

City of Mason

Financial Statements

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council of the
City of Mason, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, budgetary comparison schedules, and the pension and OPEB schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Yeo & Yeo, P.C.

Alma, Michigan
October 26, 2023

City of Mason

Management's Discussion and Analysis

Our discussion and analysis of the City of Mason's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements.

Overview of the Financial Statements

This annual report consists of the following report sections: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements are presented in two different formats: government-wide financial statements and fund financial statements.

The government-wide financial statements include the statement of net position and the statement of activities. These statements provide both long-term and short-term information about the City's overall financial status.

The fund financial statements include the balance sheet and the statement of revenue, expenditures, and changes in net position/fund balances. These statements focus on individual parts of the City government and report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The governmental fund statements tell how general government services, like police and fire, were financed in the short term as well as what remains for future spending.

The proprietary fund statements present short and long-term financial information about those activities that the City operates in a business-like manner, such as the water and sewer system.

The fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information presented in the financial statements. In addition to these required supplementary schedules, we have provided a section with combining statements that provide details about our nonmajor governmental and fiduciary funds.

Government-wide Financial Statements

The City's government-wide statements can be found on pages 3-1 and 3-2 of this report. These statements report information about the City as a whole under the full accrual method of accounting, which is similar to the accounting used by most private-sector companies. The statement of net position includes all, both current and long-term, of the government's assets and liabilities and the statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The combined objective of the government-wide statements is to report the City's net position and how they have changed. The reporting of net position is one way to measure the City's financial health or position.

Over time, increases or decreases in the City's net position can be viewed as indicators of whether its financial health is improving or deteriorating, respectively.

City of Mason Management's Discussion and Analysis

In addition to the financial factors, you will need to consider additional information such as changes in the City's property tax base to assess the overall health.

The City's government-wide financial statements divide the reported information into three categories:

- Governmental activities - Most of the City's basic services are included here, such as police, fire, cemetery, parks, and general administration. Property taxes and state revenue sharing are used to finance most of these activities.
- Business-type activities - The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system is included in this category.
- Component units - The City includes other legal entities in its report such as the Downtown Development Authority and the Local Development Finance Authority. The City is financially accountable for these "component units" although they are legally separate entities.

Fund Financial Statements

The City's fund financial statements begin on page 3-3 of this report. These statements provide more detailed information about the City's most significant funds. The City uses funds to account for specific sources of funding and spending for particular purposes. Some funds are required by state law and others are established by the City to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds that use different accounting approaches:

- Governmental funds - Most of the City's basic services are included in governmental funds. These funds focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because governmental fund information has a short-term focus and the government-wide statement incorporates long-term information, we describe the relationship (or differences) between governmental activities and governmental funds in reconciliations on pages 3-4 and 3-6.
- Proprietary funds - When the City charges customers fees for the services it provides, the fees are generally reported in proprietary funds. Similar to the reporting method used on the government-wide statements, proprietary funds provide both long- and short-term financial information.
 - In fact, the City's Enterprise Fund (water and sewer) is the same as its business-type activities but provides more detail and additional information.
 - We use an Internal Service Fund (the other type of proprietary fund) to report activities that provide services and supplies to other programs and activities within the City. The City's Motor Vehicle Pool Fund falls into this category.
- Fiduciary funds - The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The delinquent tax and payroll funds are fiduciary funds.

City of Mason Management's Discussion and Analysis

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. The notes to the financial statements begin on page 3-15 of the report.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2023:

- The net position of the governmental activities increased by \$1,176,377, or 4.7%, and the net position of the business-type activities increased by \$4,224,278 or 29.3%.
- State shared revenues, the largest individual general revenue source after property taxes, decreased slightly to \$979,823 during the current fiscal year.
- In the City's business-type activities, revenues were approximately \$7.95 million, an increase of approximately 233.9% from the prior fiscal year, while expenses were approximately \$3.73 million, an increase of approximately 19.3% from the prior fiscal year.
- Total costs of all the City's programs were approximately \$11.99 million, an increase of approximately 16.5% from the prior fiscal year.
- The General Fund reported an increase in fund balance of \$849,792, or approximately 13.6%

The City as a Whole

The following table shows, in a condensed format, the current year's net position for the years ended June 30, 2023 and 2022:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | |
| Current and other assets | \$ 13,745,050 | \$ 13,697,354 | \$ 5,407,848 | \$ 2,311,175 | \$ 19,152,898 | \$ 16,008,529 |
| Capital assets, net | 21,137,182 | 21,278,356 | 17,491,325 | 16,928,690 | 38,628,507 | 38,207,046 |
| Total assets | <u>34,882,232</u> | <u>34,975,710</u> | <u>22,899,173</u> | <u>19,239,865</u> | <u>57,781,405</u> | <u>54,215,575</u> |
| Deferred Outflows of Resources | <u>1,633,065</u> | <u>1,267,332</u> | <u>642,401</u> | <u>456,713</u> | <u>2,275,466</u> | <u>1,724,045</u> |
| Liabilities | | | | | | |
| Current liabilities | 923,237 | 2,166,463 | 240,559 | 849,183 | 1,163,796 | 3,015,646 |
| Noncurrent liabilities | 8,204,585 | 6,950,607 | 4,285,579 | 3,738,060 | 12,490,164 | 10,688,667 |
| Total liabilities | <u>9,127,822</u> | <u>9,117,070</u> | <u>4,526,138</u> | <u>4,587,243</u> | <u>13,653,960</u> | <u>13,704,313</u> |
| Deferred Inflows of Resources | <u>1,340,519</u> | <u>2,255,393</u> | <u>395,704</u> | <u>713,881</u> | <u>1,736,223</u> | <u>2,969,274</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 18,050,813 | 18,247,706 | 15,252,295 | 14,290,016 | 33,303,108 | 32,537,722 |
| Restricted | 3,458,772 | 3,591,254 | 2,349,014 | - | 5,807,786 | 3,591,254 |
| Unrestricted | 4,537,371 | 3,031,619 | 1,018,423 | 105,438 | 5,555,794 | 3,137,057 |
| Total net position | <u>\$ 26,046,956</u> | <u>\$ 24,870,579</u> | <u>\$ 18,619,732</u> | <u>\$ 14,395,454</u> | <u>\$ 44,666,688</u> | <u>\$ 39,266,033</u> |

The City's combined net position increased from approximately \$39.266 million a year ago to \$44.666 million.

City of Mason Management's Discussion and Analysis

Approximately 69.30% of the City's net position of governmental activities reflects its investment in capital less any related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of governmental activities of approximately \$4.54 million represents the amount that may be used to meet the City's ongoing obligations.

Net position of the City's governmental activities increased approximately 4.7% to \$26.05 million.

The following table illustrates the varying results of the governmental activities and business-type activities, which combine to capture the City's total net position, for the years ended June 30, 2023 and 2022.

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|---------------------|--------------------------|-------------------|--------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program revenue | | | | | | |
| Charges for services | \$ 1,422,897 | \$ 1,136,217 | \$ 3,717,977 | \$ 3,298,263 | \$ 5,140,874 | \$ 4,434,480 |
| Operating grants and contributions | 2,921,419 | 2,216,709 | 265,702 | 750 | 3,187,121 | 2,217,459 |
| Capital grants and contributions | 14,215 | 7,193 | 3,300,000 | 98,592 | 3,314,215 | 105,785 |
| General Revenues | | | | | | |
| Property taxes | 4,118,515 | 3,559,888 | - | - | 4,118,515 | 3,559,888 |
| Unrestricted state-shared revenue | 979,823 | 983,679 | - | - | 979,823 | 983,679 |
| Local community stabilization | 319,294 | 313,432 | - | - | 319,294 | 313,432 |
| Unrestricted investment earnings (losses) | 260,180 | (71,466) | 19,861 | 2,474 | 280,041 | (68,992) |
| Gain on sale of capital assets | 48,868 | - | - | - | 48,868 | - |
| Miscellaneous | - | 54,032 | - | - | - | 54,032 |
| Transfers | (650,000) | - | 650,000 | - | - | - |
| Total revenues | 9,435,211 | 8,199,684 | 7,953,540 | 3,400,079 | 17,388,751 | 11,599,763 |
| Expenses | | | | | | |
| General government | 2,761,717 | 1,854,811 | - | - | 2,761,717 | 1,854,811 |
| Public safety | 1,996,490 | 1,990,718 | - | - | 1,996,490 | 1,990,718 |
| Public works | 2,747,850 | 2,369,601 | - | - | 2,747,850 | 2,369,601 |
| Community and economic development | 155,209 | 247,072 | - | - | 155,209 | 247,072 |
| Recreation and culture | 484,893 | 585,913 | - | - | 484,893 | 585,913 |
| Interest on long-term debt | 112,675 | 119,225 | - | - | 112,675 | 119,225 |
| Water and sewer | - | - | 3,729,262 | 3,126,343 | 3,729,262 | 3,126,343 |
| Total expenses | 8,258,834 | 7,167,340 | 3,729,262 | 3,126,343 | 11,988,096 | 10,293,683 |
| Change in net position | \$ 1,176,377 | \$ 1,032,344 | \$ 4,224,278 | \$ 273,736 | \$ 5,400,655 | \$ 1,306,080 |

Governmental activities - Governmental activities increased the City's net position by \$1,176,377. Key elements of this increase are as follows:

- The cost of all governmental activities this year was approximately \$8.26 million.
- The amount that City taxpayers paid for these activities through City taxes was approximately \$4.12 million.
- Some of the cost was paid by the beneficiaries of the program's activities (approximately \$1.42 million), or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$2.92 million).
- The City's investment in the maintenance of streets, parks and other municipal services.

City of Mason Management's Discussion and Analysis

Business-type activities - Business-type activities increased the City's net position by \$4,224,278. Key elements of this increase are as follows:

- Increase in water/sewer fees to cover expenditures and offset lower usage.
- LDFA contribution for the upcoming Wastewater Treatment Plant project.
- The City's investment in infrastructure, maintenance of water and sanitary sewer mains and improvements to the wastewater treatment facility.

The City's Funds

The analysis of the City's major funds begins on page 3-3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major governmental funds for fiscal year 2023 were the General Fund and Major Streets Fund. These funds, along with the remaining nonmajor governmental funds, reported a combined fund balance of approximately \$11.33 million, an increase of 8.48% from last year's combined fund balance of \$10.37 million.

The General Fund pays for the majority of the City's governmental services. The most significant services provided by the General Fund during the fiscal year were general government, which includes the City Council, City Manager, Clerk, Treasurer, and public safety, which includes police and fire services. Those two services make up approximately 69.67% of the total General Fund expenditures.

The Major Streets Fund accounts for resources used for the repair and maintenance of the City's major streets. Fund balance decreased 8.8% to \$1,800,611 as of the fiscal year end.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. The City began the year expecting to use approximately \$443,820 of the General Fund's fund balance and ended the year anticipating a fund balance increase of approximately \$128,440. The City's amendments included increasing anticipated revenue and decreasing anticipated expenditures as actual amounts became known. The result was an actual increase of \$849,792 to the General Fund's fund balance as a result of capital projects that were started but not finished in the fiscal year or projects being delayed.

City of Mason
Management's Discussion and Analysis

Capital Asset and Debt Administration

At the end of the 2023 fiscal year, the City had invested approximately \$38.63 million in a broad range of capital assets, including buildings and improvements, public safety (police and fire) equipment, parks and recreational facilities, roads, a water well, and water and sewer lines. More detailed information about the City's capital assets is presented in Note 7 to the basic financial statements.

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------|----------------------------|-----------------------------|----------------------|
| Land | \$ 1,855,487 | \$ 25,609 | \$ 1,881,096 |
| Construction in progress | 2,125,155 | 1,397,604 | 3,522,759 |
| Land improvements, net | 1,540,710 | - | 1,540,710 |
| Infrastructure, net | 9,962,798 | - | 9,962,798 |
| Buildings and improvements, net | 4,709,152 | 153,940 | 4,863,092 |
| Vehicles and equipment, net | 943,880 | - | 943,880 |
| Utility systems, net | - | 15,914,172 | 15,914,172 |
| Capital assets, net | <u>\$ 21,137,182</u> | <u>\$ 17,491,325</u> | <u>\$ 38,628,507</u> |

At year end, the City had \$5.63 million in bonds, notes, and compensated absences outstanding. This represents a net decrease of \$0.50 million from the previous fiscal year. More detailed information about the City's long-term liabilities is presented in Note 8 to the basic financial statements.

| | Governmental Activities | Business-Type Activities | Total |
|--------------------------------|----------------------------|-----------------------------|---------------------|
| General obligation bonds | \$ 2,850,000 | \$ - | \$ 2,850,000 |
| Installment purchase agreement | 3,105 | - | 3,105 |
| Revolving fund loan | - | 2,223,674 | 2,223,674 |
| Accrued compensated absences | 356,178 | 96,917 | 453,095 |
| Unamortized bond items | 97,149 | - | 97,149 |
| Total outstanding debt | <u>\$ 3,306,432</u> | <u>\$ 2,320,591</u> | <u>\$ 5,627,023</u> |

The City has been given a bond rating of "AA-" by Standard and Poor's.

City of Mason

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

Current market conditions continue to have an effect on availability and pricing of products and contract awards.

Total expenses in the General Fund for the 2023/2024 fiscal year are estimated to be \$8.90 million. This includes continuing the General Fund's contribution to the street program per Charter, the increasing costs for pension and other post-employment benefits, investments in capital projects including the parks and library and maintaining operations and essential services to the residents of the City of Mason.

Water and sewer rates are evaluated on an annual basis to determine the need for rate increases. The City will be starting construction on the upgrade at the Wastewater Treatment Plant in 2023-2024. Expected total cost of construction is estimated at \$41,083,720. The city has approval from the State of Michigan Department of Environment, Great Lakes, and Energy (EGLE) Clean Water State Revolving fund for the bond issue at below market interest rate. In preparation of this project, an updated water and sewer rate study was completed, resulting in a change of structure in monthly utility billing charges. Ready to Serve will be added to the bills for water and sewer to stabilize revenue and to cover the debt for the water and sewer systems. An increase to the commodity charges will be necessary for 2023/2024 fiscal year to address inflation and increase in costs and other necessary capital expenditures.

Contacting the City of Mason's Management

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the City Manager's office at the City of Mason or call 517-676-9155.

City of Mason
Statement of Net Position
June 30, 2023

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 9,380,185 | \$ 2,155,128 | \$ 11,535,313 | \$ 592,029 |
| Investments | 3,291,635 | - | 3,291,635 | - |
| Receivables | | | | |
| Accounts | 78,073 | 838,106 | 916,179 | - |
| Taxes | 13,604 | - | 13,604 | 3,166 |
| Special assessments | 253,624 | - | 253,624 | - |
| Leases receivable | 368,446 | - | 368,446 | - |
| Due from other units of government | 331,590 | - | 331,590 | - |
| Internal balances | 17,055 | (17,055) | - | - |
| Inventories | - | 82,655 | 82,655 | - |
| Prepaid items | 10,838 | - | 10,838 | - |
| Restricted assets | | | | |
| Cash and cash equivalents | - | 2,349,014 | 2,349,014 | - |
| Capital assets not being depreciated | 3,980,642 | 1,423,213 | 5,403,855 | - |
| Capital assets, net of accumulated depreciation | 17,156,540 | 16,068,112 | 33,224,652 | - |
| Total assets | <u>34,882,232</u> | <u>22,899,173</u> | <u>57,781,405</u> | <u>595,195</u> |
| Deferred Outflows of Resources | | | | |
| Bond refundings | 44,909 | - | 44,909 | - |
| Pension related | 1,302,588 | 526,890 | 1,829,478 | - |
| OPEB related | 285,568 | 115,511 | 401,079 | - |
| Total deferred outflows of resources | <u>1,633,065</u> | <u>642,401</u> | <u>2,275,466</u> | <u>-</u> |
| Liabilities | | | | |
| Accounts payable | 478,820 | 199,294 | 678,114 | 28,670 |
| Payroll and other liabilities | 169,182 | 29,452 | 198,634 | - |
| Interest payable | 27,856 | 11,813 | 39,669 | - |
| Unearned revenue | 247,379 | - | 247,379 | - |
| Noncurrent liabilities | | | | |
| Debt due within one year | 311,933 | 483,303 | 795,236 | - |
| Debt due in more than one year | 2,994,499 | 1,837,288 | 4,831,787 | - |
| Net pension liability | 4,574,543 | 1,850,377 | 6,424,920 | - |
| Net OPEB liability | 323,610 | 114,611 | 438,221 | - |
| Total liabilities | <u>9,127,822</u> | <u>4,526,138</u> | <u>13,653,960</u> | <u>28,670</u> |
| Deferred Inflows of Resources | | | | |
| Lease related | 362,250 | - | 362,250 | - |
| Pension related | 624,024 | 252,414 | 876,438 | - |
| OPEB related | 354,245 | 143,290 | 497,535 | - |
| Total deferred inflows of resources | <u>1,340,519</u> | <u>395,704</u> | <u>1,736,223</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 18,050,813 | 15,252,295 | 33,303,108 | - |
| Restricted for | | | | |
| Highways | 1,974,759 | - | 1,974,759 | - |
| Community enrichment | 1,007,529 | - | 1,007,529 | - |
| Construction code activity | 80,139 | - | 80,139 | - |
| Cemetery operations | 376,851 | - | 376,851 | - |
| Flowers | 19,494 | - | 19,494 | - |
| Wastewater treatment plant | - | 2,349,014 | 2,349,014 | - |
| Unrestricted | 4,537,371 | 1,018,423 | 5,555,794 | 566,525 |
| Total net position | <u>\$ 26,046,956</u> | <u>\$ 18,619,732</u> | <u>\$ 44,666,688</u> | <u>\$ 566,525</u> |

See Accompanying Notes to the Financial Statements

City of Mason
Statement of Activities
For the Year Ended June 30, 2023

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|---|------------------|-------------------------|--|--|--|-----------------------------|----------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 2,761,717 | \$ 151,001 | \$ 1,174,687 | \$ - | \$ (1,436,029) | \$ - | \$ (1,436,029) | \$ - |
| Public safety | 1,996,490 | 314,061 | 2,643 | - | (1,679,786) | - | (1,679,786) | - |
| Public works | 2,747,850 | 514,590 | 1,744,089 | 14,215 | (474,956) | - | (474,956) | - |
| Community and economic development | 155,209 | - | - | - | (155,209) | - | (155,209) | - |
| Recreation and culture | 484,893 | 443,245 | - | - | (41,648) | - | (41,648) | - |
| Interest and fiscal charges on long-term debt | 112,675 | - | - | - | (112,675) | - | (112,675) | - |
| Total governmental activities | 8,258,834 | 1,422,897 | 2,921,419 | 14,215 | (3,900,303) | - | (3,900,303) | - |
| Business-type activities | | | | | | | | |
| Water & Sewer | 3,729,262 | 3,717,977 | 265,702 | 3,300,000 | - | 3,554,417 | 3,554,417 | - |
| Total primary government | \$ 11,988,096 | \$ 5,140,874 | \$ 3,187,121 | \$ 3,314,215 | (3,900,303) | 3,554,417 | (345,886) | - |
| Component units | | | | | | | | |
| Downtown Development Authority | \$ 246,857 | \$ - | \$ 8,801 | \$ - | - | - | - | (238,056) |
| Local Development Finance Authority | 3,346,944 | - | 234,846 | - | - | - | - | (3,112,098) |
| Total component units | \$ 3,593,801 | \$ - | \$ 243,647 | \$ - | | | | (3,350,154) |
| General revenues | | | | | | | | |
| Property taxes | | | | | 4,118,515 | - | 4,118,515 | 714,716 |
| Unrestricted state-shared revenue | | | | | 979,823 | - | 979,823 | - |
| Local community stabilization | | | | | 319,294 | - | 319,294 | - |
| Unrestricted investment earnings | | | | | 260,180 | 19,861 | 280,041 | 118,929 |
| Gain on sale of capital assets | | | | | 48,868 | - | 48,868 | - |
| Transfers | | | | | (650,000) | 650,000 | - | - |
| Total general revenues and transfers | | | | | 5,076,680 | 669,861 | 5,746,541 | 833,645 |
| Change in net position | | | | | 1,176,377 | 4,224,278 | 5,400,655 | (2,516,509) |
| Net position - beginning of year | | | | | 24,870,579 | 14,395,454 | 39,266,033 | 3,083,034 |
| Net position - end of year | | | | | \$ 26,046,956 | \$ 18,619,732 | \$ 44,666,688 | \$ 566,525 |

See Accompanying Notes to the Financial Statements

City of Mason
Governmental Funds
Balance Sheet
June 30, 2023

| | General | Special Revenue Fund Major Streets | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,394,447 | \$ 1,790,802 | \$ 2,311,051 | \$ 8,496,300 |
| Investments | 2,797,847 | - | 493,788 | 3,291,635 |
| Receivables | | | | |
| Accounts | 76,527 | - | 1,546 | 78,073 |
| Taxes | 13,290 | - | 314 | 13,604 |
| Special assessments | - | - | 253,624 | 253,624 |
| Leases receivable | 368,446 | - | - | 368,446 |
| Due from other units of government | 158,647 | 127,974 | 44,969 | 331,590 |
| Due from other funds | 13,400 | - | 16,566 | 29,966 |
| Prepaid items | 10,838 | - | - | 10,838 |
| Total assets | \$ 7,833,442 | \$ 1,918,776 | \$ 3,121,858 | \$ 12,874,076 |
| Liabilities | | | | |
| Accounts payable | \$ 188,570 | \$ 103,667 | \$ 176,292 | \$ 468,529 |
| Due to other funds | 29,146 | 3,203 | 14,955 | 47,304 |
| Payroll and other liabilities | 152,812 | 11,295 | 2,447 | 166,554 |
| Unearned revenue | 8,539 | - | 238,840 | 247,379 |
| Total liabilities | 379,067 | 118,165 | 432,534 | 929,766 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - special assessments | - | - | 253,624 | 253,624 |
| Unavailable revenue - leases | 362,250 | - | - | 362,250 |
| Total deferred inflows of resources | 362,250 | - | 253,624 | 615,874 |
| Fund Balances | | | | |
| Non-spendable | | | | |
| Prepaid items | 10,838 | - | - | 10,838 |
| Property acquired for resale | 2,797,847 | - | - | 2,797,847 |
| Restricted for | | | | |
| Highways | - | 1,800,611 | 174,148 | 1,974,759 |
| Community enrichment | - | - | 1,007,529 | 1,007,529 |
| Construction code activity | - | - | 80,139 | 80,139 |
| Cemetery operations | - | - | 376,851 | 376,851 |
| Flowers | - | - | 19,494 | 19,494 |
| Debt service | - | - | 4 | 4 |
| Committed | | | | |
| Community enrichment | - | - | 138,557 | 138,557 |
| Capital projects | - | - | 383 | 383 |
| Fire equipment | - | - | 227,182 | 227,182 |
| Assigned | | | | |
| Subsequent year's expenditures | 539,630 | - | - | 539,630 |
| Grant matching | 46,673 | - | - | 46,673 |
| Other purpose | - | - | 411,413 | 411,413 |
| Unassigned | 3,697,137 | - | - | 3,697,137 |
| Total fund balances | 7,092,125 | 1,800,611 | 2,435,700 | 11,328,436 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 7,833,442 | \$ 1,918,776 | \$ 3,121,858 | \$ 12,874,076 |

See Accompanying Notes to the Financial Statements

City of Mason
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

| | |
|---|----------------------|
| Total fund balances for governmental funds | \$ 11,328,436 |
| Total net position for governmental activities in the statement of net position is different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Capital assets not being depreciated | 3,960,642 |
| Capital assets, net of accumulated depreciation | 16,481,962 |
| Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds. | |
| | 253,624 |
| Deferred outflows (inflows) of resources. | |
| Deferred outflows of resources resulting from net pension liability | 1,302,588 |
| Deferred outflows of resources resulting from net OPEB liability | 285,568 |
| Deferred outflows of resources resulting from debt refunding | 44,909 |
| Deferred inflows of resources resulting from net pension liability | (624,024) |
| Deferred inflows of resources resulting from net OPEB liability | (354,245) |
| Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. | |
| Accrued interest | (27,856) |
| Compensated absences | (347,323) |
| Bonds, notes and premiums | (2,950,254) |
| Net pension liability | (4,574,543) |
| Net OPEB liability | (323,610) |
| Internal service funds are included as part of governmental activities. | 1,591,082 |
| Net position of governmental activities | \$ 26,046,956 |

City of Mason
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

| | General | Special Revenue Fund Major Streets | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 3,855,728 | \$ - | \$ 329,537 | \$ 4,185,265 |
| Licenses and permits | 10,090 | - | 58,258 | 68,348 |
| Federal grants | 5,155 | - | 650,000 | 655,155 |
| State grants | 1,472,278 | 795,016 | 299,073 | 2,566,367 |
| Local contributions | 1,383,736 | - | - | 1,383,736 |
| Charges for services | 929,724 | - | - | 929,724 |
| Fines and forfeitures | 20,549 | - | - | 20,549 |
| Rental income | 90,538 | - | - | 90,538 |
| Investment income (loss) | 200,459 | 43,230 | (16,118) | 227,571 |
| Other revenue | 77,304 | - | 29,376 | 106,680 |
| Total revenues | <u>8,045,561</u> | <u>838,246</u> | <u>1,350,126</u> | <u>10,233,933</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 2,664,434 | - | - | 2,664,434 |
| Public safety | 1,832,270 | - | 51,948 | 1,884,218 |
| Public works | 795,539 | 1,485,296 | 566,997 | 2,847,832 |
| Community and economic development | 133,042 | - | - | 133,042 |
| Recreation and culture | 369,190 | - | - | 369,190 |
| Capital outlay | 421,283 | - | 64,673 | 485,956 |
| Debt service | | | | |
| Principal retirement | 123,105 | - | - | 123,105 |
| Interest and fiscal charges | 115,775 | - | - | 115,775 |
| Total expenditures | <u>6,454,638</u> | <u>1,485,296</u> | <u>683,618</u> | <u>8,623,552</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,590,923</u> | <u>(647,050)</u> | <u>666,508</u> | <u>1,610,381</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 102,696 | 473,404 | 370,423 | 946,523 |
| Transfers out | (843,827) | - | (752,696) | (1,596,523) |
| Total other financing sources (uses) | <u>(741,131)</u> | <u>473,404</u> | <u>(382,273)</u> | <u>(650,000)</u> |
| Net change in fund balances | 849,792 | (173,646) | 284,235 | 960,381 |
| Fund balances - beginning of year | <u>6,242,333</u> | <u>1,974,257</u> | <u>2,151,465</u> | <u>10,368,055</u> |
| Fund balances - end of year | <u>\$ 7,092,125</u> | <u>\$ 1,800,611</u> | <u>\$ 2,435,700</u> | <u>\$ 11,328,436</u> |

See Accompanying Notes to the Financial Statements

City of Mason
Governmental Funds
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, 2023

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 960,381 |
| Total change in net position reported for governmental activities in the statement of activities is different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. | |
| Depreciation and amortization expense | (1,683,816) |
| Capital outlay | 1,633,703 |
| Donations of capital assets | 14,215 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | (223,224) |
| Expenses are recorded when incurred in the statement of activities. | |
| Accrued interest | 900 |
| Compensated absences | (24,365) |
| The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions. | |
| Net change in the net pension liability | (1,212,060) |
| Net change in the deferred outflow of resources related to the net pension liability | 486,821 |
| Net change in the deferred inflow of resources related to the net pension liability | 759,881 |
| The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions. | |
| Net change in the net OPEB liability | 222,440 |
| Net change in the deferred outflow of resources related to the net OPEB liability | (119,197) |
| Net change in the deferred inflow of resources related to the net OPEB liability | 169,639 |
| Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. | |
| Repayments of long-term debt | 123,105 |
| Amortization of premiums, discounts and similar items | 2,200 |
| Internal service funds are also included as governmental activities | <u>65,754</u> |
| Change in net position of governmental activities | <u>\$ 1,176,377</u> |

City of Mason
Proprietary Funds
Statement of Net Position
June 30, 2023

| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
|---|--------------------------|------------------------------|
| | <u>Water & Sewer</u> | <u>Motor Vehicle Pool</u> |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,155,128 | \$ 883,885 |
| Receivables | | |
| Accounts | 838,106 | - |
| Due from other funds | - | 34,393 |
| Inventories | 82,655 | - |
| Total current assets | <u>3,075,889</u> | <u>918,278</u> |
| Noncurrent assets | | |
| Restricted assets | | |
| Cash and cash equivalents | | |
| Wastewater treatment plant | 2,349,014 | - |
| Capital assets not being depreciated | 1,423,213 | 20,000 |
| Capital assets, net of accumulated depreciation | <u>16,068,112</u> | <u>674,578</u> |
| Total noncurrent assets | <u>19,840,339</u> | <u>694,578</u> |
| Total assets | <u>22,916,228</u> | <u>1,612,856</u> |
| Deferred Outflows of Resources | | |
| Pension related | 526,890 | - |
| OPEB related | 115,511 | - |
| Total deferred outflows of resources | <u>642,401</u> | <u>-</u> |

City of Mason
Proprietary Funds
Statement of Net Position
June 30, 2023

| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> |
|--|--------------------------|------------------------------|
| | <u>Water & Sewer</u> | <u>Motor Vehicle Pool</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 199,294 | \$ 10,291 |
| Due to other funds | 17,055 | - |
| Payroll and other liabilities | 29,452 | 2,628 |
| Interest payable | 11,813 | - |
| Compensated absences | 58,303 | - |
| Current portion of long-term liabilities | 425,000 | - |
| Total current liabilities | <u>740,917</u> | <u>12,919</u> |
| Noncurrent liabilities | | |
| Compensated absences | 38,614 | 8,855 |
| Long-term liabilities | 1,798,674 | - |
| Net pension liability | 1,850,377 | - |
| Net OPEB liability | 114,611 | - |
| Total noncurrent liabilities | <u>3,802,276</u> | <u>8,855</u> |
| Total liabilities | <u>4,543,193</u> | <u>21,774</u> |
| Deferred Inflows of Resources | | |
| Pension related | 252,414 | - |
| OPEB related | 143,290 | - |
| Total deferred inflows of resources | <u>395,704</u> | <u>-</u> |
| Net Position | | |
| Net investment in capital assets | 15,252,295 | 694,578 |
| Restricted for | | |
| Wastewater treatment plant | 2,349,014 | - |
| Unrestricted | 1,018,423 | 896,504 |
| Total net position | <u>\$ 18,619,732</u> | <u>\$ 1,591,082</u> |

City of Mason
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023

| | Enterprise Fund | Internal Service Fund |
|---|----------------------|-----------------------|
| | Water & Sewer | Motor Vehicle Pool |
| Operating revenue | | |
| Customer fees | \$ 3,695,605 | \$ - |
| Billings to other funds | - | 476,991 |
| Rental income | 500 | - |
| Other revenue | 21,872 | - |
| | <u>3,717,977</u> | <u>476,991</u> |
| Total operating revenue | | |
| Operating expenses | | |
| Personnel services | 1,029,751 | 90,159 |
| Supplies | 220,282 | 108,208 |
| Contractual services | 556,076 | 17,713 |
| Utilities | 260,132 | 9,932 |
| Repairs and maintenance | 112,923 | 1,592 |
| Other expenses | 557,778 | 44,960 |
| Depreciation | 938,453 | 198,960 |
| | <u>3,675,395</u> | <u>471,524</u> |
| Total operating expenses | | |
| Operating income | <u>42,582</u> | <u>5,467</u> |
| Nonoperating revenue (expenses) | | |
| State grants | 265,702 | - |
| Investment income | 19,861 | 11,419 |
| Gain on sale of capital assets | - | 48,868 |
| Interest expense | (53,867) | - |
| | <u>231,696</u> | <u>60,287</u> |
| Total nonoperating revenues (expenses) | | |
| Income before contributions and transfers | 274,278 | 65,754 |
| Capital contributions | 3,300,000 | - |
| Transfers in | 650,000 | - |
| | <u>4,224,278</u> | <u>65,754</u> |
| Change in net position | | |
| Net position - beginning of year | <u>14,395,454</u> | <u>1,525,328</u> |
| Net position - end of year | <u>\$ 18,619,732</u> | <u>\$ 1,591,082</u> |

See Accompanying Notes to the Financial Statements

City of Mason
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

| | Enterprise Fund | Internal Service Fund |
|--|---------------------|-----------------------|
| | Water & Sewer | Motor Vehicle Pool |
| Cash flows from operating activities | | |
| Receipts from customers | \$ 3,639,228 | \$ - |
| Receipts from interfund users | 17,038 | 463,507 |
| Payments to suppliers | (1,872,967) | (185,348) |
| Payments to employees | (1,020,803) | (81,304) |
| Net cash provided by operating activities | <u>762,496</u> | <u>196,855</u> |
| Cash flows from noncapital financing activities | | |
| Transfer from other funds | 650,000 | - |
| State grant | 265,702 | - |
| Net cash provided by noncapital financing activities | <u>915,702</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | |
| Capital contributions | 3,300,000 | - |
| Purchases/construction of capital assets | (1,501,088) | (93,954) |
| Principal and interest paid on long-term debt | (471,072) | - |
| Proceeds from sale of capital assets | - | 49,138 |
| Net cash provided (used) by capital and related financing activities | <u>1,327,840</u> | <u>(44,816)</u> |
| Cash flows from investing activities | | |
| Interest received | 19,861 | 11,419 |
| Net change in cash and cash equivalents | 3,025,899 | 163,458 |
| Cash and cash equivalents - beginning of year | 1,478,243 | 720,427 |
| Cash and cash equivalents - end of year | <u>\$ 4,504,142</u> | <u>\$ 883,885</u> |
| Reconciliation to Statement of Net Position | | |
| Cash and cash equivalents | \$ 2,155,128 | \$ 883,885 |
| Restricted cash and cash equivalents | <u>2,349,014</u> | <u>-</u> |
| | <u>\$ 4,504,142</u> | <u>\$ 883,885</u> |
| Reconciliation of operating income to net cash provided by operating activities | | |
| Operating income | \$ 42,582 | \$ 5,467 |
| Adjustments to reconcile operating income to net cash from operating activities | | |
| Depreciation and amortization expense | 938,453 | 198,960 |
| Changes in assets and liabilities | | |
| Receivables (net) | (143,946) | - |
| Due from other units of government | 65,197 | - |
| Due from other funds | - | (13,484) |
| Inventories | (9,063) | - |
| Pension related deferred outflows of resources | (221,636) | - |
| OPEB related deferred outflows of resources | 35,948 | - |
| Accounts payable | (169,727) | (4,054) |
| Accrued and other liabilities | 2,666 | 1,111 |
| Due to other funds | 17,038 | - |
| Compensated absences | 8,948 | 8,855 |
| Net pension liability | 592,160 | - |
| Net OPEB liability | (77,947) | - |
| Pension related deferred inflows of resources | (265,433) | - |
| OPEB related deferred inflows of resources | (52,744) | - |
| Net cash provided by operating activities | <u>\$ 762,496</u> | <u>\$ 196,855</u> |

See Accompanying Notes to the Financial Statements

City of Mason
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

| | Other Post Employee Benefit Trust Fund | Custodial Funds |
|--|--|--------------------|
| Assets | | |
| Cash and cash equivalents | \$ - | \$ 54 |
| Investments | <u>1,528,572</u> | <u>-</u> |
| Total assets | <u>1,528,572</u> | <u>54</u> |
| Liabilities | | |
| Accounts payable | - | 45 |
| Due to other units of government | <u>-</u> | <u>9</u> |
| Total liabilities | <u>-</u> | <u>54</u> |
| Net Position | | |
| Restricted for: | | |
| Postemployment benefits other than pension | <u>\$ 1,528,572</u> | <u>\$ -</u> |

City of Mason
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

| | Other Post Employee Benefit Trust Fund | Custodial Funds |
|--|--|--------------------|
| Additions | | |
| Contributions | | |
| Employer | \$ 348,736 | \$ - |
| Investment earnings | 102,964 | - |
| Less investment costs | | |
| Investment activity costs | (2,519) | - |
| Net investment earnings | 100,445 | - |
| Property tax collections for other governments | - | 11,372,440 |
| Total additions | 449,181 | 11,372,440 |
| Deductions | | |
| Benefits paid to participants or beneficiaries | 128,736 | - |
| Payments of property tax to other governments | - | 11,372,440 |
| Total deductions | 128,736 | 11,372,440 |
| Change in net position | 320,445 | - |
| Net position - beginning of year | 1,208,127 | - |
| Net position - end of year | \$ 1,528,572 | \$ - |

See Accompanying Notes to the Financial Statements

City of Mason
Component Units
Statement of Net Position
June 30, 2023

| | Downtown Development Authority | Local Development Finance Authority | Total |
|---------------------------|--------------------------------------|--|------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 519,995 | \$ 72,034 | \$ 592,029 |
| Receivables | | | |
| Taxes | 3,166 | - | 3,166 |
| Total assets | 523,161 | 72,034 | 595,195 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 28,670 | - | 28,670 |
| Net Position | | | |
| Unrestricted | \$ 494,491 | \$ 72,034 | \$ 566,525 |

City of Mason
Component Units
Statement of Activities
For the Year Ended June 30, 2023

| | Downtown Development Authority | Local Development Finance Authority | Total |
|---------------------------------------|--------------------------------------|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Expenses | | | |
| Community and economic development | \$ 246,857 | \$ 3,346,944 | \$ 3,593,801 |
| Program revenues | | | |
| Operating grants and contributions | <u>8,801</u> | <u>234,846</u> | <u>243,647</u> |
| Net program expense | <u>238,056</u> | <u>3,112,098</u> | <u>3,350,154</u> |
| General revenues | | | |
| Property taxes | 320,106 | 394,610 | 714,716 |
| Unrestricted investment earnings | <u>18,406</u> | <u>100,523</u> | <u>118,929</u> |
| Total general revenues | <u>338,512</u> | <u>495,133</u> | <u>833,645</u> |
| Change in net position | 100,456 | (2,616,965) | (2,516,509) |
| Net position - beginning of year | <u>394,035</u> | <u>2,688,999</u> | <u>3,083,034</u> |
| Net position - end of year | <u>\$ 494,491</u> | <u>\$ 72,034</u> | <u>\$ 566,525</u> |

See Accompanying Notes to the Financial Statements

City of Mason
Notes to the Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The City of Mason (the City) is located in Ingham County, Michigan and has a population of approximately 8,252. The City operates with a City Manager/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has seven City Council members who are elected at-large for overlapping two- or four-year terms. The Council elects two of its members to serve as Mayor and Mayor Pro-Term. The Council appoints the City Manager.

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

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units are included in the City's financial statements and are not audited separately.

Blended Component Units

The City has two blended component units. Although they are legally separate from the City, their sole purpose is to benefit the City.

Mason Building Authority

The Mason Building Authority was established for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating, and maintaining a building or buildings, automobile parking lots or structures, recreation facilities and the necessary site or sites therefore and the payment of the bond principal and interest for any related debt incurred. The Mason Building Authority is blended with the primary government as the Mason Building Authority Debt Service Fund, in conformity with GASB Statement No. 61 since the component unit provides services entirely to the primary government.

Economic Development Corporation

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, and expanding within the City to provide needed services and facilities of such enterprises to the residents of the City. The Corporation's governing body, which consists of nine individuals, is appointed by the City Manager with the approval of the City Council. The Economic Development Corporation is blended with the primary government as Economic Development Corporation Special Revenue Fund, in conformity with GASB Statement No. 61.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for this entity or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading or incomplete.

City of Mason
Notes to the Financial Statements
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The financial statements contain the following discretely presented component units:

Downtown Development Authority

The Downtown Development Authority (DDA) was established in order to work in cooperation with the City Council in order to correct and prevent deterioration of the downtown district of the City, to promote economic growth and revitalization, to encourage historic preservation, to address problems of urban decline, and to strengthen existing areas and encourage new private development within the downtown district. The DDA's governing body, which consists of the City Mayor and eight other individuals, is appointed by the City Council. Additionally, the DDA's budget is subject to approval by the City Council. The DDA may issue debt payable solely from tax increment revenues. The full faith and credit of the City may be given for the debt of the DDA.

Local Development Finance Authority

The Local Finance and Development Authority (LDFA) was established by the City and the Township of Vevay as a condition of an agreement to transfer approximately 134 acres of land from the Township to the City. The purpose of the LDFA is to help stimulate economic growth, improve employment, stimulate new private investment in the City of Mason and Vevay Township, and to broaden the local tax base.

Fiduciary Component Units

The Other Post-Employment Benefits Trust Fund was established to account for the assets set aside to fund the City's other post-employment benefits plan. The primary purpose of the Trust is to provide the necessary funding for future medical insurance for eligible retirees and their beneficiaries. The Trust was established through MERS Retiree Health Funding Vehicle, with the City Council serving as the trustees. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities. The assets are protected from any of the City's creditors. The City Council has the ability to exercise oversight responsibility, specifically in the area of designation of management.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. 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.

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

Fund Financial Statements

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

City of Mason
Notes to the Financial Statements
June 30, 2023

The City reports the following *Major Governmental Funds*:

- a) The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b) The *Major Street Fund* accounts for restricted resources that are used for repairs and maintenance of the City's major streets.

The City reports the following *Major Enterprise Fund*:

- a) The *Water and Sewer Fund* is used to account for utility operations that are financed primarily by user charges.

Additionally, the City reports the following *Fund Types*:

- a) *Internal Service Funds* account for the management of motor vehicle pool provided to various departments of the City on cost reimbursement basis.
- b) *Component Unit Fiduciary Funds* are used to account for the assets held in a trustee capacity. The Other Post-Employment Benefits Trust Fund accounts for the assets held by the Municipal Employees' Retirement System (MERS) to fund future medical insurance for eligible retirees and their beneficiaries.
- c) *Custodial Funds* account for assets held by the City as a custodian for other governments, private organizations, or individuals. The City's custodial funds are the Delinquent Tax Fund and Current Tax Collection Fund.

Measurement Focus

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

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

Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

City of Mason
Notes to the Financial Statements
June 30, 2023

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings, and money market accounts. The cash equivalents are recorded at cost, which approximates market value.

Investments

Investments are stated at fair value in accordance with the applicable GASB Statement. In accordance with GASB Statement No. 72, the City has accounted for its natural resources and land held for resale as investments of the City.

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

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

City of Mason
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Receivables

Receivables consist of amounts due related to charges for services, interest receivable, special assessments, and other amounts owed to the City at year-end.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for various payments and grants and receivables for charges for services provided to local governmental units.

Leases

The City is a lessor for noncancelable leases of space for a cell tower, governmental office space, and farm land. The City recognizes lease receivables and deferred inflows of resources in the government-wide and governmental fund financial statements.

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

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

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

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

Property Tax

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

Property taxes are levied by the City on July 1 and December 1 and are payable without penalty through August 31 and February 14, respectively. The July 1 levy is composed of the City's millage, refuse, special assessments, Lansing Community College, Ingham Intermediate School District, Mason School operating, Ingham County operating, and State Education Tax. The December 1 levy is composed of Ingham County drains, Mason School debt, Mason School Sinking Fund, Capital Area Airport Authority, and Capital Area District Library. All real property taxes not paid to the City by March 1 are turned over to the Ingham County Treasurer for collection. The Ingham County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collections Custodial Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 20 mills (\$20 per \$1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenditures. For the year ended June 30, 2023, the City levied 15.2500 and 0.9947 mills per \$1,000 of taxable valuation for general governmental services and parks and trails, respectively. The total ad valorem taxable value for the 2022 levy for property within the City was \$259,052,090.

City of Mason
Notes to the Financial Statements
June 30, 2023

Inventory

The cost of inventory items in governmental funds is recorded as an expenditure at the time of purchase. Inventory in the enterprise funds consists of water and sewer system supplies which are stated at cost on a first-in/first-out basis.

Prepays

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

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of \$2,500 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over the following useful lives:

| | |
|---------------------------|----------------|
| Land improvements | 10 to 40 years |
| Building and improvements | 10 to 40 years |
| Vehicles and equipment | 3 to 20 years |
| Utility systems | 20 to 67 years |
| Infrastructure | 33 to 40 years |

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. City employees are granted vacation amounts based on length of service. Sick pay is earned at the rate of eight hours per month. The City’s policy provides for payment of unused vacation, but not sick pay, to terminated employees. Retiring employees are paid for unused vacation and a portion of sick pay. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment, generally when an individual’s employment has terminated as of year-end. The dollar amounts of these vested rights includes related payroll taxes.

Unearned Revenue

Unearned revenue is reported in connection with resources that have been received, but not yet earned.

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

City of Mason
Notes to the Financial Statements
June 30, 2023

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources.

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position or in the governmental funds balance sheet.

The City reports deferred outflows of resources for the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City also reports deferred outflows of resources and deferred inflows of resources which correspond to the City's net pension liability and net OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow of resources in the period to which they apply.

The City reports deferred inflows of resources, two of which arise only under a modified accrual basis of accounting and qualify for reporting in this category. The City reports unavailable revenue for long-term leases entered into by the City in which the City is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

The City also reports *unavailable revenue* in the governmental funds balance sheet. The governmental funds report unavailable revenues from revenues collected subsequent to 60 days after year end and from long-term special assessment and lease receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements.

City of Mason
Notes to the Financial Statements
June 30, 2023

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 to 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 Other Post-Employment Benefits Liability

The net other post-employment benefit liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Mason Retiree Healthcare Plan (the Plan) and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Transactions

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

The Internal Service Fund (Motor Vehicle Pool) records charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

Fund Balance Classification

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

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

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

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

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

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

City of Mason
Notes to the Financial Statements
June 30, 2023

Fund Balance Classification Policies and Procedures

For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is a council resolution.

For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose. Currently, assigned fund balance is determined through the budget and any residual amounts of fund balance in governmental funds other than the General Fund.

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

Use of Estimates

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

Adoption of New Accounting Standards

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

Upcoming Accounting and Reporting Changes

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The City is evaluating the impact that the above GASB statements will have on its financial reporting.

City of Mason
Notes to the Financial Statements
June 30, 2023

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 2 of 1968, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds.

The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a) On the Council meeting date nearest to the first regular meeting in April, the City Manager submits to City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.
- b) A Public Hearing is conducted to obtain taxpayers' comments.
- c) Prior to the second regular Council meeting in May, the budget is legally enacted through passage of a resolution.
- d) The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e) The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f) Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

The finance director is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Council update as applicable.

Note 3 - Deposits and Investments

As of June 30, 2023, the City had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, \$5,869,947 of the City's bank balance of \$6,369,947 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

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

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.

City of Mason
Notes to the Financial Statements
June 30, 2023

Interest Rate Risk

In accordance with its investment policy, the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|--------------------------------|---------------------|--------------------------------------|
| Michigan CLASS Investment Pool | <u>\$ 8,148,476</u> | 0.1233 |

One day maturity equals 0.0027, one year equals 1.00.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

| Investment Type | Fair Value | Standard & Poor's Rating |
|--------------------------------|---------------------|-----------------------------|
| Michigan CLASS Investment Pool | <u>\$ 8,148,476</u> | AAAm |

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

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

At year-end the City's deposits and investments were reported in the financial statements in the following categories:

| | Cash and Cash Equivalents | Investments | Restricted Cash and Cash Equivalents | Total |
|--------------------------|------------------------------|---------------------|--|----------------------|
| Governmental activities | \$ 9,380,185 | \$ 3,291,635 | \$ - | \$ 12,671,820 |
| Business-type activities | <u>2,155,128</u> | <u>-</u> | <u>2,349,014</u> | <u>4,504,142</u> |
| Total | 11,535,313 | 3,291,635 | 2,349,014 | 17,175,962 |
| Fiduciary funds | 54 | 1,528,572 | - | 1,528,626 |
| Component units | <u>592,029</u> | <u>-</u> | <u>-</u> | <u>592,029</u> |
| Total | <u>\$ 12,127,396</u> | <u>\$ 4,820,207</u> | <u>\$ 2,349,014</u> | <u>\$ 19,296,617</u> |

City of Mason
Notes to the Financial Statements
June 30, 2023

The breakdown between deposits and investments is as follows:

| | Primary Government | Fiduciary Funds | Component Unit | Total |
|--|-----------------------|---------------------|-------------------|----------------------|
| Bank deposits (checking and savings accounts, money markets and certificates of deposit) | \$ 5,735,351 | \$ 54 | \$ 592,029 | \$ 6,327,434 |
| Investments in securities, mutual funds and similar vehicles | 11,440,111 | 1,528,572 | - | 12,968,683 |
| Petty cash and cash on hand | 500 | - | - | 500 |
| | <u>\$ 17,175,962</u> | <u>\$ 1,528,626</u> | <u>\$ 592,029</u> | <u>\$ 19,296,617</u> |

Note 4 - Fair Value Measurements

The City is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the City's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

| Investment Type | Level 1 | Level 2 | Level 3 | Total |
|-------------------|-------------|-------------|---------------------|------------|
| Natural resources | \$ - | \$ - | \$ 493,788 | \$ 493,788 |
| Land | - | - | 2,797,847 | 2,797,847 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,291,635</u> | 3,291,635 |

Investments carried at net asset value

| | |
|---|----------------------|
| Michigan CLASS government investment pool | 8,148,476 |
| MERS retiree health funding vehicle | |
| Total market portfolio | <u>1,528,572</u> |
| Total investments | <u>\$ 12,968,683</u> |

City of Mason
Notes to the Financial Statements
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Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. There is no redemption period and no unfunded commitments.

The MERS Retiree Health Funding Vehicle Total Market Fund is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity and commodities and is carried at net asset value. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers. There is no redemption period and no unfunded commitments.

Note 5 - Lease Receivable

The City leases space on its cell tower, governmental office space, and farmland to third-parties. The cell tower lease, including all renewal terms, is through November 15, 2035, with annual payments increasing by 3%. The governmental office space term is through June 30, 2029, with annual payments being adjusted annually by the increase in the United States Department of Labor Consumer Price Index. The farmland lease term is through December 31, 2025, with annual payments of \$24,200.

The amount of leases receivable, unavailable revenue related to leases, lease revenue, and interest revenue for the year ended June 30, 2023, are as follows:

| | |
|------------------------------|-------------------|
| Leases receivable | <u>\$ 368,446</u> |
| Unavailable revenue - leases | <u>\$ 362,250</u> |
| Lease revenue | \$ 52,951 |
| Interest revenue | <u>9,282</u> |
| | <u>\$ 62,233</u> |

City of Mason
Notes to the Financial Statements
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Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|------------------|
| General Fund | Nonmajor Governmental Funds | \$ 13,400 |
| Nonmajor Governmental Funds | General Fund | 16,566 |
| Internal Service Fund | General Fund | 12,580 |
| Internal Service Fund | Major Streets Fund | 3,203 |
| Internal Service Fund | Water and Sewer Fund | 17,055 |
| Internal Service Fund | Nonmajor Governmental Funds | 1,555 |
| | | <u>\$ 64,359</u> |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The details for interfund transfers are as follows:

| <u>Funds Transferred From</u> | <u>Funds Transferred To</u> | <u>Amount</u> |
|-------------------------------|-----------------------------|---------------------|
| General Fund | Major Streets Fund | \$ 473,404 |
| General Fund | Nonmajor Governmental Funds | 370,423 |
| Nonmajor Governmental Funds | General Fund | 102,696 |
| Nonmajor Governmental Funds | Water and Sewer Fund | 650,000 |
| | | <u>\$ 1,596,523</u> |

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

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

City of Mason
Notes to the Financial Statements
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Note 7 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|-------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,855,487 | \$ - | \$ - | \$ 1,855,487 |
| Construction-in-progress | <u>797,263</u> | <u>1,521,282</u> | <u>193,390</u> | <u>2,125,155</u> |
| Total capital assets not being depreciated | <u>2,652,750</u> | <u>1,521,282</u> | <u>193,390</u> | <u>3,980,642</u> |
| Capital assets being depreciated | | | | |
| Land improvements | 3,495,083 | 14,216 | - | 3,509,299 |
| Infrastructure | 30,881,535 | 103,121 | - | 30,984,656 |
| Buildings and improvements | 7,136,547 | 37,414 | - | 7,173,961 |
| Vehicles and equipment | <u>6,064,994</u> | <u>259,229</u> | <u>183,394</u> | <u>6,140,829</u> |
| Total capital assets being depreciated | <u>47,578,159</u> | <u>413,980</u> | <u>183,394</u> | <u>47,808,745</u> |
| Less accumulated depreciation for | | | | |
| Land improvements | 1,813,553 | 155,036 | - | 1,968,589 |
| Infrastructure | 19,886,653 | 1,135,205 | - | 21,021,858 |
| Buildings and improvements | 2,275,527 | 189,282 | - | 2,464,809 |
| Vehicles and equipment | <u>4,976,820</u> | <u>403,253</u> | <u>183,124</u> | <u>5,196,949</u> |
| Total accumulated depreciation | <u>28,952,553</u> | <u>1,882,776</u> | <u>183,124</u> | <u>30,652,205</u> |
| Net capital assets being depreciated | <u>18,625,606</u> | <u>(1,468,796)</u> | <u>270</u> | <u>17,156,540</u> |
| Governmental activities net capital assets | <u>\$ 21,278,356</u> | <u>\$ 52,486</u> | <u>\$ 193,660</u> | <u>\$ 21,137,182</u> |
| | | | | |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 25,609 | \$ - | \$ - | \$ 25,609 |
| Construction-in-progress | <u>532,128</u> | <u>1,070,774</u> | <u>205,298</u> | <u>1,397,604</u> |
| Total capital assets not being depreciated | <u>557,737</u> | <u>1,070,774</u> | <u>205,298</u> | <u>1,423,213</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 494,114 | - | - | 494,114 |
| Utility systems | <u>32,261,175</u> | <u>635,612</u> | <u>-</u> | <u>32,896,787</u> |
| Total capital assets being depreciated | <u>32,755,289</u> | <u>635,612</u> | <u>-</u> | <u>33,390,901</u> |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 328,798 | 11,376 | - | 340,174 |
| Utility systems | <u>16,055,538</u> | <u>927,077</u> | <u>-</u> | <u>16,982,615</u> |
| Total accumulated depreciation | <u>16,384,336</u> | <u>938,453</u> | <u>-</u> | <u>17,322,789</u> |
| Net capital assets being depreciated | <u>16,370,953</u> | <u>(302,841)</u> | <u>-</u> | <u>16,068,112</u> |
| Business-type capital assets, net | <u>\$ 16,928,690</u> | <u>\$ 767,933</u> | <u>\$ 205,298</u> | <u>\$ 17,491,325</u> |

City of Mason
Notes to the Financial Statements
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Depreciation expense was charged to programs of the primary government as follows:

| | |
|--|----------------------------|
| Governmental activities | |
| General government | \$ 206,286 |
| Public safety | 200,622 |
| Public works | 1,136,699 |
| Recreation and culture | 140,209 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>198,960</u> |
| Total governmental activities | 1,882,776 |
| Business-type activities | |
| Water and Sewer Fund | <u>938,453</u> |
| Total primary government | <u><u>\$ 2,821,229</u></u> |

Construction Commitments

At June 30, 2023, the City had several uncompleted construction contracts. The remaining commitment on these construction contracts was approximately \$3,559,000.

City of Mason
Notes to the Financial Statements
June 30, 2023

Note 8 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Installment purchase agreements are also general obligations of the City. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the general fund and water and sewer fund.

Long-term obligation activity is summarized as follows:

| | Amount of Issue | Maturity Date | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------|--------------------|----------------------|---------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | |
| Bonds and notes payable | | | | | | | | | |
| General obligation bonds | | | | | | | | | |
| 2015 refunding bonds | \$ 3,740,000 | April 1, 2040 | 3.75% - 4.00% | \$125,000 - \$220,000 | \$ 2,970,000 | \$ - | \$ 120,000 | \$ 2,850,000 | \$ 125,000 |
| Notes from direct borrowings and direct placements | | | | | | | | | |
| Installment purchase agreement | \$ 15,000 | September 17, 2023 | 0.00% | \$3,105 | 6,210 | - | 3,105 | 3,105 | 3,105 |
| Premiums and discounts | | | | | | | | | |
| For issuance premiums | | | | | 101,240 | - | 4,091 | 97,149 | 4,261 |
| Total bonds and notes payable | | | | | 3,077,450 | - | 127,196 | 2,950,254 | 132,366 |
| Compensated absences | | | | | | | | | |
| Total governmental activities | | | | | 322,958 | 212,787 | 179,567 | 356,178 | 179,567 |
| | | | | | <u>\$ 3,400,408</u> | <u>\$ 212,787</u> | <u>\$ 306,763</u> | <u>\$ 3,306,432</u> | <u>\$ 311,933</u> |
| Business-type activities | | | | | | | | | |
| Bonds and notes payable | | | | | | | | | |
| Other debt | | | | | | | | | |
| Drinking water revolving fund loan | \$ 8,000,000 | April 1, 2028 | 2.125% | \$425,000 - \$463,674 | \$ 2,638,674 | \$ - | \$ 415,000 | \$ 2,223,674 | \$ 425,000 |
| Compensated absences | | | | | | | | | |
| Total business-type activities | | | | | 87,969 | 67,251 | 58,303 | 96,917 | 58,303 |
| | | | | | <u>\$ 2,726,643</u> | <u>\$ 67,251</u> | <u>\$ 473,303</u> | <u>\$ 2,320,591</u> | <u>\$ 483,303</u> |

Annual debt service requirements to maturity for the above obligations are as follows:

| Year Ending June 30, | Governmental Activities | | | | Business-type Activities | |
|-------------------------|-------------------------|---------------------|--|---------------|--------------------------|-------------------|
| | Bonds | | Notes from Direct Borrowings and Direct Placements | | Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 125,000 | \$ 111,425 | \$ 3,105 | \$ 345 | \$ 425,000 | \$ 47,253 |
| 2025 | 130,000 | 106,425 | - | - | 435,000 | 38,222 |
| 2026 | 135,000 | 101,225 | - | - | 445,000 | 28,978 |
| 2027 | 135,000 | 95,825 | - | - | 455,000 | 19,522 |
| 2028 | 140,000 | 90,425 | - | - | 463,674 | 9,853 |
| 2029-2033 | 790,000 | 360,525 | - | - | - | - |
| 2034-2038 | 960,000 | 193,188 | - | - | - | - |
| 2039-2043 | 435,000 | 24,563 | - | - | - | - |
| | <u>\$ 2,850,000</u> | <u>\$ 1,083,601</u> | <u>\$ 3,105</u> | <u>\$ 345</u> | <u>\$ 2,223,674</u> | <u>\$ 143,828</u> |

City of Mason
Notes to the Financial Statements
June 30, 2023

Note 9 - Net Investment in Capital Assets

The composition of net investment in capital assets as of year-end, was as follows:

| | Governmental Activities | Business-type Activities |
|---|----------------------------|-----------------------------|
| Capital assets | | |
| Capital assets not being depreciated | \$ 3,980,642 | \$ 1,423,213 |
| Capital assets, net of accumulated depreciation | 17,156,540 | 16,068,112 |
| Total capital assets | 21,137,182 | 17,491,325 |
| Retainage payable | (181,024) | (15,356) |
| Related debt | | |
| General obligation bonds | (2,850,000) | - |
| Notes from direct borrowing and direct placements | (3,105) | - |
| Other debt | - | (2,223,674) |
| Unamortized bond premiums | (97,149) | - |
| Deferred charge on bond refunding | 44,909 | - |
| Total related debt | (2,905,345) | (2,223,674) |
| Net investment in capital assets | \$ 18,050,813 | \$ 15,252,295 |

Note 10 - Risk Management

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

The City also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property, liability, crime, fire/EMS replacements, sewage system overflows, and auto losses. The pool is organized under Public Act 138 of 1982, as amended. State pool members' limits of coverage (per occurrence) are detailed in their policy agreements with the Authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

City of Mason
Notes to the Financial Statements
June 30, 2023

Note 11 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits Provided

Benefits provided include plans with multipliers ranging from 1.50% with no max to 2.50% with 80% max.

Vesting period of 10 years.

Normal retirement age is 60. Unreduced early retirement is available at 55 with 15 years of service. Reduced early retirement is available at 50 with 25 years of service.

Final average compensation is calculated based on a range of 3 to 5 years.

Member contributions range from 4.50% to 12.50%.

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

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 40 |
| Inactive employees entitled to, but not yet receiving benefits | 32 |
| Active employees | 40 |
| | <u>112</u> |

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Total employer and employee contributions for the year ended December 31, 2022, were \$980,876 and \$158,001, respectively.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include:

- a) Inflation: 2.50%
- b) Salary increases: 3.00% in the long-term plus merit and longevity
- c) Investment rate of return: 7.00%, net of investment expense, including inflation

City of Mason
Notes to the Financial Statements
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The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120.
- Non-disabled retired plan members and beneficiaries' mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120.
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17 and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120.

The actuarial assumptions used in the valuation were based on the results of the 2014-2018 Five-Year Experience Study.

Changes in Assumptions

There were no actuarial assumptions changed during the year.

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

| Asset Class | Target Allocation | Long-Term Expected Gross Rate of Return | Long-Term Expected Gross Return Contribution | Price Inflation Assumption | Long-Term Expected Real Rate of Return |
|---------------------|-------------------|---|--|----------------------------|--|
| Global equity | 60.00% | 7.00% | 4.20% | 2.50% | 2.70% |
| Global fixed income | 20.00% | 4.50% | 0.90% | 2.50% | 0.40% |
| Private investments | 20.00% | 9.50% | 1.90% | 2.50% | 1.40% |
| | <u>100.00%</u> | | <u>7.00%</u> | | <u>4.50%</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 plans 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 Mason
Notes to the Financial Statements
June 30, 2023

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|-------------------------------------|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balances as of December 31, 2021 | \$ 21,636,521 | \$ 17,015,821 | \$ 4,620,700 |
| Changes for the year | | | |
| Service cost | 235,928 | - | 235,928 |
| Interest on total pension liability | 1,534,873 | - | 1,534,873 |
| Experience differences | (590,717) | - | (590,717) |
| Employer contributions | - | 980,877 | (980,877) |
| Employee contributions | - | 158,001 | (158,001) |
| Net investment loss | - | (1,731,844) | 1,731,844 |
| Benefit payments and refunds | (1,167,711) | (1,167,711) | - |
| Administrative expense | - | (31,170) | 31,170 |
| Net changes | 12,373 | (1,791,847) | 1,804,220 |
| Balances as of December 31, 2022 | \$ 21,648,894 | \$ 15,223,974 | \$ 6,424,920 |

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

The following presents the net pension liability of the employer as well as what the employer's net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------|--------------|--------------------------|--------------|
| Net pension liability | \$ 9,049,637 | \$ 6,424,920 | \$ 4,241,766 |

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

For the year ended June 30, 2023 the employer recognized pension expense of \$773,307. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Amount to Amortize |
|--|--------------------------------------|-------------------------------------|-----------------------|
| Differences between expected and actual experience | \$ - | \$ (876,438) | \$ (876,438) |
| Changes in assumptions | 339,927 | - | 339,927 |
| Net difference between projected and actual earning on plan investments | 1,383,297 | - | 1,383,297 |
| Contributions subsequent to the measurement date* | 106,254 | - | - |
| Total | \$ 1,829,478 | \$ (876,438) | \$ 846,786 |

City of Mason
Notes to the Financial Statements
June 30, 2023

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

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

| <u>Year ended June 30,</u> | |
|----------------------------|-------------------|
| 2024 | \$ (51,883) |
| 2025 | 54,008 |
| 2026 | 251,997 |
| 2027 | <u>592,664</u> |
| | <u>\$ 846,786</u> |

Note 12 - Other Postemployment Benefits

Defined Benefit OPEB Plan

Plan Description

The City of Mason Retiree Healthcare Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the City of Mason. The Plan was established and is being funded under the authority of the City and under agreements with the unions representing various classes of employees. The Plan can be amended at the discretion of the City. The Plan does not issue separate stand-alone financial statements.

Benefits Provided

The Plan provides retirees age 55 with 15 years of service with medical, prescription drug, dental and vision coverage in accordance with union agreements and/or personnel policies. The City covers the cost of coverage for these benefits less the balance of premiums required to be contributed by retirees in accordance with Plan provisions. The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). The current contributions being made are based on an actuarial calculated valuation. Administrative costs of the Plan are paid for by the City.

At the June 30, 2023 valuation date, the following employees were covered by benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 15 |
| Inactive employees entitled to, but not yet receiving benefits | - |
| Active employees | <u>41</u> |
| | <u>56</u> |

Contributions

For the year ended June 30, 2023, the City contributed \$220,000 in addition to its portion of premium payments.

Plan members are not required to contribute to the plan.

City of Mason
Notes to the Financial Statements
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Net OPEB Liability

The net OPEB liability was measured as of June 30, 2022 and rolled forward to June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability as of June 30, 2023 were as follows:

| | | |
|-----------------------------|--|--------------------|
| Total OPEB liability | | \$ 1,966,793 |
| Plan fiduciary net position | | <u>(1,528,572)</u> |
| Net OPEB liability | | <u>\$ 438,221</u> |

Plan fiduciary net position as a percentage of the total OPEB liability is 77.72%.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. The following actuarial assumptions were used in the measurement:

| | |
|--------------------------------|--|
| Inflation | 2.50% |
| Salary growth rate | 3.00% (for purpose of allocating the liability) |
| Investment rate of return | 7.00% (including inflation) |
| 20-year Aa municipal bond rate | 4.13% |
| Mortality | 2010 Public Safety and General Employee and Healthy Retirees, Headcount weighted with MP-2021 Improvement Scale |

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------|-------------------|--|
| Global equity | 60.00% | 4.50% |
| Global fixed income | 20.00% | 2.00% |
| Private assets | 20.00% | 7.00% |
| | <u>100.00%</u> | |

The sum of each target allocation times its long-term expected rate is 7.00%, including inflation.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed, in addition to paying benefits from general operating funds, the City will contribute \$120,000 in 2024, and \$100,000 each year afterwards. While the plan does not have a Corrective Action Plan (CAP), it does have a non-binding funding goal such that the City will make contributions until the plan is at least 100% funded. Based on this assumption, the assets are to be sufficient to make projected future benefit payments of current plan members. This discount rate is used to determine the Total OPEB Liability. As of June 30, 2022 the discount rate used to value OPEB liabilities was 7.00%.

City of Mason
Notes to the Financial Statements
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Change in Net OPEB Liability

Calculating the Net OPEB Liability

| | Increase (Decrease) | | |
|---|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Balances as of June 30, 2022 | \$ 1,946,735 | \$ 1,208,127 | \$ 738,608 |
| Changes for the year | | | |
| Service cost | 7,563 | - | 7,563 |
| Interest on total OPEB liability | 132,294 | - | 132,294 |
| Experience differences | (6,764) | - | (6,764) |
| Changes of assumptions | 15,701 | - | 15,701 |
| Employer contributions | - | 220,000 | (220,000) |
| Contributions/benefit payments from general operating | - | 128,736 | (128,736) |
| Net investment income | - | 102,964 | (102,964) |
| Benefit payments and refunds | (128,736) | (128,736) | - |
| Administrative expense | - | (2,519) | 2,519 |
| Net changes | 20,058 | 320,445 | (300,387) |
| Balances as of June 30, 2023 | \$ 1,966,793 | \$ 1,528,572 | \$ 438,221 |

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--------------------|-------------|--------------------------|-------------|
| Net OPEB liability | \$ 640,220 | \$ 438,221 | \$ 268,212 |

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

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--------------------|-------------|-----------------------------------|-------------|
| Net OPEB liability | \$ 243,644 | \$ 438,221 | \$ 669,652 |

City of Mason
Notes to the Financial Statements
June 30, 2023

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

For the year ended June 30, 2023 the employer recognized OPEB expense of (\$18,889,). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>Outflows of Resources</u> | <u>Inflows of Resources</u> | <u>Amount to Amortize</u> |
|---|----------------------------------|---------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ 175,516 | \$ (108,150) | \$ 67,366 |
| Changes in assumptions | 181,289 | (389,385) | (208,096) |
| Net difference between projected and actual earning on plan investments | <u>44,274</u> | <u>-</u> | <u>44,274</u> |
| Total | <u>\$ 401,079</u> | <u>\$ (497,535)</u> | <u>\$ (96,456)</u> |

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

| <u>Year ended June 30,</u> | |
|----------------------------|--------------------|
| 2024 | \$ (75,812) |
| 2025 | (84,818) |
| 2026 | 33,886 |
| 2027 | 26,069 |
| 2028 | <u>4,219</u> |
| | <u>\$ (96,456)</u> |

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.89%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Note 13 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There are potential legal actions pending against the City. Due to the inconclusive nature of many of the actions, it is not possible for Corporation Counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. These actions, for which a reasonable estimate can be determined of the potential liability, if any, are considered by City management and legal counsel to be immaterial.

Note 14 - Tax Abatements

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) 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 Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on a new plant and non-industrial

City of Mason
Notes to the Financial Statements
June 30, 2023

property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2023, the City abated property taxes revenues totaling \$96,171 under this program, including the following tax abatement agreements that exceeded 10% of the total amount abated:

- A 50% property tax reduction for a metal manufacturer allowing for additional investments in equipment, facilities, and employment. The abatement amounts to \$85,079.

Note 15 - Subsequent Event

After June 30, 2023, the City issued debt totaling \$30,985,000 through a contract with the Michigan Finance Authority. The debt matures April 1, 2055, with principal installments due annually ranging from \$750,000 to \$1,380,000. The interest rate is 2.125%.

City of Mason
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|------------------------|------------------|------------------|------------------|------------------------|
| | Original | Final | | Final Budget |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 3,742,865 | \$ 3,725,905 | \$ 3,729,826 | \$ 3,921 |
| Penalties and interest | 11,000 | 9,000 | 10,565 | 1,565 |
| Administration fee | 111,300 | 115,330 | 115,337 | 7 |
| Licenses and permits | 10,500 | 11,000 | 10,090 | (910) |
| Federal grants | 116,000 | 222,500 | 5,155 | (217,345) |
| State-shared revenue | 938,000 | 992,000 | 1,151,669 | 159,669 |
| State grants | 251,400 | 320,690 | 320,609 | (81) |
| Local contributions | 1,195,375 | 1,410,015 | 1,383,736 | (26,279) |
| Charges for services | 1,318,465 | 939,145 | 929,724 | (9,421) |
| Fines and forfeitures | 27,000 | 24,500 | 20,549 | (3,951) |
| Rental income | 87,200 | 90,700 | 90,538 | (162) |
| Investment income | 5,000 | 151,000 | 200,459 | 49,459 |
| Other revenue | 139,425 | 258,335 | 77,304 | (181,031) |
| | <u>7,953,530</u> | <u>8,270,120</u> | <u>8,045,561</u> | <u>(224,559)</u> |
| Expenditures | | | | |
| General government | | | | |
| Governing body | 55,855 | 60,830 | 45,201 | (15,629) |
| Administrator | 427,335 | 421,290 | 386,846 | (34,444) |
| Clerk | 324,670 | 317,360 | 303,928 | (13,432) |
| Information technology | 79,500 | 79,500 | 71,007 | (8,493) |
| Board of review | 650 | 650 | 600 | (50) |
| Treasurer | 562,210 | 562,210 | 548,497 | (13,713) |
| Assessor | 58,815 | 58,815 | 58,330 | (485) |
| Building and grounds | 289,415 | 278,020 | 243,770 | (34,250) |
| Attorney | 115,000 | 68,000 | 51,199 | (16,801) |
| Workers compensation | 89,125 | 29,760 | 29,760 | - |
| Retiree benefits | 945,860 | 936,560 | 925,296 | (11,264) |
| | <u>2,948,435</u> | <u>2,812,995</u> | <u>2,664,434</u> | <u>(148,561)</u> |
| Public safety | | | | |
| Administration | 358,910 | 321,285 | 282,727 | (38,558) |
| Crossing guards | 34,590 | 34,230 | 30,522 | (3,708) |
| Police patrolling | 1,160,430 | 1,159,855 | 1,121,489 | (38,366) |
| Fire department | 439,175 | 433,120 | 397,472 | (35,648) |
| Civil defense | 4,160 | 4,160 | 60 | (4,100) |
| | <u>1,997,265</u> | <u>1,952,650</u> | <u>1,832,270</u> | <u>(120,380)</u> |

City of Mason
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Final Budget |
| Public works | | | | |
| Department of public works | \$ 21,690 | \$ 31,610 | \$ 16,950 | \$ (14,660) |
| Sidewalks | 2,220 | 2,220 | 2,220 | - |
| Street lighting | 116,455 | 111,455 | 103,001 | (8,454) |
| Rubbish collection/disposal | 432,790 | 432,790 | 432,121 | (669) |
| Cemetery | 283,180 | 273,155 | 241,247 | (31,908) |
| Total public works | <u>856,335</u> | <u>851,230</u> | <u>795,539</u> | <u>(55,691)</u> |
| Community and economic development | | | | |
| Planning | 10,910 | 12,310 | 2,658 | (9,652) |
| Zoning | 142,780 | 136,805 | 122,008 | (14,797) |
| Christmas decorations | 7,355 | 8,835 | 8,376 | (459) |
| Total community and economic development | <u>161,045</u> | <u>157,950</u> | <u>133,042</u> | <u>(24,908)</u> |
| Recreation and culture | | | | |
| Recreation/park facilities | 275,370 | 282,200 | 236,528 | (45,672) |
| Library | 7,230 | 6,620 | 2,700 | (3,920) |
| Forestry | 132,120 | 132,120 | 121,782 | (10,338) |
| Senior citizens | 8,180 | 8,180 | 8,180 | - |
| Total recreation and culture | <u>422,900</u> | <u>429,120</u> | <u>369,190</u> | <u>(59,930)</u> |
| Capital outlay | <u>1,447,750</u> | <u>973,355</u> | <u>421,283</u> | <u>(552,072)</u> |
| Debt service | | | | |
| Principal retirement | 123,105 | 123,105 | 123,105 | - |
| Interest and fiscal charges | 115,775 | 115,775 | 115,775 | - |
| Total debt service | <u>238,880</u> | <u>238,880</u> | <u>238,880</u> | <u>-</u> |
| Total expenditures | <u>8,072,610</u> | <u>7,416,180</u> | <u>6,454,638</u> | <u>(961,542)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(119,080)</u> | <u>853,940</u> | <u>1,590,923</u> | <u>736,983</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 385,260 | 119,500 | 102,696 | (16,804) |
| Transfers out | (710,000) | (845,000) | (843,827) | 1,173 |
| Total other financing sources (uses) | <u>(324,740)</u> | <u>(725,500)</u> | <u>(741,131)</u> | <u>(15,631)</u> |
| Net change in fund balance | (443,820) | 128,440 | 849,792 | 721,352 |
| Fund balance - beginning of year | <u>6,242,333</u> | <u>6,242,333</u> | <u>6,242,333</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 5,798,513</u> | <u>\$ 6,370,773</u> | <u>\$ 7,092,125</u> | <u>\$ 721,352</u> |

City of Mason
Required Supplementary Information
Budgetary Comparison Schedule
Major Streets Fund
For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Final Budget |
| Revenues | | | | |
| State grants | \$ 731,470 | \$ 750,000 | \$ 795,016 | \$ 45,016 |
| Charges for services | 2,500 | 1,000 | - | (1,000) |
| Investment income | 4,000 | 43,000 | 43,230 | 230 |
| Total revenues | 737,970 | 794,000 | 838,246 | 44,246 |
| Expenditures | | | | |
| Current | | | | |
| Public works | 1,857,520 | 1,872,840 | 1,485,296 | (387,544) |
| Deficiency of revenues over expenditures | (1,119,550) | (1,078,840) | (647,050) | 431,790 |
| Other financing sources (uses) | | | | |
| Transfers in | 610,000 | 610,000 | 473,404 | (136,596) |
| Transfers out | (40,635) | (150,000) | - | 150,000 |
| Total other financing sources (uses) | 569,365 | 460,000 | 473,404 | 13,404 |
| Net change in fund balance | (550,185) | (618,840) | (173,646) | 445,194 |
| Fund balance - beginning of year | 1,974,257 | 1,974,257 | 1,974,257 | - |
| Fund balance - end of year | \$ 1,424,072 | \$ 1,355,417 | \$ 1,800,611 | \$ 445,194 |

City of Mason
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Fiscal Years (Ultimately Ten Years Will Be Displayed)

| Fiscal year ended June 30, | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | | | |
| Service cost | \$ 235,928 | \$ 236,054 | \$ 241,897 | \$ 265,041 | \$ 279,971 | \$ 290,730 | \$ 308,162 | \$ 286,412 | \$ 344,630 |
| Interest | 1,534,873 | 1,553,245 | 1,519,246 | 1,515,380 | 1,498,632 | 1,467,726 | 1,439,908 | 1,302,779 | 1,248,831 |
| Changes of benefit terms | - | - | (331,145) | - | - | 1,254 | 17,991 | (20,699) | - |
| Experience differences | (590,717) | (716,325) | (300,952) | (265,298) | (446,696) | (257,406) | (316,425) | 102,106 | - |
| Changes in assumptions | - | 811,195 | 471,236 | 698,809 | - | - | - | 992,404 | - |
| Benefit payments and refunds | (1,167,711) | (1,134,121) | (1,165,864) | (1,143,184) | (1,087,029) | (1,134,174) | (1,052,211) | (948,754) | (909,285) |
| Other | - | - | - | (2) | - | 1 | (1) | 40,713 | 39,026 |
| Net change in total pension liability | 12,373 | 750,048 | 434,418 | 1,070,746 | 244,878 | 368,131 | 397,424 | 1,754,961 | 723,202 |
| Total pension liability - beginning | 21,636,521 | 20,886,473 | 20,452,055 | 19,381,309 | 19,136,431 | 18,768,300 | 18,370,876 | 16,615,915 | 15,892,713 |
| Total pension liability - ending (a) | <u>\$ 21,648,894</u> | <u>\$ 21,636,521</u> | <u>\$ 20,886,473</u> | <u>\$ 20,452,055</u> | <u>\$ 19,381,309</u> | <u>\$ 19,136,431</u> | <u>\$ 18,768,300</u> | <u>\$ 18,370,876</u> | <u>\$ 16,615,915</u> |
| Plan Fiduciary Net Position | | | | | | | | | |
| Employer contributions | \$ 980,877 | \$ 1,152,538 | \$ 747,053 | \$ 641,014 | \$ 576,530 | \$ 588,286 | \$ 465,129 | \$ 364,270 | \$ 302,481 |
| Employee contributions | 158,001 | 163,016 | 164,232 | 170,272 | 188,382 | 204,586 | 226,555 | 239,773 | 273,318 |
| Net investment income (loss) | (1,731,844) | 2,093,080 | 1,688,140 | 1,627,669 | (500,397) | 1,539,414 | 1,231,987 | (169,894) | 697,815 |
| Benefit payments and refunds | (1,167,711) | (1,134,121) | (1,165,864) | (1,143,184) | (1,087,029) | (1,134,174) | (1,052,211) | (948,754) | (909,285) |
| Administrative expense | (31,170) | (24,010) | (26,717) | (28,025) | (24,911) | (24,385) | (24,324) | (24,907) | (25,588) |
| Net change in plan fiduciary net position | (1,791,847) | 2,250,503 | 1,406,844 | 1,267,746 | (847,425) | 1,173,727 | 847,136 | (539,512) | 338,741 |
| Plan fiduciary net position - beginning | 17,015,821 | 14,765,318 | 13,358,474 | 12,090,728 | 12,938,153 | 11,764,426 | 10,917,290 | 11,456,802 | 11,118,061 |
| Plan fiduciary net position - ending (b) | <u>\$ 15,223,974</u> | <u>\$ 17,015,821</u> | <u>\$ 14,765,318</u> | <u>\$ 13,358,474</u> | <u>\$ 12,090,728</u> | <u>\$ 12,938,153</u> | <u>\$ 11,764,426</u> | <u>\$ 10,917,290</u> | <u>\$ 11,456,802</u> |
| Net pension liability (a-b) | <u>\$ 6,424,920</u> | <u>\$ 4,620,700</u> | <u>\$ 6,121,155</u> | <u>\$ 7,093,581</u> | <u>\$ 7,290,581</u> | <u>\$ 6,198,278</u> | <u>\$ 7,003,874</u> | <u>\$ 7,453,586</u> | <u>\$ 5,159,113</u> |
| Plan fiduciary net position as a percentage of total pension liability | 70.32% | 78.64% | 70.69% | 65.32% | 62.38% | 67.61% | 62.68% | 59.43% | 68.95% |
| Covered employee payroll | \$ 2,128,895 | \$ 2,211,404 | \$ 2,200,819 | \$ 2,335,931 | \$ 2,286,806 | \$ 2,287,596 | \$ 2,123,390 | \$ 2,101,401 | \$ 2,232,680 |
| Net pension liability as a percentage of covered employee payroll | 301.80% | 208.95% | 278.13% | 303.67% | 318.81% | 270.95% | 329.84% | 354.70% | 231.07% |

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Mason
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
Last Nine Fiscal Years (Ultimately Ten Years Will Be Displayed)

| Fiscal year ended June 30, | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|--------------------|--------------------|----------------|----------------|----------------|----------------|
| Actuarially determined contributions | \$ 759,827 | \$ 719,076 | \$ 633,895 | \$ 558,778 | \$ 541,538 | \$ 562,761 | \$ 459,148 | \$ 426,002 | \$ 340,936 |
| Contributions in relation to the actuarially determined contribution | <u>984,827</u> | <u>912,506</u> | <u>808,895</u> | <u>649,198</u> | <u>591,538</u> | <u>562,761</u> | <u>459,148</u> | <u>426,002</u> | <u>340,936</u> |
| Contribution deficiency (excess) | <u>\$ (225,000)</u> | <u>\$ (193,430)</u> | <u>\$ (175,000)</u> | <u>\$ (90,420)</u> | <u>\$ (50,000)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 2,213,151 | \$ 2,301,495 | \$ 2,215,548 | \$ 2,364,414 | \$ 2,370,641 | \$ 2,376,582 | \$ 2,254,766 | \$ 2,298,302 | \$ 2,191,564 |
| Contributions as a percentage of covered payroll | 44.50% | 39.65% | 36.51% | 27.46% | 24.95% | 23.68% | 20.36% | 18.54% | 15.56% |

Note: The actuarially determined contribution was calculated based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially determined contribution has been expressed above as a percentage of actual payroll.

Actuarial valuation information relative to the determination of contributions:

Valuation date: December 31, 2022
Measurement date: December 31, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal
Amortization method: Level percentage of pay
Remaining amortization period: 16 years
Asset valuation method: 5 year smoothing
Inflation: 2.50%
Salary increases: 3.00% in the long-term plus merit and longevity
Investment rate of return: 7.00%, net of investment expenses, including inflation
Discount rate: 7.60%
Mortality: Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120;
Non-disabled retired plan members and beneficiaries' mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120;
Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17 and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

City of Mason
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Six Fiscal Years (Ultimately Ten Years Will Be Displayed)

| Fiscal year ended June 30, | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 7,563 | \$ 8,284 | \$ 9,527 | \$ 35,225 | \$ 41,265 | \$ 27,236 |
| Interest | 132,294 | 126,484 | 129,933 | 111,535 | 102,149 | 72,464 |
| Changes of benefit terms | - | - | - | (92,994) | (56,745) | - |
| Experience differences | (6,764) | 92,439 | 3,362 | (296,028) | 8,630 | 443,399 |
| Changes in assumptions | 15,701 | 70,656 | (63,586) | (1,033,530) | 81,199 | 479,399 |
| Benefit payments and refunds | <u>(128,736)</u> | <u>(127,443)</u> | <u>(122,378)</u> | <u>(112,423)</u> | <u>(121,912)</u> | <u>(129,891)</u> |
| Net change in total OPEB liability | 20,058 | 170,420 | (43,142) | (1,388,215) | 54,586 | 892,607 |
| Total OPEB liability - beginning | <u>1,946,735</u> | <u>1,776,315</u> | <u>1,819,457</u> | <u>3,207,672</u> | <u>3,153,086</u> | <u>2,260,479</u> |
| Total OPEB liability - ending (a) | <u>\$ 1,966,793</u> | <u>\$ 1,946,735</u> | <u>\$ 1,776,315</u> | <u>\$ 1,819,457</u> | <u>\$ 3,207,672</u> | <u>\$ 3,153,086</u> |
| Plan Fiduciary Net Position | | | | | | |
| Employer contributions | \$ 220,000 | \$ 70,000 | \$ 70,000 | \$ 115,000 | \$ 261,912 | \$ 154,891 |
| Contributions/benefit payments from general operating | 128,736 | 127,443 | 122,378 | 112,423 | - | - |
| Net investment income (loss) | 102,964 | (110,315) | 267,168 | 19,973 | 20,048 | 44,726 |
| Benefit payments and refunds | (128,736) | (127,443) | (122,378) | (112,423) | (121,912) | (129,891) |
| Administrative expense | (2,519) | (2,324) | (1,966) | (1,583) | (1,344) | (1,453) |
| Other | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 320,445 | (42,639) | 335,202 | 133,390 | 158,704 | 68,273 |
| Plan fiduciary net position - beginning | <u>1,208,127</u> | <u>1,250,766</u> | <u>915,564</u> | <u>782,174</u> | <u>623,470</u> | <u>555,197</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 1,528,572</u> | <u>\$ 1,208,127</u> | <u>\$ 1,250,766</u> | <u>\$ 915,564</u> | <u>\$ 782,174</u> | <u>\$ 623,470</u> |
| Net OPEB liability (a-b) | <u>\$ 438,221</u> | <u>\$ 738,608</u> | <u>\$ 525,549</u> | <u>\$ 903,893</u> | <u>\$ 2,425,498</u> | <u>\$ 2,529,616</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 77.72% | 62.06% | 70.41% | 50.32% | 24.38% | 19.77% |
| Covered employee payroll | \$ 1,132,639 | \$ 1,193,946 | \$ 1,097,967 | \$ 1,127,299 | \$ 2,787,850 | \$ 2,467,064 |
| Net OPEB liability as a percentage of covered employee payroll | 38.69% | 61.86% | 47.87% | 80.18% | 87.00% | 102.54% |

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Mason
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
Last Six Fiscal Years (Ultimately Ten Years Will Be Displayed)

| Fiscal year ended June 30, | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|--------------------|----------------|------------------|------------------|------------------|
| Actuarially determined contributions | \$ 152,667 | \$ 133,549 | \$ 193,297 | \$ 264,676 | \$ 275,281 | \$ 223,141 |
| Contributions in relation to the actuarially determined contribution | <u>348,736</u> | <u>197,443</u> | <u>192,378</u> | <u>227,423</u> | <u>261,912</u> | <u>154,891</u> |
| Contribution deficiency (excess) | <u>\$ (196,069)</u> | <u>\$ (63,894)</u> | <u>\$ 919</u> | <u>\$ 37,253</u> | <u>\$ 13,369</u> | <u>\$ 68,250</u> |
| Covered payroll | \$ 1,132,639 | \$ 1,193,946 | \$ 1,097,967 | \$ 1,127,299 | \$ 2,787,850 | \$ 2,467,064 |
| Contributions as a percentage of covered payroll | 30.79% | 16.54% | 17.52% | 20.17% | 9.39% | 6.28% |

Notes to Schedule of Contributions

Valuation date:

June 30, 2022

Measurement date:

June 30, 2023

Notes:

Actuarially determined contribution amounts are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal

Amortization method

Level percentage of payroll

Remaining amortization period

6 years

Asset valuation method

Market value

Inflation

2.50%

Healthcare cost trend rates

Pre-Medicare 7.25% graded down to 4.5% by 0.25% per year:
Post-Medicare 5.50% graded down to 4.5% by 0.25% per year

Salary growth rate

3.00%

Investment rate of return

7.00%

AA 20-year municipal bond rate

4.13%

Discount rate

7.00%

Utilization

100%, covered employees at the valuation date will elect the same coverage at retirement

Mortality

2010 Public General and Public Safety Employee and Healthy Retirees,
Headcount weighted with MP-2021 Improvement Scale

Change of benefit terms

There were no changes of benefit terms for the plan year 2023

Changes in assumptions

There were no changes in assumptions for the plan year 2023

City of Mason
Required Supplementary Information
Other Postemployment Benefits
Schedule of Investment Returns
Last Six Fiscal Years (Ultimately Ten Years Will Be Displayed)

| Fiscal Year Ended June 30, | Annual Return % * |
|----------------------------------|----------------------|
| 2018 | 7.34% |
| 2019 | 2.66% |
| 2020 | 2.17% |
| 2021 | 24.48% |
| 2022 | -9.16% |
| 2023 | 7.89% |

* Annual money-weighted rate of return, net of investment expenses

Data will be added as information is available until 10 years of such data is available.

City of Mason
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

| | Special Revenue Funds | | | |
|---|-----------------------|-----------------------|-------------------|--|
| | Local Street | Parks & Recreation | Rayner Bond | Economic Development Corporation |
| Assets | | | | |
| Cash and cash equivalents | \$ 283,426 | \$ 265,985 | \$ 382,229 | \$ 2,224 |
| Investments | - | - | 493,788 | - |
| Receivables | | | | |
| Accounts | - | - | 1,546 | - |
| Taxes | - | 314 | - | - |
| Special assessments | - | - | - | - |
| Due from other units of government | 44,969 | - | - | - |
| Due from other funds | 16,566 | - | - | - |
| | <u>344,961</u> | <u>266,299</u> | <u>877,563</u> | <u>2,224</u> |
| Total assets | <u>\$ 344,961</u> | <u>\$ 266,299</u> | <u>\$ 877,563</u> | <u>\$ 2,224</u> |
| Liabilities | | | | |
| Accounts payable | \$ 167,532 | \$ - | \$ - | \$ - |
| Due to other funds | 1,555 | - | - | - |
| Payroll and other liabilities | 1,726 | - | - | - |
| Unearned revenue | - | - | - | - |
| | <u>170,813</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>170,813</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue - special assessments | - | - | - | - |
| Fund Balances | | | | |
| Restricted for | | | | |
| Highways | 174,148 | - | - | - |
| Community enrichment | - | 266,299 | 739,006 | 2,224 |
| Construction code activity | - | - | - | - |
| Cemetery operations | - | - | - | - |
| Flowers | - | - | - | - |
| Debt service | - | - | - | - |
| Committed | | | | |
| Community enrichment | - | - | 138,557 | - |
| Capital projects | - | - | - | - |
| Fire equipment | - | - | - | - |
| Assigned | - | - | - | - |
| | <u>174,148</u> | <u>266,299</u> | <u>877,563</u> | <u>2,224</u> |
| Total fund balances | <u>174,148</u> | <u>266,299</u> | <u>877,563</u> | <u>2,224</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 344,961</u> | <u>\$ 266,299</u> | <u>\$ 877,563</u> | <u>\$ 2,224</u> |

City of Mason
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

| | Special Revenue Funds | | | Debt Service Fund |
|---|-----------------------|-------------------|--------------------|--------------------------|
| | Building Inspection | American Rescue | Special Assessment | Mason Building Authority |
| Assets | | | | |
| Cash and cash equivalents | \$ 89,620 | \$ 251,679 | \$ 398,574 | \$ 4 |
| Investments | - | - | - | - |
| Receivables | | | | |
| Accounts | - | - | - | - |
| Taxes | - | - | - | - |
| Special assessments | - | - | 253,624 | - |
| Due from other units of government | - | - | - | - |
| Due from other funds | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 89,620</u> | <u>\$ 251,679</u> | <u>\$ 652,198</u> | <u>\$ 4</u> |
| Liabilities | | | | |
| Accounts payable | \$ 8,760 | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Payroll and other liabilities | 721 | - | - | - |
| Unearned revenue | - | 238,840 | - | - |
| | <u>-</u> | <u>238,840</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>9,481</u> | <u>238,840</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue - special assessments | - | - | 253,624 | - |
| | <u>-</u> | <u>-</u> | <u>253,624</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted for | | | | |
| Highways | - | - | - | - |
| Community enrichment | - | - | - | - |
| Construction code activity | 80,139 | - | - | - |
| Cemetery operations | - | - | - | - |
| Flowers | - | - | - | - |
| Debt service | - | - | - | 4 |
| Committed | | | | |
| Community enrichment | - | - | - | - |
| Capital projects | - | - | - | - |
| Fire equipment | - | - | - | - |
| Assigned | - | 12,839 | 398,574 | - |
| | <u>-</u> | <u>12,839</u> | <u>398,574</u> | <u>-</u> |
| Total fund balances | <u>80,139</u> | <u>12,839</u> | <u>398,574</u> | <u>4</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 89,620</u> | <u>\$ 251,679</u> | <u>\$ 652,198</u> | <u>\$ 4</u> |

City of Mason
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

| | Capital Project Funds | | Permanent Fund | Total Nonmajor Governmental Funds |
|---|-----------------------|-------------------|-------------------|-----------------------------------|
| | Capital Improvement | Fire Equipment | Cemetery Trust | |
| Assets | | | | |
| Cash and cash equivalents | \$ 383 | \$ 227,182 | \$ 409,745 | \$ 2,311,051 |
| Investments | - | - | - | 493,788 |
| Receivables | | | | |
| Accounts | - | - | - | 1,546 |
| Taxes | - | - | - | 314 |
| Special assessments | - | - | - | 253,624 |
| Due from other units of government | - | - | - | 44,969 |
| Due from other funds | - | - | - | 16,566 |
| | | | | |
| Total assets | <u>\$ 383</u> | <u>\$ 227,182</u> | <u>\$ 409,745</u> | <u>\$ 3,121,858</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 176,292 |
| Due to other funds | - | - | 13,400 | 14,955 |
| Payroll and other liabilities | - | - | - | 2,447 |
| Unearned revenue | - | - | - | 238,840 |
| | | | | |
| Total liabilities | <u>-</u> | <u>-</u> | <u>13,400</u> | <u>432,534</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue - special assessments | - | - | - | 253,624 |
| Fund Balances | | | | |
| Restricted for | | | | |
| Highways | - | - | - | 174,148 |
| Community enrichment | - | - | - | 1,007,529 |
| Construction code activity | - | - | - | 80,139 |
| Cemetery operations | - | - | 376,851 | 376,851 |
| Flowers | - | - | 19,494 | 19,494 |
| Debt service | - | - | - | 4 |
| Committed | | | | |
| Community enrichment | - | - | - | 138,557 |
| Capital projects | 383 | - | - | 383 |
| Fire equipment | - | 227,182 | - | 227,182 |
| Assigned | - | - | - | 411,413 |
| | | | | |
| Total fund balances | <u>383</u> | <u>227,182</u> | <u>396,345</u> | <u>2,435,700</u> |
| | | | | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 383</u> | <u>\$ 227,182</u> | <u>\$ 409,745</u> | <u>\$ 3,121,858</u> |

City of Mason
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

| | Special Revenue Funds | | | |
|--|-----------------------|-----------------------|-------------------|--|
| | Local Street | Parks & Recreation | Rayner Bond | Economic Development Corporation |
| Revenues | | | | |
| Taxes | \$ - | \$ 262,787 | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Federal grants | - | - | - | - |
| State grants | 299,073 | - | - | - |
| Investment income (loss) | 2,063 | 3,512 | (58,177) | 4 |
| Other revenue | - | - | 23,383 | - |
| Total revenues | <u>301,136</u> | <u>266,299</u> | <u>(34,794)</u> | <u>4</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | - | - | - | - |
| Public works | 566,997 | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>566,997</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(265,861)</u> | <u>266,299</u> | <u>(34,794)</u> | <u>4</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 270,423 | - | - | - |
| Transfers out | - | - | (63,858) | - |
| Total other financing sources (uses) | <u>270,423</u> | <u>-</u> | <u>(63,858)</u> | <u>-</u> |
| Net change in fund balances | 4,562 | 266,299 | (98,652) | 4 |
| Fund balances - beginning of year | <u>169,586</u> | <u>-</u> | <u>976,215</u> | <u>2,220</u> |
| Fund balances - end of year | <u>\$ 174,148</u> | <u>\$ 266,299</u> | <u>\$ 877,563</u> | <u>\$ 2,224</u> |

City of Mason
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

| | Special Revenue Funds | | | Debt Service Fund |
|---|-----------------------|------------------|--------------------|--------------------------|
| | Building Inspection | American Rescue | Special Assessment | Mason Building Authority |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ 66,750 | \$ - |
| Licenses and permits | 58,258 | - | - | - |
| Federal grants | - | 650,000 | - | - |
| State grants | - | - | - | - |
| Investment income (loss) | 399 | 12,336 | 8,826 | - |
| Other revenue | - | - | - | - |
| Total revenues | <u>58,657</u> | <u>662,336</u> | <u>75,576</u> | <u>-</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 51,948 | - | - | - |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>51,948</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>6,709</u> | <u>662,336</u> | <u>75,576</u> | <u>-</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (650,000) | (25,438) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(650,000)</u> | <u>(25,438)</u> | <u>-</u> |
| Net change in fund balances | 6,709 | 12,336 | 50,138 | - |
| Fund balances - beginning of year | <u>73,430</u> | <u>503</u> | <u>348,436</u> | <u>4</u> |
| Fund balances - end of year | <u>\$ 80,139</u> | <u>\$ 12,839</u> | <u>\$ 398,574</u> | <u>\$ 4</u> |

City of Mason
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

| | Capital Project Funds | | Permanent Fund | Total Nonmajor Governmental Funds |
|---|-----------------------|-------------------|-------------------|-----------------------------------|
| | Capital Improvement | Fire Equipment | Cemetery Trust | |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 329,537 |
| Licenses and permits | - | - | - | 58,258 |
| Federal grants | - | - | - | 650,000 |
| State grants | - | - | - | 299,073 |
| Investment income (loss) | - | 1,521 | 13,398 | (16,118) |
| Other revenue | - | - | 5,993 | 29,376 |
| Total revenues | - | 1,521 | 19,391 | 1,350,126 |
| Expenditures | | | | |
| Current | | | | |
| Public safety | - | - | - | 51,948 |
| Public works | - | - | - | 566,997 |
| Capital outlay | - | 64,673 | - | 64,673 |
| Total expenditures | - | 64,673 | - | 683,618 |
| Excess (deficiency) of revenues over expenditures | - | (63,152) | 19,391 | 666,508 |
| Other financing sources (uses) | | | | |
| Transfers in | - | 100,000 | - | 370,423 |
| Transfers out | - | - | (13,400) | (752,696) |
| Total other financing sources (uses) | - | 100,000 | (13,400) | (382,273) |
| Net change in fund balances | - | 36,848 | 5,991 | 284,235 |
| Fund balances - beginning of year | 383 | 190,334 | 390,354 | 2,151,465 |
| Fund balances - end of year | \$ 383 | \$ 227,182 | \$ 396,345 | \$ 2,435,700 |

City of Mason
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2023

| | Delinquent Tax | Current Tax Collection | Total Custodial Funds |
|----------------------------------|-------------------|---------------------------|-----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 54 | \$ - | \$ 54 |
| Liabilities | | | |
| Accounts payable | 45 | - | 45 |
| Due to other units of government | 9 | - | 9 |
| Total liabilities | 54 | - | 54 |
| Net Position | \$ - | \$ - | \$ - |

City of Mason
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

| | Delinquent Tax | Current Tax Collection | Total Custodial Funds |
|--|-------------------|---------------------------|-----------------------------|
| Additions | | | |
| Property tax collections for other governments | \$ 6,618 | \$ 11,365,822 | \$ 11,372,440 |
| Deductions | | | |
| Payments of property tax to other governments | 6,618 | 11,365,822 | 11,372,440 |
| Change in net position | - | - | - |
| Net position - beginning of year | - | - | - |
| Net position - end of year | \$ - | \$ - | \$ - |