	-
Advance from City	-	-	-	99,577
Compensated absences	40,288	46,529	86,817	1,832
Net pension liability	2,455,547	3,027,752	5,483,299	-
Asset retirement obligation	-	294,755	294,755	-
Debt due in more than one year	2,649,460	4,840,000	7,489,460	-
Total liabilities	7,118,824	11,673,503	18,792,327	109,625
Deferred inflows of resources				
Pension related	607,022	383,299	990,321	-
Lease related	-	983,518	983,518	-
Total deferred inflows of resources	607,022	1,366,817	1,973,839	-
Net position				
Net investment in capital assets	9,232,253	14,307,049	23,539,302	1,344,884
Restricted for				
Highways and streets	1,211,153	-	1,211,153	-
Historic District Commission	88,970	-	88,970	-
Look and Lee memorials	477,070	-	477,070	-
Other purposes	332,160	-	332,160	-
Debt service	2,034	243,355	245,389	-
Permanent trust				
Expendable portion	61,440	-	61,440	-
Nonexpendable portion	467,900	-	467,900	-
Unrestricted (deficit)	(1,706,166)	3,028,708	1,322,542	488,756
Total net position	\$ 10,166,814	\$ 17,579,112	\$ 27,745,926	\$ 1,833,640

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

CITY OF LOWELL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 1,198,990	\$ 455,478	\$ 487,969	\$ -	\$ (255,543)
Public safety	1,298,088	179,023	-	-	(1,119,065)
Public works	71,267	13,350	233	195,787	138,103
Culture and recreation	440,016	8,320	174,467	7,000	(250,229)
Highways and streets	703,120	-	548,158	9,261	(145,701)
LCTV endowment	33,758	-	104,132	-	70,374
Interest on long-term debt	74,501	-	-	-	(74,501)
Total governmental activities	<u>3,819,740</u>	<u>656,171</u>	<u>1,314,959</u>	<u>212,048</u>	<u>(1,636,562)</u>
Business-type activities					
Wastewater	1,151,029	1,148,809	-	-	(2,220)
Water	1,301,873	1,369,248	-	-	67,375
Light and power	8,626,182	9,167,925	-	-	541,743
Airport	84,221	82,226	-	-	(1,995)
Total business-type activities	<u>11,163,305</u>	<u>11,768,208</u>	<u>-</u>	<u>-</u>	<u>604,903</u>
Total primary government	<u>\$ 14,983,045</u>	<u>\$ 12,424,379</u>	<u>\$ 1,314,959</u>	<u>\$ 212,048</u>	<u>\$ (1,031,659)</u>
Component unit					
Downtown Development Authority	<u>\$ 710,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (710,341)</u>
Total component unit	<u>\$ 710,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (710,341)</u>

(Continued)

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

CITY OF LOWELL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Development
				Authority
Changes in net assets				
Net (expense) revenue	\$ (1,636,562)	\$ 604,903	\$ (1,031,659)	\$ (710,341)
General revenues				
Property taxes	1,757,393	-	1,757,393	786,226
Franchise fees	38,557	-	38,557	-
State shared revenues - unrestricted	541,366	-	541,366	-
Unrestricted investment earnings	2,957	20,195	23,152	191
Other general revenues	-	3,733	3,733	-
Transfers - internal activities	389,194	(389,194)	-	-
Total general revenues and transfers	2,729,467	(365,266)	2,364,201	786,417
Change in net position	1,092,905	239,637	1,332,542	76,076
Net position, beginning of year, as restated	9,073,909	17,339,475	26,413,384	1,757,564
Net position, end of year	\$ 10,166,814	\$ 17,579,112	\$ 27,745,926	\$ 1,833,640

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

CITY OF LOWELL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 1,620,485	\$ 2,001,126	\$ 3,621,611
Investments	-	955,746	955,746
Accounts receivable	-	3,657	3,657
Prepaid items	27,719	-	27,719
Due from other funds	35,747	-	35,747
Due from other governments	94,779	80,579	175,358
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,778,730</u>	<u>\$ 3,041,108</u>	<u>\$ 4,819,838</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable	\$ 57,684	\$ 11,779	\$ 69,463
Accrued liabilities	123,194	2,328	125,522
Due to other governments	2,070	-	2,070
Unearned revenue	-	301,911	301,911
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>182,948</u>	<u>316,018</u>	<u>498,966</u>
Fund balances			
Nonspendable			
Permanent fund corpus	-	467,900	467,900
Prepaid items	27,719	-	27,719
Restricted			
Streets	-	1,211,153	1,211,153
Historic District Commission	-	88,970	88,970
Cemetery operations and maintenance	-	57,164	57,164
City enhancement	-	633,700	633,700
Police seizures	16,110	-	16,110
Debt service	-	2,034	2,034
Capital projects	-	73,027	73,027
Committed			
City enhancement	-	179,806	179,806
Assigned	-	11,336	11,336
Unassigned	1,551,953	-	1,551,953
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,595,782</u>	<u>2,725,090</u>	<u>4,320,872</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,778,730</u>	<u>\$ 3,041,108</u>	<u>\$ 4,819,838</u>

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

CITY OF LOWELL

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2022

Fund balances - total governmental funds	\$ 4,320,872
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Add - land	568,460
Add - capital assets (net of accumulated depreciation)	11,319,749

Pension contributions, deferred outflows and deferred charges not reported in the funds.

Add - pension deferred outflows	554,504
Add - deferred charge on refunding	34,393
Deduct - pension deferred inflows	(607,022)
Add - OPEB deferred outflows	57,715

An internal service fund is used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service funds	515,249
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(39,541)
Deduct - OPEB obligation	(1,213,043)
Deduct - long-term debt payable	(2,885,000)
Deduct - net pension liability	(2,455,547)
Deduct - accrued interest on bonds payable	(3,975)

Net position of governmental activities	<u>\$ 10,166,814</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF LOWELL

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Taxes	\$ 1,831,959	\$ -	\$ 1,831,959
Intergovernmental revenues			
Federal	-	136,414	136,414
State	541,366	529,773	1,071,139
Local	306,912	37,279	344,191
Licenses and permits	386,199	-	386,199
Charges for services	201,749	20,350	222,099
Investment earnings	2,820	(231)	2,589
Contributions and donations	3,000	291,644	294,644
Miscellaneous	21,390	16,970	38,360
Total revenues	<u>3,295,395</u>	<u>1,032,199</u>	<u>4,327,594</u>
Expenditures			
Current			
General government	948,088	94,414	1,042,502
Public safety	1,185,142	77,892	1,263,034
Public works	249,253	-	249,253
Culture and recreation	388,739	302,188	690,927
Highways and streets	-	720,447	720,447
Other functions	5,361	-	5,361
Debt service			
Principal	-	215,000	215,000
Interest	-	79,139	79,139
Issuance costs	-	50,724	50,724
Total expenditures	<u>2,776,583</u>	<u>1,539,804</u>	<u>4,316,387</u>
Revenues over (under) expenditures	<u>518,812</u>	<u>(507,605)</u>	<u>11,207</u>
Other financing sources (uses)			
Issuance of bonds	-	3,100,000	3,100,000
Payment to escrow	-	(3,049,276)	(3,049,276)
Transfers in	389,194	973,381	1,362,575
Transfers out	(742,424)	(255,957)	(998,381)
Total other financing sources (uses)	<u>(353,230)</u>	<u>768,148</u>	<u>414,918</u>
Net changes in fund balances	165,582	260,543	426,125
Fund balances, beginning of year	<u>1,430,200</u>	<u>2,464,547</u>	<u>3,894,747</u>
Fund balances, end of year	<u>\$ 1,595,782</u>	<u>\$ 2,725,090</u>	<u>\$ 4,320,872</u>

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

CITY OF LOWELL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balances - total governmental funds	\$ 426,125
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,024,008
Deduct - depreciation expense	(439,353)

Issuance of bonds or notes provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	215,000
Deduct - amortization of deferred charge on refunding	(5,971)
Deduct - proceeds from long term debt	(55,000)

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.

Add - decrease in compensated absences	2,094
Deduct - increase in OPEB obligation	(28,846)
Add - decrease in net pension liability	87,343
Add - increase in deferred outflows for pension	33,135
Deduct - decrease in deferred outflows for OPEB	(93,000)
Deduct - increase in deferred inflows for pension	(156,638)
Add - decrease in accrued interest	4,638

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - increase in net position from the internal service funds	<u>79,370</u>
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Change in net position of governmental activities	<u>\$ 1,092,905</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF LOWELL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
Assets	Wastewater	Water	Light and Power	Non-major (Airport)		
Current assets						
Cash and pooled investments	\$ 1,695,077	\$ 1,797,930	\$ 1,260,628	\$ 33,949	\$ 4,787,584	\$ 314,254
Investments	-	-	968,794	-	968,794	-
Restricted cash and pooled investments	-	-	185,842	-	185,842	-
Accounts receivable	167,226	205,642	1,046,563	2,350	1,421,781	(1)
Prepaid items	-	-	453,857	-	453,857	4,026
Inventory	-	123,685	428,466	-	552,151	6,151
Total current assets	1,862,303	2,127,257	4,344,150	36,299	8,370,009	324,430
Noncurrent assets						
Restricted investments	-	-	243,355	-	243,355	-
Special assessments long-term	32,404	-	-	-	32,404	-
Lease receivable	-	-	873,552	109,966	983,518	-
Advance to MPPA	-	-	381,005	-	381,005	-
Advance to DDA	-	-	99,577	-	99,577	-
Capital assets						
Land	4,500	109,908	259,157	59,053	432,618	-
Construction in progress	-	-	2,524,181	-	2,524,181	-
Capital assets, net	3,575,814	3,380,839	9,790,851	218,917	16,966,421	213,571
Total noncurrent assets	3,612,718	3,490,747	14,171,678	387,936	21,663,079	213,571
Total assets	5,475,021	5,618,004	18,515,828	424,235	30,033,088	538,001
Deferred outflows of resources						
Pension related	26,405	152,562	158,886	-	337,853	-
Asset retirement obligation	-	-	265,609	-	265,609	-
OPEB Related	2,749	15,880	-	-	18,629	-
Total deferred outflows of resources	29,154	168,442	424,495	-	622,091	-
Liabilities						
Current liabilities						
Accounts payable	86,295	16,746	691,189	1,591	795,821	2,781
Accrued liabilities	19,021	30,604	39,952	-	89,577	304
Due to other funds	-	-	35,747	-	35,747	-
Customer deposits	-	7,885	176,644	-	184,529	-
Unearned revenue	-	-	-	11,428	11,428	-
Current portion of long-term debt	70,000	30,000	530,000	-	630,000	9,460
Total current liabilities	175,316	85,235	1,473,532	13,019	1,747,102	12,545
Long-term liabilities						
Premium on bonds	100,156	46,015	-	-	146,171	-
Net pension liability	116,927	675,508	2,235,317	-	3,027,752	-
Net OPEB obligation	55,254	319,242	1,232,445	-	1,606,941	-
Asset retirement obligation	-	-	294,755	-	294,755	-
Compensated absences	1,751	10,814	33,964	-	46,529	747
Bonds payable, net of current portion	1,876,000	804,000	2,160,000	-	4,840,000	9,460
Total long-term liabilities	2,150,088	1,855,579	5,956,481	-	9,962,148	10,207
Total liabilities	2,325,404	1,940,814	7,430,013	13,019	11,709,250	22,752
Deferred inflows of resources						
Pension related	28,806	167,011	187,482	-	383,299	-
Lease related	-	-	873,552	109,966	983,518	-
Total deferred inflows of resources	28,806	167,011	1,061,034	109,966	1,366,817	-
Net position						
Net investment in capital assets	1,534,158	2,610,732	9,884,189	277,970	14,307,049	194,651
Restricted for revenue bond retirement	-	-	243,355	-	243,355	-
Unrestricted	1,615,807	1,067,889	321,732	23,280	3,028,708	320,598
Total net position	\$ 3,149,965	\$ 3,678,621	\$ 10,449,276	\$ 301,250	\$ 17,579,112	\$ 515,249

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

CITY OF LOWELL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Wastewater	Water	Light and Power	Non-major (Airport)		
Operating revenue						
Charges for services	\$ 1,148,809	\$ 1,369,248	\$ 9,021,003	\$ 82,226	\$ 11,621,286	\$ 476,793
Other	1,489	2,244	118,777	-	122,510	-
Total operating revenue	<u>1,150,298</u>	<u>1,371,492</u>	<u>9,139,780</u>	<u>82,226</u>	<u>11,743,796</u>	<u>476,793</u>
Operating expense						
Treatment	543,886	434,931	-	-	978,817	-
Transmission and distribution	190,875	352,875	7,836,285	-	8,380,035	-
Customer accounts	83,672	89,231	-	-	172,903	-
Administrative and general	152,850	177,350	-	69,664	399,864	321,386
Change in benefit liability	3,154	31,184	-	-	34,338	-
Depreciation	104,232	185,136	726,192	14,557	1,030,117	99,937
Total operating expense	<u>1,078,669</u>	<u>1,270,707</u>	<u>8,562,477</u>	<u>84,221</u>	<u>10,996,074</u>	<u>421,323</u>
Operating income (loss)	<u>71,629</u>	<u>100,785</u>	<u>577,303</u>	<u>(1,995)</u>	<u>747,722</u>	<u>55,470</u>
Non-operating revenue (expense)						
Other non-operating revenues (expenses)	-	-	28,145	-	28,145	-
Loss on disposal of capital assets	-	-	7,139	-	7,139	-
Investment earnings	1,772	710	17,700	13	20,195	110
Interest expense	(72,360)	(31,166)	(70,844)	-	(174,370)	(1,210)
Total non-operating revenue (expense)	<u>(70,588)</u>	<u>(30,456)</u>	<u>(17,860)</u>	<u>13</u>	<u>(118,891)</u>	<u>(1,100)</u>
Income (loss) before transfers and capital items	<u>1,041</u>	<u>70,329</u>	<u>559,443</u>	<u>(1,982)</u>	<u>628,831</u>	<u>54,370</u>
Transfers and capital						
Transfers in	-	-	-	-	-	25,000
Transfers out	-	-	(389,194)	-	(389,194)	-
Total transfers and capital	<u>-</u>	<u>-</u>	<u>(389,194)</u>	<u>-</u>	<u>(389,194)</u>	<u>25,000</u>
Changes in net assets	<u>1,041</u>	<u>70,329</u>	<u>170,249</u>	<u>(1,982)</u>	<u>239,637</u>	<u>79,370</u>
Net assets, beginning of year, as restated	<u>3,148,924</u>	<u>3,608,292</u>	<u>10,279,027</u>	<u>303,232</u>	<u>17,339,475</u>	<u>435,879</u>
Net assets, end of year	<u>\$ 3,149,965</u>	<u>\$ 3,678,621</u>	<u>\$ 10,449,276</u>	<u>\$ 301,250</u>	<u>\$ 17,579,112</u>	<u>\$ 515,249</u>

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

CITY OF LOWELL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Wastewater	Water	Light and Power	Non-major (Airport)		
Cash flows from operating activities						
Receipts from customers and users	\$ 1,152,719	\$ 1,385,763	\$ 9,122,420	\$ 83,950	\$ 11,744,852	\$ -
Receipts from internal services provided	-	-	-	-	-	476,793
Payments to employees	4,145	(437,071)	(1,911,981)	-	(2,344,907)	(41,215)
Payments to suppliers	(1,112,497)	(657,583)	(5,523,611)	(72,064)	(7,365,755)	(283,492)
Net cash provided by (used in) operating activities	44,367	291,109	1,686,828	11,886	2,034,190	152,086
Cash flows from non-capital financing activities						
Transfers in	-	-	-	-	-	25,000
Transfers out	-	-	(387,803)	-	(387,803)	-
Net cash provided by (used in) non-capital financing activities	-	-	(387,803)	-	(387,803)	25,000
Cash flows from capital and related financing activities						
Issuance of long-term debt	-	-	520,000	-	520,000	-
Principal paid on long-term debt	(70,000)	(30,000)	(546,724)	-	(646,724)	(57,341)
Interest expense	(80,975)	(35,123)	(73,765)	-	(189,863)	(1,209)
Proceeds on sale of capital assets	-	-	30,931	-	30,931	-
Acquisitions of capital assets	(110,841)	(82,780)	(1,272,151)	(5,413)	(1,471,185)	-
Net cash provided by (used in) capital and related financing activities	(261,816)	(147,903)	(1,341,709)	(5,413)	(1,756,841)	(58,550)
Cash flows from investing activities						
Proceeds from sale of investments	-	-	100,000	-	100,000	-
Purchase of investments	-	-	(16,443)	-	(16,443)	-
Interest income	1,772	710	17,700	13	20,195	109
Net cash provided by (used in) investing activities	1,772	710	101,257	13	103,752	109
Net increase (decrease) in cash and pooled investments	(215,677)	143,916	58,573	6,486	(6,702)	118,645
Cash and pooled investments, beginning of year	1,910,754	1,654,014	1,387,897	27,463	4,980,128	195,609
Cash and pooled investments, end of year	\$ 1,695,077	\$ 1,797,930	\$ 1,446,470	\$ 33,949	\$ 4,973,426	\$ 314,254
Cash flows from operating activities						
Operating income (loss)	\$ 71,629	\$ 100,785	\$ 605,448	\$ (1,995)	\$ 775,867	\$ 55,470
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	104,232	185,136	726,192	14,557	1,030,117	99,937
Change in asset retirement obligation	-	-	146,157	-	146,157	-
Change in deferred outflows of resources	3,912	20,160	187,482	-	211,554	-
Change in deferred outflows of resources-ARO	-	-	(130,920)	-	(130,920)	-
Change in deferred inflows of resources	7,055	42,947	(89,541)	-	(39,539)	-
Change in net OPEB obligation	(1,935)	(6,960)	75,669	-	66,774	-
Change in net pension liability	(5,878)	(24,963)	(52,511)	-	(83,352)	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	3,517	14,271	(28,373)	1,150	(9,435)	-
Advances	-	-	(72,164)	-	(72,164)	-
Inventory	-	(17,329)	9,809	-	(7,520)	634
Prepaid assets and other items	-	-	115,532	-	115,532	1,628
Special assessments long-term	(1,096)	-	-	-	(1,096)	-
Customer deposits	-	-	11,013	-	11,013	-
Accounts payable	(138,060)	(23,699)	168,205	(2,400)	4,046	(5,602)
Accrued liabilities	991	761	4,605	-	6,357	19
Unearned revenue	-	-	-	574	574	-
Compensated absences	-	-	10,225	-	10,225	-
Net cash provided by (used in) operating activities	\$ 44,367	\$ 291,109	\$ 1,686,828	\$ 11,886	\$ 2,034,190	\$ 152,086

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

CITY OF LOWELL
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2022

	Custodial Fund
Assets	
Cash and pooled investments	\$ -
Total assets	<u>-</u>
Liabilities	
Due to other governmental units	-
Total liabilities	<u>-</u>
Net position	<u>\$ -</u>

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

CITY OF LOWELL
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
Additions	
Taxes and benefits collected for other entities	\$ 4,673,911
Total additions	<u>4,673,911</u>
 Deductions	
Taxes and benefits to other entities	<u>4,673,911</u>
Total deductions	<u>4,673,911</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

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

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Lowell, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. The discretely presented component unit is reported in a separate column in the financial statements to emphasize it is legally separate from the City.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the Downtown Development Authority (DDA). This component unit provides improvement to the downtown district. It is reported in a separate column to emphasize that it is legally separate from the City. The DDA was created to correct and prevent deterioration and to promote economic growth within the downtown area. The DDA governing body consists of individuals that are appointed by the City's Council. The City Council approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

Blended Component Unit

The Building Authority is an entity legally separated from the City. For financial reporting purposes, the Building Authority is reported as if it were part of the City's operations because its purpose is to acquire, construct, and equip public buildings on behalf of the City. The Building Authority is presented as a nonmajor debt service fund.

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 units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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 or segment is 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*.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when 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, except for reimbursement-based grants, state shared revenue and interest which use a one year collection period. 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. Taxes, state revenue, licenses, grants, 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 City.

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 enterprise funds are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for data processing and equipment. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The *Wastewater Enterprise Fund* is used to account for the operations of the City's wastewater department that provides sewer services on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the City's water department that provides water services on a user charge basis.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The *Light and Power Fund* is used to account for the operations of the City's electrical utility on a user charge basis.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *Permanent Funds* are used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Enterprise Funds* are used to account for operations of the City that are financed by charges for the services provided.

The *Internal Service Funds* are used to account for data processing services and equipment usage provided to the City departments and funds on a cost reimbursement basis.

The *Custodial Fund* is used to account for the collection and disbursement of property taxes that are collected on behalf of outside governments or other parties.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and special revenue funds. General and select special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to make budget transfers within an activity. The legal level of budgetary control is the activity level.
5. Formal budgetary integration is employed for the governmental fund types as a management control device. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budgets of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any activity must be approved by the City Council. Supplemental appropriations were necessary during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Restricted Investments and Advances to MPPA

Certain bond and deposit agreements require assets to be set aside for principal, interest repayment, and other purposes. These assets are classified as restricted assets on the balance sheet because their use is limited by applicable agreement requirements. Certain assets of the Light and Power enterprise fund are held in trust with the Michigan Public Power Agency (MPPA) and can only be distributed to the MPPA for purchased power or specified MPPA payment purposes.

Investments

Investments are stated at fair value at the balance sheet date.

City investment policy allows for all investment authorized by State statutes. State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables/Due From Other Governments

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The light and power enterprise fund has established a reserve for uncollectible customer receivables in the amount of \$2,000 at June 30, 2022.

Special Assessments Receivable

Special assessments receivable consist of long-term receivables from customers and benefited parties for various infrastructure improvement projects.

Prepaid items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for utilizing the consumption method.

Inventory

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, supplies for the repair and maintenance of system infrastructure, and equipment. Inventory is accounted for utilizing the consumption method.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial as well as in the proprietary fund statements.

Capital assets are defined by the government 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 valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30-50
Equipment	5-50
Improvements	30-50
Public domain and system infrastructure	40

Unearned Revenue

Funds report *unearned revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the funds were hanger rentals of \$11,428.

Compensated Absences

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the property funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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. Issuance costs, regardless of fund or activity, are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. . The City reports deferred outflows of resources for the loss on bond refundings reported which results from the difference in the carrying value of refunded debt and its reacquisition price. The City reports deferred outflows of resources associated with the asset retirement obligation disclosed in note 12. The City also reports deferred outflows of resources related to the net pension liability, and the net OPEB liability which are discussed in Note 6 and Note 9, respectively, and a deferred charge on bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category which are related to the net pension liability which is discussed in Note 6 and leases which are discussed in Note 15.

Pensions

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

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned – the related assets can only be spent for a specific purpose but do not meet the criteria to be classified as committed.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed by resolution of the City Council. The City Council has delegated the authority to assign fund balance to the City Manager.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed, except for the LCTV endowment, Lee Memorial, and Look Memorial special revenue funds which spend unrestricted resources first, then restricted resources as necessary. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Property Taxes

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before August 31. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units are accounted for in the custodial funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as due from other governments and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

Charges between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

2. STATUTORY COMPLIANCE

Excess of expenditures over appropriations in budgetary funds

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

During the year ended June 30, 2022, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
General Fund			
City Manager	\$133,184	\$133,777	\$ (593)
Planning	68,755	72,942	(4,187)
Building Inspections	90,000	91,485	(1,485)
Parks	232,298	246,988	(14,690)
Major Streets Fund			
Highways and Streets	146,900	158,154	(11,254)

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash and pooled investments	\$ 8,723,449	\$498,804	\$ 9,222,253
Investments	1,924,540	-	1,924,540
Restricted cash and pooled investments	185,842	-	185,842
Restricted investments	243,355	-	243,355
	<u>\$11,077,186</u>	<u>\$498,804</u>	<u>\$ 11,575,990</u>

The cash and investments making up the above balances are as follows:

Deposits	\$10,061,929
Investments	<u>1,514,061</u>
Total	<u>\$11,575,990</u>

The deposits are in financial institutions in varying amounts. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$9,581,022 of the City's bank balance of \$10,227,017 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Investments

The City chooses to disclose its investments by type. As of year-end, the City had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
GNMA bonds	1-29 years	\$ 34,986	N/A
FNMA bonds	1-29 years	2,286	Not rated
FHLMC bonds	1-29 years	468	Not rated
Wells Fargo CD 2.103%	3/31/23	150,000	Not rated
GNMA pool 2%	5/20/51	204,661	N/A
GNMA pool 2%	6/20/51	129,589	N/A
GNMA pool 2%	5/20/51	36,020	N/A
GNMA pool 4%	5/20/52	138,405	N/A
Federated Gov Obligations	N/A	57,346	AAAm
Kent County Pool	N/A	760,300	Not rated
Total		<u>\$1,514,061</u>	

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of year-end.

- The City does not have any investments that are valued using quoted market prices (Level 1 inputs).
- All securities are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

At June 30, 2022, the balance of the Kent County Investment Pool consisted of the following:

<u>Investment</u>	<u>Percentage of Pool Total</u>	<u>Maturity in Years</u>
Government agency securities	38%	0-5
Certificates of deposits	47%	0-5
Deposits, money markets and other pools	15%	Not applicable

Investment and deposit risk

Interest Rate Risk. State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. 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 rates. The maturity range of dates for each type of investment is identified above for investments held at year-end.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable are reported above.

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. Of the above \$1,514,061 of investments, the City has custodial credit risk of \$696,415 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Custodial credit risk for the Kent County pool and the Federated Government Obligation fund above cannot be determined because the pools do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. 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.

4. INTERFUND/ENTITY TRANSACTIONS

Transfers in and out for the year ended June 30, 2022 are as follows:

<u>Transfers out</u>	<u>General fund</u>	<u>Internal service funds</u>	<u>Nonmajor governmental</u>	<u>Total</u>
General fund	\$ -	\$25,000	\$717,424	\$742,424
Light and power	389,194	-	-	389,194
Nonmajor governmental	-	-	255,957	255,957
Total	\$389,194	\$25,000	\$973,381	\$1,387,575

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

Interfund balances reflect short-term balances due from/to other funds which occur in the normal course of operations. At year end the light & power fund had advanced the DDA \$99,577 to be repaid in future years.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 568,460	\$ -	\$ -	\$ 568,460
Construction in progress	32,579	-	32,579	0
Total capital assets, not being depreciated	601,039	-	32,579	568,460
Capital assets, being depreciated				
Land improvements	4,842,977	568,876	-	5,411,853
Buildings	10,198,639	-	-	10,198,639
Equipment	1,805,490	67,347	-	1,872,837
Other improvements	386,918	420,364	-	807,282
Total capital assets, being depreciated	17,234,024	1,056,587	-	18,290,611
Less accumulated depreciation for				
Land improvements	1,501,675	196,660	-	1,698,335
Buildings	3,134,684	201,027	-	3,335,711
Equipment	1,468,644	110,986	-	1,579,630
Other improvements	112,998	30,617	-	143,615
Total accumulated depreciation	6,218,001	539,290	-	6,757,291
Net capital assets, being depreciated	11,016,023	517,297	-	11,533,320
Governmental Activities capital assets, net	\$11,617,062	\$517,297	\$32,579	\$12,101,780

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 432,618	\$ -	\$ -	\$ 432,618
Construction in progress	1,696,688	1,169,017	341,524	2,524,181
Total capital assets, not being depreciated	2,129,306	1,169,017	341,524	2,956,799
Capital assets being depreciated				
Land improvements	1,604,053	25,561	-	1,629,614
Buildings	6,408,563	-	-	6,408,563
Plant and equipment	22,638,896	507,290	92,542	23,053,644
Other improvements	8,893,946	110,841	-	9,004,787
Total capital assets, being depreciated	39,545,458	643,692	92,542	40,096,608
Less accumulated depreciation for				
Land improvements	368,666	37,247	-	405,913
Buildings	6,101,721	45,265	-	6,146,986
Plant and equipment	12,237,665	763,487	68,750	12,932,402
Other improvements	3,460,768	184,118	-	3,644,886
Total accumulated depreciation	22,168,820	1,030,117	68,750	23,130,187
Net capital assets, being depreciated	17,376,638	(386,425)	23,792	16,966,421
Business-type Activities capital assets, net	\$19,505,944	\$782,592	\$365,316	\$19,923,220

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Component Unit	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2022</u>
Capital assets, not being depreciated				
Land	\$ 452,306	\$ -	\$ -	\$ 452,306
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	452,306	-	-	452,306
Capital assets being depreciated				
Land improvements	1,628,587	12,837	-	1,641,424
Plant and equipment	30,253	-	-	30,253
Other improvements	176,945	-	-	176,945
Total capital assets, being depreciated	1,835,785	12,837	-	1,848,622
Less accumulated depreciation for				
Land improvements	694,585	59,755	-	754,340
Plant and equipment	23,257	1,009	-	24,266
Other improvements	72,397	5,464	-	77,861
Total accumulated depreciation	790,239	66,228	-	856,467
Net capital assets, being depreciated	1,045,546	(53,391)	-	992,155
Component Unit capital assets, net	\$1,497,852	\$(53,391)	\$ -	\$1,444,461

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 100,000
Public safety	39,353
Public works	200,000
Culture and recreation	100,000
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	99,937
Total depreciation expense - governmental activities	\$539,290
Business-type Activities	
Sewer	\$ 104,232
Water	185,136
Light and power	726,192
Nonmajor enterprise funds	14,557
Total depreciation expense - business- type activities	\$1,030,117

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6. PENSION PLANS

MERS Defined Benefit Plan

Plan Description

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

Benefits Provided

Pension benefits approved by the City Council are provided to all full-time employees based on division/bargaining unit and hire date. Eligible employees hired before 9/1/12 participate in a defined benefit plan which includes a multiplier of 2.50 times final average compensation, vesting period from 6 to 10 years, normal retirement age is 60, early retirement at 55 with 15 or 25 years of service, benefits are calculated using final 3 years of average compensation. Eligible employees hired on or after 9/1/12 participate in a hybrid defined benefit/contribution plan which includes a multiplier of 1.5 times final average compensation, vesting period of 6 years, normal retirement age is 60, early retirement at 55 and 25 years of service, benefits are calculated using final 3 years of average compensation.

Membership of the defined benefit plans consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

Active plan members	23
Inactive employees entitled but not yet receiving benefits	18
Inactive employees or beneficiaries currently receiving benefits	39
Total	<u>80</u>

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was from 7.14% to 29.20% of annual covered payroll depending on position and classification. Participating employees are required to contribute at a rate of 0 to 6% of covered payroll. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The employer'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 annual actuarial valuation as of that date.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 6.7% based on age)

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of MP-2019 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of MP-2019 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Discount rate			<u>7.25%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that 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.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2020	\$16,573,875	\$10,919,881	\$5,653,994
Changes for the Year:			
Service cost	197,725	-	197,725
Interest	1,228,756	-	1,228,756
Change in benefits	-	-	-
Differences between expected and actual experience	134,235	-	134,235
Change in assumptions	620,856	-	620,856
Contributions: employer	-	769,393	(769,393)
Contributions: employee	-	79,106	(79,106)
Net investment income	-	1,521,231	(1,521,231)
Benefit payments, including refunds	(1,009,776)	(1,009,776)	-
Administrative expense	-	(17,463)	17,463
Other changes	-	-	-
Net changes	1,171,796	1,342,491	(170,695)
Balance at December 31, 2021	\$17,745,671	\$12,262,372	\$5,483,299

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$19,759,849	\$17,745,671	\$16,063,673
Fiduciary net position	12,262,372	12,262,372	12,262,372
Net pension liability	\$ 7,497,477	\$ 5,483,299	\$ 3,801,301

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2022 the employer recognized pension expense of \$915,141. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 67,118	\$(157,782)
Differences in assumptions	463,404	-
(Excess) deficit investment returns	-	(832,539)
Contributions subsequent to the measurement date*	361,835	-
Total	\$892,357	\$(990,321)

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2023.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2023	\$258,538
2024	(339,221)
2025	(239,594)
2026	(139,522)
2027	-
Thereafter	-
Total	<u>\$(459,799)</u>

Defined Contribution Plan

The Lowell Light and Power defined contribution pension plan (the Plan) provides pension benefits for all full-time employees exclusive of those participating in the defined benefit plans. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Employees are eligible to participate immediately upon employment. LLP contributes 9 – 12% of each participant's compensation to the Plan. LLP's contributions are completed vested with the employee after a five year period of employment. The Plan provisions and contribution amounts were established by the LLP Board, and may be amended by the LLP Board. During the year, the LLP contributed \$57,036 to the plan.

7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Public Offerings:					
\$4,545,000 2012 Building Authority Bonds; due in annual installments of \$120,000 to \$355,000 through 2032; plus interest at 2.0% to 3.70%	\$3,045,000	\$ -	\$3,045,000	\$ -	\$ -
Total Public Offerings	<u>3,045,000</u>	<u>-</u>	<u>3,045,000</u>	<u>-</u>	<u>-</u>
Private Placement:					
2015 Act 99 installment purchase with annual payments of \$9,460 through May 1, 2024, including interest at 2.55%	28,380	-	9,460	18,920	9,460
2017 Act 99 installment purchase with annual payments of \$34,147 to \$37,210 through June 30, 2022, plus interest at 1.80%	37,210	-	37,210	-	-

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
2017 Act 99 installment purchase with annual payments of \$7,898 to \$9,142 through June 30, 2022, plus interest at 1.80%	\$ 10,672	\$ -	\$ 10,672	\$ -	\$ -
\$3,100,000 2021 refunding of 2012 Building Authority Bonds; due in annual installments of \$215,000 to \$335,000 through 2032; plus interest at 1.62%	-	3,100,000	215,000	2,885,000	245,000
Total Private Placement:	76,262	3,100,000	272,342	2,903,920	254,460
Total long-term debt	3,121,262	3,100,000	3,317,342	2,903,920	254,460
Unamortized refunding charge	(40,364)	-	(5,971)	(34,393)	-
Accrued employee benefits	42,382	-	2,094	40,288	-
Total Governmental Activities	\$3,123,280	\$3,100,000	\$3,313,465	\$2,909,815	\$254,460
Business-type Activities					
Public Offerings:					
\$3,805,000 2012 Electric Supply System Refunding Bonds, due in annual installments of \$215,000 to \$305,000 through August 2027; plus interest at 2-3%	\$1,950,000	\$ -	\$255,000	\$1,695,000	\$260,000
\$3,280,000 2016 General Obligation Capital Improvement Bonds, due in annual installments of \$100,000 to \$200,000 through November 2041; plus interest at 2% to 4.5%	2,880,000	-	100,000	2,780,000	100,000
Total Public Offerings	4,830,000	-	355,000	4,475,000	360,000
Private Placement:					
2017 Act 99 installment purchase with monthly payments of \$10,594 through June 2022, including interest at 1.80%	125,873	-	125,873	-	-
2020 revenue bonds with annual payments ranging from \$135,000 to \$150,000 through June 2028, including interest at 2.2%	475,000	520,000	-	995,000	270,000

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
2019 Act 99 installment purchase of a control panel with annual payments of \$165,851 through June 2022, including interest at 2.15%	\$ 165,851	\$ -	\$165,851	\$ -	\$ -
Total Private Placement	766,724	520,000	291,724	995,000	270,000
Total bonds	5,596,724	520,000	646,724	5,470,000	630,000
Bond premium	158,743	-	12,572	146,171	-
Accrued employee benefits	36,304	10,225	-	46,529	-
Total Business-type Activities	\$5,791,771	\$530,225	\$659,296	\$5,662,700	\$630,000
Component Units					
Accrued employee benefits	\$1,866	\$ -	\$ 34	\$ 1,832	\$ -

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and unamortized refunding charge) as of June 30, 2022 are as follows:

Year Ending <u>June 30</u>	Governmental Activities			
	Public Offering		Private Placement	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ -	\$ -	\$ 254,460	\$ 47,539
2024	-	-	264,460	43,009
2025	-	-	260,000	38,637
2026	-	-	275,000	34,425
2027	-	-	285,000	29,970
2028-2032	-	-	1,565,000	77,922
Total	\$ -	\$ -	\$2,903,920	\$271,502
Year Ending <u>June 30</u>	Business-type Activities			
	Public Offering		Private Placement	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 360,000	\$ 163,975	\$270,000	\$29,865
2024	370,000	153,175	140,000	15,950
2025	380,000	141,574	140,000	12,870
2026	390,000	129,075	145,000	9,790
2027	400,000	116,325	150,000	6,600
2028-2032	905,000	432,275	150,000	3,300
2033-2037	745,000	288,625	-	-
2038-2042	925,000	107,664	-	-
Total	\$4,475,000	\$1,532,688	\$995,000	\$78,375

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Installment purchase: the City has pledged its limited full faith and credit.

Revenue bonds: The City has pledged future electric utility system specific revenues, net of specified operating expenses, to repay the bonds outstanding. Utility rates will be set within regulatory limits to meet future debt service and operation cost requirements. Annual principal and interest payments on these bonds are expected to require less than 15 percent of gross revenues.

General obligation and Building Authority bonds: The City has pledged its full faith and credit for the repayment of these bonds. During 2022, the City issued its 2021 refunding bond of \$3,100,000. The proceeds of the refunding were placed into a trust account to repay outstanding 2012 bonds, accrued interest, and bond issuance costs. The refunded bonds payable were called and paid in full in 2022. The City's total debt service requirement as a result of the refunding was reduced by approximately \$289,500, which resulted in a net present value savings of approximately \$266,500.

8. RISK MANAGEMENT

The City 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 for which the government carries commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year.

9. OTHER POST-EMPLOYMENT BENEFITS

Primary government (excluding Light and Power Enterprise Fund)

Plan Description

The City maintains a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance funded on a discretionary basis. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not been established for the plan. The plan is closed to new staff.

Benefits provided

In accordance with the City policy and agreements, retirees receive an employer-paid benefit of 100% of health insurance premiums for the retiree and spouse less affordable care act taxes. The employer's contributions cease 5 years after retirement or when the employee becomes eligible for Medicare benefits whichever occurs first.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2021):

Retirees and beneficiaries receiving benefits	4
Active plan members	9
Total	13

Contributions

The contribution requirements of Plan members and the City are established and may be amended by the City Council. The City's contributions are based on pay-as-you-go financing requirements.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Net OPEB Liability

The employer's net OPEB liability was determined as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022.

The total OPEB liability calculated in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	None; the plan is not pre-funded
Salary Increases:	3.0%
Discount rate:	2.18% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality:	2010 Public Safety & General Employees and Healthy Retirees, Headcount weighted
Improvement scale:	MP-2020

Discount rate. The discount rate used to measure the total OPEB liability is 2.18. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets (\$0), the long-term expected rate would be used to discount the projected benefits. From the year projected benefits are not projected to be covered by the projected assets (the "depletion date"), projected benefits would be discounted at a discount rate reflecting a 20-year AA/Aa tax exempt municipal bond yield (2.18%). A single equivalent discount rate that yields the same present value of benefits is calculated (2.18%). This discount rate is used to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)
Balance at June 30, 2021	<u>\$1,567,588</u>
Changes for the Year:	
Service cost	52,155
Interest	34,019
Change in benefits	-
Differences between expected and actual experience	-
Change in assumptions	-
Contributions : employer	-
Contributions: employee	-
Net investment income	-
Benefit payments, including refunds	(66,223)
Administrative expense	-
Other changes	-
Net changes	<u>19,951</u>
Balance at June 30, 2022	<u>\$1,587,539</u>

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 2.18%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (1.18%) or higher (3.18%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$1,673,949	\$1,587,539	\$1,506,636

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate, as well as what the employer's net OPEB liability would be using a rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current Healthcare rate	1% Increase
Total OPEB liability	\$1,487,704	\$1,587,539	\$1,696,783

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

For the year ended June 30, 2022 the employer recognized OPEB expense of \$214,138. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 62,941	\$ -
Differences in assumptions	13,403	-
(Excess) deficit investment returns	-	-
Total	<u>\$ 76,344</u>	<u>\$ -</u>

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

2023	\$ 76,344
2024	-
2025	-
2026	-
2027	-
Thereafter	-
Total	<u>\$ 76,344</u>

Light and Power Enterprise Fund

Plan Description

The LLP administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides health insurance premiums for full time employees that retire and their spouses. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not been established for the plan. The LLP prepares the actuarial valuation utilizing the alternative method as provided for by accounting standards.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Benefits provided

In accordance with LLP policy and collective bargaining agreements, retirees receive an employer-paid benefit of 80 to 90% of health insurance premiums for the retiree and spouse. For employees hired after September 1, 2012 the employer's contributions cease 5 years after retirement or when the employee becomes eligible for Medicare benefits whichever occurs first. For employees hired before September 1, 2012 the employer contributions cease 5 to 10 years after retirement, depending on years of service, or when the employee becomes eligible for Medicare benefits whichever occurs first. Benefit provisions are established by the Board.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2022):

Retirees and beneficiaries receiving benefits	10
Active plan members	<u>28</u>
Total	<u><u>38</u></u>

Contributions

The contribution requirements of Plan members and LLP are established and may be amended by the Board of LLP. LLP's contributions are based on pay-as-you-go financing requirements.

Net OPEB Liability

The employer's net OPEB liability was measured as of June 30, 2022 using the alternative measurement method, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of that date.

The total OPEB liability in the June 30, 2022 annual actuarial valuation was determined using the alternative method with the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: implicit in expected payroll increases

Salary Increases: 3.0%

Discount rate: 2.7%

Healthcare cost trend rates: 3%

Mortality rates were based on the 2019 life tables for males or females, as appropriate, from the Centers for Disease Control.

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

Discount rate. The discount rate used to measure the total OPEB liability is 2.7% which did not change from the prior year. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets (\$0), the long-term expected rate would be used to discount the projected benefits. From the year projected benefits are not projected to be covered by the projected assets (the "depletion date"), projected benefits would be discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield (2.7%). A single equivalent discount rate that yields the same present value of benefits is calculated (2.7%). This discount rate is used to determine the total OPEB liability.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Changes in the Net OPEB Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$1,156,776
Changes for the year:	
Service cost	34,800
Interest	31,233
Change in benefits	-
Differences between expected and actual experience	63,212
Change in assumptions	-
Benefit payments, including refunds	(53,576)
Administrative expense	-
Other changes	-
Net changes	<u>75,669</u>
Balance at June 30, 2022	<u>\$1,232,445</u>

Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 2.7%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (1.7%) or higher (3.7%) than the current rate.

	1% Decrease	Current Discount rate	1% increase
Total OPEB liability	\$1,361,352	\$1,232,445	\$1,118,848

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current Discount rate	1% increase
Total OPEB liability	\$1,105,434	\$1,232,445	\$1,383,285

For the year ended June 30, 2022 the employer recognized OPEB expense of \$129,245.

10. TAX ABATEMENTS

The City entered into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Abatement) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. An Industrial Facilities Tax Abatement (IFT) certificate entitles the facility to a partial exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year the City abated property tax revenues of approximately \$50,940.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

11. JOINT VENTURE

Lowell Light and Power (the "Utility") is a member of a joint venture, the Michigan Public Power Agency (MPPA), with 13 other municipal electric systems. The MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation and maintenance of projects to supply electric power and energy for present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. Effective April 2009 the Utility along with other MPPA members entered into an Energy Services Agreement for the sale and purchase of power with the MPPA. The MPPA has entered into three-year power purchase agreement on the behalf of participants. Complete financial statements for the Michigan Public Power Agency can be obtained from the administrative offices at 809 Centennial Way, Lansing, Michigan 48917.

Under the joint venture, the LLP has entered into Power Sales Contracts and Project Support Contracts. These contracts provide for the LLP to purchase from MPPA 1.24% of the energy generated by MPPA's 37.22% ownership in Detroit Edison's Belle River Unit No.1, which became operational in August 1984; 11.86% of MPPA's 4.80% ownership in Consumers Energy's Campbell Unit No. 3, which became operational in September 1980; 5.63% of the energy generated by MPPA's 100% ownership in Combustion Turbine Project No. 1 (50 MW rated simple cycle combustion turbine generating unit and ancillary support facilities located in Kalkaska, Michigan) which became operational in 2004, and 0.88% of MPPA's 5.16% ownership of the AFEC Project (675 MW facility located in Fremont, Ohio) . These contracts require the LLP to purchase approximately 3, 4.5, 2.8, and .209 megawatts of power annually, respectively.

For the year ended June 30, 2022, the LLP recognized expenses totaling \$3,668,548 under the terms of the contracts, which represented approximately \$891,104 for fixed operating costs, \$536,379 for debt service and \$2,241,064 for the purchase of power. Accounts payable to MPPA totaled \$545,576 at June 30, 2021. Under the terms of its contracts, the LLP must make minimum annual payments equal to its share of debt service and its share of the operating costs of Detroit Edison's Belle River No. 1, Consumers Energy's Campbell Unit No. 3, Combustion Turbine Project No. 1. and the AFEC project. Future operating costs are estimated based on MPPA 2020 calendar year costs adjusted for inflation. Debt service costs are the LLP's known share of debt service requirements associated with each contract.

Debt Service requirements expire in the years 2022, 2027, and 2032 for the Campbell, Combustion Turbine and AFEC Project, respectively. The following amounts include estimated operating costs for the same period as the Debt Service. The contracts for the LLP's commitments for operating costs to extend beyond these dates are dependent upon the use of the facilities. A summary of projected future contract payments with the MPPA are as follows:

	Debt		
	<u>Campbell</u>	<u>Combustion Turbine</u>	<u>AFEC Project</u>
2022	\$248,913	\$121,405	\$ 808
2023	-	120,905	23,574
2024	-	121,089	23,607
2025	-	121,251	23,591
2026	-	121,108	23,571
2027-2031	-	121,229	117,930
2032-2036	-	-	23,555
Total	\$248,587	\$726,987	\$236,636

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		Operating	
	Campbell	Combustion Turbine	AFEC Project
2022	\$483,186	\$ 161,656	\$ 26,161
2023	-	166,505	26,946
2024	-	171,500	27,754
2025	-	176,645	28,587
2026	-	181,945	29,444
2027-2031	-	187,404	161,013
2032-2036	-	-	186,658
2037-2041	-	-	216,388
2042-2043	-	-	146,041
Total	\$483,186	\$1,045,655	\$848,992

The joint venture is a result of an ongoing financial responsibility. The Utility did not have an initial equity interest and does not participate in net income or losses.

12. ASSET RETIREMENT OBLIGATION

LLP's participation in various MPPA projects includes a responsibility to fund asset retirement obligations. As of December 31, 2022, the MPPA has two project that have identified asset retirement obligation totaling \$3,035,676. LLP has calculated their portion of MPPA's asset retirement obligations to be \$294,755 with a corresponding deferred outflow of \$265,609 based on LLP's participation percentage in each project.

13. LITIGATION

In the normal course of its operations, the City has become a party in various legal actions, including property tax appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. No reserves for losses related to legal actions have been included as a liability in the City's financial statements.

14. COMMITMENTS/CONTINGENCIES

The City utilized several property locations for storage and disposal of materials and waste that are currently being reviewed for environmental contaminants. It is impossible to determine the financial obligation that the City may ultimately have regarding the further study, testing and cleanup required for the properties at this time.

The LLP has agreements with the MPPA committing it to the purchase up to .854 MW of renewable energy from Granger Electric of Michigan, LLC, .273 MW of renewable energy from North American Natural Resources, Inc, 1.4 MW of renewable energy from Assembly Solar, LLC, 3.8 MW of renewable energy from Pegasus Wind, .4 MW of renewable energy from Calhoun County Solar Project, LLC and .9MW of renewable energy from Hart Solar Partners, LLC. The LLP also has an agreement with the MPPA committing to the purchase of additional capacity to meet planning reserve requirements of the Midcontinent Independent System Operator (MISO) for a cumulative total of \$84,000 over planning years 2025-2028.

The LLP had outstanding commitments of \$271,000 for the purchase of two new vehicles at year end.

CITY OF LOWELL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

15. LEASES

The City has entered into a lease arrangement with a company to lease a portion of the airport facilities. The lease is currently in the first year of a ten-year term ending January 2032; current annual payment of \$12,000 with no future increases. Termination options are only under certain specific circumstances.

Lowell Light and Power has entered into a lease arrangement with a company to lease a portion of the LLP building at 625 Chatham Street, S.E. for the purpose of wastewater treatment operations. The terms of the lease are as follows:

Initial ten-year term ending February 28, 2029, with options to extend for an additional two consecutive five-year terms; currently in initial ten-year term; current monthly payment of \$4,367.76 and increased annually by CPI. Lessee can terminate this lease upon three hundred sixty-five (365) day notice to LLP.

2022 is the first year of implementation of the new guidance under GASB Statement Number 87. The City has recognized a total deferred inflow of resources of \$983,518 in the current fiscal year along with the corresponding lease receivable of the same amount. The City recognized a total of \$62,282 in lease revenue and no interest revenue for the current fiscal year.

16. RESTATEMENT

The beginning of year net position of business-type activities and the Lowell Light & Power enterprise fund was increased by \$134,689 to properly reflect the deferred outflow of resources relating to the asset retirement obligation.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOWELL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 1,810,599	\$ 1,810,599	\$ 1,831,959	\$ 21,360
Intergovernmental revenues				
Federal	125,000	125,000	-	(125,000)
State	407,266	525,000	541,366	16,366
Local	324,990	305,877	306,912	1,035
Licenses and permits	202,918	385,185	386,199	1,014
Charges for services	130,200	187,700	201,749	14,049
Investment earnings	15,000	15,000	2,820	(12,180)
Contributions and donations	1,000	1,000	3,000	2,000
Miscellaneous	2,750	12,850	21,390	8,540
Total revenues	<u>3,019,723</u>	<u>3,368,211</u>	<u>3,295,395</u>	<u>(72,816)</u>
Expenditures				
Current				
General government	776,055	997,208	948,088	49,120
Public safety	1,194,391	1,251,889	1,185,142	66,747
Public works	315,239	324,543	249,253	75,290
Culture and recreation	381,211	397,000	388,739	8,261
Other functions	5,500	5,500	5,361	139
Total expenditures	<u>2,672,396</u>	<u>2,976,140</u>	<u>2,776,583</u>	<u>199,557</u>
Revenues over (under) expenditures	<u>347,327</u>	<u>392,071</u>	<u>518,812</u>	<u>126,741</u>
Other financing sources (uses)				
Transfers in	395,996	395,996	389,194	(6,802)
Transfers out	(737,632)	(761,537)	(742,424)	19,113
Total other financing sources (uses)	<u>(341,636)</u>	<u>(365,541)</u>	<u>(353,230)</u>	<u>12,311</u>
Net changes in fund balance	<u>5,691</u>	<u>26,530</u>	<u>165,582</u>	<u>139,052</u>
Fund balance, beginning of year	<u>1,430,200</u>	<u>1,430,200</u>	<u>1,430,200</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,435,891</u>	<u>\$ 1,456,730</u>	<u>\$ 1,595,782</u>	<u>\$ 139,052</u>

Basis of Accounting

Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principals (GAAP).

CITY OF LOWELL

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION
LIABILITY AND RELATED RATIOS**

FOR THE YEAR ENDED JUNE 30, 2022

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability								
Service cost	\$ 211,215	\$ 226,719	\$ 221,995	\$ 226,646	\$ 241,911	\$ 253,182	\$ 213,566	\$ 197,725
Interest	968,262	973,757	1,084,670	1,111,041	1,146,666	1,193,992	1,210,106	1,228,757
Changes in benefit terms	-	(3,794)	-	-	(10,024)	-	(170,309)	-
Difference between expected and actual experience	-	382,316	(76,607)	7,653	131,060	60,445	(473,346)	134,235
Changes in assumptions	-	632,698	-	-	-	455,772	458,927	620,856
Benefit payments including employee refunds	(703,688)	(799,852)	(906,870)	(898,605)	(916,716)	(930,631)	(961,458)	(1,009,776)
Other	-	30,429	1	-	(1)	1	(1)	(1)
Net change in total pension liability	475,789	1,442,273	323,189	446,735	592,896	1,032,761	277,485	1,171,796
Total pension liability, beginning of year	11,982,746	12,458,535	13,900,808	14,223,997	14,670,732	15,263,628	16,296,389	16,573,874
Total pension liability, ending of year	\$ 12,458,535	\$ 13,900,808	\$ 14,223,997	\$ 14,670,732	\$ 15,263,628	\$ 16,296,389	\$ 16,573,874	\$ 17,745,670
Plan Fiduciary Net Position								
Contributions-employer	\$ 360,904	\$ 390,446	\$ 339,082	\$ 478,711	\$ 482,925	\$ 532,507	\$ 688,751	\$ 769,393
Contributions-employee	95,994	99,696	86,729	88,435	239,360	118,205	121,227	79,106
Net investment income	532,437	(129,061)	924,514	1,135,449	(371,069)	1,201,925	1,241,897	1,521,231
Benefit payments including employee refunds	(703,688)	(799,853)	(906,870)	(898,605)	(916,716)	(930,631)	(961,458)	(1,009,776)
Administrative expense	(19,532)	(18,997)	(18,271)	(18,000)	(18,455)	(20,698)	(19,674)	(17,463)
Net change in plan fiduciary net position	266,115	(457,769)	425,184	785,990	(583,955)	901,308	1,070,743	1,342,491
Plan fiduciary net position, beginning of year	8,512,264	8,778,379	8,320,610	8,745,794	9,531,784	8,947,829	9,849,137	10,919,880
Plan fiduciary net position, ending of year	\$ 8,778,379	\$ 8,320,610	\$ 8,745,794	\$ 9,531,784	\$ 8,947,829	\$ 9,849,137	\$ 10,919,880	\$ 12,262,371
Total net pension liability	\$ 3,680,156	\$ 5,580,198	\$ 5,478,203	\$ 5,138,948	\$ 6,315,799	\$ 6,447,252	\$ 5,653,994	\$ 5,483,299
Plan fiduciary net position as a percentage of the total pension liability	70%	60%	61%	65%	59%	60%	66%	69%
Covered employee payroll	\$ 1,892,987	\$ 2,048,657	\$ 2,050,553	\$ 2,164,938	\$ 2,277,076	\$ 2,380,001	\$ 2,008,617	\$ 1,982,057
Employer's net pension liability as a percentage of covered employee payroll	194%	272%	267%	237%	277%	271%	281%	277%

Notes to schedule:

Above information is based on measurement date of December 31

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF LOWELL

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2015	\$ 400,161	\$ 400,161	\$ -	\$ 1,892,987	21%
6/30/2016	364,270	364,270	-	2,048,657	18%
6/30/2017	336,384	339,082	(2,698)	2,050,553	17%
6/30/2018	526,138	523,138	3,000	2,164,938	24%
6/30/2019	590,877	590,877	-	2,277,076	26%
6/30/2020	509,149	509,149	-	2,380,001	21%
6/30/2021	704,230	704,230	-	2,008,617	35%
6/30/2022	656,544	824,458	(167,914)	1,982,057	42%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.0% (7.35% fro 2020 and 2021, 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

Notes to schedule:

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF LOWELL

DEFINED BENEFIT OPEB PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2022

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 54,970	\$ 70,729	\$ 70,729	\$ 52,155	\$ 52,155
Interest	26,232	29,526	34,225	36,779	34,019
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	-	-	272,745	-
Changes in assumptions	41,650	79,691	-	58,083	-
Benefit payments including employee refunds	(16,432)	(25,473)	(21,166)	(51,989)	(66,223)
Other	-	-	-	-	-
Net change in total OPEB liability	<u>106,420</u>	<u>154,473</u>	<u>83,788</u>	<u>367,773</u>	<u>19,951</u>
Total OPEB liability, beginning of year	<u>855,134</u>	<u>961,554</u>	<u>1,116,027</u>	<u>1,199,815</u>	<u>1,567,588</u>
Total OPEB liability, end of year	<u>\$ 961,554</u>	<u>\$ 1,116,027</u>	<u>\$ 1,199,815</u>	<u>\$ 1,567,588</u>	<u>\$ 1,587,539</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions/benefit payments made from general operating funds	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments including employee refunds	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer net OPEB liability	<u>\$ 961,554</u>	<u>\$ 1,116,027</u>	<u>\$ 1,199,815</u>	<u>\$ 1,567,588</u>	<u>\$ 1,587,539</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered employee payroll	\$ 1,303,483	\$ 1,202,712	\$ 1,202,712	\$ 722,177	\$ 722,177
Employer's net OPEB liability as a percentage of covered employee payroll	74%	93%	100%	217%	220%

Notes to schedule:

Above information is based on measurement date of June 30

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF LOWELL

DEFINED BENEFIT OPEB PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2018	\$ 87,367	\$ 16,432	\$ 70,935	\$ 1,303,483	1%
6/30/2019	108,538	25,473	83,065	1,202,712	2%
6/30/2020	108,538	21,166	87,372	1,202,712	2%
6/30/2021	117,662	51,989	65,673	722,177	7%
6/30/2022	132,316	66,223	66,093	722,177	9%

Notes to schedule

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	28 years
Asset valuation method	N/A
Inflation	None, the plan is not prefunded
Healthcare cost trend rates	7.5% going down .25% per year to 4.5% long-term
Salary increases	3.00%
Discount rate	2.18%
Retirement age	Varies depending on plan adoption
Mortality	2010 Public Safety & General Employees and Healthy Retirees, headcount weighted, MP-2020 improvement scale

Notes to schedule:

PA 202 information	
Actuarial accrued liability	\$1,587,539
Funded ratio	0%
Actuarial determined contribution	\$131,923

CITY OF LOWELL

LOWELL LIGHT AND POWER DEFINED BENEFIT OPEB PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2022

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 60,317	\$ 63,075	\$ 53,669	\$ 47,902	\$ 34,800
Interest	37,328	34,355	36,111	30,537	31,233
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(126,352)	27,409	(240,948)	(3,561)	63,212
Changes in assumptions	-	-	-	-	-
Benefit payments including employee refunds	(55,025)	(55,586)	(54,558)	(50,274)	(53,576)
Other	-	-	-	-	-
Net change in total OPEB liability	(83,732)	69,253	(205,726)	24,604	75,669
Total OPEB liability, beginning of year	1,352,377	1,268,645	1,337,898	1,132,172	1,156,776
Total OPEB liability, end of year	<u>\$ 1,268,645</u>	<u>\$ 1,337,898</u>	<u>\$ 1,132,172</u>	<u>\$ 1,156,776</u>	<u>\$ 1,232,445</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions/benefit payments made from general operating funds	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments including employee refunds	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position, beginning of year	-	-	-	-	-
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer net OPEB liability	<u>\$ 1,268,645</u>	<u>\$ 1,337,898</u>	<u>\$ 1,132,172</u>	<u>\$ 1,156,776</u>	<u>\$ 1,232,445</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered employee payroll	\$ 960,003	\$ 996,957	\$ 1,116,306	\$ 1,004,292	\$ 1,292,619
Employer's net OPEB liability as a percentage of covered employee payroll	132%	134%	101%	115%	95%

Notes to schedule:

Above data is based on a June 30 measurement date.

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF LOWELL

LOWELL LIGHT AND POWER

DEFINED BENEFIT OPEB PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
6/30/2018	\$ 101,935	\$ 55,025	\$ 46,910	\$ 960,003	6%
6/30/2019	106,965	55,586	51,379	996,957	6%
6/30/2020	92,259	54,558	37,701	1,116,306	5%
6/30/2021	85,851	50,247	35,604	1,004,292	5%
6/30/2022	76,171	53,576	22,595	1,292,619	4%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Healthcare cost trend rates	3.00%
Salary increases	3.00%
Investment rate of return	2.70%
Retirement age	MERS
Mortality	2017 CDC life tables

Notes to schedule:

The actuarially determined contribution for fiscal year 2021 based on assumptions required by Michigan Public Act 202 of 2017 is \$76,171. Normal costs for employees hired after June 30, 2018 were \$6,243. The schedule is being accumulated prospectively until 10 years of information is presented

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF LOWELL

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 1,741,399	\$ 1,741,399	\$ 1,757,393	\$ 15,994
Administrative fee, penalties and interest	69,200	69,200	74,566	5,366
	<u>1,810,599</u>	<u>1,810,599</u>	<u>1,831,959</u>	<u>21,360</u>
Licenses and permits				
Business	8,500	8,500	5,375	(3,125)
Medical marijuana	155,000	337,267	342,267	5,000
Cable tv franchise fees	39,418	39,418	38,557	(861)
	<u>202,918</u>	<u>385,185</u>	<u>386,199</u>	<u>1,014</u>
Intergovernmental				
Federal	125,000	125,000	-	(125,000)
Sales tax	402,266	520,000	535,426	15,426
Liquor licenses	5,000	5,000	5,940	940
Contributions from local units	11,108	11,108	12,579	1,471
Contributions from DDA	312,632	293,519	293,519	-
Other	1,250	1,250	814	(436)
	<u>857,256</u>	<u>955,877</u>	<u>848,278</u>	<u>(107,599)</u>
Charges for services				
Cemetery openings	5,000	10,500	10,255	(245)
Sales of garbage and lawn bags	-	-	-	-
Building inspections	75,000	110,000	100,093	(9,907)
Public safety	8,200	8,200	12,204	4,004
Planning and zoning	10,000	10,000	24,872	14,872
Tower and cable room leases	2,400	2,400	-	(2,400)
Other	29,600	46,600	54,325	7,725
	<u>130,200</u>	<u>187,700</u>	<u>201,749</u>	<u>14,049</u>
Investment income	15,000	15,000	2,820	(12,180)
Contributions and donations	1,000	1,000	3,000	2,000
Other miscellaneous	2,750	12,850	21,390	8,540
Total revenues	<u>3,019,723</u>	<u>3,368,211</u>	<u>3,295,395</u>	<u>(72,816)</u>

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CITY OF LOWELL
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Expenditures				
Current				
General government				
Council	\$ 20,752	\$ 23,752	\$ 19,827	\$ 3,925
City Manager	104,343	133,184	133,777	(593)
Elections	5,701	8,001	4,667	3,334
Assessor	59,620	59,620	53,152	6,468
City attorney	75,000	105,000	87,463	17,537
Clerk	152,086	182,012	175,001	7,011
Treasurer	156,626	168,330	166,261	2,069
City hall	138,054	179,554	166,287	13,267
Other	12,000	69,000	68,711	289
Planning	51,873	68,755	72,942	(4,187)
	<u>776,055</u>	<u>997,208</u>	<u>948,088</u>	<u>49,120</u>
Public safety				
Police department	1,000,391	1,024,190	955,958	68,232
Building inspections	65,000	90,000	91,485	(1,485)
Fire department	129,000	137,699	137,699	-
	<u>1,194,391</u>	<u>1,251,889</u>	<u>1,185,142</u>	<u>66,747</u>
Public works				
Cemetery	123,447	140,447	137,618	2,829
Department of public works	187,639	179,318	108,268	71,050
Sidewalks	4,153	4,778	3,367	1,411
	<u>315,239</u>	<u>324,543</u>	<u>249,253</u>	<u>75,290</u>
Culture and recreation				
Parks	230,009	232,298	246,988	(14,690)
Showboat	10,615	10,615	-	10,615
Recreation contributions	5,000	5,000	5,000	-
Library	82,887	95,387	91,991	3,396
Museum	52,700	53,700	44,760	8,940
	<u>381,211</u>	<u>397,000</u>	<u>388,739</u>	<u>8,261</u>
Other functions				
Chamber/riverwalk	5,500	5,500	5,361	139
	<u>5,500</u>	<u>5,500</u>	<u>5,361</u>	<u>139</u>
Total expenditures	<u>2,672,396</u>	<u>2,976,140</u>	<u>2,776,583</u>	<u>199,557</u>
Revenues over (under) expenditures	<u>347,327</u>	<u>392,071</u>	<u>518,812</u>	<u>126,741</u>
Other financing sources (uses)				
Transfers in	395,996	395,996	389,194	(6,802)
Transfers out	(737,632)	(761,537)	(742,424)	19,113
Total other financing sources (uses)	<u>(341,636)</u>	<u>(365,541)</u>	<u>(353,230)</u>	<u>12,311</u>
Net changes in fund balances	5,691	26,530	165,582	139,052
Fund balances, beginning of year	<u>1,430,200</u>	<u>1,430,200</u>	<u>1,430,200</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,435,891</u>	<u>\$ 1,456,730</u>	<u>\$ 1,595,782</u>	<u>\$ 139,052</u>

(concluded)

CITY OF LOWELL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue					
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Historic District Commission</u>	<u>Designated Contributions</u>	<u>LCTV Endowment</u>	<u>Lee Memorial</u>
Assets						
Cash and pooled investments	\$ 321,991	\$ 819,850	\$ 88,970	\$ 454,566	\$ 63,830	\$ 4,372
Investments	-	-	-	-	-	217,459
Accounts receivable	-	-	-	-	-	-
Due from other governments	<u>58,464</u>	<u>22,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 380,455</u>	<u>\$ 841,965</u>	<u>\$ 88,970</u>	<u>\$ 454,566</u>	<u>\$ 63,830</u>	<u>\$ 221,831</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 5,570	\$ 3,369	\$ -	\$ 301	\$ -	\$ -
Accrued liabilities	1,048	1,280	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,911</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,618</u>	<u>4,649</u>	<u>-</u>	<u>302,212</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable						
Permanent fund corpus	-	-	-	-	-	-
Restricted						
Streets	373,837	837,316	-	-	-	-
Historic District Commission	-	-	88,970	-	-	-
Cemetery operations and maintenance	-	-	-	-	-	-
City enhancement	-	-	-	152,354	-	201,194
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Committed						
City enhancement	-	-	-	-	63,830	11,001
Assigned						
City enhancement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,636</u>
Total fund balances	<u>373,837</u>	<u>837,316</u>	<u>88,970</u>	<u>152,354</u>	<u>63,830</u>	<u>221,831</u>
Total liabilities and fund balances	<u>\$ 380,455</u>	<u>\$ 841,965</u>	<u>\$ 88,970</u>	<u>\$ 454,566</u>	<u>\$ 63,830</u>	<u>\$ 221,831</u>

	Debt Service	Capital Projects	Capital Projects	Permanent			
<u>Look Memorial</u>	<u>Building Authority</u>	<u>Fire Truck Purchase</u>	<u>Trails Phase I</u>	<u>Cemetery Perpetual Care</u>	<u>Carr I Memorial</u>	<u>Carr II Memorial</u>	<u>Total</u>
\$ 113,895	\$ 2,034	\$ 73,027	\$ (1,674)	\$ 37,688	\$ 20,859	\$ 1,718	\$ 2,001,126
268,712	-	-	-	398,118	-	71,457	955,746
-	-	-	3,657	-	-	-	3,657
-	-	-	-	-	-	-	80,579
<u>\$ 382,607</u>	<u>\$ 2,034</u>	<u>\$ 73,027</u>	<u>\$ 1,983</u>	<u>\$ 435,806</u>	<u>\$ 20,859</u>	<u>\$ 73,175</u>	<u>\$ 3,041,108</u>
\$ 56	\$ -	\$ -	\$ 1,983	\$ 500	\$ -	\$ -	\$ 11,779
-	-	-	-	-	-	-	2,328
-	-	-	-	-	-	-	301,911
<u>56</u>	<u>-</u>	<u>-</u>	<u>1,983</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>316,018</u>
-	-	-	-	378,142	20,000	69,758	467,900
-	-	-	-	-	-	-	1,211,153
-	-	-	-	-	-	-	88,970
-	-	-	-	57,164	-	-	57,164
275,876	-	-	-	-	859	3,417	633,700
-	2,034	-	-	-	-	-	2,034
-	-	73,027	-	-	-	-	73,027
104,975	-	-	-	-	-	-	179,806
<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,336</u>
<u>382,551</u>	<u>2,034</u>	<u>73,027</u>	<u>-</u>	<u>435,306</u>	<u>20,859</u>	<u>73,175</u>	<u>2,725,090</u>
<u>\$ 382,607</u>	<u>\$ 2,034</u>	<u>\$ 73,027</u>	<u>\$ 1,983</u>	<u>\$ 435,806</u>	<u>\$ 20,859</u>	<u>\$ 73,175</u>	<u>\$ 3,041,108</u>

CITY OF LOWELL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue					
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Historic District Commission</u>	<u>Designated Contributions</u>	<u>LCTV Endowment</u>	<u>Lee Memorial</u>
Revenues						
Intergovernmental revenues						
Federal	\$ -	\$ -	\$ -	\$ 136,414	\$ -	\$ -
State	383,416	146,357	-	-	-	-
Local	-	10,250	-	-	-	-
Charges for services	-	-	-	7,000	-	-
Investment earnings	126	314	33	3	-	(317)
Contributions and donations	-	-	50,000	118,512	104,132	-
Miscellaneous	8,478	8,478	-	-	-	-
Total revenues	<u>392,020</u>	<u>165,399</u>	<u>50,033</u>	<u>261,929</u>	<u>104,132</u>	<u>(317)</u>
Expenditures						
Current						
General government	-	-	58,229	2,427	33,758	-
Public safety	-	-	-	77,892	-	-
Culture and recreation	-	-	-	250,659	-	-
Highways and streets	158,154	562,293	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-
Total expenditures	<u>158,154</u>	<u>562,293</u>	<u>58,229</u>	<u>330,978</u>	<u>33,758</u>	<u>-</u>
Revenues over (under) expenditures	<u>233,866</u>	<u>(396,894)</u>	<u>(8,196)</u>	<u>(69,049)</u>	<u>70,374</u>	<u>(317)</u>
Other financing sources (uses)						
Issuance of bonds	-	-	-	-	-	-
Payment to escrow	-	-	-	-	-	-
Transfers in	-	669,318	-	10,544	-	-
Transfers out	(245,413)	-	-	-	(10,544)	-
Total other financing sources (uses)	<u>(245,413)</u>	<u>669,318</u>	<u>-</u>	<u>10,544</u>	<u>(10,544)</u>	<u>-</u>
Net changes in fund balances	(11,547)	272,424	(8,196)	(58,505)	59,830	(317)
Fund balances, beginning of year	<u>385,384</u>	<u>564,892</u>	<u>97,166</u>	<u>210,859</u>	<u>4,000</u>	<u>222,148</u>
Fund balances, end of year	<u>\$ 373,837</u>	<u>\$ 837,316</u>	<u>\$ 88,970</u>	<u>\$ 152,354</u>	<u>\$ 63,830</u>	<u>\$ 221,831</u>

	Debt Service	Capital Projects	Capital Projects	Permanent			
<u>Look Memorial</u>	<u>Building Authority</u>	<u>Fire Truck Purchase</u>	<u>Trails Phase I</u>	<u>Cemetery Perpetual Care</u>	<u>Carr I Memorial</u>	<u>Carr II Memorial</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,414
-	-	-	-	-	-	-	529,773.00
-	-	-	27,029	-	-	-	37,279
-	-	-	-	13,350	-	-	20,350
(683)	-	27	-	219	8	39	(231)
19,000	-	-	-	-	-	-	291,644
-	-	-	-	14	-	-	16,970
<u>18,317</u>	<u>-</u>	<u>27</u>	<u>27,029</u>	<u>13,583</u>	<u>8</u>	<u>39</u>	<u>1,032,199</u>
-	-	-	-	-	-	-	94,414
-	-	-	-	-	-	-	77,892
24,500	-	-	27,029	-	-	-	302,188
-	-	-	-	-	-	-	720,447
-	215,000	-	-	-	-	-	215,000
-	79,139	-	-	-	-	-	79,139
-	50,724	-	-	-	-	-	50,724
<u>24,500</u>	<u>344,863</u>	<u>-</u>	<u>27,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,539,804</u>
<u>(6,183)</u>	<u>(344,863)</u>	<u>27</u>	<u>-</u>	<u>13,583</u>	<u>8</u>	<u>39</u>	<u>(507,605)</u>
-	3,100,000	-	-	-	-	-	3,100,000
-	(3,049,276)	-	-	-	-	-	(3,049,276)
-	293,519	-	-	-	-	-	973,381
-	-	-	-	-	-	-	(255,957)
<u>-</u>	<u>344,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>768,148</u>
(6,183)	(620)	27	-	13,583	8	39	260,543
<u>388,734</u>	<u>2,654</u>	<u>73,000</u>	<u>-</u>	<u>421,723</u>	<u>20,851</u>	<u>73,136</u>	<u>2,464,547</u>
<u>\$ 382,551</u>	<u>\$ 2,034</u>	<u>\$ 73,027</u>	<u>\$ -</u>	<u>\$ 435,306</u>	<u>\$ 20,859</u>	<u>\$ 73,175</u>	<u>\$ 2,725,090</u>

CITY OF LOWELL

MAJOR STREETS FUND

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ 63,333	\$ 63,333	\$ -	\$ (63,333)
State	355,325	365,325	383,416	18,091
Investment earnings	-	-	126	126
Miscellaneous	-	-	8,478	8,478
Total revenues	418,658	428,658	392,020	(36,638)
Expenditures				
Current				
Highways and streets	140,571	146,900	158,154	(11,254)
Revenues over (under) expenditures	278,087	281,758	233,866	(47,892)
Other financing sources (uses)				
Transfers out	(341,663)	(341,663)	(245,413)	96,250
Net changes in fund balance	278,087	(59,905)	(11,547)	48,358
Fund balance, beginning of year	385,384	385,384	385,384	-
Fund balance, end of year	<u>\$ 663,471</u>	<u>\$ 325,479</u>	<u>\$ 373,837</u>	<u>\$ 48,358</u>

CITY OF LOWELL

LOCAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 384,721	\$ 384,721	\$ 146,357	\$ (238,364)
Local	184,000	-	10,250	10,250
Investment earnings	-	-	314	314
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>8,478</u>	<u>5,478</u>
Total revenues	<u>571,721</u>	<u>387,721</u>	<u>165,399</u>	<u>(222,322)</u>
Expenditures				
Current				
Highways and streets	<u>1,254,690</u>	<u>1,255,690</u>	<u>562,293</u>	<u>693,397</u>
Revenues over (under) expenditures	(682,969)	(867,969)	(396,894)	471,075
Other financing sources (uses)				
Transfers in	<u>427,663</u>	<u>601,568</u>	<u>669,318</u>	<u>67,750</u>
Net changes in fund balance	(255,306)	(266,401)	272,424	538,825
Fund balance, beginning of year	<u>564,892</u>	<u>564,892</u>	<u>564,892</u>	<u>-</u>
Fund balance, end of year	<u>\$ 309,586</u>	<u>\$ 298,491</u>	<u>\$ 837,316</u>	<u>\$ 538,825</u>

CITY OF LOWELL

DESIGNATED CONTRIBUTIONS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ -	\$ 219,165	\$ 136,414	\$ (82,751)
Charges for services	-	5,000	7,000	2,000
Investment earnings	-	-	3	3
Contributions and donations	151,000	116,497	118,512	2,015
Total revenues	151,000	340,662	261,929	(78,733)
Expenditures				
Current				
General government	1,000	2,200	2,427	(227)
Public safety	-	78,044	77,892	152
Culture and recreation	150,000	262,000	250,659	11,341
Total expenditures	151,000	342,244	330,978	11,266
Revenues over (under) expenditures	-	(1,582)	(69,049)	(67,467)
Other financing sources (uses)				
Transfers in	-	10,544	10,544	-
Net changes in fund balance	-	8,962	(58,505)	(67,467)
Fund balance, beginning of year	210,859	210,859	210,859	-
Fund balance, end of year	<u>\$ 210,859</u>	<u>\$ 219,821</u>	<u>\$ 152,354</u>	<u>\$ (67,467)</u>

CITY OF LOWELL

HISTORIC DISTRICT COMMISSION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Contributions and donations	\$ 25,000	\$ 25,000	\$ 50,000	\$ 25,000
Expenditures				
Current				
General government	25,000	70,000	58,229	11,771
Net changes in fund balance	-	(45,000)	(8,196)	36,804
Fund balance, beginning of year	97,166	97,166	97,166	-
Fund balance, end of year	<u>\$ 97,166</u>	<u>\$ 52,166</u>	<u>\$ 88,970</u>	<u>\$ 36,804</u>

CITY OF LOWELL
LCTV ENDOWMENT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Contributions and donations	<u>\$ 109,000</u>	<u>\$ 109,000</u>	<u>\$ 104,132</u>	<u>\$ (4,868)</u>
Expenditures				
Current				
General government	<u>105,000</u>	<u>105,000</u>	<u>33,758</u>	<u>71,242</u>
Revenues over (under) expenditures	4,000	4,000	70,374	66,374
Other financing sources (uses)				
Transfers out	<u>(4,000)</u>	<u>(14,544)</u>	<u>(10,544)</u>	<u>4,000</u>
Net changes in fund balance	-	(10,544)	59,830	70,374
Fund balance, beginning of year	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,000</u>	<u>\$ (6,544)</u>	<u>\$ 63,830</u>	<u>\$ 70,374</u>

CITY OF LOWELL

LEE MEMORIAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Investment earnings	\$ 4,000	\$ 4,000	\$ (317)	\$ (4,317)
Expenditures				
Current				
Culture and recreation	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Net changes in fund balance	-	-	(317)	(317)
Fund balance, beginning of year	<u>222,148</u>	<u>222,148</u>	<u>222,148</u>	<u>-</u>
Fund balance, end of year	<u>\$ 222,148</u>	<u>\$ 222,148</u>	<u>\$ 221,831</u>	<u>\$ (317)</u>

CITY OF LOWELL

LOOK MEMORIAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Investment earnings	\$ -	\$ -	\$ (683)	\$ (683)
Contributions and donations	<u>45,000</u>	<u>45,000</u>	<u>19,000</u>	<u>(26,000)</u>
Total revenues	45,000	45,000	18,317	(26,683)
Expenditures				
Current				
Culture and recreation	<u>45,000</u>	<u>45,000</u>	<u>24,500</u>	<u>20,500</u>
Net changes in fund balance	-	-	(6,183)	(6,183)
Fund balance, beginning of year	<u>388,734</u>	<u>388,734</u>	<u>388,734</u>	<u>-</u>
Fund balance, end of year	<u>\$ 388,734</u>	<u>\$ 388,734</u>	<u>\$ 382,551</u>	<u>\$ (6,183)</u>

CITY OF LOWELL

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Data Processing</u>	<u>OPEB Activity</u>	<u>Equipment</u>	<u>Total</u>
Assets				
Current assets				
Cash and pooled investments	\$ 33,243	\$ 71,555	\$ 209,456	\$ 314,254
Accounts receivable	-	-	(1)	(1)
Prepaid and other assets	-	4,026	-	4,026
Inventory	-	-	6,151	6,151
Total current assets	33,243	75,581	215,606	324,430
Capital assets				
Capital assets, net	38,101	-	175,470	213,571
Total assets	<u>71,344</u>	<u>75,581</u>	<u>391,076</u>	<u>538,001</u>
Liabilities				
Current liabilities				
Accounts payable	1,323	-	1,458	2,781
Accrued liabilities	-	-	304	304
Current portion of long-term debt	-	-	9,460	9,460
Total current liabilities	<u>1,323</u>	<u>-</u>	<u>11,222</u>	<u>12,545</u>
Long-term liabilities				
Compensated absences	-	-	747	747
Long-term debt, net of current portion	-	-	9,460	9,460
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>10,207</u>	<u>10,207</u>
Total liabilities	<u>1,323</u>	<u>-</u>	<u>21,429</u>	<u>22,752</u>
Net position				
Net investment in capital assets	38,101	-	156,550	194,651
Unrestricted	31,920	75,581	213,097	320,598
Total net position	<u>\$ 70,021</u>	<u>\$ 75,581</u>	<u>\$ 369,647</u>	<u>\$ 515,249</u>

CITY OF LOWELL

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Data Processing</u>	<u>OPEB Activity</u>	<u>Equipment</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 121,935	\$ 93,218	\$ 261,640	\$ 476,793
Operating expense				
Administrative and general				
Personnel services	-	-	41,234	41,234
Supplies	23,362	-	24,603	47,965
Services and other charges	83,070	67,851	81,266	232,187
Depreciation	17,379	-	82,558	99,937
Total operating expense	<u>123,811</u>	<u>67,851</u>	<u>229,661</u>	<u>421,323</u>
Operating income (loss)	<u>(1,876)</u>	<u>25,367</u>	<u>31,979</u>	<u>55,470</u>
Non-operating revenue (expense)				
Interest income	14	17	79	110
Interest expense	-	-	(1,210)	(1,210)
Total non-operating revenue (expense)	<u>14</u>	<u>17</u>	<u>(1,131)</u>	<u>(1,100)</u>
Income (loss) before transfers and capital contributions	(1,862)	25,384	30,848	54,370
Transfers and capital contributions				
Transfers in	-	-	25,000	25,000
Changes in net position	(1,862)	25,384	55,848	79,370
Net position, beginning of year	<u>71,883</u>	<u>50,197</u>	<u>313,799</u>	<u>435,879</u>
Net position, end of year	<u>\$ 70,021</u>	<u>\$ 75,581</u>	<u>\$ 369,647</u>	<u>\$ 515,249</u>

CITY OF LOWELL
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Data Processing</u>	<u>OPEB Activity</u>	<u>Equipment</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from internal services provided	\$ 121,935	\$ 93,218	\$ 261,640	\$ 476,793
Payments to employees	-	-	(41,215)	(41,215)
Payments to suppliers	<u>(111,326)</u>	<u>(66,223)</u>	<u>(105,943)</u>	<u>(283,492)</u>
Net cash provided by (used in) operating activities	<u>10,609</u>	<u>26,995</u>	<u>114,482</u>	<u>152,086</u>
Cash flows from non-capital financing activities				
Transfers in	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	-	-	(57,341)	(57,341)
Interest expense	<u>-</u>	<u>-</u>	<u>(1,209)</u>	<u>(1,209)</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(58,550)</u>	<u>(58,550)</u>
Cash flows from investing activities				
Interest income	<u>14</u>	<u>17</u>	<u>78</u>	<u>109</u>
Net increase (decrease) in cash and pooled investments	10,623	27,012	81,010	118,645
Cash and pooled investments, beginning of year	<u>22,620</u>	<u>44,543</u>	<u>128,446</u>	<u>195,609</u>
Cash and pooled investments, end of year	<u>\$ 33,243</u>	<u>\$ 71,555</u>	<u>\$ 209,456</u>	<u>\$ 314,254</u>
Cash flows from operating activities				
Operating income (loss)	\$ (1,876)	\$ 25,367	\$ 31,979	\$ 55,470
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	17,379	-	82,558	99,937
Change in operating assets and liabilities which provided (used) cash				
Prepaid and other assets	-	1,628	-	1,628
Inventory	-	-	634	634
Accounts payable	(4,894)	-	(708)	(5,602)
Accrued liabilities	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
Net cash provided by (used in) operating activities	<u>\$ 10,609</u>	<u>\$ 26,995</u>	<u>\$ 114,482</u>	<u>\$ 152,086</u>

CITY OF LOWELL
DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Fund Type General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 498,804	\$ -	\$ 498,804
Capital assets			
Land	-	452,306	452,306
Depreciable capital assets, net	-	992,155	992,155
Total assets	<u>\$ 498,804</u>	<u>1,444,461</u>	<u>1,943,265</u>
Liabilities and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 835	-	835
Accrued liabilities	5,619	1,762	7,381
Noncurrent liabilities			
OPEB obligation	-	-	-
Advance from City	-	99,577	99,577
Compensated absences	-	1,832	1,832
Total liabilities	<u>6,454</u>	<u>103,171</u>	<u>109,625</u>
Fund balances			
Unassigned	<u>492,350</u>		
Total liabilities and fund balances	<u>\$ 498,804</u>		
Net position			
Net investment in capital assets			1,344,884
Unrestricted			488,756
Total net position			<u>\$ 1,833,640</u>
Reconciliation of fund balances to net position			
Fund balances of governmental funds			\$ 492,350
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			
Add - land			452,306
Add - capital assets (net of accumulated depreciation)			992,155
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Deduct - accrued interest			(1,762)
Deduct - advance payable			(99,577)
Deduct - compensated absences			(1,832)
Net position of governmental activities			<u>\$ 1,833,640</u>

CITY OF LOWELL
DOWNTOWN DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Fund Type General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 786,226	\$ -	\$ 786,226
Intergovernmental revenues			
Investment earnings	191	-	191
Total revenues	<u>786,417</u>	<u>-</u>	<u>786,417</u>
Expenditures/expenses			
Current			
General government	655,779	53,357	709,136
Debt Service			
Principal	32,423	(32,423)	-
Interest	2,330	(1,125)	1,205
Total expenditures/expenses	<u>690,532</u>	<u>19,809</u>	<u>710,341</u>
Net changes in fund balance	95,885	<u>(95,885)</u>	
Change in net position		123,977	76,076
Fund balance/net position, beginning of year	<u>396,465</u>		<u>1,757,564</u>
Fund balance/net position, end of year	<u>\$ 492,350</u>		<u>\$ 1,833,640</u>
Reconciliation of change in fund balances to change in net position			
Net change in fund balances of governmental funds			\$ 95,885
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.			
Add - capital outlay			12,837
Deduct - depreciation expense			(66,228)
Certain liabilities are not expected to be liquidated with expendable available resources and are not reported in the funds			
Deduct - accrued interest			1,125
Add - decrease in advances payable			32,423
Add - decrease in compensated absences			34
Change in net position of governmental activities			<u>\$ 76,076</u>