



BANGOR CITY COUNCIL REGULAR MEETING AGENDA

Date: November 18, 2024

Time: 7:00 PM

Location: 257 W Monroe St Bangor, MI 49013

City Council meetings are conducted in accordance with Michigan's Open Meeting Act (OMA), 1976 PA 267, MCL 15.261 et seq. and Roberts Rules of Order Newly Revised.

1. Call to Order
2. Pledge of Allegiance & Roll Call of Council Members
3. Approval of Agenda
4. Consent Agenda Items (Roll Call Vote)
Consent agenda items can be adopted by a simple motion.
Any consent agenda item may be removed at the request of a Council Member.
 - a. Approval of Regular Meeting minutes for 11/04/24
 - b. Approval of General Checking Accounts Payable & Payroll for 11/13/24 for \$122,508.54
 - c. Approval of T&A Pass Through Taxes Account for 11/13/24 for \$5,655.20
5. Other Regular Business (Resolutions, Proclamations, Reports, and Presentations)

UPCOMING MEETINGS:

DDA – Nov 19 @ 7PM
 Bangor Housing – Nov 21 @ 6PM (820 Second St)
 EDC – Nov 21 @ 7PM
 Council – Dec 2 & Dec 16 @ 7PM
 Planning – Dec 12 @ 7PM
 Cemetery – Done meeting until April 2025

COMING SOON:

Parks & Recreation – TBD Day & Time

- a. Reports
 - i) Department Heads
 - Department of Public Works (DPW) **SEE REPORT PROVIDED** DPW Director Lowder
 - Police Department **SEE REPORT PROVIDED** Officer Leonard
 - Fire Department Fire Chief Babcock
 - Code Enforcement/Zoning Code Enforcement Officer Drake
 - **Clerk's Department** **SEE REPORT PROVIDED** Clerk Umbanhowar
 - **Treasurer's Department** **SEE REPORT PROVIDED** City Treasurer Cagle
 - ii) Commission and Boards
 - Planning Commission Councilmember Uplinger
 - SKIP - Cemetery Committee **DONE MEETING UNTIL APRIL 2025** Mayor Farmer
 - Economic Development Corporation (EDC) **SEE REPORT PROVIDED** City Manager Weber
 - Downtown Development Authority (DDA) Mayor Pro-Tem Martinez Serratos
 - Bangor Housing Commission (BHC) Councilmember Muenzer

6. Opportunity for Public Comment* A limit of three (3) minutes per speaker is in effect.
7. Unfinished Business
 - a. None
8. New Business
 - a. Fund Deficiency Plan/Fire District Fund - Resolution No. 2024-18 City Treasurer Cagle
 - b. Fund Deficiency Plan/Sewer Fund - Resolution No. 2024-19 City Treasurer Cagle
 - c. Fund Deficiency Plan/Motor Pool Fund - Resolution No. 2024-20 City Treasurer Cagle
 - d. MRWA Wastewater (Sewer) Rate Study/Increases..... City Manager Weber
 - e. MRWA Water Rate Study/Increases..... City Manager Weber
9. Opportunity for Public Comment* A limit of three (3) minutes per speaker is in effect.
10. Council Member Comments
11. Adjournment

*The purpose of the public comment periods are for members of the public to inform the council of their views. Traditionally, Council does not respond to comments made at the meeting; however, the Mayor or City Manager may direct staff to follow up with the speaker as appropriate. Public and council comments are not required to be recorded. "Meeting Minutes are a record of what was done, not what was said" - Roberts Rules of Order Newly Revised (RONR)



CITY OF BANGOR

BANGOR COUNCIL MEETING MINUTES

November 4, 2024

MINUTES

Fire Station

Regular Meeting

7:00PM

417 W ARLINGTON ST
BANGOR, MI 49013

1. This meeting was called to order by Mayor Farmer at 7:00 pm.
2. PLEDGE OF ALLEGIANCE IS LED BY COUNCILMEMBER UPLINGER AND RECITED BY ALL PRESENT

ATTENDANCE/ROLL CALL

Attendee Name	Title	Status	
		Present	Absent
Lynne Farmer	Mayor	X	
Pati Martinez-Serratos	Mayor Pro Tem	X	
Heléne Rivers	Councilmember	X	
Jeremy Uplinger	Councilmember	X	
Jerry Muenzer	Councilmember	X	
Amber Garcia	Councilmember		X
Darla McCrumb	Councilmember	X	
QUORUM MET			

OTHERS PRESENT

Shelly Umbanhowar, Clerk
 Ezekiel Drake, Code Enforcement
 Derek Babcock, Fire Chief

Steve Lowder, DPW Director
 Scott Graham, City Attorney
 Approximately 7 members of the public

3. APPROVAL OF REGULAR AGENDA

Motion to accept Regular Meeting Agenda as Presented.	
RESULT:	CARRIED (UNANIMOUS)
MOVER:	Jeremy Uplinger, Councilmember
SECONDER:	Jerry Muenzer, Councilmember

4. APPROVAL OF CONSENT AGENDA

a. Consent Agenda

Motion to accept Consent Agenda items:	
Regular 10/21/24, General Checking Accounts Payable & Payroll in the amount of \$154,124.89 and T&A Checking Accounts Payable in the amount of \$24,951.69 .	
RESULT:	APPROVED (6 YES, 1 ABSENT)
MOVER:	Heléne Rivers, Councilmember
SECONDER:	Pati Martinez-Serratos, Mayor Pro-Tem
AYES:	Rivers, Martinez-Serratos, Muenzer, Uplinger, McCrumb, Farmer
ABSENT:	Garcia

5. OTHER REGULAR BUSINESS

None

6. OPPORTUNITY FOR PUBLIC COMMENT

Public comments were heard.

7. UNFINISHED BUSINESS**a. Decision to Approve/Deny New City Attorney Selection: Nick Curcio**

Brief discussion regarding hiring a new City Attorney or keeping current City Attorney Scott Graham. Scott Graham is willing to continue to be the City Attorney for the City.

Motion to continue to retain Scott Graham as the City Attorney.

RESULT: APPROVED (5 YES, 1 NO, 1 ABSENT)

MOVER: Jerry Muenzer, Councilmember

SECONDER: Pati Martinez-Serratos, Mayor Pro-Tem

AYES: Rivers, Martinez-Serratos, Muenzer, Uplinger, Farmer

NAYS: McCrumb

ABSENT: Garcia

8. NEW BUSINESS**a. Stephanie Strickfaden/Crossing Guard Resignation****Motion to accept the Resignation effective Friday, 11/08/24.**

RESULT: CARRIED (UNANIMOUS)

MOVER: Jeremy Uplinger, Councilmember

SECONDER: Heléne Rivers, Councilmember

AYES: Rivers, Garcia, Martinez-Serratos, Muenzer, Uplinger, McCrumb, Farmer

9. OPPORTUNITY FOR PUBLIC COMMENT

None.

10. COUNCILMEMBER COMMENTS

Councilmember comments were heard.

11. ADJOURNMENT**Motion to adjourn at 7:37 PM**

RESULTS: CARRIED (UNANIMOUS)

MOVER: Jeremy Uplinger, Councilmember

SECONDER: Pati Martinez-Serratos, Mayor Pro-Tem

Shelly Umbanhowar, City Clerk

Mayor Lynne Farmer

CERTIFICATION

I, **Shelly Umbanhowar**, the duly appointed Clerk for the City of Bangor, do hereby certify that this is a true and exact copy of the minutes from the **Regular Meeting held on Monday, November 4, 2024**. These minutes were **approved by the City Council on Monday, November 18, 2024**, by unanimous vote. The original is on file at the Bangor City Hall, 257 W. Monroe Street, Bangor, Michigan 49013.

Shelly Umbanhowar, City Clerk

11/13/2024 INVOICE APPROVAL BY INVOICE REPORT FOR CITY OF BANGOR
 EXP CHECK RUN DATES 11/19/2024 - 11/19/2024
 UNJOURNALIZED OPEN AND PAID
 BANK CODE: GCK-2 - CHECK TYPE: PAPER CHECK

Vendor Code	Vendor Name Invoice	Description	Amount
PAPERCHECKS			
ABON	ABONMARCHE		
	155169	DWAM PLAN & DSMI INVENTORY SERVICES THRU 10/31/24	7,500.00
	155170	DWAM PLAN & DSMI INVENTORY SERVICES - TMF POTHOLING - THRU 10/31/24	10,000.00
TOTAL FOR: ABONMARCHE			17,500.00

AIS	AIS CONSTRUCTION EQUIPMENT CORP		
	W27208	DPW LEAF VAC REPAIR & MAINT	1,223.48
TOTAL FOR: AIS CONSTRUCTION EQUIPMENT CORP			1,223.48

AUTO	AUTO-WARES GROUP		
	03780205857	VAC TRUCK CMD 50 50 HD EXT	17.89
	378-204358	SALT TRUCK - SEALED BEAM & FUSE; BACK HOE REPAIR	168.36
TOTAL FOR: AUTO-WARES GROUP			186.25

BENISTAR	BENISTAR/UA-6803		
	12012024	RETIREMENT BENEFITS DEC 2024	2,440.94
TOTAL FOR: BENISTAR/UA-6803			2,440.94

BEST WAY	BEST WAY DISPOSAL		
	1073557	610 DAVID WALTON DR DUMPSTER SERVICES - 2 30YD ROLL OFF SERVICE & EXCHANGE	1,100.00
TOTAL FOR: BEST WAY DISPOSAL			1,100.00

BLUE FIRE	BLUE FIRE MEDIA, INC		
	30482	WEB-DEV MONTHLY PAYMENT	100.00
	30497	ANNUAL RENEWAL OF EVENT CALENDAR PLUG IN ON WEBSITE	150.00
TOTAL FOR: BLUE FIRE MEDIA, INC			250.00

CINTAS	CINTAS CORPORATION #301		
	4209794073	RUGS CITY HALL & POLICE STATION	99.37
	4210208943	DPW UNIFORMS	53.96
	4210959043	DPW UNIFORMS	53.96
TOTAL FOR: CINTAS CORPORATION #301			207.29

PAGE 1 TOTAL: 22,907.96

COMCAST	COMCAST		
	222415508	BILLING ACTIVITY UP TO AND INCLUDING 10/31/24 CITY HALL PHONE	249.36
TOTAL FOR: COMCAST			<u>249.36</u>

CORE&MAIN	CORE & MAIN LP		
	V547463	METERS X 12	4,391.16
	V820376	SS1-5.14X12, SS1-7.24X12 REPAIR CLAMPS	738.46
TOTAL FOR: CORE & MAIN LP			<u>5,129.62</u>

WILCOX	COURIER-LEADER & FLASHES		
	1864	PUBLIC ACCURACY 11/05/24 ELECTION REQ'D AD	100.00
TOTAL FOR: COURIER-LEADER & FLASHES			<u>100.00</u>

DANSAUTO	DAN'S AUTOMOTIVE		
	I010173	PLUG IN #55 TIRE	20.00
TOTAL FOR: DAN'S AUTOMOTIVE			<u>20.00</u>

ELECTION	ELECTION SOURCE		
	24-15435	TOTES/DOLLEY, TRANSFER BAGS, STORAGE BALLOT BAGS, ACCESS ROUTE SIGN - ELECTIONS SUPPLIES	1,022.26
TOTAL FOR: ELECTION SOURCE			<u>1,022.26</u>

ELHORN	ELHORN ENGINEERING COMPANY		
	304362	WATER TREATMENT SUPPLIES	2,693.00
TOTAL FOR: ELHORN ENGINEERING COMPANY			<u>2,693.00</u>

ETNA	ETNA SUPPLY COMPANY		
	S105658552.001	L38-11-NL FORD 5/8 METER X 1/2 MIP ANGLE METER COUPLING	286.69
TOTAL FOR: ETNA SUPPLY COMPANY			<u>286.69</u>

FLEETWOOD	FLEETWOODS MECHANICAL SERVICES		
	67351	CITY HALL - GAS FURNACE TUNE UP	89.00
	67352	POLICE STATION - GAS FURNACE TUNE UP	89.00
	67353	LIBRARY - GAS FURNACE TUNE UP	89.00
	67354	TRAIN DEPOT - GAS FURNACE TUNE UP	89.00
TOTAL FOR: FLEETWOODS MECHANICAL SERVICES			<u>356.00</u>

GENEVA TW	GENEVA TOWNSHIP		
	2024 ELECTION COSTS	08/06/24 & 11/05/24 REGISTRATION & ELECTION NOTICES	400.12
TOTAL FOR: GENEVA TOWNSHIP			<u>400.12</u>

SUNBELT	HOMESERVE USA		
	OCT 2024	OCT 2024 WATER LEAK, & WATER & SEWER LINE COVERAGE	1,616.10
TOTAL FOR: HOMESERVE USA			<u>1,616.10</u>

INTEGRITY INTEGRITY TECH PARTNERS

12578	MONTHLY PROJECT LABOR - IT SERVICES CITY HALL, POLICE, DPW	1,490.04
TOTAL FOR: INTEGRITY TECH PARTNERS		<u>1,490.04</u>

INVOICE INVOICE CLOUD, INC.		
4096-2024_10	OCT 2024 ONLINE BILL PAY FOR UB	563.50
TOTAL FOR: INVOICE CLOUD, INC.		<u>563.50</u>

KROHN EX KROHN EXCAVATING, LLC		
	20 YARDS OF GRAVEL TO FIX HOLES FROM REPAIRING WATER	
3137	LINE BREAKS	520.00
TOTAL FOR: KROHN EXCAVATING, LLC		<u>520.00</u>

LANDERS LANDERS HARDWARE INC		
	MISC SUPPLIES - DPW, CITY HALL, POLICE - GENERAL	
110124	REPAIRS/MAINT, JANITORIAL SUPPLIES	694.71
TOTAL FOR: LANDERS HARDWARE INC		<u>694.71</u>

MENARDS SIMENARDS SOUTH HAVEN		
76894	WELL HOUSE REPAIRS AND MAINT	817.57
TOTAL FOR: MENARDS SOUTH HAVEN		<u>817.57</u>

MIDWAY MIDWAY ELECTRIC INC.		
	EMERGENCY EXIT SIGNS/LIGHTS FOR HALL EXIT LEADING TO	
7728	FRONT DOOR EXIT OUT OF CITY HALL - ELECTION	1,446.01
TOTAL FOR: MIDWAY ELECTRIC INC.		<u>1,446.01</u>

PRIMAR PRI MAR PETROLEUM INC		
654035	DPW GAS 10/07/24	300.93
654036	DPW GAS 10/07/24	806.73
654401	DPW GAS 10/14/24	373.51
654458	DPW GAS 10/18/24	927.41
654741	DPW GAS 10/31/24	837.81
654810	DPW GAS 10/25/24	643.51
654828	DPW GAS 10/28/24	125.27
854817	DPW GAS 10/16/24	55.96
TOTAL FOR: PRI MAR PETROLEUM INC		<u>4,071.13</u>

MISC RATAJ, DIANA		
11/12/2024	UB refund for account: 2.16000.0	86.08
TOTAL FOR: RATAJ, DIANA		<u>86.08</u>

RELIABLE	REPUBLIC SERVICEWS#646		
	0646-001950711	DPW CONTAINER PICK UP 11/01-11/30/24	109.00
	0646-001952306	11/01-11/30/24 DUMPSTER SERVICES	11,668.24
TOTAL FOR: REPUBLIC SERVICEWS#646			<u>11,777.24</u>

GRAHAM	SCOTT GRAHAM PLLC		
	110624	EXPENSES REPORT MAY - NOV 2024	852.93
TOTAL FOR: SCOTT GRAHAM PLLC			<u>852.93</u>

STAPLES	STAPLES		
	6016411480	VARIOUS OFFICE SUPPLIES	191.70
TOTAL FOR: STAPLES			<u>191.70</u>

TRACE	TRACE ANALYTICAL LABORATORIES, INC		
	4110085	DRINKING WATER REQ	119.00
	4110319	DRINKING WATER REQ	119.00
TOTAL FOR: TRACE ANALYTICAL LABORATORIES, INC			<u>238.00</u>

USABLUE	USA BLUEBOOK		
	INV00517432	WATER TREATMENT SUPPLIES	754.92
	INV00518540	FLUORIDE STANDARD 1.00 PPM 500 ML	28.30
TOTAL FOR: USA BLUEBOOK			<u>783.22</u>

TOTAL - ALL PAPER CHECKS	58,313.24
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ACH/EFT TRANSACTIONS

COMCAST	COMCAST		
	102424.0022594	WHITE OAK LIFT 11/07-12/06/24	47.90
	102424.0022602	LIONS LIFT 11/07-12/06/24	142.95
	102424.0022651	ARLINGTON LIFT INTERNET 11/07-12/06/24	47.90
TOTAL FOR: COMCAST			<u>238.75</u>

IMP	IMP		
	043-040-357-0-4	LIONS PARK PAVILLION 09/28-10/28/24	64.43
	042-637-677-0-1	MORA PARK CONCESSION 09/28/-10/28/24	45.43
	043-326-317-0-6	M43 PARK 09/28/-10/28/24	69.16
	043-084-171-0-6	CHARLES PARK 09/28/-10/28/24	50.22
	043-362-509-0-9	GETMAN LIFT 09/28/-10/28/24	255.32
	046-667-217-0-1	WELL #5 09/28/-10/28/24	112.11
	042-453-528-3-8	SIGN FOR SUBDIVISION 09/28/-10/28/24	26.14
	046-927-249-0-1	PARK LIFT 09/28/-10/28/24	114.24
	046-745-220-2-6	ARLINGTON SIGN 09/28/-10/28/24	115.42
	048-149-508-0-6	LIONS LIFT 09/28/-10/28/24	619.51
	048-751-847-0-9	CITY HALL OUTSIDE LIGHTS 09/28/-10/28/24	112.04

048-335-204-0-8	POLICE STATION 09/28/-10/28/24	380.00
040-172-317-0-7	WELL #3 09/28/-10/28/24	696.28
049-843-532-0-3	ARLINGTON LIFT 09/28/-10/28/24	1,063.49
041-634-317-0-5	MORA PARK 09/28/-10/28/24	122.28
049-351-847-0-7	CITY HALL 09/28/-10/28/24	45.30
042-528-671-0-8	WHITE OAK LIFT 09/28/-10/28/24	87.44
044-849-455-1-6	AERATORS 09/28/-10/28/24	3,329.89
044-863-847-0-6	WELL#7 09/28/-10/28/24	1,183.92
045-025-847-0-1	DPW BUILDING 09/28/-10/28/24	411.65
045-335-847-0-4	STREET LIGHT 09/28/-10/28/24	83.25
045-651-847-0-4	CITY HALL 09/28/-10/28/24	347.72
046-417-217-0-1	MONROE PARK 09/28/-10/28/24	45.30
041-986-857-0-5	DOWNTOWN 09/28/-10/28/24	1,754.03

TOTAL FOR: IMP -----
11,134.57

TOTAL - ALL ACH/EFT TRANSACTIONS 11,373.32

DEBIT CARD TRANSACTIONS

DEBIT CARD: DEBIT CARDS

AUG 2024	AUGUST 2024 VARIOUS PURCHASES	5,557.38
SEPT 2024	SEPTEMBER 2024 VARIOUS PURCHASES	3,337.58

TOTAL FOR: DEBIT CARD TRANSACTIONS -----
8,894.96

TOTAL - ALL DEBIT CARD TRANSACTIONS 8,894.96

PAYROLL

PAYROLL	PAYROLL		
	COUNCIL PAY	COUNCIL PAY OCT 2024	1,184.15
	PAYROLL	BIWEEKLY PAYROLL 11/08/24 (10/20-11/2/24)	41,618.55
	PAYROLL	BIWEEKLY PAYROLL CORRECTING ERROR 11/08/24 (10/20-11/2/24)	1,124.32

TOTAL FOR: DEBIT CARD TRANSACTIONS -----
43,927.02

TOTAL - ALL PAYROLL 43,927.02

GRAND TOTAL - ALL CATEGORIES 122,508.54

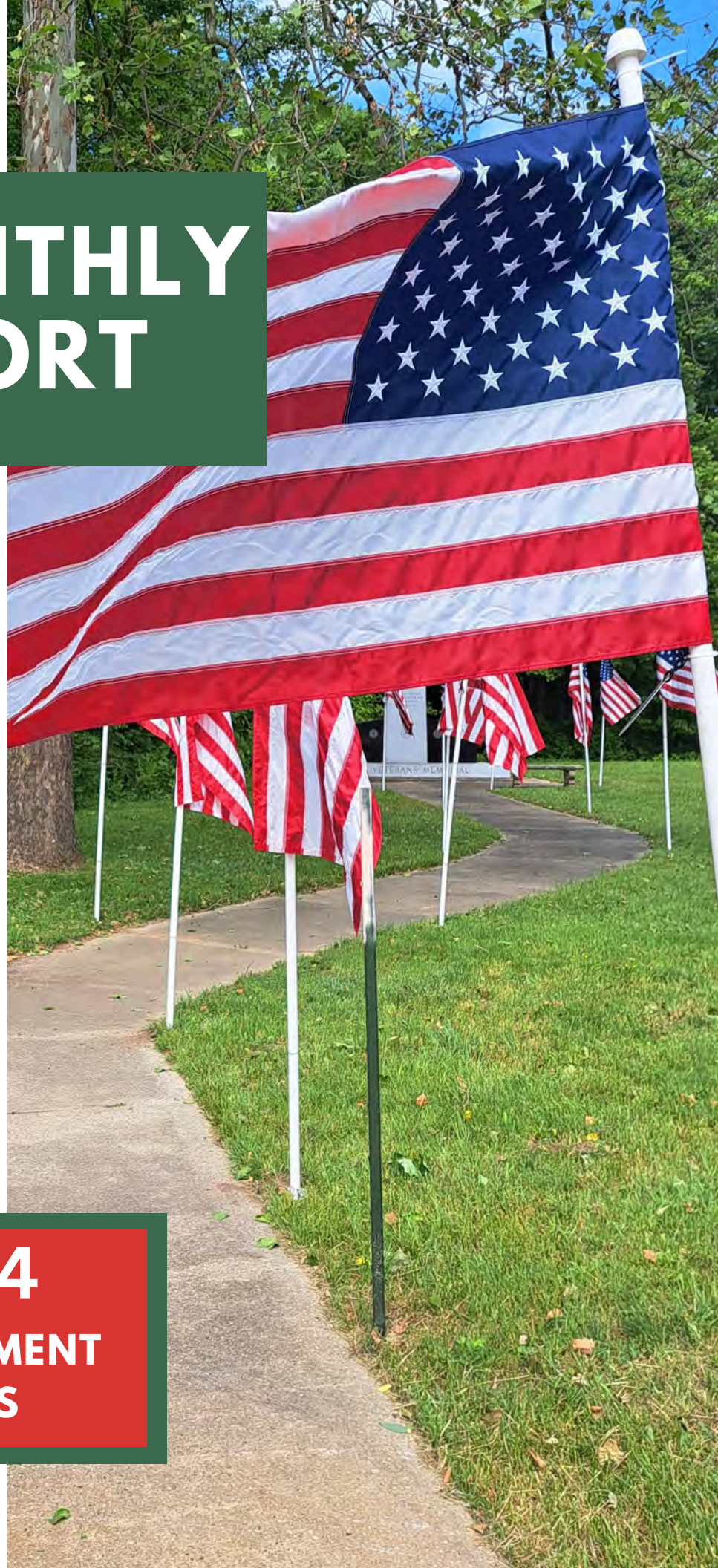
11/13/2024 INVOICE APPROVAL BY INVOICE REPORT FOR CITY OF BANGOR
EXP CHECK RUN DATES 11/19/2024 - 11/19/2024
UNJOURNALIZED OPEN AND PAID
BANK CODE: T&A2 - CHECK TYPE: PAPER CHECK

Vendor Code	Vendor Name	Description	Amount
	PASS THROUGH TAXES	11/13/2024	
		ABB JOINT FIRE BOARD	377.41
		CITY OF BANGOR	3,308.65
		VAN BUREN COUNTY TREASURER	1,969.14
TOTAL FOR: PASS THROUGH TAXES 10/29/24			5,655.20

GRAND TOTAL ALL PASS THROUGH TAXES			5,655.20



MONTHLY REPORT



Nov. 2024

**BANGOR DEPARTMENT
OF PUBLIC WORKS**



CEMETERIES

DPW has been working in Arlington Hill Cemetery on multiple burials. Workers have also been cleaning up the debris and trash from cemeteries and taking care of the usual Fall Clean Up.

A new Standard Operating procedure for burials was also approved to improve efficiency and record keeping.



SEWER

The sewer ponds have been under routine maintenance including weed and grass removal.





MISC.

Miscellaneous work:

- Install 15-minute parking signs by City Hall to deter all-day parking.
- Helped mark out 100 ft. around the voting precinct entrance on Election Day
- Regular Fire safety checks on City Buildings including fire extinguishers and smoke detectors.



Timestamp	Employee	Work Category	Location	Describe Work Done	Equipment used	Department
November Meeting						
10/19/2024 21:29:39	Daniel Villalobos	Regular Work Day	Sewer ponds	Pulling weeds out	Dodge Pick Up	Sewer
10/19/2024 21:32:49	Daniel Villalobos	Regular Work Day	Town railroad	Meter book trash water break and painted signs	Dodge Pick Up, Dump Truck	Roads
10/28/2024 9:01:46	Tim VanHolt	Over Time (Stayed Late)	Cemetery	Cremation	Dodge Pick Up, Shovel	Cemetery
10/30/2024 12:03:00	Jordan Cummins, Foreman	Regular Work Day	City	107 Randolph meter read	Dodge Pick Up,	Water



Bangor Police Department

City of Bangor Statistics

October 2024



Total Calls, Traffic Stops & Events Sept	239	Police Calls for Service - OCT	177
YTD Total Calls, Traffic Stops & Events	2,469	YTD Calls for Service	1,618

Animal Issue	12
Abandoned vehicles	3
Arrest for Traffic Violation	7
Assault	4
Assist Other Agency	10
Background Investigation	1
BOLO	10
Breaking & Entering	1
Child abuse	1
Civil Dispute	2
CSC	3
Disorderly	1
Domestic	2
False Alarm	10
Fire Alarm structure assist	2
Found property	3
Fraud	7
General Assist	27
Harrassment	2
Juvenile Trouble	7
Larceny	4
MDOP	1
Medical Assist	9
Motor assist	1
Name & TX	7
Noise complaint	1
non-traffic accident	1
Ordinance	13
Suspicious Situation	13
Trespassing	4
Vehicle Accidents	1

Traffic Stops & Tickets

Traffic Stops	62
Tickets Issued	33
Monthly Ticket Percentage Rate	52%
YTD Traffic Stops	851
YTD Tickets Issued	443
YTD Ticket Percentage Rate	52%
Ordinance Tickets	1
Parking violations tickets	0

Department/Officer Training

Lobby Visits	NA
Phone Calls	29
Revenue from citations	
Vin inspection	1
Warrant arrest	2
Welfare check	4

Clerk's Office Motto: Preserving Bangor's past while promoting its future.

Clerk's Office Mission: The mission of the City Clerk's Office is to continually expand and improve communications and information delivery to our citizens; to meet the challenges of tomorrow with moral and ethical principles; to manage and preserve the official records of the City; to support the needs and requirements of the City Council; to administer all Elections held in the City; and to provide these services in a manner that is high quality, efficient, fair, and courteous; and maintain excellence in the area of records management and grow into current technology.

CURRENT ACCOMPLISHMENTS

- New commercial steel doors installed on council room enter and exit clearly marked
- Three push button entries installed:
 - One on exit door of council room
 - One on entry of city hall (dual button, when pushed it will activate the interior city hall door too)
 - One on interior of city hall entry (dual button, when pushed it will activate the exterior city hall entry door)
 - There are also individual push buttons in the entry lobby that control each door independently
- Two additional exit signs with lights installed for emergency exit visibility.
- Election reimbursement funded from presidential primary
- Additional election grant money applied for \$1,000.00 (this will cover exit sign/lights install)
- November 2024 Election – complete and record breaking voter turnout for Van Buren County 41,446.
 - Early Voting saw 6,542 voters (111 of those for City of Bangor)
 - Late night but with police, election inspectors and the county being well organized, I was in bed by 4 AM, 24 hours after I started!

HAPPENING NOW

- End of Year City Hall/Council Items
- Codification of Current Ordinances and Policies with CivicPlus
- Ongoing - Website/Facebook/Nixle Alerts
- Organization of City Hall documents, policies and procedures

LOOKING AHEAD

- December 23 – January 3, Vacation to Arizona
- March 2025 MAMC Clerks Institute Year Two
- May 2025 Election

TRAINING/MEETINGS

- Elections Security training
- Department Head City Hall Weekly Meeting

NETWORKING

- Member of MAMC (*Michigan Associate of Municipal Clerks*)
- **Van Buren County Clerk's Group** (*In Person and Chat*)
- Civic Roundtable (*Online Forum to assist with Elections*)

GOALS

- Graduate from Clerks Institute (*Three (3) Weeks total/Three Year Program*)
- MiPMC accreditation in March 2026
- Educate and reach more residents regarding City Hall services and community events
- Welcome packets for new residents/Assistance packets for existing residents in need
- Increase voter turn out percentage

**This is not an exhaustive list of tasks that have been completed, are ongoing or in the future. If there is ever a time that you would like to sit down and talk to me, my office is open. I'm usually at City Hall Monday-Friday 8:30 to 5. Or you can email me at clerk@bangormi.org*

Memo

City of Bangor

To: Mayor Farmer
City Manager Weber
Mayor Pro-Tem Martinez – Serratos
Councilmember Uplinger
Councilmember McCrumb
Councilmember Rivers
Councilmember Muenzer
Councilmember Garcia

From: Stephenie Cagle, Treasurer

cc: N/A

Date: 11/13/2024

Re: City Council Meeting 11/18/2024

*Act 51 funds (MDOT) are received **monthly**
*State Revenue Share funds are received **bi-monthly**
*Real and Personal Property Taxes are collected **July 1 to February 28**
City Operating millage is collected on the **Summer Taxes (beginning July 1)
Road and Cemetery millages are collected on the **Winter Taxes (beginning December 1)

As of 11/13/2024, the bank balances are:

General Checking Account:	\$	834,209.77
Roads Checking Account:	\$	665,146.52
Trust and Agency (Taxes):	\$	168,262.92
General Savings Account:	\$	7,645.68
MiClass	\$	516,582.00
Total All Accounts	\$	2,191,846.89

Bank Balances



Fund 203 – Local Roads			
	<i>Projected Revenue:</i>		\$ 160,000.00
	<i>Projected Expenditures</i>		\$ 185,188.00
	<i>YTD Revenues:</i>		\$ 109,753.21
	<i>YTD Expenditures:</i>		\$ 27,986.64
172	Expenses - City Manager	\$ 1,639.58	
446	Expenses - Construction	\$ -	
447	Expenses - Admin. & Engineering	\$ 600.00	
463	Expenses - Routine Maintenance	\$ 25,718.06	
474	Expenses - Traffic Services	\$ -	
478	Expenses - Winter Maint. Fund	\$ 29.00	
Fund 207 - Police Bldg Maint			
	<i>Projected Revenue:</i>		\$ 36,000.00
	<i>Projected Expenditures</i>		\$ 36,000.00
	<i>YTD Revenues:</i>		\$ 21,684.38
	<i>YTD Expenditures:</i>		\$ 8,334.00
Fund 209 – Cemetery			
	<i>Projected Revenue:</i>		\$ 15,000.00
	<i>Projected Expenditures</i>		\$ 15,000.00
	<i>YTD Revenues:</i>		\$ 2,240.32
	<i>YTD Expenditures:</i>		\$ 8,000.00
Fund 264 - MCOLES Training			
	<i>Projected Revenue:</i>		\$ -
	<i>Projected Expenditures</i>		\$ -
	<i>YTD Revenues:</i>		\$ -
	<i>YTD Expenditures:</i>		\$ -
Fund 271 - Library Maint			
	<i>Projected Revenue:</i>		\$ 4,000.00
	<i>Projected Expenditures</i>		\$ 4,000.00
	<i>YTD Revenues:</i>		\$ -
	<i>YTD Expenditures:</i>		\$ 13,000.00
Fund 590 – Sewer			
	<i>Projected Revenue:</i>		\$ 563,000.00
	<i>Projected Expenditures</i>		\$ 545,350.00
	<i>YTD Revenues:</i>		\$ 198,801.82
	<i>YTD Expenditures:</i>		\$ 91,172.49

Fund 591 - Water			
<i>Projected Revenue:</i>			\$ 633,000.00
<i>Projected Expenditures</i>			\$ 375,850.00
<i>YTD Revenues:</i>			\$ 218,953.93
<i>YTD Expenditures:</i>			\$ 132,117.40
Fund 661 – Motor Pool			
<i>Projected Revenue:</i>			\$ 276,000.00
<i>Projected Expenditures</i>			\$ 209,702.00
<i>YTD Revenues:</i>			\$ -
<i>YTD Expenditures:</i>			\$ 135,355.48
Total All Funds			
<i>Projected Revenue:</i>			\$ 3,262,400.00
<i>Projected Expenditures</i>			\$ 3,043,456.00
<i>YTD Revenues:</i>			\$ 1,541,590.13
<i>YTD Expenditures:</i>			\$ 1,021,403.05

Fund Balances

***Fund balances are a combination of cash and assets.

Fund 101 – General			\$	778,255.23
Fund 202 – Major Roads			\$	262,515.72
Fund 203 – Local Roads			\$	78,229.81
Fund 207 - Police Bldg Maintenance			\$	87,051.37
Fund 209 – Cemetery			\$	2,520.04
Fund 264 - MCOLES Police Training			\$	3,000.00
Fund 271 - Library Maintenance			\$	75,481.28
Fund 590 – Sewer			\$	4,454,551.97
Fund 591 - Water			\$	655,740.22
Fund 661 – Motor Pool			\$	90,072.80
Total All Funds			\$	6,487,418.44

➡ A **fund balance** represents the difference between the **assets** (cash, receivables, etc.) and **liabilities** (debts, obligations) in a government fund. The fund balance is crucial because it reflects the financial health of each fund such as the general fund, water fund, or special revenue funds-and determines the city's ability to cover expenses, emergencies, or unforeseen events.

➡ Fund balances are a critical part of managing the city's finances responsibly. They provide flexibility, stability, and security for the City. By understanding the different types of fund balances and their role, the City Council can make better-informed decisions to ensure the city's long-term financial health and ability provide services to residents.



CITY OF BANGOR

257 West Monroe Street / Bangor, Michigan 49013
Telephone: 269.427.5831 / Email: clerk@bangormi.org
Website: www.cityofbangormi.org

City Manager Justin Weber

Treasurer Stephenie Cagle

Clerk Shelly Umbanhowar

To: City Council
From: City Manager Weber
Subject: EDC Report

11/13/2024

City Council,

The EDC met on 10/17/2024. The EDC discussed a small claims lawsuit had been filed. The EDC discussed the Water Loop Project but did not have any updates. Kurt Doroh took his Oath of Office as an EDC member. Ron Henry came to City Hall a few days after the meeting and took his Oath of Office as an EDC member. The next and last EDC meeting of the year is scheduled for 11/21/2024.

Respectfully,

Justin Weber

City Manager
City of Bangor

Memo

To: Mayor Farmer
City Manager Weber
Mayor Pro-Tem Martinez – Serratos
Councilmember Uplinger
Councilmember McCrumb
Councilmember Rivers
Councilmember Muenzer
Councilmember Garcia

From: Stephenie Cagle, Treasurer

cc: N/A

Date: 11/13/2024

Re: City Council Meeting 11/18/2024

Recommendation:

I recommend that the City Council take the necessary steps to approve the Fund Deficiency Management Resolutions 2024-18, 2024-19, and 2024-20 required by the State of Michigan.

I am writing to clarify the difference between "fund balances" and "net position," as these two financial terms are often used interchangeably, but they represent distinct concepts in governmental accounting. Understanding the difference will help guide our financial decisions and ensure proper interpretation of financial statements.

1. Fund Balances

Fund balance refers to the difference between a government's assets and liabilities within a specific fund. It is reported in the governmental fund financial statements and provides a snapshot of the financial position for each fund at a particular point in time. Fund balances are categorized into five classifications, which reflect the level of restriction on the use of the funds:

- **Nonspendable Fund Balance:** Resources that cannot be spent (e.g., inventories or prepaid items).
- **Restricted Fund Balance:** Resources that are subject to external constraints (e.g., grants or bonds with specific purposes).
- **Committed Fund Balance:** Resources that are set aside by the governing body for a specific purpose, based on formal action.
- **Assigned Fund Balance:** Resources that are intended for a specific purpose but do not require formal action by the governing body (e.g., a budgetary assignment).

- **Unassigned Fund Balance:** The residual balance available in the General Fund after all other classifications have been accounted for.

Fund balance is important because it reflects the available resources in the government's funds that are free to be used or that are earmarked for future expenditures. It helps assess the city's ability to manage its financial obligations and its overall fiscal health within the context of specific funds.

2. Net Position

Net position, on the other hand, refers to the difference between a government's assets and liabilities in its **proprietary funds** (such as enterprise funds) and **government-wide financial statements** (which include both governmental and proprietary activities). Net position represents the government's overall financial standing and is divided into three categories:

- **Net Investment in Capital Assets:** The value of capital assets (such as buildings, infrastructure, and equipment) minus any outstanding debt related to those assets.
- **Restricted Net Position:** Net assets that are subject to externally imposed restrictions (e.g., restrictions imposed by creditors or grantors).
- **Unrestricted Net Position:** The portion of net position that is not restricted or invested in capital assets. It represents the government's overall resources that can be used for general purposes.

Net position provides a broader view of the city's financial health, reflecting its assets and liabilities across all funds, and is used to evaluate long-term solvency, especially in terms of unrestricted resources.

Key Differences

- **Scope:** Fund balances are reported at the fund level, focusing on specific governmental funds (e.g., General Fund, Special Revenue Fund), while net position is reported at the government-wide level and includes all fund types, both governmental and proprietary.
- **Purpose:** Fund balance focuses on the available resources within specific funds for day-to-day operations or future use, whereas net position reflects the overall financial health and solvency of the city.
- **Classification:** Fund balances are broken into various categories based on spending restrictions, while net position is categorized into three broad classifications: net investment in capital assets, restricted, and unrestricted.

Understanding these differences will assist the Council in interpreting the city's financial reports and in making informed decisions about budgeting, funding, and long-term financial planning.



RESOLUTION NO. 2024-18
DEFICIT ELIMINATION PLAN, FIRE DISTRICT FUND

WHEREAS, the City of Bangor’s **Fire District Fund** has an unrestricted net position deficit of \$44,295.00 on June 30, 2023; and

WHEREAS, Public Act 140 of 1971, as amended, requires that a Deficit Elimination Plan be formulated and approved by the local unit of government and filed with the Michigan Department of Treasury; and

WHEREAS, the deficit elimination plan reflects the fiscal year 2024 revenues and expenditures.

NOW THEREFORE BE IT RESOLVED that the plan includes a transfer from the General Fund to the Fire District Fund;

BE IT FURTHER RESOLVED that the City of Bangor’s legislative body adopts the following as the City of Bangor Fire District Fund Deficit Elimination Plan:

2024	
Unrestricted Net Position (Deficit) July 1	(44,295)
Revenue	
Property Taxes	
Charges for Services	
Other	
General Fund	44,295
Total Revenue	44,295
Expenditures	
Salaries and Wages	
Supplies	
Equipment Repairs	
Contractual Services	
Depreciation	
Total Expenditures	0
Add Back Depreciation (Net Investment in Capital Assets Net Position)	
Unrestricted Net Position (Deficit) June 30	0

BE IT FURTHER RESOLVED that the City of Bangor's Treasurer is directed to submit the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

The foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Bangor, County of Van Buren, and State of Michigan, at a regular meeting held this 18th day of November, 2024, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, the same being the Open Meetings Act, and the Minutes of said meeting have been or will be made available as required by said Act.

Members Present:

Members Absent:

It was moved by Member _____ supported by Member _____ to adopt the resolution.

Members Voting Yes:

Members Voting No:

The Resolution was declared ADOPTED: YES _____ NO _____

Shelly Umbanhowar, City Clerk
City of Bangor

Lynne Farmer, Mayor
City of Bangor

**CITY OF BANGOR
COUNTY OF VAN BUREN
STATE OF MICHIGAN
RESOLUTION 2024-019**



RESOLUTON NO. 2024-19
DEFICIT ELIMINATION PLAN, SEWER FUND

WHEREAS, the City of Bangor’s **Sewer Fund** has an unrestricted net position deficit of \$156,321 on June 30, 2023; and

WHEREAS, Public Act 140 of 1971, as amended, requires that a Deficit Elimination Plan be formulated and approved by the local unit of government and filed with the Michigan Department of Treasury; and

WHEREAS, the deficit elimination plan reflects the fiscal year 2024 and 2025 revenues and expenditures which reflect the cost-of-service study by the Michigan Rural Water Association including a rate increase and other trends;

NOW THEREFORE BE IT RESOLVED that the plan includes a rate increase as well as expenditure reductions to improve its financial position;

BE IT FURTHER RESOLVED that the City of Bangor’s legislative body adopts the following as the City of Bangor Sewer Fund Deficit Elimination Plan:

Unrestricted Net Position (Deficit) July 1	<u>FY2024</u> (156,321.00)	<u>FY2025</u> (217,377.32)
Revenues		
Charges for Services	278,382.97	350,000
Capital Improvement	46,525.00	50,000
Water On/Off	121,243.26	150,000
Miscellaneous Income	10,000.00	0
Sewer Line Replacement	3,037.20	3,000.00
Total Revenue	459,188.43	553,000
Expenditures		
Salaries and Benefits	102,953.03	128,850
Materials and Supplies	73,366.39	52,800
Insurance	3,691.60	4,175
Other Services and Charges	50,136.66	96,500
Repairs and Maintenance	75,922.07	44,200
Bond Principal and Interest	131,175.00	130,000
Depreciation	204,862.00	200,000
Transfer Out	83,000.00	75,000
Total Expenditures	725,106.75	531,525
Add Back Depreciation	204,862.00	200,000
Unrestricted Net Position (Deficit) June 30	(217,377.32)	4,097.68

BE IT FURTHER RESOLVED that the City of Bangor's Treasurer is directed to submit the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

The foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Bangor, County of Van Buren, and State of Michigan, at a regular meeting held this 18th day of November, 2024, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, the same being the Open Meetings Act, and the Minutes of said meeting have been or will be made available as required by said Act.

Members Present:

Members Absent:

It was moved by Member _____ supported by Member _____ to adopt the resolution.

Members Voting Yes:

Members Voting No:

The Resolution was declared ADOPTED: _____ YES _____ NO

Shelly Umbanhowar, City Clerk
City of Bangor

Lynne Farmer, Mayor
City of Bangor

**CITY OF BANGOR
COUNTY OF VAN BUREN
STATE OF MICHIGAN
RESOLUTION 2024-020**



RESOLUTION NO. 2024-20
DEFICIT ELIMINATION PLAN, MOTOR POOL FUND

WHEREAS, the City of Bangor’s **Motor Pool Fund** has an unrestricted net position deficit of \$94,833.00 on June 30, 2023; and

WHEREAS, Public Act 140 of 1971, as amended, requires that a Deficit Elimination Plan be formulated and approved by the local unit of government and filed with the Michigan Department of Treasury; and

WHEREAS, City Council authorization is needed to make program budget revisions or allocations between funds; and

NOW THEREFORE BE IT RESOLVED that the City of Bangor City Council adopts the following plan as the Motor Pool Fund Deficit Elimination Plan;

Unrestricted Net Position (Deficit) July 1	<u>FY2024</u> <u>(94,833)</u>
Revenues	
Equipment Rental	393,000
Miscellaneous Income	15,847
Total Revenue	408,847
Expenditures	
Salaries and Benefits	65,242
Supplies & Tools	4,953
Insurance	13,915
Gas & Oil	36,620
Repairs and Maintenance	28,784
Debt Services Interest	13,956
Contractual Services	12,977
New Equipment	150
Total Expenditures	176,597
Unrestricted Net Position (Deficit) June 30	137,417

BE IT FURTHER RESOLVED that the City of Bangor's Treasurer is directed to submit the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

The foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Bangor, County of Van Buren, and State of Michigan, at a regular meeting held this 18th day of November, 2024, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, the same being the Open Meetings Act, and the Minutes of said meeting have been or will be made available as required by said Act.

Members Present:

Members Absent:

It was moved by Member _____ supported by Member _____ to adopt the resolution.

Members Voting Yes:

Members Voting No:

The Resolution was declared ADOPTED: _____ YES _____ NO

Shelly Umbanhowar, City Clerk
City of Bangor

Lynne Farmer, Mayor
City of Bangor



CITY OF BANGOR

257 West Monroe Street / Bangor, Michigan 49013
Telephone: 269.427.5831 / Email: clerk@bangormi.org
Website: www.cityofbangormi.org

City Manager Justin Weber

Treasurer Stephenie Cagle

Clerk Shelly Umbanhowar

11/13/2024

To: City Council
From: City Manager Weber
Subject Michigan Rural Water Association Water and Sewer Rate Study

City Council,

Michigan Rural Water Association (MRWA) presented their Water and Sewer Rate Study to the Council on September 20th, 2024. The City of Bangor has the responsibility of ensuring the water and sewer systems follow federal and state regulations governing utility rates, adequate revenues are collected to support the costs of providing the services, and that the rates are equitable to all users of the service. The necessity to increase the water and sewer rates was shown and explained during the presentation by MWRA.

In order to remain in compliance with the federal and state regulations and to maintain the services, I recommend that the council approves the increase of the water and sewer rates as presented by MRWA at the 12/2/24 Council Meeting. This would allow the MWRA report to be available at City Hall for the public to review until the next council meeting. I would recommend these adjustments begin July 1, 2025, with the new fiscal year. I would also recommend the City of Bangor begin sending out several notices across various platforms informing residents of the anticipated increase.

Respectfully,

Justin Weber

City Manager
City of Bangor

CITY OF BANGOR WASTEWATER RATE

CALCULATION REPORT

BASE CHARGE USING METER SIZE AND CAPITAL IMPROVEMENT AND DEBT INCLUDED IN BASE

SEPTEMBER 2024'



Prepared By:

Name	Title	Employer	Email
Matt Lumbert	Wastewater Tech	Michigan Rural Water Association	mlumbert@mrwa.net
Joe VanDommelen	EPA Training Specialist	Michigan Rural Water Association	jvandommelen@mrwa.net
Stephanie Cagle	Treasurer	City of Bangor	treasurer@bangormi.org
Shelly Umbanhowar	Clerk	City of Bangor	clerk@bangormi.org
Justin Weber	City Manager	City of Bangor	j.weber@bangormi.org

YOUR RATE EVALUATION SHOULD BE REVIEWED BY A CERTIFIED FINANCIAL PLANNER AND YOUR ATTORNEY

**CITY OF BANGOR
WASTEWATER RATE
CALCULATION REPORT**

DATE SEPTEMBER 2024'

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31	TYPICAL CUSTOMER BILL
32	CONFIRMATION OF INCOME YEAR 1

INTRODUCTION

Wastewater collection and treatment is an essential public service provided to Community residents to protect their health and enhance their quality of life by protecting the environment in which they live. Over many years the Community has invested in the essential infrastructure and services necessary to collect, transport, and ensure treatment of the sanitary wastewater from homes and businesses located within the Community.

The construction and maintenance of this infrastructure is one of the most costly investments residents of the Community make. Community officials strive to ensure that the resident's investment in these facilities is based on sound judgment, cost effectiveness, and sustainable financing for the present and future. The purpose of analyzing utility rates is to ensure;

- a) Compliance with federal and state regulations governing utility rates, and
- b) That adequate revenue is collected through service charges to support the cost of providing the service and
- c) That the rates are equitable to all users of the service.

That is, each user's share of the cost is proportionate to their use of the system.

REVENUE REQUIREMENT = TOTAL SYSTEM COST

Ensuring that the revenue covers the total system cost means the service is "sustainable". That is, the system will serve the present needs and will continue to meet future needs.

Total system cost is comprised of the following cost components:

Operation & Maintenance (O&M) expenses. These are the daily costs of labor, materials, supplies, utilities, etc. necessary to operate and maintain the facilities.

Replacement expenses. These are costs to replace operating equipment with a useful life of 20 years or less. The sum of O&M expense and replacement expense is referred to as OM&R.

Capital improvements. These are costs to replace structural components with useful life greater than 20 years and or to expand and improve the current facilities.

Administrative expenses. These are the costs of general management, financial management, meter reading, and billing & collections.

Debt service expenses. These are the annual costs of loans or bond repayment used to finance construction and generally includes facilities and structures with a useful life of 20 years or more.

PAGE #

4 **SUPPORTING DATA INDEX**

5 BACKGROUND / STARTING INFORMATION

6 CURRENT RATE CHARGES & NUMBER OF CUSTOMERS

7 METER EQUIVALENTS BY SIZE AND COST RATIO

8 UNITS OF WATER INVOICED TO CUSTOMERS

BACKGROUND / STARTING INFORMATION

Name of Community :	City of Bangor
PHYSICAL ADDRESS	257 W. Monroe Street
MAILING?	257 W. Monroe Street
ZIP CODE	49013
OFFICE PHONE NUMBER	269-427-5831
Can information in this report be used and submitted for USDA Rural Development (Similar Systems Survey)	Yes
BUDGET FOR FISCAL YEARS <u>STARTING</u>	2024
<u>Current Rate Structure</u>	
Are bills based on 1,000 gallons units or 100 cubic feet units?	100
Number of Customer Invoices per Year	12
What are the dates of the Fiscal Year	JULY 1ST'
List the names of the different Entities Served OR RATE CLASSES - Originating Entity - RATE CLASS 1	City of Bangor
2nd Entity	Township Customers

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

City of Bangor				
CURRENT RATE CHARGES & NUMBER OF CUSTOMERS				
Customers Are Invoiced MONTHLY PER				
City of Bangor				
TYPE OF WATER UNITS	100 CUFT	Sewer is \$4.68 per 100 cubic feet plus the \$2.25 sewer debt charge per 100 cubic feet gives you \$6.93 fee per 100 cubic feet. There are currently 755 City Sewer Debt customers and 754 City Sewer Commodity customers.		
COST PER 100 CUBIC FT.	\$6.93			
INVOICES PER YEAR	12			
METER SIZE IN INCHES	CURRENT "BASE RATE" CHARGE	NUMBER OF METERS / REU'S	INVOICES PER YEAR	ANNUAL INCOME
3/4	\$5.00	714	12	\$42,840
1	\$5.00	24	12	\$1,440
1 1/2	\$5.00	0	12	\$0
2	\$5.00	13	12	\$780
3	\$5.00	1	12	\$60
4	\$5.00	3	12	\$180
6	\$5.00		12	\$0
8	\$5.00		12	\$0
TOTALS		755		\$45,300

Township Customers						
TYPE OF WATER UNITS	100 CUFT		Ratio Entity # 2 vs. 1	The Township rate is 2x the city rate. There are 21 township sewer commodity customers and 18 township sewer debt customers.		
COST PER WATER UNIT	\$13.86		2.00			
INVOICES PER YEAR	12					
METER SIZE IN INCHES	CURRENT "BASE RATE" CHARGE	Ratio Entity # 2 vs. 1	Ratio Entity # 2 vs. 1	NUMBER OF METERS / REU'S	INVOICES PER YEAR	ANNUAL INCOME
3/4	\$10.00	2.00	2.00	21	12	\$2,520
1	\$10.00	2.00			12	\$0
1 1/2	\$10.00	2.00			12	\$0
2	\$10.00	2.00			12	\$0
3	\$10.00	2.00			12	\$0
4	\$10.00	2.00			12	\$0
6		0.00			12	\$0
8		0.00			12	\$0
				21		\$2,520

NAME OF PERSON PROVIDING # OF METERS COUNT	Stephanie Cagle
WAS A REPORT USED TO GENERATE THIS DATA?	Yes
WAS REPORT COPIED INTO THIS FILE?	No, electronic copy saved

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

METER EQUIVALENTS BY SIZE AND COST RATIO

									100%	1.00
2024 YEAR 1	CURRENT CHARGES RATE CLASS 1		RATE CLASS 2						NEW RATES	
	City of Bangor		Township Customers						City of Bangor	
METER SIZE IN INCHES	NUMBER OF METERS / REU'S	INVOICE FREQUENCY	NUMBER OF METERS / REU'S	INVOICE FREQUENCY	TOTAL CUSTOMERS ALL ENTITIES	SELECTED METER EQUIVALENT	CALCULATED METER EQUIVALENT USED	ANNUAL METER EQUIVALENTS	ORIGINAL ENTITY 1	
3/4	714	12	21	12	735	1.00	1.00	9,072	\$20.00	
1	24	12	0	12	24	1.67	1.67 3.33 5.33 10.00 16.67 33.33	480	\$33.33	
1 1/2	0	12	0	12	0	3.33			\$66.67	
2	13	12	0	12	13	5.33		832	\$106.67	
3	1	12	0	12	1	10.00		120	\$200.00	
4	3	12	0	12	3	16.67		600	\$333.33	
6	0	12	0	12	0	33.33			\$666.67	
TOTAL	755		21		776					
ANNUAL METER EQUIVALENTS USED FOR RATE CALCULATION								11,104		
<div style="border: 1px solid black; padding: 5px; display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px; text-align: center; width: 30px; height: 30px; line-height: 30px;">X</div> <div> <p style="color: red; margin: 0;">CHECK BOX TO CONFIRM THAT METER EQUIVALENT RATIOS WERE DISCUSSED AND CHOSEN BY COMMUNITY</p> </div> </div>										

This table list the number of water meters being invoiced for each size water meter. It then calculates the annual meter equivalent REU's (Residential Equivalent Meters). This figure will be used to calculate the Ready to Serve Charge for each meter size.

City of Bangor						UNITS OF WATER INVOICED TO CUSTOMERS					FOR THIS EVALUATION WE WILL USE THE		AVERAGE	
USAGE REPORTED IN		CUBIC FEET												
USAGE REPORTED IN		FISCAL YEARS												
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	AVERAGE	MAX. YEAR	MIN. YEAR	PERCENT DIFFERENCE FROM MAX. TO MIN. YEAR	ANTICIPATED PERCENT INCREASE NEXT YEAR	UNITS USED IN RATE EVALUATION			
City of Bangor	6,327,107	5,089,223	6,951,129	6,739,440	6,398,290	6,301,038	6,951,129	5,089,223	27%	0.0%	6,301,038			
Township Customers	117,672	99,753	116,009	134,459	111,310	115,841	134,459	99,753	26%	0.0%	115,841			
TOTALS	6,444,779	5,188,976	7,067,138	6,873,899	6,509,600	6,416,878	7,085,588	5,188,976	26%		6,416,878			
WHO PROVIDED UNITS INVOICED REPORT			Stephanie Cagle											
WAS THE REPORT COPIED INTO THIS EXCEL FILE?			Yes											
WAS AN ELECTRONIC COPY OF THE ORIGINAL KEPT ?			Yes											
											GALLONS INCREASE	(1,227,902)		
											GALLONS / VOLUME USED FOR EVALUATION	6,416,878		

The Volumes listed above are only those gallons that are a revenue source. The gallons listed above were generated by the COMMUNITY. The COMMUNITY takes full responsibility for the accuracy of these numbers. And the anticipated units of water invoiced used to calculate the user rates.
PER



CHECK BOX TO CONFIRM THAT UNITS USED FOR EVALUATION WAS DISCUSSED AND CHOSEN BY COMMUNITY

PAGE #

9 **ANNUAL BUDGET / EXPENSES INDEX**

10 BANK BALANCES

11 TOTAL COMBINED CURRENT INCOME

12 EXPENSES

13 NON-SALES & OTHER REVENUE

City of Bangor

BALANCE PER BOOKS

BALANCES WERE OBTAINED ON DATE OF

CHECKING ACCOUNTS

Name of Account / Description	Purpose	Balance
SEWER		\$ 3,393,509
Total Balance:		\$3,393,509

GENERAL CHECKING \$3,393,509

GENERAL RESERVE \$0

TOTAL AVAILABLE UNRESTRICTED	\$3,393,509
-------------------------------------	--------------------

RESTRICTED \$0

TOTAL CASH BALANCE	\$3,393,509
---------------------------	--------------------

APPLIED TO RESERVE ACCOUNTS

EQUIPMENT REPLACEMENT # 1 \$250,000

ASSET REPLACEMENT # 2 \$250,000

CAPITAL IMPROVEMENT

TOTAL APPLIED TO RESERVE ACCOUNTS \$500,000

BALANCE REMAINING FOR ANNUAL EXPENSES	\$2,893,509
----------------------------------------------	--------------------

GENERAL RESERVE ACCOUNTS

INCLUDING RRI, INTEREST & REDEMPTION - ETC

Name of Account / Description	Purpose	Balance
Total Balance:		\$0

RESTRICTED MONEY - RESTRICTED RESERVE ACCOUNTS

ONLY BOND RESERVE TYPE ACCOUNTS

Name of Account / Description	Purpose	Balance
Total Balance:		\$0

CURRENT REVENUE BASED ON CURRENT RATE CHARGES

City of Bangor		RATE CLASS 2	2024
	City of Bangor	Township Customers	REVENUE
	New Cost per Unit of Water Sold		NEW RATES
\$ PER 100 CUFT	\$6.930	\$13.860	
UNITS Sold	63,983	1,113	65,096
Income	\$443,401	\$15,428	\$458,829

METER SIZE	NEW BASE RATE PER MONTH		
3/4	\$5.000	\$10.000	
NO. CUSTOMERS	714	21	
<i>INCOME</i>	\$42,840.00	\$2,520.00	\$45,360
1	\$5.00	\$10.00	
NO. CUSTOMERS	24	0	
<i>INCOME</i>	\$1,440.00	\$0.00	\$1,440
1 1/2	\$5.00	\$10.00	
NO. CUSTOMERS	0	0	
<i>INCOME</i>	\$0.00	\$0.00	\$0
2	\$5.00	\$10.00	
NO. CUSTOMERS	13	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	156	0	
<i>INCOME</i>	\$780.00	\$0.00	\$780
3	\$5.00	\$10.00	
NO. CUSTOMERS	1	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	12	0	
<i>INCOME</i>	\$60.00	\$0.00	\$60
4	\$5.00	\$10.00	
NO. CUSTOMERS	3	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	36	0	
<i>INCOME</i>	\$180.00	\$0.00	\$180
6	\$5.00	\$0.00	
NO. CUSTOMERS	0	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	0	0	
<i>INCOME</i>	\$0.00	\$0.00	\$0

CURRENT Fixed Income "RTS"	\$47,820
CURRENT VOLUME "UNITS WATER INVOICED" INCOME	\$458,829
CURRENT INCOME - GENERATED WITH CURRENT RATES RTS & UNITS INVOICED	\$506,649
LAST YEARS NON-SALES INCOME	\$563,000
LAST YEARS TOTAL COMBINED INCOME	\$1,069,649

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

PRIOR YEAR ACTUALS EXPENSES (COMPARISON PURPOSES ONLY)			ACCT #	City of Bangor	PROPOSED BUDGET FOR FISCAL YEAR	YEAR 2	YEAR 3	YEAR 4	YEAR 5
2021/2022	2022/2023	2023/2024				PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
			ANNUAL PERCENT INCREASE		2.00%	2.00%	2.00%	2.00%	
			EXPENSES	2024	2025	2026	2027	2028	
\$85,751	\$79,893	\$56,271	590-548-703.000	SALARY	\$65,000	\$66,300	\$67,626	\$68,979	\$70,358
\$43,124	\$29,140	\$37,635	590-548-706.000	HOURLY WAGES	\$40,000	\$40,800	\$41,616	\$42,448	\$43,297
\$1,376	\$522	\$626	590-548-706.001	OVERTIME	\$2,000	\$2,040	\$2,081	\$2,122	\$2,165
\$0	\$0	\$0	590-548-714.000	FRINGE BENEFITS	\$0	\$0	\$0	\$0	\$0
\$9,929	\$8,581	\$5,962	590-548-715.000	FICA & MEDICARE	\$7,000	\$7,140	\$7,283	\$7,428	\$7,577
\$2,005	\$2,340	\$786	590-548-716.000	HEALTH INSURANCE	\$3,750	\$3,825	\$3,902	\$3,980	\$4,059
\$125,124	\$0	\$0	590-548-716.100	HEALTH INSURANCE-RETIREE	\$0	\$0	\$0	\$0	\$0
\$457	\$0	\$0	590-548-723.000	RETIREMENT CONTRIBUTIONS	\$0	\$0	\$0	\$0	\$0
\$19	\$209	\$322	590-548-724.000	UNEMPLOYMENT	\$500	\$510	\$520	\$531	\$541
\$808	\$3,494	\$215	590-548-725.000	WORK COMP	\$500	\$510	\$520	\$531	\$541
\$2,564	\$2,203	\$3,045	590-548-727.000	OFFICE SUPPLIES	\$4,800	\$4,896	\$4,994	\$5,094	\$5,196
\$4,360	\$13,592	\$16,457	590-548-740.000	OPERATING SUPPLIES	\$10,000	\$10,200	\$10,404	\$10,612	\$10,824
\$138,666	\$255,556	\$75,922	590-548-775.000	REPAIRS & MAINT	\$60,000	\$61,200	\$62,424	\$63,672	\$64,946
\$0	\$0	\$0	590-548-802.000	ENGINEERING	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$4,952	590-548-808.000	AUDIT	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
\$19,460	\$136,922	\$39,287	590-548-818.000	CONTRACTUAL SERVICES	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
\$0	\$234	\$6,459	590-548-818.001	CONTRACTUAL SERVICES	\$6,500	\$6,630	\$6,763	\$6,898	\$7,036
\$0	\$8,796	\$0	590-548-826.000	LEGAL FEES	\$0	\$0	\$0	\$0	\$0
\$2,909	\$4,516	\$3,096	590-548-850.000	COMMUNICATIONS	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
\$200	\$1,008	\$613	590-548-864.000	MEMBERSHIP AND DUES	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082
\$0	\$287	\$222	590-548-900.000	PRINTING & PUBLISHING	\$0	\$0	\$0	\$0	\$0
\$194	\$8,700	\$3,692	590-548-910.000	INSURANCE & BONDS	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
\$40,865	\$50,177	\$53,150	590-548-920.000	UTILITIES	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122
\$32,000	\$60,000	\$0	590-548-943.000	EQUIPMENT RENTAL	\$75,000	\$76,500	\$78,030	\$79,591	\$81,182
\$2,646	\$1,280	\$1,389	590-548-956.001	EDUCATION & TRAINING	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
\$0	\$0	\$0	590-548-964.000	REFUNDS AND REBATES	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$125,000	590-548-967.000	SEWER POND PROJECT LOAN PRINCIPAL	\$0	\$0	\$0	\$0	\$0
			590-548-967.003		\$0	\$0	\$0	\$0	\$0
\$201,796	\$204,862	\$0	590-548-968.000	SEWER DEPRECIATION	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	590-548-977.000	NEW EQUIPMENT	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	590-548-978.000	CONSTRUCTION	\$0	\$0	\$0	\$0	\$0
\$12,688	\$10,252	\$6,175	590-548-995.000	INTEREST PAYMENT FOR LOAN	\$0	\$0	\$0	\$0	\$0
					\$0	\$0	\$0	\$0	\$0
\$726,941	\$882,561	\$441,273		TOTAL	\$362,050	\$369,291	\$376,677	\$384,210	\$391,895
% INCREASE			-100.0%			YEAR 2	YEAR 3	YEAR 4	YEAR 5
						2025	2026	2027	2028

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

City of Bangor						YEAR 2	YEAR 3	YEAR 4	YEAR 5
ACCOUNT #	NON-SALES & OTHER REVENUE	2021/2022	2022/2023	2023/2024	2024	2025	2026	2027	2028
590-000-452.000	PLUMBING PERMITS:	\$0	\$0	\$0					
590-000-529.003	STATE GRANT REVENUE:	\$0	\$0	\$0					
590-000-545.000	FEDERAL GRANTS:	\$0	\$0	\$0					
590-000-545.003	CDBG GRANT:	\$4,513	\$758,285	\$289,772					
590-000-642.000	CHARGES FOR SERVICE:	\$303,915	\$321,578	-\$4,401,617	\$350,000				
590-000-642.001	SEWER LINE REPLACEMENT:	\$2,706	\$2,645	\$3,037	\$3,000				
590-000-642.003	CAPITAL IMPROVEMENT:	\$0	\$47,605	\$46,525	\$50,000				
590-000-646.000	DELINQUENT FEES:	\$11,923	\$8,165	-\$8,178	\$10,000				
590-000-647.000	WATER ON/OFF:	\$158,261	\$154,303	-\$2,120,577	\$150,000				
590-000-665.000	INTEREST INCOME:	\$0	\$0	\$0					
590-000-670.000	DEVELOPER CONTRIBUTIONS:	\$0	\$0	\$0					
590-000-676.000	GAS:	\$0	\$0	\$0					
590-000-694.000	MISCELLANEOUS INCOME:	\$210,540	\$115,099	\$4,000					
590-000-695.000	INCOME (DECREASE IN OPEB LIABILITY):	\$0	\$0	\$0					
590-000-997.000	TRANSFER IN:	\$0	\$0	\$0					
						Capital Improvement added to Base and removed as non-sales			
TOTAL INCOME (NON SALES)		\$691,857	\$1,407,679	-\$6,187,038	\$563,000	\$0	\$0	\$0	\$0
AVERAGE NON SALES INCOME			\$1,049,768	-\$1,362,501	-\$881,125	-\$1,054,090	-\$1,406,009	\$140,750	\$0
Portion of (Non Sales) Revenue Guaranteed :						\$0	\$0	\$0	\$0
Percent Applied Towards Fixed Rate RTS Charge - PERCENT applied per REU					18%	18%	18%	18%	18%
ANNUAL DOLLARS APPLIED TOWARDS FIXED BUDGET - BASE RATE - RTS					\$0	\$0	\$0	\$0	\$0
TOTAL ANNUAL RESIDENTIAL EQUIVALENT UNITS "REU'S"					11,104	11,104	11,104	11,104	11,104
REDUCTION PER REU PER BILLING PERIOD					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ANNUAL DOLLARS APPLIED TOWARDS VARIABLE BUDGET - PER UNIT					\$0	\$0	\$0	\$0	\$0
ANNUAL UNITS OF WATER OR SEWER INVOICED					64,169	64,169	64,169	64,169	64,169
REDUCTION PER UNIT OF WATER OR SEWER					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

A portion of this revenue will be re-applied back to the water budget to help lower the water rates.

14 **LOAN / DEBT INFORMATION INDEX**

15 DEBT SCHEDULE / AMORTIZATION SCHEDULE PRINCIPAL & INTEREST

City of Bangor
2024

DEBT SCHEDULE / AMORTIZATION SCHEDULE PRINCIPAL & INTEREST

	1	2	3	4	5	6	7	8	9	10
FISCAL YEAR STARTING	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
2006 Sewer Loan	\$131,175	\$129,143	\$132,112							
PURPOSE OF LOAN										
DATE OF ISSUE	2006									
DATE OF MATURITY	2026									
PAID BY RATES	YES									
RESERVE REQUIREMENT	NO									
NEW ANTICIPATED CAPITAL LOANS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXISTING + NEW	\$131,175	\$129,143	\$132,112	\$0	\$0	\$0	\$0	\$0	\$0	\$0

16	<u>CAPITAL IMPROVEMENT & EQUIPMENT REPLACEMENT INDEX</u>
17	SHORT LIVED ASSET LIST 1a
18	SHORT LIVED ASSET LIST 1b
19	SHORT LIVED ASSET REPLACEMENT FUND RUNNING BALANCE
20	SHORT LIVED ASSET LIST 2
21	SHORT LIVED ASSET REPLACEMENT FUND RUNNING BALANCE
22	CAPITAL IMPROVEMENT PROJECTS SUMMARY
23	CAPITAL IMPROVEMENT PROJECT RUNNING BALANCE

City of Bangor EQUIPMENT REPLACEMENT SHORT LIVED ASSETS		YOUR ANTICIPATED NORMAL INTENDED USEFUL LIFE OR YEARS BETWEEN REHAB SHOULD BE BASED ON PAST MAINTENANCE HISTORY, WELL MAINTENANCE RECORDS AND WATER TOWER INSPECTION REPORTS. - A COPY OF THESE REPORTS SHOULD BE INCLUDED IN YOUR RATE EVALUATION AS AN ATTACHMENT OR APPENDIX --- ALSO NOTE; IF YOU ARE APPLYING FOR A USDA RURAL DEVELOPMENT GRANT OR HOPE TO GET A USDA GRANT - THE REMAINING YEARS OF LIFE FOR ANY EQUIPMENT CAN NOT EXCEED 15 YEARS. FOR ANYTHING - WATER METERS WATER TOWER PAINTING ETC. ONCE THE USEFUL LIFE OR NEXT ANTICIPATED MAINTENANCE IS LESS THAN 15 YEARS AWAY IT CAN BE LISTED HERE,							
2024									
SHORT LIVED ASSETS SOMEWHERE BETWEEN 0-15 OR 20 YEARS									
FIXED ASSET INVENTORY		ASSET REPLACEMENT SCHEDULE							
EQUIPMENT LIST / MAINTENANCE ACTIVITY	DESCRIPTION / MAINTENANCE HISTORY	ORIGINAL INSTALLATION YEAR OR LAST REHAB YEAR	ESTIMATED NORMAL INTENDED USEFUL LIFE	CURRENT AGE	NEXT ANTICIPATED REPLACEMENT YEAR	REMAINING LIFE - YEARS BEFORE REPLACEMENT	TOTAL REPLACEMENT COST	PERCENT OF ASSET LEFT	REPLACEMENT MONEY RESERVED ANNUALLY
ARLINGTON ST LIFT STATION									
PUMP 1		2022	5	2	2027	3	\$43,000	60%	\$8,600
PUMP 2		2022	5	2	2027	3	\$43,000	60%	\$8,600
VFD PUMP 1		2022	15	2	2037	13	\$10,000	87%	\$667
VFD PUMP 2		2022	15	2	2037	13	\$10,000	87%	\$667
CONTROL PANEL	high voltage new in 2022 for \$35,000								
TRANSFER SWITCH	new in 2022								
GENERATOR	new in 2005	2005	20	19	2025	1	\$37,750	5%	\$1,888
CONTROL BUILDING MAINTENANCE	new building in 2022	2022	20	2	2042	18	\$10,000	90%	\$500
ALARMS		2022	15	2	2037	13	\$5,000	87%	\$333
BYPASS PLUMBING	2 VALVES	2022	20	2	2042	18	\$10,000	90%	\$500
FLOW METER	INLINE	2022	20	2	2042	18	\$5,000	90%	\$250
FLOW METER	CHART	2022	20	2	2042	18	\$5,000	90%	\$250
CHART RECORDER		2022	20	2	2042	18	\$2,500	90%	\$125
CHECK VALVES	2 CHECK VALVES	2022	20	2	2042	18	\$10,000	90%	\$500
POWER CORRECTION DEVICE		2022	20	2	2042	18	\$20,000	90%	\$1,000
LIONS PARK LIFT STATION									
PUMP 1		2022	5	2	2027	3	\$35,000	60%	\$7,000
PUMP 2		2022	5	2	2027	3	\$35,000	60%	\$7,000
VFD PUMP 1		2022	15	2	2037	13	\$5,000	87%	\$333
VFD PUMP 2		2022	15	2	2037	13	\$5,000	87%	\$333
CONTROL PANEL	installed in 2022								
ALARM		2022	15	2	2037	13	\$5,000	87%	\$333

City of Bangor EQUIPMENT REPLACEMENT SHORT LIVED ASSETS		YOUR ANTICIPATED NORMAL INTENDED USEFUL LIFE OR YEARS BETWEEN REHAB SHOULD BE BASED ON PAST MAINTENANCE HISTORY, WELL MAINTENANCE RECORDS AND WATER TOWER INSPECTION REPORTS. - A COPY OF THESE REPORTS SHOULD BE INCLUDED IN YOUR RATE EVALUATION AS AN ATTACHMENT OR APPENDIX --- ALSO NOTE; IF YOU ARE APPLYING FOR A USDA RURAL DEVELOPMENT GRANT OR HOPE TO GET A USDA GRANT - THE REMAINING YEARS OF LIFE FOR ANY EQUIPMENT CAN NOT EXCEED 15 YEARS. FOR ANYTHING - WATER METERS WATER TOWER PAINTING ETC. ONCE THE USEFUL LIFE OR NEXT ANTICIPATED MAINTENANCE IS LESS THAN 15 YEARS AWAY IT CAN BE LISTED HERE,							
2024									
SHORT LIVED ASSETS SOMEWHERE BETWEEN 0-15 OR 20 YEARS									
FIXED ASSET INVENTORY		ASSET REPLACEMENT SCHEDULE							
EQUIPMENT LIST / MAINTENANCE ACTIVITY	DESCRIPTION / MAINTENANCE HISTORY	ORIGINAL INSTALLATION YEAR OR LAST REHAB YEAR	ESTIMATED NORMAL INTENDED USEFUL LIFE	CURRENT AGE	NEXT ANTICIPATED REPLACEMENT YEAR	REMAINING LIFE - YEARS BEFORE REPLACEMENT	TOTAL REPLACEMENT COST	PERCENT OF ASSET LEFT	REPLACEMENT MONEY RESERVED ANNUALLY
PARK RD LIFT STATION									
PUMP 1		2005	20	19	2025	1	\$10,000	5%	\$500
PUMP 2		2005	20	19	2025	1	\$10,000	5%	\$500
CONTROL PANEL		2005	20	19	2025	1	\$10,000	5%	\$500
ALARM		2005	15	19	2020	-4	\$5,000	-27%	\$333
WHITE OAK DR LIFT STATION									
PUMP 1		2005	20	19	2025	1	\$10,000	5%	\$500
PUMP 2		2005	20	19	2025	1	\$10,000	5%	\$500
CONTROL PANEL		2005	40	19	2045	21	\$10,000	53%	\$250
ALARM	SENSA PHONE	2005	15	19	2020	-4	\$5,000	-27%	\$333
GETMAN LIFT STATION									
	NEW IN 1981								
PUMP 1	PUMPS INSTALLED 1981 HAVE BEEN REBUILT	1981	20	43	2001	-23	\$10,000	-115%	\$500
PUMP 2		1981	20	43	2001	-23	\$10,000	-115%	\$500
CONTROL PANEL		1981	40	43	2021	-3	\$25,000	-8%	\$625
ALARM	NO ALARMS	1981	15	43	1996	-28	\$5,000	-187%	\$333
							\$416,250	63%	\$ 44,254

EQUIPMENT REPLACEMENT SHORT LIVED ASSETS - RUNNING BALANCE SHEET				
			COST OF LIVING INCREASE	2.00%
			CURRENT RESERVE BALANCE APPLIED TO THIS ACCOUNT - INCLUDES RRI BALANCE	\$250,000
			AVG. INTEREST RATE IN SAVINGS	0.10%
ANNUAL COLA ADJUSTMENT AS ADOPTED BY COUNCIL			0.00%	
Annual Funding Applied to Budget / Rates			\$45,000	
YEAR	PURPOSE	ANNUAL REPLACEMENT EXPENDITURES WITH C.O.L.	FUNDING WITH COLA	RUNNING BALANCE
2024	SEE EQUIPMENT LIST FOR DETAILS OF ANTICIPATED PURCHASES	\$0	\$45,000	\$295,295
2025		\$89,505	\$45,000	\$251,085
2026		\$5,200	\$45,000	\$291,136
2027		\$165,360	\$45,000	\$171,068
2028		\$0	\$45,000	\$216,239
2029		\$0	\$45,000	\$261,455
2030		\$0	\$45,000	\$306,716
2031		\$0	\$45,000	\$352,023
2032		\$180,960	\$45,000	\$216,415
2033		\$0	\$45,000	\$261,631
2034		\$0	\$45,000	\$306,893
2035		\$12,200	\$45,000	\$340,000
2036		\$0	\$45,000	\$385,340
2037		\$246,960	\$45,000	\$183,765
2038		\$0	\$45,000	\$228,949
2039		\$0	\$45,000	\$274,178
2040		\$0	\$45,000	\$319,452
2041		\$33,500	\$45,000	\$331,272
2042		\$297,160	\$45,000	\$79,443
2043		\$0	\$45,000	\$124,522
2044		\$0	\$45,000	\$169,647
				\$385,000

City of Bangor

EQUIPMENT REPLACEMENT PAGE 2

2024

MID-TERM ASSETS 15-30 YEARS

FIXED ASSET INVENTORY									ANNUAL RESERVE
ASSET REPLACEMENT SCHEDULE									REPLACEMENT MONEY RESERVED ANNUALLY
EQUIPMENT LIST / MAINTENANCE ACTIVITY	DESCRIPTION / MAINTENANCE HISTORY	ORIGINAL INSTALLATION YEAR	NORMAL INTENDED USEFUL LIFE	CURRENT AGE	NEXT REPLACEMENT YEAR	REMAINING LIFE - YEARS BEFORE REPLACEMENT	TOTAL REPLACEMENT COST	PERCENT CONSUMED	
LAGOONS									
POND 1 CLEANING	calculated using area x 2' x 7.48 for gallons then \$0.11 per gallon	2005	30	19	2035	11	\$200,000	63%	\$6,667
POND 2		2005	40	19	2045	21	\$770,000	48%	\$19,250
POND 3	3&4 ARE FINISHING PONDS								
POND 4	3&4 CLEANED IN 2005								
POND 1 AERATOR MOTORS	7 TOTAL	2005	10	19	2015	-9	\$45,500	190%	\$4,550
POND 1 AERATOR UNITS		2005	20	19	2025	1	\$105,000	95%	\$5,250
LAB BUILDING		2005	20	19	2025	1	\$15,000	95%	\$750
VALVES	15 TOTAL VALVES	2005	20	19	2025	1	\$30,000	95%	\$1,500
CONTROL PANEL		2005	20	19	2025	1	\$15,000	95%	\$750
FENCE MAINTENANCE		2005	20	19	2025	1	\$20,000	95%	\$1,000
PORTABLE GENERATOR		2005	40	19	2045	21	\$35,000	48%	\$875
CUSTOMER METERS	SPLIT 50/50 WITH WATER	2024	15	0	2039	15	\$165,000	0%	\$11,000
							\$1,400,500		\$ 51,592

EQUIPMENT REPLACEMENT PAGE 2 RUNNING BALANCE				
COST OF LIVING INCREASE				2.00%
CURRENT RESERVE BALANCE APPLIED TO THIS ACCOUNT				\$250,000
AVG. INTEREST RATE IN SAVINGS				0.10%
Annual Funding Applied to Budget / Rates			\$90,000	
YEAR	PURPOSE	ANNUAL REPLACEMENT EXPENDITURES WITH C.O.L.	ANNUAL FUNDING AMOUNT	RUNNING BALANCE IN ACCOUNT
2024	SEE EQUIPMENT LIST	\$0	\$90,000	\$340,340
2025	FOR ANNUAL EXPENDITURES	\$235,110	\$90,000	\$195,570
2026	0	\$0	\$90,000	\$285,766
2027	0	\$0	\$90,000	\$376,052
2028	0	\$0	\$90,000	\$466,428
2029	0	\$0	\$90,000	\$556,894
2030	0	\$0	\$90,000	\$647,451
2031	0	\$0	\$90,000	\$738,099
2032	0	\$0	\$90,000	\$828,837
2033	0	\$0	\$90,000	\$919,665
2034	0	\$0	\$90,000	\$1,010,585
2035	0	\$299,510	\$90,000	\$802,086
2036	0	\$0	\$90,000	\$892,888
2037	0	\$0	\$90,000	\$983,781
2038	0	\$0	\$90,000	\$1,074,764
2039	0	\$214,500	\$90,000	\$951,339
2040	0	\$0	\$90,000	\$1,042,291
2041	0	\$0	\$90,000	\$1,133,333
2042	0	\$0	\$90,000	\$1,224,466
2043	0	\$0	\$90,000	\$1,315,691
2044	0	\$0	\$90,000	\$1,407,006
2045	0	\$1,470,410	\$90,000	\$28,003
2046	0	\$0	\$90,000	\$118,031
2047	0	\$0	\$90,000	\$208,149
2048	0	\$0	\$90,000	\$298,358
2049	0	\$0	\$90,000	\$388,656
2050	0	\$0	\$90,000	\$479,045
2051	0	\$0	\$90,000	\$569,524
				\$385,000

CAPITAL IMPROVEMENT RUNNING BALANCE PROJECTIONS & ANNUAL FUNDING			
ANNUAL COST OF LIVING INCREASE TO PROJECTS		2.00%	
RESERVE BALANCE APPLIED TO CAPITAL IMPROVEMENTS		\$0	
AVG. INTEREST RATE IN SAVINGS		0.00%	
IF AN ANNUAL COLA RATE ADJUSTMENT PERCENT OF		2.00%	
<p>RUNNING BALANCE COLUMN REFLECTS THIS FUND ONLY. THE AVERAGE ANNUAL FUNDING DOES NOT REFLECT ANY EXTRA REVENUE GENERATED BY FUTURE ANNUAL RATE INCREASES. FOR A TRUE RUNNING BALANCE OF THE OVERALL HEALTH OF THE WATER SYSTEM SEE THE 10 YEAR</p>			
YEAR	ANNUAL EXPENDITURES	AVERAGE ANNUAL FUNDING AMOUNT IN RATE BUDGET	RUNNING BALANCE
2024	\$0		\$0
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$0	\$0	\$0
2028	\$0	\$0	\$0
2029	\$0	\$0	\$0
2030	\$0	\$0	\$0
2031	\$0	\$0	\$0
2032	\$0	\$0	\$0
2033	\$0	\$0	\$0
2034	\$0	\$0	\$0
2035	\$0	\$0	\$0
2036	\$0	\$0	\$0
2037	\$0	\$0	\$0
2038	\$0	\$0	\$0
2039	\$0	\$0	\$0
2040	\$0	\$0	\$0
2041	\$0	\$0	\$0
2042	\$0	\$0	\$0
2043	\$0	\$0	\$0
2044	\$3,500,000	\$0	(\$3,500,000)

CITY OF BANGOR
WASTEWATER RATE
CALCULATION REPORT

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MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

FINAL ANALYSIS RATE CALCULATION - CURRENT FISCAL YEAR		2024				RTS CHARGE		VOLUME CHARGE	
City of Bangor		ANNUAL BUDGET		PERCENT FIXED EXPENSES	ASSIGNED AS FIXED EXPENSES	COST PER METER EQUIVALENT	ASSIGNED AS VARIABLE EXPENSES	\$ COST PER 100 CUBIC FEET	
EXPENSES		\$362,050		18%	\$66,215	\$5.96	\$295,835	\$4.529	
OPERATION & MAINTENANCE EXPENSES		\$362,050			\$66,215	\$5.96	\$295,835	\$4.529	
DEBT - PRINCIPAL & INTEREST ANNUAL PAYMENTS									
2006 Sewer Loan		\$131,175		100%	\$131,175	\$11.81	\$0	\$0.00	
NEW ANTICIPATED CAPITAL LOANS		\$0		100%	\$0	\$0.00	\$0	\$0.00	
ANNUAL DEBT PAYMENTS PRINCIPAL & INTEREST		\$131,175			\$131,175	\$11.81	\$0	\$0.00	
ANNUAL O & M + DEBT		\$493,225			\$197,390	\$17.78	\$295,835	\$4.53	
NON SALES INCOME		\$0			\$0	0.000	\$0	0.000	
REVENUE COLLECTED THROUGH RATES		\$493,225			\$197,390		\$295,835		
CALCULATED RATE O & M + DEBT		METER EQUIVALENT		MONTH		\$17.78		\$4.53	
CURRENT RATE						\$5.00		\$6.93	
INCREASE						\$12.78		(\$2.40)	
PERCENT INCREASE						256%		-35%	
OVERALL PERCENT INCREASE FOR GALLONS OF		4,000		50%					
RESERVES									
EQUIPMENT REPLACEMENT AVERAGE ANNUAL BUDGETED AMOUNT		\$45,000		18%	\$8,230	\$0.74	\$36,770	\$0.56	
EQUIPMENT REPLACEMENT PAGE 2		\$90,000		18%	\$16,460	\$1.48	\$73,540	\$1.13	
EQUIPMENT REPLACEMENT & RESERVE REQUIREMENTS		\$135,000			\$24,690	\$2.22	\$110,310	\$1.69	
CAPITAL IMPROVEMENT AVERAGE ANNUAL BUDGETED AMOUNT		\$0		18%	\$0	\$0.00	\$0	\$0.00	
PREP FOR FUTURE LOAN		\$0			\$0				
BUDGETED ADDITIONAL REVENUE FROM VOLUME SALES		\$0					\$0	\$0.00	
CAPITAL + ADDITIONAL FUNDING		\$0			\$0	\$0.00	\$0	\$0.00	
CAPITAL + EQUIPMENT & RRI RESERVES		\$135,000			\$24,690	\$2.22	\$110,310	\$1.69	
ADOPTED BUDGET		\$628,225			\$222,080		\$406,145		
REVENUE COLLECTED CALCULATED RATES		\$628,225		18.29%	\$222,080		\$406,145		
REVENUE COLLECTED CURRENT RATES		\$506,649							
CALCULATED RATE PER METER EQUIVALENT				PER MONTH		\$20.00	RATE PER 100 CUFT		\$6.22
ANNUAL METER EQUIVALENTS / REUS COUNT 11,104				CURRENT RATES		\$5.00			\$6.93
ANTICIPATED EQUIVALENT GALLONS / UNITS 65,327				PERCENT INCREASE		300.0%			-10.3%
INVOICES PER YEAR 12				INCREASE OF		\$15.00			(\$0.71)
NOTES PERCENT RESERVE 21.5%									

2024

SUMMARY OF NEW CHARGES "ALL ENTITIES"

City of Bangor					Township Customers	
	CURRENT	NEW	DIFFERENCE		CURRENT	NEW
PER 100 CUFT	\$6.93	\$6.22	-\$0.71		\$13.86	\$12.43
2024	CURRENT	NEW	DIFFERENCE PER MONTH		CURRENT	NEW
METER SIZE IN INCHES	READY TO SERVE PER MONTH	READY TO SERVE PER MONTH	METER RATIO FACTOR - REU'S PER METER SIZE		READY TO SERVE PER MONTH	READY TO SERVE PER MONTH
3/4	\$5.00	\$20.00	1.00	\$15.00	\$10.00	\$40.00
1	\$5.00	\$33.33	1.67	\$28.33	\$10.00	\$66.67
1 1/2	\$5.00	\$66.67	3.33	\$61.67	\$10.00	\$133.33
2	\$5.00	\$106.67	5.33	\$101.67	\$10.00	\$213.33
3	\$5.00	\$200.00	10.00	\$195.00	\$10.00	\$400.00
4	\$5.00	\$333.33	16.67	\$328.33	\$10.00	\$666.67
6	\$5.00	\$666.67	33.33	\$661.67	\$0.00	\$1,333.33

These are the rates calculated for each meter size. Also for the cost per unit of water sold for each entity.

CALCULATED REVENUE		PERCENT INCREASE ON "RTS"									
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	
CALCULATED RATE CHARGE PER "METER EQUIVALENT" / REU	\$20.00	\$20.40	\$20.81	\$21.22	\$21.65	\$22.08	\$22.52	\$22.97	\$23.43	\$23.90	
ANNUAL METER EQUIVALENTS / REU'S COUNT	11,104	11,104	11,104	11,104	11,104	11,104	11,104	11,104	11,104	11,104	
REVENUE FROM METER EQUIVALENT CHARGE (RTS)	\$222,080.00	\$226,521.60	\$231,052.03	\$235,673.07	\$240,386.53	\$245,194.26	\$250,098.15	\$255,100.11	\$260,202.12	\$265,406.16	
		PERCENT INCREASE ON COST PER UNIT									
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
CALCULATED RATE CHARGE PER UNIT OF WATER / SEWER	\$6.22	\$6.34	\$6.47	\$6.60	\$6.73	\$6.86	\$7.00	\$7.14	\$7.28	\$7.43	
REVENUE FROM VOLUME SALES	\$406,145.00	\$414,267.90	\$422,553.26	\$431,004.32	\$439,624.41	\$448,416.90	\$457,385.24	\$466,532.94	\$475,863.60	\$485,380.87	
NON-SALES / OTHER REVENUE											
TOTAL NON-SALES & OTHER INCOME	\$563,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL NON-SALES & OTHER INCOME APPLIED TO WATER BUDGET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL COMBINED REVENUE	\$628,225	\$640,790	\$653,605	\$666,677	\$680,011	\$693,611	\$707,483	\$721,633	\$736,066	\$750,787	

EXPENSES	BUDGET FOR FISCAL YEARS STARTING					2029	2030	2031	2032	2033
	2024	2025	2026	2027	2028					
	PERCENT INCREASE (COST OF LIVING ETC) <i>ON BUDGET</i>									
EXPENSES		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENSES	\$362,050	\$369,291	\$376,677	\$384,210	\$391,895	\$399,732	\$407,727	\$415,882	\$424,199	\$432,683
TOTAL O&M EXPENSES	\$362,050	\$369,291	\$376,677	\$384,210	\$391,895	\$399,732	\$407,727	\$415,882	\$424,199	\$432,683
DEBT EXPENSES - PRINCIPAL & INTEREST		2025	2026	2027	2028	2029	2030	2031	2032	2033
2006 Sewer Loan	\$131,175	\$129,143	\$132,112	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>NEW ANTICIPATED CAPITAL LOANS</i>										
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL DEBT PAYMENTS PRINCIPAL & INTEREST	\$131,175	\$129,143	\$132,112	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NEW BUDGET LINE ITEMS STARTING YEAR 2			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NEW BUDGET LINE ITEMS STARTING YEAR 2			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MINIMUM REQUIRED EXPENSES / BUDGET	\$493,225	\$498,434	\$508,789	\$384,210	\$391,895	\$399,732	\$407,727	\$415,882	\$424,199	\$432,683
GAINS / LOSSES <i>BEFORE</i> EQUIPMENT & CAPITAL EXPENSES	\$135,000	\$142,356	\$144,816	\$282,467	\$288,116	\$293,879	\$299,756	\$305,751	\$311,866	\$318,104
EQUIPMENT REPLACEMENT ANTICIPATED ACTUAL EXPENDITURES	\$0	\$324,615	\$5,200	\$165,360	\$0	\$0	\$0	\$0	\$180,960	\$0
CAPITAL IMPROVEMENT <i>ANTICIPATED EXPENDITURES</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COMBINED EQUIPMENT & CAPITAL ACTICIPATED EXPENDITURES	\$0	\$324,615	\$5,200	\$165,360	\$0	\$0	\$0	\$0	\$180,960	\$0
TOTAL ANTICIPATED ACTUAL CASH ANNUAL EXPENDITURES	\$493,225	\$823,049	\$513,989	\$549,570	\$391,895	\$399,732	\$407,727	\$415,882	\$605,159	\$432,683
GAINS / LOSS FOR FISCAL YEAR - <i>AFTER</i> EQUIPMENT & CAPITAL EXPENDITURES	\$135,000	-\$182,260	\$139,616	\$117,107	\$288,116	\$293,879	\$299,756	\$305,751	\$130,906	\$318,104
<i>STARTING</i> CASH AVAILABLE / BANK BALANCE	\$3,393,509									
<i>ENDING</i> CASH AVAILABLE / BANK BALANCE	\$3,528,509	\$3,346,250	\$3,485,866	\$3,602,973	\$3,891,089	\$4,184,968	\$4,484,724	\$4,790,476	\$4,921,382	\$5,239,486

City of Bangor			
COST PER	CURRENT RATES	CALCULATED RATES	DIFFERENCE
100 CUFT	\$6.93	\$6.217	(\$0.71)
READY TO SERVE (RTS) CHARGES PER MONTH			
METER SIZE IN INCHES	CURRENT RATES	CALCULATED RATES	DIFFERENCE
3/4	\$5.00	\$20.000	\$15.00
1	\$5.00	\$33.33	\$28.33
1 1/2	\$5.00	\$66.67	\$61.67
2	\$5.00	\$106.67	\$101.67
3	\$5.00	\$200.00	\$195.00
4	\$5.00	\$333.33	\$328.33
6	\$5.00	\$666.67	\$661.67
8	\$5.00	\$20.00	\$15.00

The above rates are based on an input budget of \$628,225
The above rates are based on invoicing the following gallons of water / sewer 6,416,878
The above rates are based on the following number of customers 776
The above rates are based on the following number of Residential Equivalent Units (REU's) 11,104

If all numbers listed above stay true the new calculated rates will generate the input budget "exactly". Not a penny more or a penny less.

This Rate Analysis uses "Full Cost Pricing" to determine the user fees.

The above table shows the Current Rate, the new Calculated Rate, and the difference between the current and new rate changes.

Full Cost Pricing Is:

Maintaining your system's financial stability by ensuring a sufficient revenue stream.

Collect and reserve the funds needed to cover the costs of future asset rehabilitation and compliance with future regulations, among other things.

Plan ahead for reasonable, gradual rate increases when necessary.

Deliver a fair priced, high-quality drinking water to your customers now and in the future.

NOTE:

The above CALCULATED RATES will generate only enough to meet the current budge input into the rate analysis program. In order to charge a lesser amount, the budget must first be reduced.

TYPICAL BILL COMPARISON USING NEW RATES								
<i>City of Bangor</i>								
		<u>CURRENT RATES</u>	<u>NEW / CALCULATED RATES</u>					
		RTS	\$5.00	\$20.00				
		COST PER UNIT	\$6.93	\$6.22				
		COST PER UNIT OF WATER	\$6.22	MONTHLY				
								\$ PER 100 CUFT
METER SIZE IN INCHES	CUBIC FT USED	VOLUME CHARGE	BASE RATE CHARGE	NEW BILL	OLD BILL	CHANGE IN BILL	PERCENT INCREASE	
3/4	100	\$6.22	\$20.00	\$26.22	\$11.93	\$14.29	119.8%	
3/4	300	\$18.65	\$20.00	\$38.65	\$25.79	\$12.86	49.9%	
3/4	450	\$27.98	\$20.00	\$47.98	\$36.19	\$11.79	32.6%	
3/4	600	\$37.30	\$20.00	\$57.30	\$46.58	\$10.72	23.0%	
3/4	1,000	\$62.17	\$20.00	\$82.17	\$74.30	\$7.87	10.6%	
1	5,000	\$310.85	\$33.33	\$344.19	\$351.50	(\$7.31)	-2.1%	
1 1/2	7,500	\$466.28	\$66.67	\$532.95	\$524.75	\$8.20	1.6%	
2	20,000	\$1,243.42	\$106.67	\$1,350.08	\$1,391.00	(\$40.92)	-2.9%	
3	30,000	\$1,865.13	\$200.00	\$2,065.13	\$2,084.00	(\$18.87)	-0.9%	
4	40,000	\$2,486.84	\$333.33	\$2,820.17	\$2,777.00	\$43.17	2%	
6	50,000	\$3,108.54	\$666.67	\$3,775.21	\$3,470.00	\$305.21	9%	
8	500,000	\$31,085.45	\$20.00	\$31,105.45	\$34,655.00	(\$3,549.55)	-10%	
GALLONS INCLUDED MIN BILL				0	0			

This page provides confirmation of income based on the results of the rate analysis, if the calculated rates below are adopted. It only applies to this current or upcoming fiscal year. See five year projections for additional information.			
CONFIRMATION OF INCOME - BASED ON CALCULATED RATES			
City of Bangor		RATE CLASS 2	2024
	City of Bangor	Township Customers	REVENUE
	New Cost per Unit of Water Sold		NEW RATES
\$ PER 100 CUFT	\$6.217	\$12.434	
UNITS Sold	63,010	1,158	64,169
Income	\$391,741	\$14,404	\$406,145
NON SALES INCOME APPLIED TO VARIABLE BUDGET			\$0
TOTAL ANTICIPATED REVENUE PER UNIT SALES			\$406,145
METER SIZE	NEW BASE RATE PER MONTH		
3/4	\$20.000	\$40.000	
NO. CUSTOMERS	714	21	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	8,568	252	
INCOME	\$171,360.00	\$10,080.00	\$181,440
1	\$33.33	\$66.67	
NO. CUSTOMERS	24	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	288	0	
INCOME	\$9,600.00	\$0.00	\$9,600
1 1/2	\$66.67	\$133.33	
NO. CUSTOMERS	0	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	0	0	
INCOME	\$0.00	\$0.00	\$0
2	\$106.67	\$213.33	
NO. CUSTOMERS	13	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	156	0	
INCOME	\$16,640.00	\$0.00	\$16,640
3	\$200.00	\$400.00	
NO. CUSTOMERS	1	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	12	0	
INCOME	\$2,400.00	\$0.00	\$2,400
4	\$333.33	\$666.67	
NO. CUSTOMERS	3	0	
INVOICES PER YEAR	12	12	
ANNUAL INVOICES	36	0	
INCOME	\$12,000.00	\$0.00	\$12,000
Fixed Income			\$222,080
NON SALES INCOME APPLIED TO FIXED BUDGET			\$0
TOTAL ANTICIPATED REVENUE BASE RATE / RTS + NONE SALES INCOME			\$222,080
TOTAL COMBINED CUSTOMER INCOME = BASE RATE + VOLUME INCOME			\$628,225
TOTAL COMBINED CUSTOMER INCOME			\$628,225
Budget Goal			\$628,225
Difference			\$0

CITY OF BANGOR WATER RATE CALCULATION REPORT CAPITAL IN BASE AND SIZE EQ. SEPTEMBER 2024'



Prepared By:

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YOUR RATE EVALUATION SHOULD BE REVIEWED BY A CERTIFIED FINANCIAL PLANNER AND YOUR ATTORNEY

**CITY OF BANGOR
WATER RATE
CALCULATION REPORT**

DATE SEPTEMBER 2024'

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INTRODUCTION

Quality drinking water is an essential public service provided to residents. Without a water system the community would cease to exist. Over many years your community has invested in the essential infrastructure and services necessary to provide it's residents with safe and reliability drinking water.

The construction and maintenance of this infrastructure is one of the most costly investments the residents in your community will make. Community officials strive to ensure that the resident's investment in these facilities is based on sound judgment, cost effectiveness, and sustainable financing for the present and future. The purpose of analyzing utility rates is to ensure;

- a) Compliance with federal and state regulations governing utility rates, and
- b) That adequate revenue is collected through service charges to support the cost of providing the service and
- c) That the rates are equitable to all users of the service.

That is, each user's share of the cost is proportionate to their use of the system.

REVENUE REQUIREMENT = TOTAL SYSTEM COST

Ensuring that the revenue covers the total system cost means the service is "sustainable". That is, the system will serve the present needs and will continue to meet future needs.

Total system cost is comprised of the following cost components:

Operation & Maintenance (O&M) expenses. These are the daily costs of labor, materials, supplies, utilities, etc. necessary to operate and maintain the facilities.

Replacement expenses. These are costs to replace operating equipment with a useful life of 20 years or less. The sum of O&M expense and replacement expense is referred to as OM&R.

Capital improvements. These are costs to replace structural components with useful life greater than 20 years and or to expand and improve the current facilities.

Administrative expenses. These are the costs of general management, financial management, meter reading, and billing & collections.

Debt service expenses. These are the annual costs of loans or bond repayment used to finance construction and generally includes facilities and structures with a useful life of 20 years or more.

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4 **SUPPORTING DATA INDEX**

5 BACKGROUND / STARTING INFORMATION

6 CURRENT RATE CHARGES & NUMBER OF CUSTOMERS

8 METER EQUIVALENTS BY SIZE AND COST RATIO

9 UNITS OF WATER INVOICED TO CUSTOMERS

BACKGROUND / STARTING INFORMATION	
Name of Community :	BANGOR WATER
PHYSICAL ADDRESS	257 W. Monroe Street
MAILING?	257 W. Monroe Street
ZIP CODE	49013
OFFICE PHONE NUMBER	269-427-5831
BUDGET FOR FISCAL YEARS <i>STARTING</i>	2024
PRIMARY WATER SOURCE	WELLS
PRIMARY TREATMENT TYPE	NO/LOW TREATMENT CHLORINE
PRIMARY DISTRIBUTION TYPE	GRAVITY & TOWER
<u>Current Rate Structure</u>	
Are bills based on 1,000 gallons units or 100 cubic feet units?	100
Number of Customer Invoices per Year	12
What are the dates of the Fiscal Year	July 1st
List the names of the different Entities Served OR RATE CLASSES - Originating Entity - RATE CLASS 1	BANGOR WATER
2nd Entity	TOWNSHIP WATER
3rd Entity	IRRIGATION METERS

BANGOR WATER				
CURRENT RATE CHARGES & NUMBER OF CUSTOMERS				
Customers Are Invoice MONTHLY PER				
BANGOR WATER				
TYPE OF WATER UNITS	100 CUFT	684 5/8 customers with 692 REU's. There is a \$5.00 charge added to the base rate for capital improvements. This is calculated in non sales. There was 5 more customers 9 REU's added from the AR list		
COST PER 100 CUBIC FT.	\$4.66			
INVOICES PER YEAR	12			
METER SIZE IN INCHES	CURRENT "BASE RATE" CHARGE	NUMBER OF METERS / REU'S	INVOICES PER YEAR	ANNUAL INCOME
3/4	\$21.50	769	12	\$198,402
1	\$32.50	24	12	\$9,360
1 1/2	\$93.00	0	12	\$0
2	\$123.00	13	12	\$19,188
3	\$185.00	1	12	\$2,220
4	\$275.00	3	12	\$9,900
6			12	\$0
8			12	\$0
TOTALS		810		\$239,070
NAME OF PERSON PROVIDING # OF METERS COUNT		Stephanie Cagle		
WAS A REPORT USED TO GENERATE THIS DATA?		Yes		
WAS REPORT COPIED INTO THIS FILE?		No, but electronic copy was saved		

TOWNSHIP WATER							IRRIGATION METERS						
TYPE OF WATER UNITS	100 CUFT		Ratio Entity # 2 vs. 1	31 total township water customers There are 25 customers being charged the old ready to serve charge of \$13.50			TYPE OF WATER UNITS	100 CUFT		Ratio Entity # 3 vs 1			
COST PER WATER UNIT	\$6.99		1.50	COST PER WATER UNIT	\$4.66		1.00	INVOICES PER YEAR	12				
INVOICES PER YEAR	12				INVOICES PER YEAR	12							
METER SIZE IN INCHES	CURRENT "BASE RATE" CHARGE	Ratio Entity # 2 vs. 1	Ratio Entity # 2 vs. 1	NUMBER OF METERS / REU'S	INVOICES PER YEAR	ANNUAL INCOME	METER SIZE IN INCHES	CURRENT "BASE RATE" CHARGE	Ratio Entity # 3 vs. 1	Ratio Entity # 3 vs 1	NUMBER OF METERS / REU'S	INVOICES PER YEAR	ANNUAL INCOME
3/4	\$24.75	1.15	1.15	25	12	\$7,425	3/4	\$14.00	0.65	0.65	14	12	\$2,352
1	\$41.25	1.27		0	12	\$0	1		0.00			12	\$0
1 1/2	\$132.00	1.42			12	\$0	1 1/2		0.00			12	\$0
2	\$177.00	1.44			12	\$0	2		0.00			12	\$0
3	\$270.00	1.46			12	\$0	3		0.00			12	\$0
4	\$405.00	1.47			12	\$0	4		0.00			12	\$0
6		0			12	\$0	6		0			12	\$0
8		0			12	\$0	8		0			12	\$0
				25		\$7,425					14		\$2,352

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

METER EQUIVALENTS BY SIZE AND COST RATIO										100%	1.00
2024 YEAR 1	CURRENT CHARGES RATE CLASS 1		RATE CLASS 2		RATE CLASS 3		NEW RATES				
	BANGOR WATER		TOWNSHIP WATER		IRRIGATION METERS		BANGOR WATER				
METER SIZE IN INCHES	NUMBER OF METERS / REU'S	INVOICE FREQUENCY	NUMBER OF METERS / REU'S	INVOICE FREQUENCY	NUMBER OF METERS / REU'S	TOTAL CUSTOMERS ALL ENTITIES	SELECTED METER EQUIVALENT	CALCULATED METER EQUIVALENT USED	ANNUAL METER EQUIVALENTS	ORIGINAL ENTITY 1	
3/4	769	12	25	12	14	808	1.00	1.00	9,683	\$20.97	
1	24	12	0	12	0	24	1.78	1.78	512	\$37.28	
1 1/2	0	12	0	12	0	0	4.00	4.00		\$83.88	
2	13	12	0	12	0	13	7.11	7.11	1,109	\$149.12	
3	1	12	0	12	0	1	16.00	16.00	192	\$335.53	
4	3	12	0	12	0	3	28.44	28.44	1,024	\$596.50	
TOTAL	810		25		14	849					
ANNUAL METER EQUIVALENTS USED FOR RATE CALCULATION									12,520		
<input checked="" type="checkbox"/> CHECK BOX TO CONFIRM THAT METER EQUIVALENT RATIOS WERE DISCUSSED AND CHOSEN BY COMMUNITY											

This table list the number of water meters being invoiced for each size water meter. It then calculates the annual meter equivalent REU's (Residential Equivalent Meters). This figure will be used to calculate the Ready to Serve Charge for each meter size.

BANGOR WATER		UNITS OF WATER INVOICED TO CUSTOMERS					FOR THIS EVALUATION WE WILL USE THE			AVERAGE		
USAGE REPORTED IN		CUBIC FEET										
USAGE REPORTED IN		FISCAL YEARS										
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	AVERAGE	MAX. YEAR	MIN. YEAR	PERCENT DIFFERENCE FROM MAX. TO MIN. YEAR	ANTICIPATED PERCENT INCREASE NEXT YEAR	UNITS USED IN RATE EVALUATION	
BANGOR WATER	6,613,804	5,240,695	6,792,069	6,739,310	6,642,910	6,405,758	6,792,069	5,240,695	23%	0.0%	6,405,758	
TOWNSHIP WATER	155,748	139,592	163,407	177,416	149,890	157,211	177,416	139,592	21%	0.0%	157,211	
IRRIGATION METERS										0.0%	0	
TOTALS	6,769,552	5,380,287	6,955,476	6,916,726	6,792,800	6,562,968	6,969,485	5,380,287	22%		6,562,968	
WHO PROVIDED UNITS INVOICED REPORT			Stephanie Cagle									
WAS THE REPORT COPIED INTO THIS EXCEL FILE?			No									
WAS AN ELECTRONIC COPY OF THE ORIGINAL KEPT ?			Yes									
											GALLONS INCREASE	(1,182,681)
											GALLONS / VOLUME USED FOR EVALUATION	6,562,968

The Volumes listed above are only those gallons that are a revenue source. The gallons listed above were generated by the COMMUNITY. The COMMUNITY takes full responsibility for the accuracy of these numbers. And the anticipated units of water invoiced used to calculate the user rates.
PER

CHECK BOX TO CONFIRM THAT UNITS USED FOR EVALUATION WAS DISCUSSED AND CHOSEN BY COMMUNITY

PAGE #

10 **ANNUAL BUDGET / EXPENSES INDEX**

11 BANK BALANCES

12 TOTAL COMBINED CURRENT INCOME

13 EXPENSES

14 NON-SALES & OTHER REVENUE

BANGOR WATER

BALANCE PER BOOKS

BALANCES WERE OBTAINED ON DATE OF **Aug-24**

CHECKING ACCOUNTS

Name of Account / Description	Purpose	Balance
WATER		\$ 655,740
Total Balance		\$655,740

GENERAL CHECKING \$655,740

GENERAL RESERVE \$0

TOTAL AVAILABLE UNRESTRICTED	\$655,740
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RESTRICTED \$0

TOTAL CASH BALANCE	\$655,740
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APPLIED TO RESERVE ACCOUNTS

EQUIPMENT REPLACEMENT # 1	\$150,000
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CAPITAL IMPROVEMENT	\$150,000
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TOTAL APPLIED TO RESERVE ACCOUNTS	\$300,000
------------------------------------------	------------------

BALANCE REMAINING FOR ANNUAL EXPENSES	\$355,740
----------------------------------------------	------------------

GENERAL RESERVE ACCOUNTS

INCLUDING RRI, INTEREST & REDEMPTION - ETC

Name of Account / Description	Purpose	Balance
Total Balance		\$0

RESTRICTED MONEY - RESTRICTED RESERVE ACCOUNTS

ONLY BOND RESERVE TYPE ACCOUNTS

Name of Account / Description	Purpose	Balance
Total Balance		\$0

CURRENT REVENUE BASED ON CURRENT RATE CHARGES				
BANGOR WATER		RATE CLASS 2	RATE CLASS 3	2024
	BANGOR WATER	TOWNSHIP WATER	IRRIGATION METERS	REVENUE
	New Cost per Unit of Water Sold			NEW RATES
\$ PER 100 CUFT	\$4.660	\$6.990	\$4.660	
UNITS Sold	66,429	1,499	0	67,928
Income	\$309,560	\$10,477	\$0	\$320,037
METER SIZE				
NEW BASE RATE PER MONTH				
3/4	\$21.500	\$24.750	\$14.000	\$208,179
NO. CUSTOMERS	769	25	14	
INCOME	\$198,402.00	\$7,425.00	\$2,352.00	
1	\$32.50	\$41.25	\$0.00	\$9,360
NO. CUSTOMERS	24	0	0	
INCOME	\$9,360.00	\$0.00	\$0.00	
1 1/2	\$93.00	\$132.00	\$0.00	\$0
NO. CUSTOMERS	0	0	0	
INCOME	\$0.00	\$0.00	\$0.00	
2	\$123.00	\$177.00	\$0.00	\$19,188
NO. CUSTOMERS	13	0	0	
INVOICES PER YEAR	12	12	12	
ANNUAL INVOICES	156	0	0	
INCOME	\$19,188.00	\$0.00	\$0.00	
3	\$185.00	\$270.00	\$0.00	
NO. CUSTOMERS	1	0	0	
INVOICES PER YEAR	12	12	12	
ANNUAL INVOICES	12	0	0	
INCOME	\$2,220.00	\$0.00	\$0.00	
4	\$275.00	\$405.00	\$0.00	\$9,900
NO. CUSTOMERS	3	0	0	
INVOICES PER YEAR	12	12	12	
ANNUAL INVOICES	36	0	0	
INCOME	\$9,900.00	\$0.00	\$0.00	
6	\$0.00	\$0.00	\$0.00	
NO. CUSTOMERS	0	0	0	
INVOICES PER YEAR	12	12	12	
ANNUAL INVOICES	0	0	0	
INCOME	\$0.00	\$0.00	\$0.00	
CURRENT Fixed Income "RTS"				\$248,847
CURRENT VOLUME "UNITS WATER INVOICED" INCOME				\$320,037
CURRENT INCOME - GENERATED WITH CURRENT RATES RTS & UNITS INVOICED				\$568,884
LAST YEARS NON-SALES INCOME				\$81,360
LAST YEARS TOTAL COMBINED INCOME				\$650,244

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

PRIOR YEAR ACTUALS EXPENSES (COMPARISON PURPOSES ONLY)			ACCT #	BANGOR WATER EXPENSES	PROPOSED BUDGET FOR FISCAL YEAR	YEAR 2	YEAR 3	YEAR 4	YEAR 5
2021/2022	2022/2023	2023/2024				PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
ANNUAL PERCENT INCREASE					2024	2025	2026	2027	2028
						2.00%	2.00%	2.00%	2.00%
\$93,327	\$88,775	\$64,908	591-556-703.000	SALARY	\$65,000	\$66,300	\$67,626	\$68,979	\$70,358
\$43,759	\$29,138	\$37,633	591-556-706.000	HOURLY WAGES	\$40,000	\$40,800	\$41,616	\$42,448	\$43,297
\$1,376	\$521	\$626	591-556-706.001	OVERTIME	\$2,000	\$2,040	\$2,081	\$2,122	\$2,165
\$0	\$0	\$0	591-556-714.000	FRINGE BENEFITS	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	591-556-714.027	PAYMENT IN LEIU OF TAXES	\$0	\$0	\$0	\$0	\$0
\$10,527	\$9,225	\$6,587	591-556-715.000	FICA & MEDICARE	\$7,000	\$7,140	\$7,283	\$7,428	\$7,577
\$2,046	\$2,339	\$786	591-556-716.000	HEALTH INSURANCE	\$3,750	\$3,825	\$3,902	\$3,980	\$4,059
\$122,130	\$0	\$0	591-556-716.100	HEALTH INSURANCE-RETIREE	\$0	\$0	\$0	\$0	\$0
\$458	\$0	\$0	591-556-723.000	RETIREMENT CONTRIBUTIONS	\$0	\$0	\$0	\$0	\$0
\$19	\$209	\$101	591-556-724.000	UNEMPLOYMENT	\$500	\$510	\$520	\$531	\$541
\$808	\$5,450	\$429	591-556-725.000	WORK COMP	\$500	\$510	\$520	\$531	\$541
\$2,379	\$2,203	\$3,025	591-556-727.000	OFFICE SUPPLIES	\$4,800	\$4,896	\$4,994	\$5,094	\$5,196
\$12,997	\$13,859	\$20,579	591-556-740.000	OPERATING SUPPLIES	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
\$12,731	\$16,742	\$15,551	591-556-740.011	OPERATING SUPPLIES-WTR TRTMT	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
\$68,125	\$98,088	\$75,220	591-556-775.000	REPAIRS & MAINT	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
\$0	\$0	\$0	591-556-802.000	ENGINEERING	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$4,952	591-556-808.000	AUDIT	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
\$31,654	\$87,985	\$43,422	591-556-818.000	CONTRACTUAL SERVICES	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
\$0	\$1,098	\$7,954	591-556-818.001	CONTRACTUAL SERVICES LEAK-expense for service	\$10,000	\$10,200	\$10,404	\$10,612	\$10,824
\$0	\$0	\$0	591-556-818.004	MRWAWELLHEAD PROTECTION GRANT	\$0	\$0	\$0	\$0	\$0
\$566	\$203	\$5,426	591-556-818.005	CONTRACTUAL SERVICES	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
\$0	\$8,796	\$0	591-556-826.000	LEGAL FEES	\$0	\$0	\$0	\$0	\$0
\$908	\$2,736	\$1,952	591-556-850.000	COMMUNICATIONS	\$2,000	\$2,040	\$2,081	\$2,122	\$2,165
\$2,145	\$1,008	\$613	591-556-864.000	MEMBERSHIP AND DUES	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082
\$1,295	\$1,073	\$133	591-556-900.000	PRINTING & PUBLISHING	\$500	\$510	\$520	\$531	\$541
\$334	\$9,026	\$4,458	591-556-910.000	INSURANCE & BONDS	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
\$22,709	\$26,638	\$25,384	591-556-920.000	UTILITIES	\$27,000	\$27,540	\$28,091	\$28,653	\$29,226
\$32,000	\$70,000	\$0	591-556-943.000	EQUIPMENT RENTAL Motor	\$75,000	\$76,500	\$78,030	\$79,591	\$81,182
\$3,786	\$2,875	\$931	591-556-956.001	EDUCATION & TRAINING	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
\$0	\$0	\$0	591-556-964.000	REFUNDS AND REBATES	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	591-556-967.000	GRANT EXPENDITURES-DWAM	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	591-556-968.000	DEPRECIATION	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	591-556-976.000	BUILDING IMPROVEMENTS	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	591-556-977.000	NEW EQUIPMENT	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	591-556-995.000	INTEREST	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
\$466,079	\$477,986	\$320,669		TOTAL	\$327,050	\$333,591	\$340,263	\$347,068	\$354,009

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

BANGOR WATER						YEAR 2	YEAR 3	YEAR 4	YEAR 5
ACCOUNT #	NON-SALES & OTHER REVENUE	2022/2023	2023/2024	2023/2024	2024	2025	2026	2027	2028
	Leak protection fee				\$360				
591-000-452.000	PLUMBING PERMITS	\$0	\$0	\$0	\$0				
591-000-529.003	STATE GRANT REVENUE	\$0	\$0	\$0	\$0				
591-000-529.004	STATE GRANTS - DWAM	\$0	\$0		\$0				
591-000-545.000	FEDERAL GRANTS	\$0	\$0	\$0	\$0				
591-000-642.000	CHARGES FOR SERVICE	\$0	\$0	\$0	\$0				
591-000-642.001	LEAK PROTECTION	\$13,800	\$13,284	\$12,486	\$15,000				
591-000-642.002	WATER LINE REPLACEMENT	\$2,317	\$2,243	\$2,493	\$2,500				
591-000-642.003	CAPITAL IMPROVEMENT	\$0	\$47,605	\$46,525	\$45,000				
591-000-646.000	DELINQUENT FEES	\$13,334	\$11,420	-\$8,331	\$15,000				
591-000-647.000	WATER ON/OFF	\$1,290	\$4,103	\$750	\$2,000				
591-000-665.000	INTEREST INCOME	\$0	\$0	\$0	\$0				
591-000-669.000	EQUIPMENT RENTAL								
591-000-670.000	DEVELOPER CONTRIBUTIONS	\$0	\$0	\$0	\$0				
591-000-673.000	CONTRIBUTIONS FROM OTHER	\$0	\$0	\$0	\$0				
591-000-694.000	MISCELLANEOUS INCOME	\$1,150	\$2,265	\$5,350	\$1,000				
591-000-695.000	INCOME (DECREASE IN OPEB LIABILITY)	\$0	\$0	\$0	\$0				
591-000-695.001	ADMINISTRATION FEE	\$386	\$371	\$350	\$500				
591-000-699-500	Transfer from fund balance				\$0				
TOTAL INCOME (NON SALES)		\$32,278	\$81,291	\$59,622	\$81,360	\$0	\$0	\$0	\$0
AVERAGE NON SALES INCOME			\$56,785	\$57,731	\$63,638	\$55,568	\$35,246	\$20,340	\$0
Portion of (Non Sales) Revenue Guaranteed :						\$0	\$0	\$0	\$0
Percent Applied Towards Fixed Rate RTS Charge - PERCENT applied per REU					41%	41%	41%	41%	41%
ANNUAL DOLLARS APPLIED TOWARDS FIXED BUDGET - BASE RATE - RTS					\$0	\$0	\$0	\$0	\$0
TOTAL ANNUAL RESIDENTIAL EQUIVALENT UNITS "REU'S"					12,520	12,520	12,520	12,520	12,520
REDUCTION PER REU PER BILLING PERIOD					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ANNUAL DOLLARS APPLIED TOWARDS VARIABLE BUDGET - PER UNIT					\$0	\$0	\$0	\$0	\$0
ANNUAL UNITS OF WATER OR SEWER INVOICED					65,630	65,630	65,630	65,630	65,630
REDUCTION PER UNIT OF WATER OR SEWER					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Capital Improvement fee is now included in the RTS

A portion of this revenue will be re-applied back to the water budget to help lower the water rates.

15	<u>CAPITAL IMPROVEMENT & EQUIPMENT REPLACEMENT INDEX</u>
16	SHORT LIVED ASSET REPLACEMENT LIST PART 1
17	SHORT LIVED ASSET REPLACEMENT LIST PART 2
18	SHORT LIVED ASSEST REPLACEMENT FUND RUNNING BALANCE
19	CAPITAL IMPROVEMENT PROJECTS SUMMARY
20	CAPITAL IMPROVEMENT FUND RUNNING BALANCE

BANGOR WATER
EQUIPMENT REPLACEMENT SHORT LIVED ASSETS

2024

SHORT LIVED ASSETS SOMEWHERE BETWEEN 0-15 OR 20 YEARS

YOUR ANTICIPATED NORMAL INTENDED USEFUL LIFE OR YEARS BETWEEN REHAB SHOULD BE BASED ON PAST MAINTENANCE HISTORY, WELL MAINTENANCE RECORDS AND WATER TOWER INSPECTION REPORTS. - A COPY OF THESE REPORTS SHOULD BE INCLUDED IN YOUR RATE EVALUATION AS AN ATTACHMENT OR APPENDIX --- ALSO NOTE; IF YOU ARE APPLYING FOR A USDA RURAL DEVELOPMENT GRANT OR HOPE TO GET A USDA GRANT - THE REMAINING YEARS OF LIFE FOR ANY EQUIPMENT CAN NOT EXCEED 15 YEARS. FOR ANYTHING - WATER METERS WATER TOWER PAINTING ETC. ONCE THE USEFUL LIFE OR NEXT ANTICIPATED MAINTENANCE IS LESS THAN 15 YEARS AWAY IT CAN BE LISTED HERE,

FIXED ASSET INVENTORY		ASSET REPLACEMENT SCHEDULE							
EQUIPMENT LIST / MAINTENANCE ACTIVITY	DESCRIPTION / MAINTENANCE HISTORY	ORIGINAL INSTALLATION YEAR OR <u>LAST REHAB YEAR</u>	ESTIMATED NORMAL INTENDED USEFUL LIFE	CURRENT AGE	NEXT ANTICIPATED REPLACEMENT YEAR	REMAINING LIFE - YEARS BEFORE REPLACEMENT	TOTAL REPLACEMENT COST	PERCENT OF ASSET LEFT	REPLACEMENT MONEY RESERVED ANNUALLY
Well #7 Cleaning	Chemical Cleaning	2020	10	4	2030	6	\$10,000	60%	\$1,000
Well #7 Pump Rehab	In need of rehab	2012	15	12	2027	3	\$15,000	20%	\$1,000
Well #7 Motor Replacement	Motor is getting old	2010	20	14	2030	6	\$15,000	30%	\$750
Well # 7 Panel Updates	Panel needs updates	2010	15	14	2025	1	\$15,000	7%	\$1,000
Well #7 SCADA	Updates needed	2015	15	9	2030	6	\$10,000	40%	\$667
Well #7 VFD	New VFD	2024	10	0	2034	10	\$10,000	100%	\$1,000
Well House #7 Building Maintenance	New Roof and Paint	2010	20	14	2030	6	\$20,000	30%	\$1,000
Well #3 Cleaning	Chemical Cleaning	2017	10	7	2027	3	\$15,000	30%	\$1,500
Well #3 Pump Rehab	In need of rehab	2010	15	14	2025	1	\$15,000	7%	\$1,000
Well #3 Motor Replacement	Motor is getting old	2012	20	12	2032	8	\$15,000	40%	\$750
Well House #3 Building Maintenance	New Roof and Paint	2005	20	19	2025	1	\$20,000	5%	\$1,000
Well #8 Cleaning	Chemical Cleaning	2023	10	1	2033	9	\$15,000	90%	\$1,500
Well #8 Pump Rehab	In need of rehab	2023	15	1	2038	14	\$15,000	93%	\$1,000
Well #8 Motor Replacement	Motor is New	2023	15	1	2038	14	\$15,000	93%	\$1,000
Well House #8 Building Maintenance	New Roof and Paint	2023	20	1	2043	19	\$20,000	95%	\$1,000

BANGOR WATER
EQUIPMENT REPLACEMENT SHORT LIVED ASSETS

2024

SHORT LIVED ASSETS SOMEWHERE BETWEEN 0-15 OR 20 YEARS

YOUR ANTICIPATED NORMAL INTENDED USEFUL LIFE OR YEARS BETWEEN REHAB SHOULD BE BASED ON PAST MAINTENANCE HISTORY, WELL MAINTENANCE RECORDS AND WATER TOWER INSPECTION REPORTS. - A COPY OF THESE REPORTS SHOULD BE INCLUDED IN YOUR RATE EVALUATION AS AN ATTACHMENT OR APPENDIX --- ALSO NOTE; IF YOU ARE APPLYING FOR A USDA RURAL DEVELOPMENT GRANT OR HOPE TO GET A USDA GRANT - THE REMAINING YEARS OF LIFE FOR ANY EQUIPMENT CAN NOT EXCEED 15 YEARS. FOR ANYTHING - WATER METERS WATER TOWER PAINTING ETC. ONCE THE USEFUL LIFE OR NEXT ANTICIPATED MAINTENANCE IS LESS THAN 15 YEARS AWAY IT CAN BE LISTED HERE,

FIXED ASSET INVENTORY		ASSET REPLACEMENT SCHEDULE							
EQUIPMENT LIST / MAINTENANCE ACTIVITY	DESCRIPTION / MAINTENANCE HISTORY	ORIGINAL INSTALLATION YEAR OR LAST REHAB YEAR	ESTIMATED NORMAL INTENDED USEFUL LIFE	CURRENT AGE	NEXT ANTICIPATED REPLACEMENT YEAR	REMAINING LIFE - YEARS BEFORE REPLACEMENT	TOTAL REPLACEMENT COST	PERCENT OF ASSET LEFT	REPLACEMENT MONEY RESERVED ANNUALLY
Well #9 Cleaning	Chemical Cleaning	2015	10	9	2025	1	\$15,000	10%	\$1,500
Well #9 Pump Rehab	In need of rehab	2015	15	9	2030	6	\$15,000	40%	\$1,000
Well #9 Motor Replacement	Motor is getting old	2012	15	12	2027	3	\$15,000	20%	\$1,000
Well #9 Building Maintenance	New Roof and Paint	2010	20	14	2030	6	\$20,000	30%	\$1,000
Well #9 Panel Updates	In need of rehab	2015	15	9	2030	6	\$10,000	40%	\$667
Well #9 SCADA	New VFD	2024	10	0	2034	10	\$10,000	100%	\$1,000
Water Tower Inter wet painting		2012	20	12	2032	8	\$75,000	40%	\$3,750
Water Tower paint ext		2012	20	12	2032	8	\$75,000	40%	\$3,750
Water Tower Alarms		2012	15	12	2027	3	\$5,000	20%	\$333
GENERATOR		2012	20	12	2032	8	\$5,000	40%	\$250
RELIABILITY STUDY		2015	5	9	2020	-4	\$10,000	-80%	\$2,000
METERS AT WELL 7		2010	20	14	2030	6	\$5,000	30%	\$250
METERS AT WELL 3		2010	20	14	2030	6	\$5,000	30%	\$250
METERS AT WELL 8		2010	20	14	2030	6	\$5,000	30%	\$250
METERS AT WELL 9		2010	20	14	2030	6	\$5,000	30%	\$250
AMP		2018	5	6	2023	-1	\$10,000	-20%	\$2,000
WELL HEAD PROTECTION		2018	5	6	2023	-1	\$10,000	-20%	\$2,000
CUSTOMER METERS	50/50 SPLIT W/ SEWER	2024	15	0	2039	15	\$165,000	100%	\$11,000

							\$685,000	37%	\$ 47,417
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EQUIPMENT REPLACEMENT SHORT LIVED ASSETS - RUNNING BALANCE SHEET				
			COST OF LIVING INCREASE	2.00%
			CURRENT RESERVE BALANCE APPLIED TO THIS ACCOUNT - INCLUDES RRI BALANCE	\$150,000
			AVG. INTEREST RATE IN SAVINGS	0.10%
ANNUAL COLA ADJUSTMENT AS ADOPTED BY COUNCIL			0.00%	
Annual Funding Applied to Budget / Rates			\$50,000	
YEAR	PURPOSE	ANNUAL REPLACEMENT EXPENDITURES WITH C.O.L.	FUNDING WITH COLA	RUNNING BALANCE
2024	SEE EQUIPMENT LIST FOR DETAILS OF ANTICIPATED PURCHASES	\$0	\$50,000	\$200,200
2025		\$76,500	\$50,000	\$173,900
2026		\$0	\$50,000	\$224,074
2027		\$53,000	\$50,000	\$221,298
2028		\$21,600	\$50,000	\$249,919
2029		\$0	\$50,000	\$300,169
2030		\$145,600	\$50,000	\$204,870
2031		\$0	\$50,000	\$255,074
2032		\$197,200	\$50,000	\$108,130
2033		\$41,300	\$50,000	\$116,938
2034		\$24,000	\$50,000	\$143,055
2035		\$30,500	\$50,000	\$162,698
2036		\$0	\$50,000	\$212,860
2037		\$18,900	\$50,000	\$244,173
2038		\$64,000	\$50,000	\$230,417
2039		\$214,500	\$50,000	\$66,148
2040		\$66,000	\$50,000	\$50,214
2041		\$0	\$50,000	\$100,264
2042		\$47,600	\$50,000	\$102,764
2043		\$75,900	\$50,000	\$76,967
2044		\$28,000	\$50,000	\$99,044
				\$231,000

CAPITAL IMPROVEMENT RUNNING BALANCE PROJECTIONS & ANNUAL FUNDING			
ANNUAL COST OF LIVING INCREASE TO PROJECTS		2.00%	
RESERVE BALANCE APPLIED TO CAPITAL IMPROVEMENTS		\$150,000	
AVG. INTEREST RATE IN SAVINGS		0.00%	
IF AN ANNUAL COLA RATE ADJUSTMENT PERCENT OF		2.00%	
<p>RUNNING BALANCE COLUMN REFLECTS THIS FUND ONLY. THE AVERAGE ANNUAL FUNDING DOES NOT REFLECT ANY EXTRA REVENUE GENERATED BY FUTURE ANNUAL RATE INCREASES. FOR A TRUE RUNNING BALANCE OF THE OVERALL HEALTH OF THE WATER SYSTEM SEE THE 10 YEAR</p>			
YEAR	ANNUAL EXPENDITURES	AVERAGE ANNUAL FUNDING AMOUNT IN RATE BUDGET	RUNNING BALANCE
2024	\$0	\$195,000	\$345,000
2025	\$0	\$198,900	\$547,800
2026	\$624,000	\$202,878	\$130,656
2027	\$0	\$206,936	\$341,649
2028	\$0	\$211,074	\$556,862
2029	\$0	\$215,296	\$776,379
2030	\$0	\$219,602	\$1,000,287
2031	\$0	\$223,994	\$1,228,673
2032	\$0	\$228,474	\$1,461,626
2033	\$0	\$233,043	\$1,699,239
2034	\$0	\$237,704	\$1,941,603
2035	\$366,000	\$242,458	\$1,822,815
2036	\$0	\$247,307	\$2,074,972
2037	\$0	\$252,253	\$2,332,171
2038	\$0	\$257,298	\$2,594,515
2039	\$0	\$262,444	\$2,862,105
2040	\$3,465,000	\$267,693	(\$329,953)
2041	\$0	\$273,047	(\$51,552)
2042	\$0	\$278,508	\$232,417
2043	\$0	\$284,078	\$522,065
2044	\$0	\$289,760	\$817,507

CITY OF BANGOR

WATER RATE

CALCULATION REPORT

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MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

FINAL ANALYSIS RATE CALCULATION - CURRENT FISCAL YEAR		2024				RTS CHARGE		VOLUME CHARGE	
BANGOR WATER		ANNUAL BUDGET		PERCENT FIXED EXPENSES	ASSIGNED AS FIXED EXPENSES	COST PER METER EQUIVALENT	ASSIGNED AS VARIABLE EXPENSES	\$ COST PER 100 CUBIC FEET	
EXPENSES		\$327,050		41%	\$133,158	\$10.64	\$193,892	\$2.919	
OPERATION & MAINTENANCE EXPENSES		\$327,050			\$133,158	\$10.64	\$193,892	\$2.919	
DEBT - PRINCIPAL & INTEREST ANNUAL PAYMENTS									
		\$0		100%	\$0	\$0.00	\$0	\$0.00	
NEW ANTICIPATED CAPITAL LOANS									
		\$0		100%	\$0	\$0.00	\$0	\$0.00	
ANNUAL DEBT PAYMENTS PRINCIPAL & INTEREST		\$0			\$0	\$0.00	\$0	\$0.00	
ANNUAL O & M + DEBT		\$327,050			\$133,158	\$10.64	\$193,892	\$2.92	
NON SALES INCOME		\$0			\$0	0.000	\$0	0.000	
REVENUE COLLECTED THROUGH RATES		\$327,050			\$133,158		\$193,892		
CALCULATED RATE O & M + DEBT		METER EQUIVALENT		MONTH		\$10.64		\$2.92	
				CURRENT RATE		\$21.50		\$4.66	
				INCREASE		(\$10.86)		(\$1.74)	
				PERCENT INCREASE		-51%		-37%	
OVERALL PERCENT INCREASE FOR GALLONS OF		4,000		0%					
RESERVES									
EQUIPMENT REPLACEMENT AVERAGE ANNUAL BUDGETED AMOUNT		\$50,000		100%	\$50,000	\$3.99	\$0	\$0.00	
EQUIPMENT REPLACEMENT & RESERVE REQUIREMENTS		\$50,000			\$50,000	\$3.99	\$0	\$0.00	
CAPITAL IMPROVEMENT AVERAGE ANNUAL BUDGETED AMOUNT		\$195,000		41%	\$79,394	\$6.34	\$115,606	\$1.74	
PREP FOR FUTURE LOAN		\$0			\$0				
BUDGETED ADDITIONAL REVENUE FROM VOLUME SALES		\$0					\$0	\$0.00	
CAPITAL + ADDITIONAL FUNDING		\$195,000			\$79,394	\$6.34	\$115,606	\$1.74	
CAPITAL + EQUIPMENT & RRI RESERVES		\$245,000			\$129,394	\$10.33	\$115,606	\$1.74	
ADOPTED BUDGET		\$572,050			\$262,553		\$309,497		
				40.72%	46%		54%		
REVENUE COLLECTED CALCULATED RATES		\$572,050			\$262,553		\$309,497		
REVENUE COLLECTED CURRENT RATES		\$568,884							
CALCULATED RATE PER METER EQUIVALENT				PER MONTH		\$20.97	RATE PER 100 CUFT	\$4.66	
ANNUAL METER EQUIVALENTS / REU'S COUNT 12,520				CURRENT RATES		\$21.50		\$4.66	
ANTICIPATED EQUIVALENT GALLONS / UNITS 66,416				PERCENT INCREASE		-2.5%		0.0%	
INVOICES PER YEAR 12				INCREASE OF		(\$0.53)		\$0.00	
NOTES		PERCENT RESERVE		42.8%					

SUMMARY OF NEW CHARGES "ALL ENTITIES"

BANGOR WATER						TOWNSHIP WATER		IRRIGATION METERS	
	CURRENT	NEW	DIFFERENCE			CURRENT	NEW	CURRENT	NEW
PER 100 CUFT	\$4.66	\$4.66	\$0.00			\$6.99	\$6.99	\$4.66	\$4.66
2024	CURRENT	NEW	DIFFERENCE PER MONTH		DIFFERENCE / 3	CURRENT	NEW	CURRENT	NEW
METER SIZE IN INCHES	READY TO SERVE PER MONTH	READY TO SERVE PER MONTH	METER RATIO FACTOR - REU'S PER METER SIZE			READY TO SERVE PER MONTH	READY TO SERVE PER MONTH	READY TO SERVE PER MONTH	
3/4	\$21.50	\$20.97	1.00	-\$0.53	-\$0.18	\$24.75	\$24.14	\$14.00	\$13.66
1	\$32.50	\$37.28	1.78	\$4.78	\$1.59	\$41.25	\$42.92	\$0.00	\$24.28
1 1/2	\$93.00	\$83.88	4.00	-\$9.12	-\$3.04	\$132.00	\$96.56	\$0.00	\$54.62
2	\$123.00	\$149.12	7.11	\$26.12	\$8.71	\$177.00	\$171.67	\$0.00	\$97.10
3	\$185.00	\$335.53	16.00	\$150.53	\$50.18	\$270.00	\$386.25	\$0.00	\$218.48
4	\$275.00	\$596.50	28.44	\$321.50	\$107.17	\$405.00	\$686.66	\$0.00	\$388.42
6	\$0.00	\$1,342.11	64.00	\$1,342.11	\$447.37	\$0.00	\$1,544.99	\$0.00	\$873.93
8	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

These are the rates calculated for each meter size. Also for the cost per unit of water sold for each entity.

TYPICAL BILL COMPARISON USING NEW RATES							
BANGOR WATER							
		<u>CURRENT RATES</u>		<u>NEW / CALCULATED RATES</u>			
		RTS	\$21.50	\$20.97			
		COST PER UNIT	\$4.66	\$4.66			
		COST PER UNIT OF WATER	\$4.66	MONTHLY			\$ PER 100 CUFT
METER SIZE IN INCHES	CUBIC FT USED	VOLUME CHARGE	BASE RATE CHARGE	NEW BILL	OLD BILL	CHANGE IN BILL	PERCENT INCREASE
3/4	1,000	\$46.60	\$20.97	\$67.57	\$68.10	(\$0.53)	-0.8%
3/4	3,000	\$139.80	\$20.97	\$160.77	\$161.30	(\$0.53)	-0.3%
3/4	4,000	\$186.40	\$20.97	\$207.37	\$207.90	(\$0.53)	-0.3%
3/4	6,000	\$279.60	\$20.97	\$300.57	\$301.10	(\$0.53)	-0.2%
3/4	10,000	\$466.00	\$20.97	\$486.97	\$487.50	(\$0.53)	-0.1%
1	50,000	\$2,330.00	\$37.28	\$2,367.28	\$2,362.50	\$4.78	0.2%
1 1/2	75,000	\$3,495.00	\$83.88	\$3,578.88	\$3,588.00	(\$9.12)	-0.3%
2	25,000	\$1,165.00	\$149.12	\$1,314.12	\$1,288.00	\$26.12	2.0%
3	200,000	\$9,320.00	\$335.53	\$9,655.53	\$9,505.00	\$150.53	1.6%
4	100,000	\$4,660.00	\$596.50	\$5,256.50	\$4,935.00	\$321.50	7%
6	400,000	\$18,640.00	\$1,342.11	\$19,982.11	\$18,640.00	\$1,342.11	7%
8	500,000	\$23,300.00	\$0.00	\$23,300.00	\$23,300.00	\$0.00	0%
GALLONS INCLUDED MIN BILL				0	0		

CALCULATED REVENUE		PERCENT INCREASE ON "RTS"									
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	
CALCULATED RATE CHARGE PER "METER EQUIVALENT" / REU	\$20.97	\$21.39	\$21.82	\$22.25	\$22.70	\$23.15	\$23.62	\$24.09	\$24.57	\$25.06	
ANNUAL METER EQUIVALENTS / REU'S COUNT	12,520	12,520	12,520	12,520	12,520	12,520	12,520	12,520	12,520	12,520	
REVENUE FROM METER EQUIVALENT CHARGE (RTS)	\$262,552.68	\$267,803.73	\$273,159.81	\$278,623.00	\$284,195.46	\$289,879.37	\$295,676.96	\$301,590.50	\$307,622.31	\$313,774.75	
		PERCENT INCREASE ON COST PER UNIT									
		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
CALCULATED RATE CHARGE PER UNIT OF WATER / SEWER	\$4.66	\$4.75	\$4.85	\$4.95	\$5.04	\$5.15	\$5.25	\$5.35	\$5.46	\$5.57	
REVENUE FROM VOLUME SALES	\$309,497.32	\$315,687.27	\$322,001.01	\$328,441.03	\$335,009.85	\$341,710.05	\$348,544.25	\$355,515.14	\$362,625.44	\$369,877.95	
NON-SALES / OTHER REVENUE											
TOTAL NON-SALES & OTHER INCOME	\$62,860	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL NON-SALES & OTHER INCOME APPLIED TO WATER BUDGET	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL COMBINED REVENUE	\$572,050	\$583,491	\$595,161	\$607,064	\$619,205	\$631,589	\$644,221	\$657,106	\$670,248	\$683,653	

EXPENSES	BUDGET FOR FISCAL YEARS STARTING					2029	2030	2031	2032	2033
	2024	2025	2026	2027	2028					
	PERCENT INCREASE (COST OF LIVING ETC) <i>ON BUDGET</i>									
EXPENSES		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENSES	\$327,050	\$333,591	\$340,263	\$347,068	\$354,009	\$361,090	\$368,311	\$375,678	\$383,191	\$390,855
TOTAL O&M EXPENSES	\$327,050	\$333,591	\$340,263	\$347,068	\$354,009	\$361,090	\$368,311	\$375,678	\$383,191	\$390,855
DEBT EXPENSES - PRINCIPAL & INTEREST		2025	2026	2027	2028	2029	2030	2031	2032	2033
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>NEW ANTICIPATED CAPITAL LOANS</i>										
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL DEBT PAYMENTS PRINCIPAL & INTEREST	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NEW BUDGET LINE ITEMS STARTING YEAR 2			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NEW BUDGET LINE ITEMS STARTING YEAR 2			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MINIMUM REQUIRED EXPENSES / BUDGET	\$327,050	\$333,591	\$340,263	\$347,068	\$354,009	\$361,090	\$368,311	\$375,678	\$383,191	\$390,855
GAINS / LOSSES <i>BEFORE</i> EQUIPMENT & CAPITAL EXPENSES	\$245,000	\$249,900	\$254,898	\$259,996	\$265,196	\$270,500	\$275,910	\$281,428	\$287,057	\$292,798
EQUIPMENT REPLACEMENT ANTICIPATED ACTUAL EXPENDITURES	\$0	\$76,500	\$0	\$53,000	\$21,600	\$0	\$145,600	\$0	\$197,200	\$41,300
CAPITAL IMPROVEMENT <i>ANTICIPATED EXPENDITURES</i>	\$0	\$0	\$624,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COMBINED EQUIPMENT & CAPITAL ACTICIPATED EXPENDITURES	\$0	\$76,500	\$624,000	\$53,000	\$21,600	\$0	\$145,600	\$0	\$197,200	\$41,300
TOTAL ANTICIPATED ACTUAL CASH ANNUAL EXPENDITURES	\$327,050	\$410,091	\$964,263	\$400,068	\$375,609	\$361,090	\$513,911	\$375,678	\$580,391	\$432,155
GAINS / LOSS FOR FISCAL YEAR - <i>AFTER</i> EQUIPMENT & CAPITAL EXPENDITURES	\$245,000	\$173,400	-\$369,102	\$206,996	\$243,596	\$270,500	\$130,310	\$281,428	\$89,857	\$251,498
<i>STARTING</i> CASH AVAILABLE / BANK BALANCE	\$655,740									
<i>ENDING</i> CASH AVAILABLE / BANK BALANCE	\$900,740	\$1,074,140	\$705,038	\$912,034	\$1,155,630	\$1,426,130	\$1,556,439	\$1,837,867	\$1,927,724	\$2,179,222

BANGOR WATER

COST PER	CURRENT RATES	CALCULATED RATES	DIFFERENCE
100 CUFT	\$4.66	\$4.660	\$0.00
READY TO SERVE (RTS) CHARGES PER MONTH			
METER SIZE IN INCHES	CURRENT RATES	CALCULATED RATES	DIFFERENCE
3/4	\$21.50	\$20.971	(\$0.53)
1	\$32.50	\$37.28	\$4.78
1 1/2	\$93.00	\$83.88	(\$9.12)
2	\$123.00	\$149.12	\$26.12
3	\$185.00	\$335.53	\$150.53
4	\$275.00	\$596.50	\$321.50

The above rates are based on an input budget of	\$572,050
The above rates are based on invoicing the following gallons of water / sewer	6,562,968
The above rates are based on the following number of customers	849
The above rates are based on the following number of Residential Equivalent Units (REU's)	12,520

If all numbers listed above stay true the new calculated rates will generate the input budget "exactly". Not a penny more or a penny less.

This Rate Analysis uses "Full Cost Pricing" to determine the user fees.

The above table shows the Current Rate, the new Calculated Rate, and the difference between the current and new rate changes.

Full Cost Pricing Is:

Maintaining your system's financial stability by ensuring a sufficient revenue stream.

Collect and reserve the funds needed to cover the costs of future asset rehabilitation and compliance with future regulations, among other things.

Plan ahead for reasonable, gradual rate increases when necessary.

Deliver a fair priced, high-quality drinking water to your customers now and in the future.

NOTE:

The above CALCULATED RATES will generate only enough to meet the current budge input into the rate analysis program. In order to charge a lesser amount, the budget must first be reduced.

This page provides confirmation of income based on the results of the rate analysis, if the calculated rates below are adopted. It only applies to this current or upcoming fiscal year. See five year projections for additional information.					
CONFIRMATION OF INCOME - BASED ON CALCULATED RATES - ALL EN					
BANGOR WATER			RATE CLASS 2	RATE CLASS 3	2024
	BANGOR WATER	TOWNSHIP WATER	IRRIGATION METERS	REVENUE	
	New Cost per Unit of Water Sold			NEW RATES	
\$ PER 100 CUFT	\$4.660	\$6.990	\$4.660		
UNITS Sold	64,058	1,572	0	65,630	
Income	\$298,508	\$10,989	\$0	\$309,497	
NON SALES INCOME APPLIED TO VARIABLE BUDGET				\$0	
TOTAL ANTICIPATED REVENUE PER UNIT SALES				\$309,497	
METER SIZE	NEW BASE RATE PER MONTH				
3/4	\$20.971	\$24.140	\$13.655		
NO. CUSTOMERS	769	25	14		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	9,228	300	168		
INCOME	\$193,516.06	\$7,242.15	\$2,294.08	\$203,052	
1	\$37.28	\$42.92	\$24.28		
NO. CUSTOMERS	24	0	0		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	288	0	0		
INCOME	\$10,736.91	\$0.00	\$0.00	\$10,737	
1 1/2	\$83.88	\$96.56	\$54.62		
NO. CUSTOMERS	0	0	0		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	0	0	0		
INCOME	\$0.00	\$0.00	\$0.00	\$0	
2	\$149.12	\$171.67	\$97.10		
NO. CUSTOMERS	13	0	0		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	156	0	0		
INCOME	\$23,263.31	\$0.00	\$0.00	\$23,263	
3	\$335.53	\$386.25	\$218.48		
NO. CUSTOMERS	1	0	0		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	12	0	0		
INCOME	\$4,026.34	\$0.00	\$0.00	\$4,026	
4	\$596.50	\$686.66	\$388.42		
NO. CUSTOMERS	3	0	0		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	36	0	0		
INCOME	\$21,473.82	\$0.00	\$0.00	\$21,474	
6	\$1,342.11	\$1,544.99	\$873.93		
NO. CUSTOMERS	0	0	0		
INVOICES PER YEAR	12	12	12		
ANNUAL INVOICES	0	0	0		
INCOME	\$0.00	\$0.00	\$0.00	\$0	
Fixed Income				\$262,553	
NON SALES INCOME APPLIED TO FIXED BUDGET				\$0	
TOTAL ANTICIPATED REVENUE BASE RATE / RTS + NONE SALES INCOME				\$262,553	
TOTAL COMBINED CUSTOMER INCOME = BASE RATE + VOLUME INCOME				\$572,050	
TOTAL COMBINED CUSTOMER INCOME				\$572,050	
Budget Goal				\$572,050	
Difference				\$0	

Memo

To: Mayor Farmer
City Manager Weber
Mayor Pro-Tem Martinez – Serratos
Councilmember Uplinger
Councilmember McCrumb
Councilmember Rivers
Councilmember Muenzer
Councilmember Garcia

From: Stephenie Cagle, Treasurer

cc: N/A

Date: 11/13/2024

Re: City Council Meeting 11/18/2024

As part of the 2022-2023 audit process, it has come to our attention that the City's Fire Fund, Sewer Fund, and Motor Pool Fund are currently experiencing deficits. The State of Michigan requires governmental entities to submit a **deficit elimination plan** when any fund is found to have a deficit at the close of a fiscal year. This memo outlines the steps the City will need to take to address these deficits and comply with state regulations.

1. Overview of the Deficits

The three funds with deficits are as follows:

- **Fire Fund:** This fund is responsible for funding fire equipment, and operational costs. The deficit in this fund is primarily due to expenditures incurred for fire hydrants and adjustments for delinquent taxes that a transfer was missed.
- **Sewer Fund:** The Sewer Fund is dedicated to the operation, maintenance, and repair of the City's sewer system. The deficit here may be attributed to higher operational costs and repairs.
- **Motor Pool Fund:** This fund maintains and replaces the City's fleet of vehicles. The deficit in this fund could be linked to high repair costs and an aging fleet.

2. State of Michigan Deficit Elimination Requirements

According to the Michigan Department of Treasury, any local government that experiences a fund deficit at the end of the fiscal year must submit a **Deficit Elimination Plan** (DEP) within **180 days** of the audit report date. The plan should outline how the City intends to eliminate the deficit within a reasonable time frame.

The City is required to submit the DEP for each of the funds with deficits, specifying the following:

- **The cause of the deficit.**
- **Specific actions that will be taken to eliminate the deficit.**
- **A timeline for eliminating the deficit** (typically, this should be no longer than three years).
- **Revenue or expenditure adjustments** that will be implemented to restore the fund balance to positive territory.
- **Projected financial improvements** for the affected funds.

3. Proposed Steps for Addressing the Deficits

We have outlined a preliminary plan for addressing the deficits in the Fire Fund, Sewer Fund, and Motor Pool Fund. These steps will be refined and formalized in the Deficit Elimination Plans to be submitted to the State:

Fire Fund:

- **Review expenditures** related to capital improvements and equipment purchases to determine if these can be postponed or reallocated.

Sewer Fund:

- **Increase utility rates** if permissible, or restructure fee schedules to ensure long-term sustainability of the fund.
- **Apply for state or federal grants** that could assist with operational or capital costs.
- **Review contracts and services** to identify opportunities for cost-saving measures, such as renegotiating with service providers or reducing non-essential expenditures.

Motor Pool Fund:

- **Implement a vehicle replacement schedule** to ensure that capital purchases are spread over time, minimizing unplanned expenses.
- **Reevaluate maintenance costs** to see if there are efficiencies to be gained in repair and upkeep.
- **Consider charging user departments more** for vehicle use, ensuring that the fund is self-sustaining.

4. Next Steps and Timeline

- **Deficit Elimination Plans (DEPs):** We have drafted detailed Deficit Elimination Plans for each of the funds with deficits. These plans will be submitted to the State of Michigan within the required timeframe.
- **Council Review and Approval:** The proposed DEPs will be presented to the City Council for review and approval before submission to the state. The Council will be asked to approve any necessary budgetary adjustments or revenue changes.

- **Implementation and Monitoring:** Once the DEPs are approved by the state, the City will begin implementing the outlined measures and will regularly report on progress toward eliminating the deficits.

5. Conclusion

Addressing the deficits in the Fire Fund, Sewer Fund, and Motor Pool Fund is a priority for the City to ensure compliance with state requirements and to restore financial stability to these critical operational funds. The proposed Deficit Elimination Plans will provide a clear path forward and allow the City to take the necessary steps to address these deficits promptly.

I will keep the Council updated on the progress of these plans and will present the finalized DEPs for approval in the coming weeks. Please feel free to reach out if you have any questions or concerns.

City of Bangor

Financial Statements

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

To the Honorable Mayor, City Council, and Management
 City of Bangor
 Bangor, Michigan

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified 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 Bangor (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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Major Streets Fund	Unmodified
Local Streets Fund	Unmodified
Sewer Fund	Unmodified
Water Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with account principles generally accepted in the United States of America.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City, as of June 30, 2023, and the 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.

Unmodified Opinions on Governmental Activities, Business-type Activities, and Each Major Fund

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

Basis for Adverse, Qualified, and Unmodified Opinions

The financial statements referred to above do not include financial data for the Bangor Housing Commission, one of the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units would have been presented with the inclusion of the Bangor Housing Commission. In addition, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures of the aggregate remaining fund information would have included the Bangor Housing Commission.

Fund Deficits

As of June 30, 2023, the City has an unrestricted deficit net position in the Sewer Fund of \$156,321, an unrestricted deficit net position in the Motor Vehicle Pool Fund of \$94,833 and an unassigned deficit fund balance in the Bangor Fire District Fund of \$44,295, which resulted from operating deficits. The deficits and status of the City's Deficit Elimination Plans that are required by the Michigan Department of Treasury, are disclosed in Note 2. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

As described in Note 12 to the financial statements, there was an error in the alternative measurement method calculation of the total OPEB liability in the prior year which resulted in a restatement of beginning net position. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
September 9, 2024

City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023

This section of the City of Bangor's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2023.

Financial Highlights

- The City's total net position increased by \$1,790,931 (24%) as a result of this year's activities. Net position of the governmental activities increased by \$355,007 and net position of the business-type activities increased by \$1,435,924.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$720,855.

Overview of the Financial Statements

The City's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for other governmental funds and additional information regarding debt service requirements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.
 - Fiduciary funds 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 financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position (the difference between the City's assets and liabilities) is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, you need to consider additional nonfinancial factors, such as changes in the City's property tax base and the condition of the City's capital assets.

**City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023**

The government-wide financial statements are divided into three categories:

- **Governmental Activities** - Most of the City's basic services are included here, such as police, fire, library, and general government. Property taxes and state grants 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 sewer and water systems are reported here.
- **Component Units** - The City includes two other entities in its report - the Downtown Development Authority and the Economic Development Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The City Council establishes other funds to control and manage money for particular purposes (like library maintenance) or to show that it is properly using certain taxes and other revenues (like property taxes collected for police, fire operations, senior services, and hospital authorities, and state grants collected for the street funds).

The City has three types of funds:

- **Governmental Funds** - Most of the City's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- **Proprietary Funds** - Services for which the City charges customers a fee is generally reported in the proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
 - The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
 - The City uses an internal service fund (the other type of proprietary fund) to report activities that provide services for the City's other programs and activities. The City's internal service fund consists of a Motor Pool Equipment Fund.
- **Fiduciary Fund** - This fund is used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the City. The City is responsible for ensuring that the assets reported in the fiduciary fund are used for their intended purposes. The City's fiduciary balances are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased by 24% between June 30, 2023 and 2022. In comparison, last year's net position decreased by 5% percent. Our analysis on the next two pages focuses on the net position (Table 1) and changes in net position (Table 2) for the City's governmental and business-type activities.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,909,756	\$ 2,568,694	\$ 826,729	\$ 841,595	\$ 2,736,485	\$ 3,410,289
Capital and pension assets	2,883,027	1,690,738	6,143,037	5,314,308	9,026,064	7,005,046
Total assets	4,792,783	4,259,432	6,969,766	6,155,903	11,762,549	10,415,335
Deferred outflows of resources	147,526	40,281	39,979	15,214	187,505	55,495
Current and other liabilities	437,166	871,629	357,804	55,748	794,970	927,377
Long-term liabilities	1,242,458	387,824	681,390	1,547,096	1,923,848	1,934,920
Total liabilities	1,679,624	1,259,453	1,039,194	1,602,844	2,718,818	2,862,297
Deferred inflows of resources	66,989	201,571	16,745	50,391	83,734	251,962
Net Position:						
Net investment in capital assets	1,587,386	1,134,685	5,721,738	4,692,530	7,309,124	5,827,215
Restricted	973,183	850,702	64,533	81,601	1,037,716	932,303
Unrestricted	633,127	853,302	167,535	(256,249)	800,662	597,053
Total net position	\$ 3,193,696	\$ 2,838,689	\$ 5,953,806	\$ 4,517,882	\$ 9,147,502	\$ 7,356,571

Total net position of the City's governmental activities increased by \$355,007 (13%) to \$3,193,696. Unrestricted net position decreased by \$220,175, resulting in an unrestricted net position of \$633,127.

Total net position of our business-type activities increased by \$1,435,924 (32%) to \$5,953,806. Unrestricted net position increased by \$423,784, resulting in an unrestricted net position of \$167,535.

Changes in Net Position

The City's total revenues for 2023 were \$4,391,194 (26% increase from prior year). The total cost of all programs and services was \$3,454,180 (10% decrease from prior year).

Charges for services represented 36% and 42% in 2023 and 2022, respectively; property taxes represented 20% and 30% percent in 2023 and 2022, respectively; and state shared revenue were 13% and 20% in 2023 and 2022, respectively, of total revenues.

The provisions of public safety and public works represented 30% and 46% in 2023 and 2022, respectively, and water and sewer utility services represented 43% (36% in 2022) of all costs in 2023. General government services represented 16% of all costs (16% in 2022) in 2023.

**City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023**

Table 2 - Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 420,256	\$ 435,723	\$ 1,142,952	\$ 1,024,903	\$ 1,563,208	\$ 1,460,626
Operating grants and contributions	218,427	220,502	-	4,513	218,427	225,015
Capital grants and contributions	-	-	1,001,316	-	1,001,316	-
General revenues:						
Property taxes	873,105	878,533	-	-	873,105	878,533
State-shared revenue	586,028	687,769	-	-	586,028	687,769
Interest revenue	7,732	7,263	-	-	7,732	7,263
Miscellaneous	24,014	9,981	117,364	211,690	141,378	221,671
Total revenues	<u>2,129,562</u>	<u>2,239,771</u>	<u>2,261,632</u>	<u>1,241,106</u>	<u>4,391,194</u>	<u>3,480,877</u>
Expenses:						
General government	535,590	601,825	-	-	535,590	601,825
Public safety	718,241	633,322	-	-	718,241	633,322
Public works	304,098	1,130,881	-	-	304,098	1,130,881
Health and welfare	28,298	16,670	-	-	28,298	16,670
Community and economic development	77,466	-	-	-	77,466	-
Recreation and culture	261,849	84,608	-	-	261,849	84,608
Interest and fiscal charges on long-term debt	29,658	4,351	-	-	29,658	4,351
Sewer	-	-	891,418	837,244	891,418	837,244
Water	-	-	607,562	540,498	607,562	540,498
Total expenses	<u>1,955,200</u>	<u>2,471,657</u>	<u>1,498,980</u>	<u>1,377,742</u>	<u>3,454,180</u>	<u>3,849,399</u>
Change in net position	\$ 174,362	\$ (231,886)	\$ 762,652	\$ (136,636)	\$ 937,014	\$ (368,522)

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

In 2023, revenues exceeded expenses. Total revenues decreased \$110,209 (5%), while total expenses decreased \$516,457 (21%). The revenues are mostly dependent on the taxable value of the unit. Revenue sharing has been consistent. Every avenue to decrease expenses was deliberately examined and implemented.

Table 3 shows the costs of the City's three largest programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the City's taxpayers by each of these functions.

Table 3 - Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General government	\$ 535,590	\$ 601,825	\$ (368,503)	\$ (356,068)
Public safety	718,241	633,322	(652,197)	(577,332)
Public works	304,098	1,130,881	(114,929)	(798,821)
Other	397,271	105,629	(180,888)	(83,211)
	<u>\$ 1,955,200</u>	<u>\$ 2,471,657</u>	<u>\$ (1,316,517)</u>	<u>\$ (1,815,432)</u>

**City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023**

Business-Type Activities

In 2023, total revenues increased \$1,020,526 (82%), while expenses increased by \$121,238 (9%). Gains in charges for services revenue should continue to increase as more of the old water meters have been replaced by new remote-read meters. Quite a few of the meters in the City were installed many years prior to 2000. As meters age, they slow down and don't accurately measure the flow of water, thereby losing money for the City.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

As of June 30, 2023, the City's governmental funds (as presented on page 3 - 3) reported a combined fund balance of \$1,217,430 of which \$30,958 is non spendable and \$509,912 is restricted as to use, leaving an unassigned fund balance of \$676,560.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, its fund balance was \$745,932, an decrease of \$342,646, as revenues of \$1,538,969 were less than expenditures of \$1,801,615.

Enterprise Funds

As of June 30, 2023, the City's enterprise funds (as presented starting on page 3 - 7) reported combined net position of \$6,062,266, an increase of \$1,483,302.

The Sewer Fund accounts for operation and maintenance of the sewage collection system. At the end of the fiscal year, its net position was \$4,923,973, including unrestricted net deficit of (\$156,321). The fund reported a net increase in net position of \$1,028,193.

The Water Fund accounts for operation and maintenance of the water distribution system. At the end of the fiscal year, its net position was \$1,138,293 including unrestricted net position of \$432,316. The fund reported a net increase in net position of \$455,109.

General Fund Budgetary Highlights

The City amended the budget of the General Fund in 2023 to reflect anticipated changes in revenues and expenditure levels. Actual total revenues (\$1,538,969) were more than the total budget amount by \$216,269 (16%); and actual total expenditures (\$1,801,615) were greater than the total budget by \$336,017. Revenues were more than budgeted due larger than expected property taxes and increased charges for services.

**City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's carrying value of its capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$8,804,080 (net of accumulated depreciation). This investment includes a broad range of assets, including land, equipment, buildings, roads, and sewer and water facilities, as shown in Table 4.

Table 4 - Capital Assets at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 86,612	\$ 62,412	\$ 60,927	\$ 60,927	\$ 147,539	\$ 123,339
Construction-in-progress	-	-	1,104,603	-	1,104,603	-
Land improvements	376,196	160,900	283,034	292,695	659,230	453,595
Infrastructure	1,118,928	483,873	-	-	1,118,928	483,873
Buildings, additions and improvements	394,276	342,889	52,360	-	446,636	342,889
Machinery and equipment	608,163	49,382	2,867	6,943	611,030	56,325
Vehicles	121,266	103,595	-	-	121,266	103,595
Water system	-	-	591,983	636,140	591,983	636,140
Sewer system	-	-	4,002,865	4,195,680	4,002,865	4,195,680
Total	<u>\$ 2,705,441</u>	<u>\$ 1,203,051</u>	<u>\$ 6,098,639</u>	<u>\$ 5,192,385</u>	<u>\$ 8,804,080</u>	<u>\$ 6,395,436</u>

Debt

At the end of the fiscal year, the City had total long-term bonds and notes outstanding in the amount of \$973,950, which represents a increase of \$400,584 (70%). All debt is backed by the full faith and credit of the City.

Table 5 - Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ -	\$ -	\$ 380,000	\$ 505,000	\$ 380,000	\$ 505,000
Installment purchase agreements	524,105	-	-	-	524,105	-
Notes from direct borrowings	593,950	68,366	-	-	593,950	68,366
Total	<u>\$ 1,118,055</u>	<u>\$ 68,366</u>	<u>\$ 380,000</u>	<u>\$ 505,000</u>	<u>\$ 1,498,055</u>	<u>\$ 573,366</u>

Economic Factors and Next Year's Budgets and Rates

Economic Factors

As we prepare for the upcoming fiscal year, several economic factors are shaping our budgetary decisions and strategic initiatives for the City of Bangor:

- 1. Inflation and Cost of Living:** The city has experienced notable inflationary pressures over the past year, leading to increased costs for public services, construction materials, and operational expenses. The Consumer Price Index (CPI) has seen a 4.1% increase, impacting both the cost of goods and wages. We are adjusting our budget to accommodate these higher costs while striving to maintain service levels for our residents.
- 2. Interest Rates:** Recent increases in interest rates by the Federal Reserve have affected municipal borrowing costs. This rise in rates impacts our ability to finance capital projects affordably. We are carefully managing our debt portfolio and exploring refinancing options to minimize the impact on our long-term financial stability.

**City of Bangor
Managements' Discussion and Analysis
Year Ended June 30, 2023**

3. **Economic Growth and Employment:** Bangor's local economy has shown signs of resilience with moderate growth in employment and business activity. However, challenges remain in certain sectors, such as retail and tourism. We are focusing on economic development initiatives to attract new businesses and support existing ones, aiming to bolster the local job market and stimulate economic activity.
4. **State and Federal Funding:** The city is closely monitoring changes in state and federal funding allocations. Recent shifts in federal policies and state budget adjustments could impact our funding levels for key programs and infrastructure projects. We are actively engaging with state and federal representatives to advocate for fair and adequate funding.

Next Year's Budget and Rates

In response to the current economic climate, the City of Bangor's budget for the next fiscal year reflects a balanced approach to addressing challenges while planning for future growth:

1. **Revenue Projections:** The budget anticipates a 3% increase in revenue, driven by improvements in property tax assessments, modest increases in local business taxes, and enhanced grant funding. We are also exploring new revenue sources, such as public-private partnerships and service fees.
2. **Expense Management:** To manage inflation and rising costs, we have implemented a series of cost-control measures. Key areas of focus include optimizing procurement processes, enhancing energy efficiency in municipal buildings, and renegotiating service contracts. We are also prioritizing essential services and deferring non-critical expenditures.
3. **Capital Expenditures:** Planned capital expenditures for the upcoming year total 5%, with a focus on critical infrastructure improvements and community development projects. Notable projects include the Hamilton Avenue Bridge replacement, Water Line Replacement, and road repairs, aimed at enhancing the quality of life for Bangor residents.
4. **Rate Adjustments:** To address increased operational costs, we are proposing adjustments to water and sewer rates. These changes are designed to ensure that our service delivery remains sustainable while keeping rate increases as minimal as possible.
5. **Financial Performance Targets:** The budget includes targets for key financial metrics, such as maintaining a balanced budget, achieving a 1% increase in reserve funds, and improving efficiency in public service delivery. Regular monitoring and reporting will be conducted to ensure that we meet these targets and maintain financial health.

The City of Bangor remains committed to prudent financial management and responsive governance. We are confident that our strategic approach will allow us to navigate economic uncertainties effectively while continuing to provide high-quality services to our community.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

City of Bangor
257 West Monroe Street
Bangor, MI 49013
Phone: (269) 427-5831

City of Bangor
Statement of Net Position
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,346,039	\$ 435,061	\$ 1,781,100	\$ 116,402
Investments	599	1,290	1,889	-
Receivables				
Accounts	32,190	-	32,190	-
Taxes	100	-	100	-
Utility bills	-	220,965	220,965	-
Due from other units of government	409,503	243,031	652,534	-
Internal balances	86,324	(86,324)	-	-
Prepaid items	35,001	12,706	47,707	-
Capital assets not being depreciated	86,612	1,165,530	1,252,142	63,923
Capital assets, net of accumulated depreciation	2,618,829	4,933,109	7,551,938	627,864
Net pension asset	177,586	44,398	221,984	-
Total assets	<u>4,792,783</u>	<u>6,969,766</u>	<u>11,762,549</u>	<u>808,189</u>
Deferred outflows of resources				
Bond refundings	-	3,099	3,099	-
Pension related	147,526	36,880	184,406	-
Total deferred outflows of resources	<u>147,526</u>	<u>39,979</u>	<u>187,505</u>	<u>-</u>
Liabilities				
Checks written against future deposits	281,716	94,025	375,741	-
Accounts payable	61,935	231,243	293,178	11,893
Payroll and other liabilities	10,524	2,497	13,021	4,011
Interest payable	8,820	-	8,820	-
Customer deposits	-	30,039	30,039	-
Unearned revenue	74,171	-	74,171	-
Noncurrent liabilities				
Debt due within one year	183,684	125,000	308,684	52,300
Debt due in more than one year	968,749	255,000	1,223,749	82,474
Total OPEB liability	90,025	301,390	391,415	-
Total liabilities	<u>1,679,624</u>	<u>1,039,194</u>	<u>2,718,818</u>	<u>150,678</u>
Deferred inflows of resources				
Pension related	66,989	16,745	83,734	-
Net position				
Net investment in capital assets	1,587,386	5,721,738	7,309,124	557,013
Restricted for				
Roads	534,957	-	534,957	-
Public safety	87,052	-	87,052	-
Senior services	17,570	-	17,570	-
Library maintenance	75,481	-	75,481	-
Pensions	258,123	64,533	322,656	-
Unrestricted	633,127	167,535	800,662	100,498
Total net position	<u>\$ 3,193,696</u>	<u>\$ 5,953,806</u>	<u>\$ 9,147,502</u>	<u>\$ 657,511</u>

See Accompanying Notes to the Financial Statements

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

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 535,590	\$ 165,043	\$ 2,044	\$ -	\$ (368,503)	\$ -	\$ (368,503)	\$ -
Public safety	718,241	66,044	-	-	(652,197)	-	(652,197)	-
Public works	304,098	189,169	-	-	(114,929)	-	(114,929)	-
Health and welfare	28,298	-	-	-	(28,298)	-	(28,298)	-
Community and economic development	77,466	-	212,033	-	134,567	-	134,567	-
Recreation and culture	261,849	-	4,350	-	(257,499)	-	(257,499)	-
Interest and fiscal charges on long-term debt	29,658	-	-	-	(29,658)	-	(29,658)	-
Total governmental activities	<u>1,955,200</u>	<u>420,256</u>	<u>218,427</u>	<u>-</u>	<u>(1,316,517)</u>	<u>-</u>	<u>(1,316,517)</u>	<u>-</u>
Business-type activities								
Sewer	891,418	534,296	-	906,316	-	549,194	549,194	-
Water	607,562	608,656	-	95,000	-	96,094	96,094	-
Total business-type activities	<u>1,498,980</u>	<u>1,142,952</u>	<u>-</u>	<u>1,001,316</u>	<u>-</u>	<u>645,288</u>	<u>645,288</u>	<u>-</u>
Total primary government	<u>\$ 3,454,180</u>	<u>\$ 1,563,208</u>	<u>\$ 218,427</u>	<u>\$ 1,001,316</u>	<u>(1,316,517)</u>	<u>645,288</u>	<u>(671,229)</u>	<u>-</u>
Component units								
Economic Development Authority	55,938	-	-	-	-	-	-	(55,938)
Downtown Development Authority	174,941	-	-	-	-	-	-	(174,941)
Total component units	<u>\$ 230,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,879)</u>
General revenues								
Property taxes					873,105	-	873,105	228,024
Unrestricted state-shared revenue					586,028	-	586,028	-
Unrestricted investment earnings					7,732	-	7,732	-
Miscellaneous					24,014	117,364	141,378	77,596
Total general revenues					<u>1,490,879</u>	<u>117,364</u>	<u>1,608,243</u>	<u>305,620</u>
Change in net position					<u>174,362</u>	<u>762,652</u>	<u>937,014</u>	<u>74,741</u>
Net position - beginning of year					2,838,689	4,517,882	7,356,571	582,770
Prior period adjustment					<u>180,645</u>	<u>673,272</u>	<u>853,917</u>	<u>-</u>
Net position - beginning of year, as restated					<u>3,019,334</u>	<u>5,191,154</u>	<u>8,210,488</u>	<u>582,770</u>
Net position - end of year					<u>\$ 3,193,696</u>	<u>\$ 5,953,806</u>	<u>\$ 9,147,502</u>	<u>\$ 657,511</u>

See Accompanying Notes to the Financial Statements

City of Bangor
Governmental Funds
Balance Sheet
June 30, 2023

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets	Local Streets		
Assets					
Cash and cash equivalents	\$ 763,762	\$ 298,782	\$ 140,735	\$ 142,760	\$ 1,346,039
Investments	599	-	-	-	599
Receivables					
Accounts	32,059	-	-	131	32,190
Taxes	-	-	100	-	100
Due from other units of government	150,185	145,328	83,837	30,153	409,503
Due from other funds	3	15,045	9,113	36,226	60,387
Prepaid items	25,077	2,941	2,940	-	30,958
Total assets	<u>\$ 971,685</u>	<u>\$ 462,096</u>	<u>\$ 236,725</u>	<u>\$ 209,270</u>	<u>\$ 1,879,776</u>
Liabilities					
Checks written against future deposits	\$ -	\$ -	\$ -	\$ 72,472	\$ 72,472
Accounts payable	49,684	6,245	197	990	57,116
Due to other funds	45,294	61,991	95,431	-	202,716
Payroll and other liabilities	9,432	-	-	-	9,432
Unearned revenue	74,171	-	-	-	74,171
Total liabilities	<u>178,581</u>	<u>68,236</u>	<u>95,628</u>	<u>73,462</u>	<u>415,907</u>
Deferred inflows of resources					
Unavailable revenue - receivables	47,172	145,332	53,935	-	246,439
Fund balances					
Non-spendable					
Prepaid items	25,077	2,941	2,940	-	30,958
Restricted for					
Roads	-	245,587	84,222	-	329,809
Public safety	-	-	-	87,052	87,052
Senior services	-	-	-	17,570	17,570
Library maintenance	-	-	-	75,481	75,481
Unassigned (deficit)	720,855	-	-	(44,295)	676,560
Total fund balances	<u>745,932</u>	<u>248,528</u>	<u>87,162</u>	<u>135,808</u>	<u>1,217,430</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 971,685</u>	<u>\$ 462,096</u>	<u>\$ 236,725</u>	<u>\$ 209,270</u>	<u>\$ 1,879,776</u>

See Accompanying Notes to the Financial Statements

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

Total fund balances for governmental funds	\$ 1,217,430
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	86,612
Capital assets, net of accumulated depreciation	1,895,096
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	246,439
Net pension asset not reported in the funds	
	177,586
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension asset	147,526
Deferred inflows of resources resulting from net pension asset	(66,989)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(8,820)
Compensated absences	(34,378)
Bonds, notes, premiums and discounts	(593,950)
Total OPEB liability	(86,111)
Internal service funds are included as part of governmental activities.	213,255
Net position of governmental activities	\$ 3,193,696

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

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets	Local Streets		
Revenues					
Taxes	\$ 771,392	\$ -	\$ 77,436	\$ 129,589	\$ 978,417
Licenses and permits	27,636	-	-	-	27,636
Federal grants	191,127	-	-	-	191,127
State grants	289,094	234,052	86,838	-	609,984
Local contributions	-	-	-	4,000	4,000
Charges for services	193,423	-	-	-	193,423
Fines and forfeitures	16,674	-	-	-	16,674
Rental income	19,016	-	-	-	19,016
Investment income	7,732	-	-	-	7,732
Other revenue	22,875	500	100	-	23,475
Total revenues	<u>1,538,969</u>	<u>234,552</u>	<u>164,374</u>	<u>133,589</u>	<u>2,071,484</u>
Expenditures					
Current					
General government	557,866	-	-	-	557,866
Public safety	566,529	-	-	119,768	686,297
Public works	324,056	334,943	470,379	-	1,129,378
Health and welfare	-	-	-	28,298	28,298
Community and economic development	77,466	-	-	-	77,466
Recreation and culture	275,698	-	-	978	276,676
Debt service					
Principal retirement	-	28,025	28,025	-	56,050
Interest and fiscal charges	-	10,563	10,563	-	21,126
Total expenditures	<u>1,801,615</u>	<u>373,531</u>	<u>508,967</u>	<u>149,044</u>	<u>2,833,157</u>
Excess (deficiency) of revenues over expenditures	<u>(262,646)</u>	<u>(138,979)</u>	<u>(344,593)</u>	<u>(15,455)</u>	<u>(761,673)</u>
Other financing sources (uses)					
Transfers out	(80,000)	-	-	-	(80,000)
Issuance of debt	-	400,000	250,000	-	650,000
Total other financing sources (uses)	<u>(80,000)</u>	<u>400,000</u>	<u>250,000</u>	<u>-</u>	<u>570,000</u>
Net change in fund balances	(342,646)	261,021	(94,593)	(15,455)	(191,673)
Fund balances (deficit) - beginning of year	<u>1,088,578</u>	<u>(12,493)</u>	<u>181,755</u>	<u>151,263</u>	<u>1,409,103</u>
Fund balances - end of year	<u>\$ 745,932</u>	<u>\$ 248,528</u>	<u>\$ 87,162</u>	<u>\$ 135,808</u>	<u>\$ 1,217,430</u>

See Accompanying Notes to the Financial Statements

City of Bangor
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	\$ (191,673)
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 expense.	
Depreciation expense	(154,472)
Capital outlay	1,053,092
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	58,078
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(8,532)
Compensated absences	(5,733)
The statement of net position reports the net pension asset and deferred outflows of resources and deferred inflows related to the net pension asset and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension asset	(310,101)
Net change in the deferred outflow of resources related to the net pension asset	107,245
Net change in the deferred inflow of resources related to the net pension asset	134,582
The statement of net position reports the total OPEB liability and deferred outflows of resources and deferred inflows related to the total OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the total OPEB liability	19,267
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.	
Debt issued	(650,000)
Repayments of long-term debt	56,050
Internal service funds are also included as governmental activities	66,559
Change in net position of governmental activities	\$ 174,362

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

	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 435,061	\$ 435,061	\$ -
Investments	654	636	1,290	-
Receivables				
Utility bills	95,657	125,308	220,965	-
Due from other units of government	148,031	95,000	243,031	-
Due from other funds	11,068	11,068	22,136	156,419
Prepaid items	5,441	7,265	12,706	4,043
Total current assets	<u>260,851</u>	<u>674,338</u>	<u>935,189</u>	<u>160,462</u>
Noncurrent assets				
Capital assets not being depreciated	1,110,428	55,102	1,165,530	-
Capital assets, net of accumulated depreciation	4,314,500	618,609	4,933,109	723,733
Net pension asset	22,200	22,198	44,398	-
Total noncurrent assets	<u>5,447,128</u>	<u>695,909</u>	<u>6,143,037</u>	<u>723,733</u>
Total assets	<u>5,707,979</u>	<u>1,370,247</u>	<u>7,078,226</u>	<u>884,195</u>
Deferred outflows of resources				
Bond refundings	3,099	-	3,099	-
Pension related	18,439	18,441	36,880	-
Total deferred outflows of resources	<u>21,538</u>	<u>18,441</u>	<u>39,979</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Checks written against future deposits	\$ 94,025	\$ -	\$ 94,025	\$ 209,244
Accounts payable	167,998	63,245	231,243	4,819
Due to other funds	-	-	-	36,226
Payroll and other liabilities	2,497	-	2,497	1,092
Customer deposits	-	30,039	30,039	-
Current portion of long-term liabilities	125,000	-	125,000	91,434
Total current liabilities	<u>389,520</u>	<u>93,284</u>	<u>482,804</u>	<u>342,815</u>
Noncurrent liabilities				
Long-term liabilities	255,000	-	255,000	432,671
Total OPEB liability	152,652	148,738	301,390	3,914
Total noncurrent liabilities	<u>407,652</u>	<u>148,738</u>	<u>556,390</u>	<u>436,585</u>
Total liabilities	<u>797,172</u>	<u>242,022</u>	<u>1,039,194</u>	<u>779,400</u>
Deferred inflows of resources				
Pension related	8,372	8,373	16,745	-
Net position				
Net investment in capital assets	5,048,027	673,711	5,721,738	199,628
Restricted for				
Pensions	32,267	32,266	64,533	-
Unrestricted (deficit)	(156,321)	432,316	275,995	(94,833)
Total net position	<u>\$ 4,923,973</u>	<u>\$ 1,138,293</u>	<u>6,062,266</u>	<u>\$ 104,795</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			<u>(108,460)</u>	
Net position of business-type activities			<u>\$ 5,953,806</u>	

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

	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
Operating revenue				
Customer fees	\$ 534,296	\$ 608,656	\$ 1,142,952	\$ -
Billings to other funds	-	-	-	163,100
Other revenue	<u>115,099</u>	<u>2,265</u>	<u>117,364</u>	<u>1,200</u>
Total operating revenue	<u>649,395</u>	<u>610,921</u>	<u>1,260,316</u>	<u>164,300</u>
Operating expenses				
Personnel services	98,558	113,786	212,344	39,507
Supplies	15,792	32,804	48,596	51,193
Contractual services	158,050	113,179	271,229	12,424
Utilities	50,177	26,638	76,815	-
Repairs and maintenance	255,556	153,088	408,644	38,379
Other expenses	75,790	97,223	173,013	18,466
Depreciation	<u>204,862</u>	<u>45,847</u>	<u>250,709</u>	<u>38,549</u>
Total operating expenses	<u>858,785</u>	<u>582,565</u>	<u>1,441,350</u>	<u>198,518</u>
Operating income (loss)	<u>(209,390)</u>	<u>28,356</u>	<u>(181,034)</u>	<u>(34,218)</u>
Nonoperating revenue (expenses)				
Federal grants	906,316	95,000	1,001,316	-
Interest expense	<u>(10,252)</u>	<u>-</u>	<u>(10,252)</u>	<u>(26,601)</u>
Total nonoperating revenues (expenses)	<u>896,064</u>	<u>95,000</u>	<u>991,064</u>	<u>(26,601)</u>
Income (loss) before transfers	686,674	123,356	810,030	(60,819)
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Change in net position	<u>686,674</u>	<u>123,356</u>	<u>810,030</u>	<u>19,181</u>
Net position - beginning of year	3,895,780	683,184		71,767
Prior period adjustment	<u>341,519</u>	<u>331,753</u>		<u>13,847</u>
Net position - beginning of year (restated)	<u>4,237,299</u>	<u>1,014,937</u>		<u>85,614</u>
Net position - end of year	<u>\$ 4,923,973</u>	<u>\$ 1,138,293</u>		<u>\$ 104,795</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			<u>(47,378)</u>	
Change in net position of business-type activities			<u>\$ 762,652</u>	

See Accompanying Notes to the Financial Statements

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

	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
Cash flows from operating activities				
Receipts from customers	\$ 463,942	\$ 494,404	\$ 958,346	\$ -
Receipts from interfund users	-	-	-	163,300
Receipts from other funds	-	-	-	123,728
Payments to other funds	(38,304)	(38,304)	(76,608)	-
Payments to suppliers	(363,682)	(326,509)	(690,191)	-
Payments to employees	(98,558)	(113,786)	(212,344)	(39,507)
Payments for interfund services used	(60,000)	(67,100)	(127,100)	-
Net cash provided (used) by operating activities	<u>(96,602)</u>	<u>(51,295)</u>	<u>(147,897)</u>	<u>247,521</u>
Cash flows from noncapital financing activities				
Transfer from other funds	-	-	-	80,000
Federal grant	906,316	95,000	1,001,316	-
Net cash provided (used) by noncapital financing activities	<u>906,316</u>	<u>95,000</u>	<u>1,001,316</u>	<u>80,000</u>
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	-	-	1,214,551
Purchases/construction of capital assets	(1,014,712)	(46,180)	(1,060,892)	(642,319)
Principal and interest paid on long-term debt	(135,252)	-	(135,252)	(785,413)
Net cash provided (used) by capital and related financing activities	<u>(1,149,964)</u>	<u>(46,180)</u>	<u>(1,196,144)</u>	<u>(213,181)</u>
Net change in cash and cash equivalents	(340,250)	(2,475)	(342,725)	114,340
Cash and cash equivalents - beginning of year	<u>340,250</u>	<u>437,536</u>	<u>777,786</u>	<u>(114,340)</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 435,061</u>	<u>\$ 435,061</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (209,390)	\$ 28,356	\$ (181,034)	\$ (34,218)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	204,862	45,847	250,709	38,549
Changes in assets and liabilities				
Receivables (net)	(43,740)	(32,171)	(75,911)	-
Due from other units of government	(141,713)	(88,696)	(230,409)	-
Due from other funds	(6,304)	(6,304)	(12,608)	-
Prepaid items	3,501	4,190	7,691	(1,000)
Net pension asset	38,762	38,763	77,525	7,585
Pension related deferred outflows of resources	(13,405)	(13,406)	(26,811)	-
Accounts payable	155,660	51,853	207,513	-
Accrued and other liabilities	(1,857)	(1,975)	(3,832)	-
Due to other funds	(32,000)	(32,000)	(64,000)	205,846
Due to other units of government	-	-	-	(365)
Unearned revenue	-	-	-	32,000
Customer deposits payable	-	4,350	4,350	-
Total OPEB liability	(34,155)	(33,279)	(67,434)	-
Pension related deferred inflows of resources	(16,823)	(16,823)	(33,646)	(876)
Net cash provided (used) by operating activities	<u>\$ (96,602)</u>	<u>\$ (51,295)</u>	<u>\$ (147,897)</u>	<u>\$ 247,521</u>

See Accompanying Notes to the Financial Statements

City of Bangor
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2023

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 25,413
Liabilities	
Due to other units of government	<u>25,413</u>
Net Position	<u>\$ -</u>

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

	<u>Custodial Fund</u>
Additions	
Property tax collections for other governments	\$ 2,274,547
Deductions	
Payments of property tax to other governments	<u>2,274,547</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u>\$ -</u>

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

	Economic Development Corporation	Downtown Development Authority	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 36,950	\$ 79,452	\$ 116,402
Noncurrent assets			
Capital assets not being depreciated	-	63,923	63,923
Capital assets, net of accumulated depreciation	119,636	508,228	627,864
Total noncurrent assets	119,636	572,151	691,787
Total assets	156,586	651,603	808,189
Liabilities			
Current liabilities			
Accounts payable	11,893	-	11,893
Payroll and other liabilities	-	4,011	4,011
Current portion of long-term liabilities	-	52,300	52,300
Total current liabilities	11,893	56,311	68,204
Noncurrent liabilities			
Long-term liabilities	-	82,474	82,474
Total liabilities	11,893	138,785	150,678
Net position			
Net investment in capital assets	119,636	437,377	557,013
Unrestricted	25,057	75,441	100,498
Total net position	\$ 144,693	\$ 512,818	\$ 657,511

See Accompanying Notes to the Financial Statements

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

	Economic Development Corporation	Downtown Development Authority	Total
Expenses			
Community and economic development	\$ 55,938	\$ 168,874	\$ 224,812
Interest and fiscal charges on long-term debt	-	6,067	6,067
Total expenses	<u>55,938</u>	<u>174,941</u>	<u>230,879</u>
General revenues			
Property taxes	53,431	174,593	228,024
Miscellaneous	77,596	-	77,596
Total general revenues	<u>131,027</u>	<u>174,593</u>	<u>305,620</u>
Change in net position	75,089	(348)	74,741
Net position - beginning of year	<u>69,604</u>	<u>513,166</u>	<u>582,770</u>
Net position - end of year	<u>\$ 144,693</u>	<u>\$ 512,818</u>	<u>\$ 657,511</u>

See Accompanying Notes to the Financial Statements

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Bangor (the City) is governed by an elected six-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Discretely Presented Component Units – The component unit column in the government-wide financial statements include the financial data of the following, and are reported in a separate column to emphasize that they are legally separate from the City:

City of Bangor Downtown Development Authority (DDA) – The DDA Board is comprised of nine members. The DDA is responsible for the creation of a development and financing plan for the downtown district or a development area within the district to promote economic growth. The DDA, which has a year ended June 30, is disclosed as a discretely presented component unit because the City appoints the governing body, approves the budget, and any surplus funds existing at termination of the DDA vest to the City.

City of Bangor Economic Development Corporation (EDC) – The EDC Board is comprised of up to nine members. The EDC was established to promote economic development within the City. The EDC, which has a year ended June 30, is disclosed as a discretely presented component unit because the City appoints the governing body and approves the budget. Separate financial statements have not been issued as management believes that these financial statements, including note disclosures, contain complete information so as to constitute fair presentation.

City of Bangor Housing Commission – This is a nonprofit corporation that was organized under the laws of the State of Michigan to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD). The City of Bangor Housing Commission operates with a fiscal year ended September 30. This is a legally separate entity but is considered a component unit due to the City's ability to influence the Housing Commission's actions through representation on the Housing Commission Board and because of their ability to impose its will by removing an appointed member. The Bangor Housing Commission component unit has been omitted from the City's June 30, 2023, financial statements as the Bangor Housing Commission has not submitted an audit to the Michigan Department of Treasury since fiscal year 2021.

City of Bangor Hospital Finance Authority (HFA) – This potential component unit was created to provide a method to enable nonprofit, nonpublic hospitals to provide facilities and services for health care. To accomplish these purposes, the HFA is authorized to issue bonds. There is currently no financial activity for the HFA.

Jointly Governed Organizations – The City participates in the following activities which are considered to be jointly governed organizations in the relation to the City due to there being no ongoing financial interest or responsibility:

ABB Fire District – The City has joined with the Townships of Arlington and Bangor in establishing the ABB Joint Fire District (the District) to provide fire protection in the District's area of operation, which includes the City of Bangor. The operations of the District are financed by annual support from the participating units of government. The District's Board is composed of two members appointed from each of the participating municipalities. During the year ended June 30, 2023, the City did not contribute toward the District's operations. There is no equity interest by any participating unit in the District. The City is unaware of any

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

indication that the District is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the City in the near future. Complete financial statements can be obtained from the District at 417 West Arlington Street, Bangor, Michigan.

South Haven Regional Airport Authority – The City has joined with the City of South Haven and the Townships of South Haven, Geneva, Casco, and Covert in establishing the South Haven Regional Airport Authority (the Authority) to provide airfield services in the Authority’s area of operation, which includes the City of Bangor. The Authority’s Board is composed of two members appointed from each of the remaining municipalities. The operations of the Authority are financed by annual support from the participating units of government, as well as hangar rentals and fuel sales. During the year ended June 30, 2023, the City contributed \$0 toward the Authority’s operations. There is no equity interest by any participating unit in the Authority. The City is unaware of any indication that the Authority is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the City in the near future. Complete financial statements can be obtained from the Authority at 73020 CR380, South Haven, Michigan.

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for the maintenance and improvement activities for streets designated as "major" within the City. Funding is primarily through state-shared gas and weight taxes.

The Local Streets Fund accounts for maintenance and improvement activities for streets designated as "local" within the City. Funding is primarily through state-shared gas and weight taxes.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the City reports the following:

The Nonmajor Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The Internal Service Fund accounts for vehicle and equipment management services provided to other departments of the City on a cost-reimbursement basis.

The Fiduciary Fund accounts for property taxes collected on behalf of other units and individuals.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds and the internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the sewer and water funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Fund Balance

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

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

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2022 taxable valuation of the government totaled \$37,654,443. Property taxes were levied for the following purposes, with tax revenues presented exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

	Mills	Revenue
Operating	14.2397	\$ 536,188
Seniors	1.0000	37,654
Roads	1.4874	56,007
Cemetery	0.4958	18,669
Museum	0.4958	18,669
Police	3.0000	90,953
Fire	2.0000	60,635

The City’s tax revenues were not reduced by any tax abatements.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$3,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

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

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings, additions and improvements	7 to 45 years
Land improvements	7 to 100 years
Water and sewer system	5 to 100 years
Vehicles	3 to 10 years
Machinery and equipment	5 to 30 years
Infrastructure	7 to 20 years

Deferred outflows of resources – A deferred outflow of resources represents a consumption of net assets by the City that applies to future periods. The City may report deferred outflows of resources as a result of the following:

- Pension and OPEB earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Changes in assumptions and experience differences relating to the net pension asset and total OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Pension and OPEB contributions made after the measurement date. This amount will reduce the net pension asset and total OPEB liability in the following year.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

Compensated absences – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions – For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position 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.

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

Other Postemployment Benefits (OPEB) – The City offers retiree healthcare benefits to retirees. The City receives a calculation based on the alternative measurement method to compute the total OPEB liability and actuarially determined contribution (ADC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the total OPEB liability. The total OPEB liability has generally been liquidated from the funds that the individual employee’s salaries are paid.

Deferred inflows of resources – A deferred inflow of resources represents an acquisition of net assets by the City that applies to future periods. The City may report deferred inflows of resources as a result of the following:

- Unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.
- Lease revenue related to leases receivable which is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease.
- Pension and OPEB earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Changes in assumptions and experience differences relating to the net pension asset and total OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

Fund Balances – In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the City’s highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes, as determined by City Council or an official or committee to which the City Council delegates the authority. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City’s policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City’s policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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

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.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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

City of Bangor
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 and Accounting 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. All annual appropriations lapse at fiscal year end.

The City Manager submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. Any revisions that alter the total expenditures of an activity must be approved by the Council.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received, or services rendered.

Expenditures in Excess of Appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Public works	\$ 173,000	\$ 324,056	\$ 151,056
Community and economic development	-	77,466	77,466
Recreation and culture	30,000	275,698	245,698
Major Streets Fund			
Debt service	-	38,588	38,588
Local Streets Fund			
Debt service	-	38,588	38,588

Fund Deficits

As of June 30, 2023, the City has an unrestricted deficit net position in the Sewer Fund of \$156,321, an unrestricted deficit net position in the Motor Vehicle Pool Fund of \$94,833 and an unassigned deficit fund balance in the Bangor Fire District Fund of \$44,295. Deficit elimination plans are required to be submitted to the Michigan Department of Treasury as current assets do not exceed current liabilities in the Sewer Fund and Motor Vehicle Pool Fund and deferred inflows do not cover the deficit in the Bangor Fire District Fund. The required deficit eliminations were submitted to the State subsequent to the issuance of the audit.

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

Note 3 - Deposits and Investments

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

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 1,346,039	\$ 599	\$ 1,346,638
Business-type activities	435,061	1,290	436,351
Total	1,781,100	1,889	1,782,989
Fiduciary fund	25,413	-	25,413
Component units	116,402	-	116,402
Total	<u>\$ 1,922,915</u>	<u>\$ 1,889</u>	<u>\$ 1,924,804</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Fund	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 1,780,960	\$ 25,413	\$ 116,402	\$ 1,922,775
Investments in securities, mutual funds and similar vehicles	1,889	-	-	1,889
Petty cash and cash on hand	140	-	-	140
	<u>\$ 1,782,989</u>	<u>\$ 25,413</u>	<u>\$ 116,402</u>	<u>\$ 1,924,804</u>

Interest rate risk – The City does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates.

Credit risk – State statutes authorize the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The City has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of yearend, \$1,136,901 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 62,412	\$ 24,200	\$ -	\$ 86,612
Capital assets being depreciated				
Land improvements	582,818	239,531	-	822,349
Infrastructure	1,582,316	737,548	-	2,319,864
Buildings, additions and improvements	777,389	70,466	-	847,855
Machinery and equipment	501,919	573,145	-	1,075,064
Vehicles	573,285	50,521	-	623,806
Total capital assets being depreciated	<u>4,017,727</u>	<u>1,671,211</u>	<u>-</u>	<u>5,688,938</u>
Less accumulated depreciation for				
Land improvements	421,918	24,235	-	446,153
Infrastructure	1,098,443	102,493	-	1,200,936
Buildings, additions and improvements	434,500	19,079	-	453,579
Machinery and equipment	452,537	14,364	-	466,901
Vehicles	469,690	32,850	-	502,540
Total accumulated depreciation	<u>2,877,088</u>	<u>193,021</u>	<u>-</u>	<u>3,070,109</u>
Net capital assets being depreciated	<u>1,140,639</u>	<u>1,478,190</u>	<u>-</u>	<u>2,618,829</u>
Governmental activities capital assets, net	<u>\$ 1,203,051</u>	<u>\$ 1,502,390</u>	<u>\$ -</u>	<u>\$ 2,705,441</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 60,927	\$ -	\$ -	\$ 60,927
Construction-in-progress	-	1,104,603	-	1,104,603
Total capital assets not being depreciated	<u>60,927</u>	<u>1,104,603</u>	<u>-</u>	<u>1,165,530</u>
Capital assets being depreciated				
Land improvements	756,247	-	-	756,247
Buildings, additions and improvements	-	52,360	-	52,360
Machinery and equipment	124,231	-	-	124,231
Water system	1,765,487	-	-	1,765,487
Sewer system	6,925,632	-	-	6,925,632
Total capital assets being depreciated	<u>9,571,597</u>	<u>52,360</u>	<u>-</u>	<u>9,623,957</u>
Less accumulated depreciation for				
Land improvements	463,552	9,661	-	473,213
Machinery and equipment	117,288	4,076	-	121,364
Water system	1,129,347	44,157	-	1,173,504
Sewer system	2,729,952	192,815	-	2,922,767
Total accumulated depreciation	<u>4,440,139</u>	<u>250,709</u>	<u>-</u>	<u>4,690,848</u>
Net capital assets being depreciated	<u>5,131,458</u>	<u>(198,349)</u>	<u>-</u>	<u>4,933,109</u>
Business-type capital assets, net	<u>\$ 5,192,385</u>	<u>\$ 906,254</u>	<u>\$ -</u>	<u>\$ 6,098,639</u>

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

Capital assets activity of the component units for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 128,259	\$ -	\$ 64,336	\$ 63,923
Capital assets being depreciated				
Land improvements	662,095	122,873	-	784,968
Buildings, additions and improvements	103,504	-	-	103,504
Total capital assets being depreciated	765,599	122,873	-	888,472
Less accumulated depreciation for				
Land improvements	187,642	47,837	-	235,479
Buildings, additions and improvements	17,133	7,996	-	25,129
Total accumulated depreciation	204,775	55,833	-	260,608
Net capital assets being depreciated	560,824	67,040	-	627,864
Component units capital assets, net	\$ 689,083	\$ 67,040	\$ 64,336	\$ 691,787

Depreciation expense was charged to programs of the primary government and component units as follows:

Governmental activities

General government	\$ 10,813
Public safety	4,634
Public works	106,586
Recreation and culture	32,439
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	38,549
Total governmental activities	193,021

Business-type activities

Sewer Fund	204,862
Water Fund	45,847
Total business-type activities	250,709

Total primary government \$ 443,730

Component units

Downtown Development Authority	\$ 52,596
Economic Development Corporation	3,237
Total component units	\$ 55,833

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

Construction Commitments

The City has active construction projects as of June 30, 2023, consisting of the following:

Project	Remaining Commitment
CDBG Sewer Infrastructure	\$ 200,311
Drinking Water Asset Management	233,728
	\$ 434,039

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund				Total
	General Fund	Major Streets Fund	Local Streets Fund	Internal Service Fund	
General Fund	\$ -	\$ 3	\$ -	\$ -	\$ 3
Major Streets Fund	14,045	-	1,000	-	15,045
Local Streets Fund	9,113	-	-	-	9,113
Sewer Fund	11,068	-	-	-	11,068
Water Fund	11,068	-	-	-	11,068
Nonmajor Governmental Funds	-	-	-	36,226	36,226
Internal Service Fund	-	61,988	94,431	-	156,419
	\$ 45,294	\$ 61,991	\$ 95,431	\$ 36,226	\$ 238,942

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:

Transfers In	Transfers Out General Fund
Internal Service Fund	\$ 80,000

Transfers are used to move unrestricted general fund revenues to finance the operations of the Motor Vehicle Pool Internal Service Fund.

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

Note 6 - 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. Notes payable and notes from direct borrowings and direct placements 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, sewer fund and water 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									
Notes from direct borrowings and direct placements									
MDOT State Infrastructure Bank Loan	\$ 650,000	2032	3.250%	\$57,872 - \$74,746	\$ -	\$ 650,000	\$ 56,050	\$ 593,950	\$ 57,872
Compensated absences									
					28,645	5,733	-	34,378	34,378
Internal service fund obligations									
Installment purchase agreements									
Installment Purchase Agreement - Leaf Vacuum	115,000	2023	-	-	68,366	-	68,366	-	-
Installment Purchase Agreement - 2018 Sewer Vac Truck	312,000	2028	2.500	58,423 - 70,368	-	312,000	54,911	257,089	58,423
Installment Purchase Agreement - 2022 Police Vehicle	151,018	2026	6.990	11,581 - 13,257	-	151,018	113,790	37,228	11,581
Installment Purchase Agreement - 2023 Dump Truck	751,533	2028	8.640	21,430 - 30,059	-	751,533	521,745	229,788	21,430
Total internal service fund obligations					68,366	1,214,551	758,812	524,105	91,434
Total governmental activities					\$ 97,011	\$ 1,870,284	\$ 814,862	\$ 1,152,433	\$ 183,684
Business-type activities									
Bonds and notes payable									
General obligation bonds									
2006 Sewage Disposal System Refunding Bonds	\$ 2,200,000	2026	1.625%	\$125,000 - \$130,000	\$ 505,000	\$ -	\$ 125,000	\$ 380,000	\$ 125,000
Component units									
Notes from direct borrowings and direct placements									
2017 Parking Lot Loan	\$ 375,000	2025	2.29%	\$4,707 - 28,148	\$ 100,615	\$ -	\$ 67,760	\$ 32,855	\$ 28,148
2020 Promissory Note	147,750	2027	3.50	24,152 - 26,837	125,469	-	23,550	101,919	24,152
Total component units					\$ 226,084	\$ -	\$ 91,310	\$ 134,774	\$ 52,300

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Units	
	Notes from Direct Borrowings and Direct Placements		Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 149,306	\$ 48,278	\$ 125,000	\$ 6,176	\$ 52,300	\$ 4,754
2025	156,660	40,925	125,000	4,144	29,724	3,056
2026	164,410	33,175	130,000	2,112	25,913	1,644
2027	158,397	29,005	-	-	26,837	716
2028	91,150	21,883	-	-	-	-
2029-2032	398,132	35,996	-	-	-	-
	<u>\$ 1,118,055</u>	<u>\$ 209,262</u>	<u>\$ 380,000</u>	<u>\$ 12,432</u>	<u>\$ 134,774</u>	<u>\$ 10,170</u>

Deferred Amount on Refunding

The City issued bonds in 2006 to refund and retire previously issued bonds. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$102,957. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2026. The balance at June 30, 2023 is \$3,099.

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

Note 7 - 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	Component Units
Capital assets			
Capital assets not being depreciated	\$ 86,612	\$ 1,165,530	\$ 63,923
Capital assets, net of accumulated depreciation	2,618,829	4,933,109	627,864
Total capital assets	2,705,441	6,098,639	691,787
Related debt			
General obligation bonds	-	(380,000)	-
Installment purchase agreements	(524,105)	-	-
Notes from direct borrowing and direct placements	(593,950)	-	(134,774)
Deferred charge on bond refunding	-	3,099	-
Total related debt	(1,118,055)	(376,901)	(134,774)
Net investment in capital assets	\$ 1,587,386	\$ 5,721,738	\$ 557,013

Note 8 - Risk Management

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

Note 9 - 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 of 1.20% for Final Average Compensation < \$4,200, plus 1.70% for Final Average Compensation > \$4,200. Vesting period is 10 years. Normal retirement age is 60 with unreduced early retirement at 55 with 25 years of service and reduced early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years. There are no member contributions.

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

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

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to, but not yet receiving benefits	17
Active employees	<u>12</u>
	<u><u>46</u></u>

Contributions – The City is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may establish contribution rates to be paid by its covered employees. The City was not required to make any contributions in the current year as the plan is overfunded.

Net pension asset– The employer’s net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset 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: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.00%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

Mortality rates used were based on the Pub-2010 Mortality Tables. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

Asset Class	Target Allocation	Target Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.00%	3.75%	0.75%	2.50%	0.25%
Private investments	20.00%	9.75%	1.95%	2.50%	1.45%
	<u>100.00%</u>		<u>7.35%</u>		<u>4.85%</u>

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

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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances as of December 31, 2021	<u>\$ 1,714,033</u>	<u>\$ 2,323,643</u>	<u>\$ (609,610)</u>
Changes for the year			
Service cost	45,971	-	45,971
Interest on total pension liability	121,246	-	121,246
Experience differences	(39,606)	-	(39,606)
Net investment income (loss)	-	(255,844)	255,844
Benefit payments and refunds	(129,323)	(129,323)	-
Administrative expense	-	(4,171)	4,171
Net changes	<u>(1,712)</u>	<u>(389,338)</u>	<u>387,626</u>
Balances as of December 31, 2022	<u>\$ 1,712,321</u>	<u>\$ 1,934,305</u>	<u>\$ (221,984)</u>

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

1% Decrease	Current Discount Rate	1% Increase
<u>\$ (23,167)</u>	<u>\$ (221,984)</u>	<u>\$ (386,854)</u>

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 \$85,342. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 1,577	\$ (83,734)	\$ (82,157)
Net difference between projected and actual earning on plan investments	182,829	-	182,829
Total	<u>\$ 184,406</u>	<u>\$ (83,734)</u>	<u>\$ 100,672</u>

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

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

Year ended June 30,	
2024	\$ (19,183)
2025	2,113
2026	33,849
2027	83,893
	\$ 100,672

Note 10 - Other Postemployment Benefits

Plan description – The City administers the City of Bangor Retiree Medical Plan – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time general employees of the City.

Benefits provided – The Plan provides healthcare, dental, and vision benefits for retirees and their spouse. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

Employees covered by benefit terms – At June 30, 2023, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	4
	5

The plan is closed to new employees.

Contributions – The City follows the pay-as-you-go method. For the year ended June 30, 2023, the City's contributions were \$36,559. Employees are not required to contribute to the premium payments.

Total OPEB liability – The total OPEB liability was measured as of June 30, 2023 and based on the alternative measurement method calculated as of that date.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	26 years, closed
Discount rate	3.54%
Salary increases	3.25%
Investment rate of return	3.54%
Retirement age	60
Mortality	Pub-2010 tables using scape MP-2021
Healthcare cost trend rates	Pre-65: 7.25% gradually decreasing .25% per year to an ultimate rate of 4.5%
	Post 65: 5.25% gradually decreasing .25% per year to an ultimate rate of 4.5%

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the State of Michigan uniform assumptions.

Discount rate – The discount rate used to measure the total OPEB liability was 3.54%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)
	Total OPEB Liability (a)
Balances as of June 30, 2022, as restated	\$ 478,992
Changes for the year	
Interest on total OPEB liability	9,951
Experience differences	(60,969)
Benefit payments and refunds	(36,559)
Net changes	(87,577)
Balances as of June 30, 2023	\$ 391,415

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	Current Discount Rate	
1% Decrease	Discount Rate	1% Increase
\$ 422,640	\$ 391,415	\$ 363,865

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total 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.

	Healthcare Cost Trend Rates	
1% Decrease	Rates	1% Increase
\$ 363,921	\$ 391,415	\$ 421,929

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 \$9,951.

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

Note 11 - 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.

Note 12 - Prior Period Adjustment

There was an error in the alternative measurement method calculation of the total OPEB liability in the prior year which resulted in the following restatements of beginning net position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Internal Service Fund</u>
Net position at June 30, 2022	\$ 2,838,689	\$ 4,517,882	\$ 3,895,780	\$ 683,184	\$ 71,767
Adjustments					
Total OPEB liability correction	<u>180,645</u>	<u>673,272</u>	<u>341,519</u>	<u>331,753</u>	<u>13,847</u>
Restated net position at June 30, 2022	<u>\$ 3,019,334</u>	<u>\$ 5,191,154</u>	<u>\$ 4,237,299</u>	<u>\$ 1,014,937</u>	<u>\$ 85,614</u>

City of Bangor
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	\$ 645,500	\$ 645,500	\$ 738,484	\$ 92,984
Penalties and interest	-	-	8,631	8,631
Administration fee	20,000	20,000	24,277	4,277
Licenses and permits	45,100	45,100	27,636	(17,464)
Federal grants	-	-	191,127	191,127
State-shared revenue	300,000	300,000	265,138	(34,862)
State grants	22,100	22,100	23,300	1,200
Charges for services	218,500	218,500	193,423	(25,077)
Fines and forfeitures	29,000	29,000	16,674	(12,326)
Rental income	18,000	18,000	19,016	1,016
Investment income	7,000	7,000	7,732	732
Other revenue	17,500	17,500	23,531	6,031
Total revenues	<u>1,322,700</u>	<u>1,322,700</u>	<u>1,538,969</u>	<u>216,269</u>
Expenditures				
General government				
City council	81,400	81,400	74,447	(6,953)
Manager	79,100	79,100	30,902	(48,198)
Clerk	76,300	76,300	47,890	(28,410)
Treasurer	128,200	128,200	75,629	(52,571)
Building and grounds	481,500	481,500	229,195	(252,305)
Cemetery	16,000	16,000	99,803	83,803
Total general government	<u>862,500</u>	<u>862,500</u>	<u>557,866</u>	<u>(304,634)</u>
Public safety				
Police	545,600	545,600	525,194	(20,406)
Building inspection department	23,000	23,000	41,335	18,335
Total public safety	<u>568,600</u>	<u>568,600</u>	<u>566,529</u>	<u>(2,071)</u>
Department of public works	<u>173,000</u>	<u>173,000</u>	<u>324,056</u>	<u>151,056</u>
Community and economic development				
Economic development	<u>-</u>	<u>-</u>	<u>77,466</u>	<u>77,466</u>
Recreation and culture				
Parks and recreation	30,000	30,000	262,690	232,690
Library	-	-	13,008	13,008
Total recreation and culture	<u>30,000</u>	<u>30,000</u>	<u>275,698</u>	<u>245,698</u>
Total expenditures	<u>1,634,100</u>	<u>1,634,100</u>	<u>1,801,615</u>	<u>167,515</u>
Excess (deficiency) of revenues over expenditures	(311,400)	(311,400)	(262,646)	48,754
Other financing sources (uses)				
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Net change in fund balance	(391,400)	(391,400)	(342,646)	48,754
Fund balance - beginning of year	<u>1,088,578</u>	<u>1,088,578</u>	<u>1,088,578</u>	<u>-</u>
Fund balance - end of year	<u>\$ 697,178</u>	<u>\$ 697,178</u>	<u>\$ 745,932</u>	<u>\$ 48,754</u>

See Accompanying Notes to Required Supplementary Information

City of Bangor
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	\$ 200,000	\$ 200,000	\$ 234,052	\$ 34,052
Other revenue	325,000	325,000	500	(324,500)
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>234,552</u>	<u>(290,448)</u>
Expenditures				
Current				
Public works	522,400	522,400	334,943	(187,457)
Debt service				
Principal retirement	-	-	28,025	28,025
Interest and fiscal charges	-	-	10,563	10,563
Total expenditures	<u>522,400</u>	<u>522,400</u>	<u>373,531</u>	<u>(148,869)</u>
Excess of revenues (deficiency) over expenditures	2,600	2,600	(138,979)	(141,579)
Other financing sources (uses)				
Issuance of debt	-	-	400,000	400,000
Net change in fund balance	2,600	2,600	261,021	258,421
Fund balance (deficit) - beginning of year	(12,493)	(12,493)	(12,493)	-
Fund balance (deficit) - end of year	<u>\$ (9,893)</u>	<u>\$ (9,893)</u>	<u>\$ 248,528</u>	<u>\$ 258,421</u>

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

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 42,000	\$ 42,000	\$ 77,436	\$ 35,436
State grants	100,000	100,000	86,838	(13,162)
Other revenue	<u>325,000</u>	<u>325,000</u>	<u>100</u>	<u>(324,900)</u>
Total revenues	<u>467,000</u>	<u>467,000</u>	<u>164,374</u>	<u>(302,626)</u>
Expenditures				
Current				
Public works	522,500	522,500	470,379	(52,121)
Debt service				
Principal retirement	-	-	28,025	28,025
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>10,563</u>	<u>10,563</u>
Total expenditures	<u>522,500</u>	<u>522,500</u>	<u>508,967</u>	<u>(13,533)</u>
Excess of revenues (deficiency) over expenditures	(55,500)	(55,500)	(344,593)	(289,093)
Other financing sources (uses)				
Issuance of debt	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Net change in fund balance	(55,500)	(55,500)	(94,593)	(39,093)
Fund balance - beginning of year	<u>181,755</u>	<u>181,755</u>	<u>181,755</u>	<u>-</u>
Fund balance - end of year	<u>\$ 126,255</u>	<u>\$ 126,255</u>	<u>\$ 87,162</u>	<u>\$ (39,093)</u>

See Accompanying Notes to Required Supplementary Information

City of Bangor
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Asset and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 45,971	\$ 38,816	\$ 18,796	\$ 12,704
Interest	121,246	117,488	113,888	118,978
Experience differences	(39,606)	34,111	(13,503)	(52,434)
Changes in assumptions	-	61,859	47,041	56,602
Other changes	-	-	-	-
Benefit payments and refunds	(129,323)	(129,447)	(128,280)	(126,924)
Net change in total pension liability	(1,712)	122,827	37,942	8,926
Total pension liability - beginning	1,714,033	1,591,206	1,553,264	1,544,338
Total pension liability - ending (a)	<u>\$ 1,712,321</u>	<u>\$ 1,714,033</u>	<u>\$ 1,591,206</u>	<u>\$ 1,553,264</u>
Plan fiduciary net position				
Net investment income (loss)	\$ (255,844)	\$ 312,548	\$ 245,919	\$ 253,851
Benefit payments and refunds	(129,323)	(129,447)	(128,280)	(126,924)
Administrative expense	(4,171)	(3,397)	(4,003)	(4,370)
Net change in plan fiduciary net position	(389,338)	179,704	113,636	122,557
Plan fiduciary net position - beginning	2,323,643	2,143,939	2,030,303	1,907,746
Plan fiduciary net position - ending (b)	<u>\$ 1,934,305</u>	<u>\$ 2,323,643</u>	<u>\$ 2,143,939</u>	<u>\$ 2,030,303</u>
Net pension asset (a-b)	<u>\$ (221,984)</u>	<u>\$ (609,610)</u>	<u>\$ (552,733)</u>	<u>\$ (477,039)</u>
Plan fiduciary net position as a percentage of total pension liability	112.96%	135.57%	134.74%	130.71%
Covered payroll	\$ 583,393	\$ 487,030	\$ 285,219	\$ 184,644
Net pension asset as a percentage of covered payroll	(38.05%)	(125.17%)	(193.79%)	(258.36%)

See Accompanying Notes to Required Supplementary Information

City of Bangor
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Asset and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 21,988	\$ 26,676	\$ 20,345	\$ 15,513	\$ 14,199
Interest	129,907	128,888	129,232	128,993	128,248
Experience differences	(152,875)	6,311	-	-	-
Changes in assumptions	-	-	-	-	-
Other changes	-	-	1,080	61,352	-
Benefit payments and refunds	(135,057)	(158,512)	(157,737)	(155,135)	(112,989)
Net change in total pension liability	(136,037)	3,363	(7,080)	50,723	29,458
Total pension liability - beginning	1,680,375	1,677,012	1,684,092	1,633,369	1,603,911
Total pension liability - ending (a)	<u>\$ 1,544,338</u>	<u>\$ 1,680,375</u>	<u>\$ 1,677,012</u>	<u>\$ 1,684,092</u>	<u>\$ 1,633,369</u>
Plan fiduciary net position					
Net investment income (loss)	\$ (79,360)	\$ 260,259	\$ 217,607	\$ (30,819)	\$ 134,339
Benefit payments and refunds	(135,057)	(158,512)	(157,737)	(155,135)	(112,989)
Administrative expense	(4,035)	(4,135)	(4,303)	(4,610)	(4,914)
Net change in plan fiduciary net position	(218,452)	97,612	55,567	(190,564)	16,436
Plan fiduciary net position - beginning	2,126,198	2,028,586	1,973,019	2,163,583	2,147,147
Plan fiduciary net position - ending (b)	<u>\$ 1,907,746</u>	<u>\$ 2,126,198</u>	<u>\$ 2,028,586</u>	<u>\$ 1,973,019</u>	<u>\$ 2,163,583</u>
Net pension asset (a-b)	<u>\$ (363,408)</u>	<u>\$ (445,823)</u>	<u>\$ (351,574)</u>	<u>\$ (288,927)</u>	<u>\$ (530,214)</u>
Plan fiduciary net position as a percentage of total pension liability	123.53%	126.53%	120.96%	117.16%	132.46%
Covered payroll	\$ 326,718	\$ 394,621	\$ 297,441	\$ 191,987	\$ 175,730
Net pension asset as a percentage of covered payroll	(111.23%)	(112.97%)	(118.20%)	(150.49%)	(301.72%)

See Accompanying Notes to Required Supplementary Information

City of Bangor
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ -	\$ -	\$ -	\$ 175,730	- %
2016	-	-	-	191,987	- %
2017	-	-	-	297,441	- %
2018	-	-	-	394,321	- %
2019	-	-	-	326,718	- %
2020	-	-	-	179,074	- %
2021	-	-	-	425,779	- %
2022	-	-	-	579,544	- %
2023	-	-	-	616,530	- %

See Accompanying Notes to Required Supplementary Information

City of Bangor
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Interest	\$ 9,951	\$ 22,277	\$ 22,487	\$ 41,621	\$ 32,048	\$ 37,676
Experience differences	(60,969)	317,434	388,346	(746,179)	(8,902)	(159,645)
Changes in assumptions	-	-	-	-	349,901	8,506
Benefit payments and refunds	(36,559)	(38,805)	(42,640)	(37,968)	(69,974)	(78,304)
Net change in total OPEB liability	(87,577)	300,906	368,193	(742,526)	303,073	(191,767)
Total OPEB liability - beginning	478,992	1,032,003	663,810	1,406,336	1,103,263	1,295,030
Total OPEB liability - ending (a)	<u>\$ 391,415</u>	<u>\$ 1,332,909</u>	<u>\$ 1,032,003</u>	<u>\$ 663,810</u>	<u>\$ 1,406,336</u>	<u>\$ 1,103,263</u>
Plan fiduciary net position as a percentage of total OPEB liability	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Covered payroll	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Total OPEB liability as a percentage of covered payroll	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *

* Payroll is not a component of this calculation

City of Bangor
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 1,333,881	\$ 760,000	\$ 573,881	N/A*	N/A*
2019	69,227	69,974	(747)	N/A*	N/A*
2020	33,462	37,968	(4,506)	N/A*	N/A*
2021	36,093	42,640	(6,547)	N/A*	N/A*
2022	52,170	38,805	13,365	N/A*	N/A*
2023	66,437	36,559	29,878	N/A*	N/A*

* Payroll is not a component of this calculation

City of Bangor
Notes to the Required Supplementary Information
June 30, 2023

Pension Information

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Employees Retirement System of Michigan

There were no changes in assumptions for the fiscal year ended June 30, 2023.

Notes to the Schedule of Employer Contributions – Municipal Employees Retirement System of Michigan

- Valuation date: December 31, 2022
- Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 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: Individual entry-age
- Amortization method: Level percentage of payroll
- Remaining amortization period: 9 to 15 years
- Asset valuation method: 5-year smoothed value of assets
- Inflation: 2.5 percent
- Salary increase: 3.0 percent
- Investment rate of return: 7 percent net of pension plan investment expense, including inflation
- Mortality rates: Pub-2010 Healthy Annuitant Mortality Tables – 50% male and 50% female blend

OPEB Information

Notes to the Schedule of Changes in Total Net OPEB and Related Ratios – Other Postemployment Benefits

The June 30, 2023, changes in assumptions are due to the following:

- The discount rate was lowered from 2.20% to 2.16%.
- The investment rate was raised from 2.16% to 3.54%.

The July 1, 2022 total OPEB liability was restated from \$1,332,909 to \$478,992 for the correction of an error.

Notes to the Schedule of Employer Contributions – Other Postemployment Benefits

- Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry-age normal
- Amortization method: Level dollar
- Remaining amortization period: 26 years, closed
- Discount rate: 3.54%
- Salary increases: 3.25%
- Investment rate of return: 3.54%
- Retirement age: 60

City of Bangor
Notes to the Required Supplementary Information
June 30, 2023

- Mortality: Pub-2010 mortality tables with future mortality projected generationally using Scale MP-2021
- Healthcare cost trend rate: Pre-65: 7.25% gradually decreasing .25% per year to an ultimate rate of 4.5%.
Post 65: 5.25% gradually decreasing .25% per year to an ultimate rate of 4.5%

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

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Police	Bangor Fire District	South Haven Hospital Authority	Senior Services	Library Maintenance	
Assets						
Cash and cash equivalents	\$ 50,826	\$ -	\$ 925	\$ 15,528	\$ 75,481	\$ 142,760
Receivables						
Accounts	-	-	65	66	-	131
Due from other units of government	-	28,177	-	1,976	-	30,153
Due from other funds	36,226	-	-	-	-	36,226
Total assets	<u>\$ 87,052</u>	<u>\$ 28,177</u>	<u>\$ 990</u>	<u>\$ 17,570</u>	<u>\$ 75,481</u>	<u>\$ 209,270</u>
Liabilities						
Checks written against future deposits	\$ -	\$ 72,472	\$ -	\$ -	\$ -	\$ 72,472
Accounts payable	-	-	990	-	-	990
Total liabilities	<u>-</u>	<u>72,472</u>	<u>990</u>	<u>-</u>	<u>-</u>	<u>73,462</u>
Fund balances						
Restricted for						
Public safety	87,052	-	-	-	-	87,052
Senior services	-	-	-	17,570	-	17,570
Library maintenance	-	-	-	-	75,481	75,481
Unassigned (deficit)	-	(44,295)	-	-	-	(44,295)
Total fund balances (deficit)	<u>87,052</u>	<u>(44,295)</u>	<u>-</u>	<u>17,570</u>	<u>75,481</u>	<u>135,808</u>
Total liabilities and fund balances	<u>\$ 87,052</u>	<u>\$ 28,177</u>	<u>\$ 990</u>	<u>\$ 17,570</u>	<u>\$ 75,481</u>	<u>\$ 209,270</u>

City of Bangor
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					Total Nonmajor Governmental Funds
	Police	Bangor Fire District	South Haven Hospital Authority	Senior Services	Library Maintenance	
Revenues						
Taxes	\$ 31,300	\$ 60,635	\$ -	\$ 37,654	\$ -	\$ 129,589
Local contributions	-	-	-	-	4,000	4,000
Total revenues	<u>31,300</u>	<u>60,635</u>	<u>-</u>	<u>37,654</u>	<u>4,000</u>	<u>133,589</u>
Expenditures						
Current						
Public safety	712	119,056	-	-	-	119,768
Health and welfare	-	-	-	28,298	-	28,298
Recreation and culture	-	-	-	-	978	978
Total expenditures	<u>712</u>	<u>119,056</u>	<u>-</u>	<u>28,298</u>	<u>978</u>	<u>149,044</u>
Net change in fund balances	30,588	(58,421)	-	9,356	3,022	(15,455)
Fund balances - beginning of year	<u>56,464</u>	<u>14,126</u>	<u>-</u>	<u>8,214</u>	<u>72,459</u>	<u>151,263</u>
Fund balances (deficit) - end of year	<u>\$ 87,052</u>	<u>\$ (44,295)</u>	<u>\$ -</u>	<u>\$ 17,570</u>	<u>\$ 75,481</u>	<u>\$ 135,808</u>

City of Bangor
Other Supplementary Information
Schedule of Indebtedness
June 30, 2023

June 30,	Governmental Activities				Total	Business-type	Component Units		
	MDOT State Infrastructure Bank Loan	Installment Purchase Agreement - 2018 Sewer Vac Truck	Installment Purchase Agreement - 2022 Police Vehcile	Installment Purchase Agreement - 2023 Dump Truck		Activities	2006 GO Sewage Disposal System Refunding Bonds	2017 Parking Lot Loan	2020 Promissory Note
2024	\$ 57,872	\$ 58,423	\$ 11,581	\$ 21,430	\$ 149,306	\$ 125,000	\$ 28,148	\$ 24,152	\$ 55,620
2025	59,753	62,161	12,390	22,356	156,660	125,000	4,707	25,017	52,300
2026	61,694	66,137	13,257	23,322	164,410	130,000	-	25,913	65,181
2027	63,700	70,368	-	24,329	158,397	-	-	26,837	25,913
2028	65,770	-	-	25,380	91,150	-	-	-	27,070
2029-2032	285,161	-	-	112,971	398,132	-	-	-	-
Total	\$ 593,950	\$ 257,089	\$ 37,228	\$ 229,788	\$ 1,118,055	\$ 380,000	\$ 32,855	\$ 101,919	\$ 226,084
Interest rate	3.250%	2.500%	6.990%	8.640%		1.625%	2.290%	3.500%	
Original issue	\$ 650,000	\$ 312,000	\$ 151,018	\$ 751,533		\$ 2,200,000	\$ 375,000	\$ 147,750	

September 9, 2024

To the Honorable Mayor, City Council and Management
City of Bangor
Bangor, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bangor (the City) as of and for the year ended June 30, 2023. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Matters for Management's Consideration
- III. Audit Adjustments

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the City during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 19, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the footnotes of the financial statements. The City has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2022:

- 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.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- Net pension asset, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Other postemployment benefits. The estimate is derived from a calculation including factors such as: life expectancy, historical insurance costs, probability of retirement, and the applicable federal interest rates in effect at the time of the calculation.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas.

- Management override of controls
- Improper revenue recognition

- Implementation of new accounting standard
- Expenditures not recorded in the proper period
- Unsubstantiated adjustments to utility bills
- Internal control material weaknesses

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

Implementation Guide No 2021-1, *Implementation Guidance Update-2021* has an amended response related to the capitalization of assets purchased as a group. Under the amended guidance, governments *should* capitalize individual items when the purchase in the aggregate is considered significant, even if the individual items are less than the capitalization threshold of the government. The effective date for implementation is for reporting periods beginning after June 15, 2023 (effectively, for the first year ended June 30, 2024 or later) and requires retroactive implementation.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements except the following adjustments:

General Fund						
Over (Under) Stated						
Description	Total Assets	Total Liabilities	Total Fund Balance	Revenues	Expenditures	Change in Balance
Unreconciled differences in cash	\$ (1,979)	\$ -	\$ (1,979)	\$ (1,979)	\$ -	\$ (1,979)

Business-type Activities						
Over (Under) Stated						
Description	Total Assets	Total Liabilities	Total Net Position	Revenues	Expenses	Change in Net Position
Water fund customer deposit listing does not reconcile to trial balance	\$ 6,089	\$ 6,089	\$ -	\$ -	\$ -	\$ -

Water Fund						
Over (Under) Stated						
Description	Total Assets	Total Liabilities	Total Net Position	Revenues	Expenses	Change in Net Position
Water fund customer deposit listing does not reconcile to trial balance	\$ 6,089	\$ 6,089	\$ -	\$ -	\$ -	\$ -

Several material misstatements were detected as a result of our audit procedures and corrected by management. See Appendix III for a listing of all audit adjustments. All entries presented were considered to be qualitatively or quantitatively material to the financial statements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management’s Consultations with Other Accountants

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

Other Audit Findings or Issues

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

Emphasis of Matters in Independent Auditors’ Report

Our report will include the following emphasis of matter paragraphs:

Fund Deficits

As of June 30, 2023, the City has an unrestricted deficit net position in the Sewer Fund of \$156,321, an unrestricted deficit net position in the Motor Vehicle Pool Fund of \$94,833 and an unassigned deficit fund balance in the Bangor Fire District Fund of \$44,295, which resulted from operating deficits. The deficits and status of the City’s Deficit Elimination Plans that are required by the Michigan Department of Treasury, are disclosed in Note 2. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

As described in Note 12 to the financial statements, there was an error in the alternative measurement method calculation of the total OPEB liability in the prior year which resulted in a restatement of beginning net position. Our opinion is not modified with respect to that matter.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors’ Report on Compliance For Each Major Federal Program; Independent Auditors’ Report on Internal Control Over Compliance; Independent Auditors’ Report on Schedule of Expenditures of Federal Awards Required by the Uniform Grant Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management’s discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

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

Appendix II Matters for Management’s Consideration

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2023, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

However, during our audit we became aware of the following matters for management’s consideration that are opportunities for strengthening internal controls and compliance. This letter does not affect our report dated September 9, 2024, on the financial statements of the City.

Lack of Required Policy

Although the City accepts payments by credit card, the City does not have an approved policy for the acceptance of credit cards. We recommend that the City drafts and approves this policy immediately to ensure compliance with state law. This will require a resolution by the City Council to approve the acceptance of credit card policy. Further information on the requirements of these resolutions and policies may be found at the following link: [http://www.legislature.mi.gov/\(S\(gxxl4goehjy33safszbkbu3\)\)/mileg.aspx?page=getObject&objectName=mcl-Act-280-of-1995](http://www.legislature.mi.gov/(S(gxxl4goehjy33safszbkbu3))/mileg.aspx?page=getObject&objectName=mcl-Act-280-of-1995)

Municipal Qualifying Statement

The City has not filed the required Municipal Qualifying Statement (MQS) since 2019. The MQS determines compliance with Public Act 34, which determines a government’s ability to issue municipal securities without additional approval from the State of Michigan Department of Treasury. We recommend that the City file MQS’s through the current fiscal year to ensure that they are compliant with State law. Further information on the requirements of Public Act 34 can be found at the following link: [http://www.legislature.mi.gov/\(S\(ykewgruauquarbicpmanrko3\)\)/mileg.aspx?page=getObject&objectName=mcl-141-2303](http://www.legislature.mi.gov/(S(ykewgruauquarbicpmanrko3))/mileg.aspx?page=getObject&objectName=mcl-141-2303)

Appendix III - Audit Adjustments

Fund: 101		General Fund	Debit	Credit
Adjusting Journal Entries JE # 1005				
AJE06 - Correct SSR revenue				
101-000-078.000	DUE FROM STATE	\$	13,054	\$ -
101-000-574.002	EVIP REVENUE		47,172	-
101-000-360.000	DEFERRED INFLOWS		-	47,172
101-000-694.000	MISC INCOME		-	13,054
Total		\$	60,226	\$ 60,226
Adjusting Journal Entries JE # 1007				
AJE08 - Record additional AP accruals				
101-101-826.000	LEGAL FEES	\$	12,098	\$ -
101-101-880.000	COMMUNITY PROMOTION		8,853	-
101-000-202.000	ACCOUNTS PAYABLE		-	20,951
Total		\$	20,951	\$ 20,951
Adjusting Journal Entries JE # 1008				
AJE09 - Adjust delinquent property tax AR				
101-000-084.901	DUE FROM OTHER GOVERNMENTS	\$	7,092	
101-000-446.000	INTEREST/LATE FEE-DELQ			6,141
101-000-618.000	CFS-TAX ADMIN FEE			951
Total		\$	7,092	\$ 7,092
Fund: 101	Total All Journal Entries	\$	88,269	\$ 88,269
Fund: 202		Major Streets Fund		
Adjusting Journal Entries JE # 1004				
AJE05 - Correct Act 51 revenue and deferred inflows.				
202-000-546.000	STATE OF MICHIGAN REVENUE	\$	7,940	\$ -
202-000-360.000	DEFERRED INFLOW - STATE REVENUE		-	7,940
Total		\$	7,940	\$ 7,940
Adjusting Journal Entries JE # 1007				
AJE08 - Record additional AP accruals				
202-463-818.000	CONTRACTUAL SERVICES	\$	6,048	\$ -
202-000-202.000	ACCOUNTS PAYABLE		-	6,048
Total		\$	6,048	\$ 6,048
Fund: 202	Total All Journal Entries	\$	13,988	\$ 13,988
Fund: 203		Local Streets Fund		
Adjusting Journal Entries JE # 1002				
AJE03 - Remove AP that was already recorded				
203-000-202.000	ACCOUNTS PAYABLE	\$	11,893	
203-451-818.000	CONTRACTUAL SERVICES			11,893
Total		\$	11,893	\$ 11,893
Adjusting Journal Entries JE # 1004				
AJE05 - Correct Act 51 revenue and deferred inflows.				
203-000-546.000	STATE OF MICHIGAN REVENUE	\$	2,961	\$ -
203-000-360.000	DEFERRED INFLOW - STATE REVENUE		-	2,961
Total		\$	2,961	\$ 2,961
Fund: 203	Total All Journal Entries	\$	14,854	\$ 14,854

Fund: 207		Police Fund	Debit	Credit
Adjusting Journal Entries JE # 1000				
AJE01 - Correct fund balance in police fund to match prior year financial statements ending balance				
207-000-390.000	FUND BALANCE	\$ 2,412	\$ -	
207-301-977.000	NEW EQUIPMENT	-	2,412	
Total		\$ 2,412	\$ 2,412	
Fund: 207	Total All Journal Entries	\$ 2,412	\$ 2,412	
Fund: 590		Sewer Fund		
Adjusting Journal Entries JE # 1001				
AJE02 - Record prior period adjustment for incorrect calculation of OPEB liability in prior year.				
590-000-270.000	ACCRUED RETIREE HEALTHCARE	\$ 341,519	\$ -	
590-000-390.000	FUND BALANCE	-	341,519	
Total		\$ 341,519	\$ 341,519	
Adjusting Journal Entries JE # 1007				
AJE08 - Record additional AP accruals				
590-000-142.001	CONSTRUCTION IN PROGRESS	\$ 26,500	\$ -	
590-548-826.000	LEGAL FEES	12,098	-	
590-000-202.000	ACCOUNTS PAYABLE	-	38,598	
Total		\$ 38,598	\$ 38,598	
Adjusting Journal Entries JE # 1009				
AJE10 - Record additional federal revenue and AR				
590-000-040.000	ACCOUNTS REC	\$ 26,500	\$ -	
590-000-545.003	CDBG GRANT	-	26,500	
Total		\$ 26,500	\$ 26,500	
Fund: 590	Total All Journal Entries	\$ 479,534	\$ 479,534	
Fund: 591		Water Fund		
Adjusting Journal Entries JE # 1001				
AJE02 - Record prior period adjustment for incorrect calculation of OPEB liability in prior year.				
591-000-270.000	ACCRUED RETIREE HEALTHCARE	331,753		
591-000-390.000	FUND BALANCE		331,753	
Total		331,753	331,753	
Adjusting Journal Entries JE # 1003				
AJE04 - Record AR and revenue for ARPA DWAM grant				
591-000-040.000	ACCOUNTS RECEIVABLE	\$ 75,000	\$ -	
591-000-545.000	FEDERAL REVENUE	-	75,000	
Total		\$ 75,000	\$ 75,000	
Adjusting Journal Entries JE # 1007				
AJE08 - Record additional AP accruals				
591-000-142.000	CONSTRUCTION IN PROGRESS	\$ 20,000	\$ -	
591-556-826.000	LEGAL FEES	15,098	-	
591-000-202.000	ACCOUNTS PAYABLE	-	35,098	
Total		\$ 35,098	\$ 35,098	
Adjusting Journal Entries JE # 1009				
AJE10 - Record additional federal revenue and AR				
591-000-040.000	ACCOUNTS RECEIVABLE	\$ 20,000	\$ -	
591-000-545.000	FEDERAL REVENUE	-	20,000	
Total		\$ 20,000	\$ 20,000	
Fund: 591	Total All Journal Entries	\$ 533,893	\$ 533,893	

Fund: 661		Motor Vehicle Pool Fund		Debit	Credit
Adjusting Journal Entries JE # 1001					
AJE02 - Record prior period adjustment for incorrect calculation of OPEB liability in prior year.					
661-000-270.000	ACCRUED RETIREE HEALTHCARE	\$	13,847	\$	-
661-000-390.000	FUND BALANCE		-		13,847
Total		\$	13,847	\$	13,847
Adjusting Journal Entries JE # 1006					
AJE07 - Correct transfers					
661-000-669.000	EQUIPMENT RENTAL	\$	80,000	\$	-
661-000-699.101	TRANSFER IN - GENERAL FUND		-		80,000
Total		\$	80,000	\$	80,000
Fund: 661	Total All Journal Entries	\$	94,723	\$	94,723

City of Bangor

Single Audit

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Honorable Mayor, City Council and Management
City of Bangor
Bangor, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Bangor (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, and have issued our report thereon dated September 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-003, 2023-004, 2023-005, 2023-006 and 2023-007 that we consider to be material weaknesses. In addition, we identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-002 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in

the accompanying schedule of findings and questioned costs as items 2023-001, 2023-003, 2023-004, 2023-005 and 2023-006.

City of Bangor's Response to Findings and Corrective Action Plans

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan
September 9, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

To the Honorable Mayor, City Council and Management
City of Bangor
Bangor, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Bangor's (the City's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, 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. We issued our report thereon dated September 9, 2024, which contained unmodified, qualified and adverse opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
September 9, 2024

City of Bangor
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

	<u>Assistance Listing Number</u>	<u>Federal or Pass-Through Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Passed through Michigan Economic Development Corporation			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	MSC-221011-WRI	\$ <u>906,316</u>
U.S. Department of Treasury			
Passed through the Michigan Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	SLFRP0127	191,127
Passed through the State of Michigan, Michigan Department of Environment, Great Lakes and Energy			
Coronavirus State and Local Fiscal Recovery Funds - Drinking Water Asset Management COVID	21.027	80-2010/NEU	<u>95,000</u>
Total U.S. Department of Treasury			<u>286,127</u>
Total Expenditures of Federal Awards			\$ <u>1,192,443</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Bangor
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis and modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Subrecipients

No amounts were provided to subrecipients.

City of Bangor
Schedule of Findings and Questioned Costs
June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Major Streets Fund	Unmodified
Local Streets Fund	Unmodified
Sewer Fund	Unmodified
Water Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X no

Identification of major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

City of Bangor
Schedule of Findings and Questioned Costs
June 30, 2023

Section II – Government Auditing Standards Findings

2023-001 - Material Weakness and Material Noncompliance – Audit Adjustments/Internal Controls Over Financial Reporting

Specific Requirement: Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

Condition: The City lacks complete internal control documentation which directly results in a lack of monitoring, untimely reconciliations and an overall poor control environment. Several issues were noted during our review of internal controls including lack of segregation of duties, lack of adequate support for transactions, lack of review of electronic payments, and lack of supporting documentation for pay rates in employee files. Therefore, material journal entries were proposed by the auditors to properly account for various financial statement amounts. These misstatements were not detected by the City’s internal control over financial reporting in a timely manner. These entries proposed by the auditor were considered qualitatively or quantitatively material to various funds. The entries were necessary to adjust most financial statement areas.

Cause: Material journal entries were not detected by the City’s internal control over financial reporting. This is a direct result of a lack of policies and procedures as well as a lack of adequate training regarding reconciliations and yearend accruals.

Effect: Had the journal entries not been recorded, the financial statements would have been materially misstated.

Recommendation: We recommend the City take steps to ensure that all accounts are reconciled in a timely manner and that material journal entries are identified and recorded. This will help to improve the City Council’s decisions by basing their decisions on accurate financial information. Further, we recommend that the City develop formal internal control policies and procedures to ensure that financial information is reconciled and reviewed timely.

Views of responsible officials: Management is in agreement with the finding.

Corrective action plan: See attached.

City of Bangor
Schedule of Findings and Questioned Costs
June 30, 2023

2023-002 - Significant Deficiency – Unsubstantiated Utility Bill Adjustments

Specific Requirement:	Management is responsible for retaining documentation that substantiates adjustments to all utility bills to ensure that all were approved and are reasonable.
Condition:	During the review of internal controls, the auditor requested supporting documentation, including approvals, for all utility bill adjustments made during the year ended June 30, 2023. The City was unable to provide any supporting documentation to substantiate any of the utility bill adjustments.
Cause:	This is a direct result of the lack of internal control policies and procedures.
Effect:	Utility bill adjustments were not able to be substantiated and therefore, there was no way to verify that they were approved and appropriate.
Recommendation:	We recommend the City develop a formal policy and procedures for utility bill adjustments. This will help to ensure that any adjustments are reviewed and approved before the adjustment is made to verify it is reasonable and appropriate. Lack of policies and procedures over utility bill adjustments increases the risk that improper adjustments will occur.
Views of responsible officials:	Management is in agreement with the finding.
Corrective action plan:	See attached.

2023-003 – Material Weakness and Material Noncompliance – Audit Report Not Filed Timely

Specific Requirement:	The Uniform Budgeting and Accounting Act (P.A. 2 of 1968) requires local units to complete and file and audit annually within 6 months of the local unit's fiscal year end.
Condition:	The annual audit report was not filed within 6 months of the City's fiscal year end.
Cause:	This is a direct result of the lack of internal control policies and procedures that ultimately resulted in untimely reconciliations.
Effect:	The effect was untimely reconciliations, which resulted in a significant amount of auditor proposed entries and ultimately a late audit filing. The City is not in compliance with P.A. 2 of 1968.
Recommendation:	We recommend the City take steps to ensure that all accounts are reconciled in a timely manner and that material journal entries are identified and recorded in order to ensure the timely completion of the audit.

City of Bangor
Schedule of Findings and Questioned Costs
June 30, 2023

Views of responsible officials: Management is in agreement with the finding.

Corrective action plan: See attached.

2023-004 – Material Weakness and Material Noncompliance – Component Unit Omitted

Specific Requirement: Local governments are required to present the financial activity of a component unit that is a legally separate organization for which the primary government officials are financially accountable for or for which the relationship with the primary government is such that it would be misleading or incomplete to exclude the component unit from the primary government's financial statements.

Condition: The Bangor Housing Commission, a component unit of the City, has not filed an audit with the Michigan Department of Treasury since fiscal year 2021.

Cause: The Bangor Housing Commission experienced turnover in the Executive Director position in fiscal year 2020 which has resulted in the lack of timely audit submissions to the State.

Effect: The City, with the Michigan Department of Treasury's approval, has elected to omit the Bangor Housing Commission in the City's 2023 financial statements in order to submit their audit, which is also late as described in finding 2023-003. This results in modified opinions in our Independent Auditors' Report.

Recommendation: We recommend the City work with the administration of the Bangor Housing Commission to take steps to ensure that all accounts are reconciled in a timely manner and that material journal entries are identified and recorded in order to ensure the timely completion of the audit.

Views of responsible officials: Management is in agreement with the finding.

Corrective action plan: See attached.

City of Bangor
Schedule of Findings and Questioned Costs
June 30, 2023

2023-005 – Material Weakness and Material Noncompliance – Expenditures in Excess of Appropriations

Specific Requirement: The City may not make expenditures for which there are not appropriations in the budget.

Condition: As of June 30, 2023, material expenditures were in excess of amounts appropriated in the amended budgets as follows:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Public works	\$ 173,000	\$ 324,056	\$ 151,056
Community and economic development	-	77,466	77,466
Recreation and culture	30,000	275,698	245,698
Major Streets Fund			
Debt service	-	38,588	38,588
Local Streets Fund			
Debt service	-	38,588	38,588

Cause: Various expenditures for the General Fund, Major Streets Fund and Local Streets Fund were not included in the final budget amendments.

Effect: The expenditure of funds in excess of appropriations is contrary to the provisions of Section 17 of the Uniform Budgeting and Accounting Act. The City is not in compliance with State statute.

Recommendation: We recommend that the City develop budgetary control procedures, including passing budget amendments, which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof.

Views of responsible officials: Management is in agreement with the finding.

Corrective action plan: See attached.

City of Bangor
Schedule of Findings and Questioned Costs
June 30, 2023

2023-006 – Material Weakness and Material Noncompliance – Fund Deficits

Specific Requirement:	Governments are required to maintain positive unrestricted net position and positive unassigned fund balance.
Condition:	As of June 30, 2023, the City has an unrestricted deficit net position in the Sewer Fund of \$156,321, an unrestricted deficit net position in the Motor Vehicle Pool Fund of \$94,833 and an unassigned deficit fund balance in the Bangor Fire District Fund of \$44,295.
Cause:	The deficits are a result of operating losses.
Effect:	The Sewer Fund unrestricted net position, the Motor Vehicle Pool Fund unrestricted net position and the Bangor Fire District Fund unassigned fund balance are all in deficits. The City is required to submit deficit elimination plans for each deficit.
Recommendation:	We recommend that the City develops the required deficit elimination plans and submit them to the State of Michigan as soon as possible.
Views of responsible officials:	Management is in agreement with the finding.
Corrective action plan:	See attached.

2023-007 – Material Weakness – Prior Period Adjustment

Specific Requirement:	Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.
Condition:	There was an error in the alternative measurement method calculation of the total OPEB liability in the prior year which resulted in a restatement of beginning net position in the Governmental Activities of \$180,645, in the Business-type Activities of \$673,272, in the Sewer Fund of \$341,519, in the Water Fund of \$331,753 and in the Motor Vehicle Pool Fund of \$13,847.
Cause:	There was an error in the calculation that was not detected until fiscal year 2023.
Effect:	The effect was a restatement of beginning net position to correct the total OPEB liability.
Recommendation:	We recommend the City review the calculation for reasonableness to ensure that there are no errors.
Views of responsible officials:	Management is in agreement with the finding.
Corrective action plan:	See attached.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

City of Bangor
Summary Schedule of Prior Audit Findings
June 30, 2023

Section IV – Prior Audit Findings

Government Auditing Standards Findings

Finding 2022-001 – Material Weakness and Material Noncompliance – Audit Adjustments/Internal Controls Over Financial Reporting

Criteria: Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

Status: Uncorrected.

Finding 2022-002 – Significant Deficiency – Unsubstantiated Utility Bill Adjustments

Criteria: Management is responsible for retaining documentation that substantiates adjustments to all utility bills to ensure that all were approved and are reasonable.

Status: Uncorrected.

Finding 2022-003 – Material Weakness and Material Noncompliance – Audit Report Not Filed Timely

Criteria: The Uniform Budgeting and Accounting Act (P.A. 2 of 1968) requires local units to complete and file and audit annually within 6 months of the local unit's fiscal year end.

Status: Uncorrected.

Finding 2022-004 – Material Weakness and Material Noncompliance – Component Unit Omitted

Criteria: Local governments are required to present the financial activity of a component unit that is a legally separate organization for which the primary government officials are financially accountable for or for which the relationship with the primary government is such that it would be misleading or incomplete to exclude the component unit from the primary government's financial statements.

Status: Uncorrected.

Finding 2022-005 – Material Weakness and Material Noncompliance – Expenditures in Excess of Appropriations

Criteria: The City may not make expenditures for which there are not appropriations in the budget.

Status: Uncorrected.

Federal Award Findings

A single audit was not performed for the year ended June 30, 2022 as federal expenditures were below \$750,000.

Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, Michigan 48847

Dear Sir/Madam:

I am writing to relay the correction action plan for the issues identified in the June 30, 2023 audit report of the City of Bangor. As City Manager and Chief Administration Officer, I will be the contact person and ultimately responsible for implementation.

Finding 2023-001 – Material Weakness and Material Noncompliance – Audit Adjustments/Internal Controls Over Financial Reporting

Condition: The City lacks complete internal control documentation which directly results in a lack of monitoring, untimely reconciliations and an overall poor control environment. Several issues were noted during our review of internal controls including lack of segregation of duties, lack of adequate support for transactions, lack of review of electronic payments, and lack of supporting documentation for pay rates in employee files. Therefore, material journal entries were proposed by the auditors to properly account for various financial statement amounts. These misstatements were not detected by the City’s internal control over financial reporting in a timely manner. These entries proposed by the auditor were considered qualitatively or quantitatively material to various funds. The entries were necessary to adjust most financial statement areas.

Corrective Action Plan: The City will continue to update policies and procedures. Bank reconciliations will be done in a timelier manner and sent to the City’s accountant for review. Online bank transfers are initiated by the City Treasurer and reviewed by the City Clerk/City Manager for approval. Electronic payments will be initiated by the City Treasurer and reviewed by the City Clerk and presented to the City Council for approval. Pay rates will be reviewed and approved by the City Manager and presented to the City Council for approval.

Finding 2023-002 – Significant Deficiency – Unsubstantiated Utility Bill Adjustments

Condition: During the review of internal controls, the auditor requested supporting documentation, including approvals, for all utility bill adjustments made during the year ended June 30, 2023. The City was unable to provide any supporting documentation to substantiate any of the utility bill adjustments.

Corrective Action Plan: The City has created policies and procedures to document utility bill adjustments.

Finding 2023-003 – Material Weakness and Material Noncompliance – Audit Report Not Filed Timely

Condition: The annual audit report was not filed within 6 months of the City’s fiscal year end.

Corrective Action Plan: The City will work with the City’s accountant and auditors to have the audit filed on time. The City has changed from an annual audit to a biannual audit per MCL 141.425 which should help get the City back on track with filing timing.

Finding 2023-004 – Material Weakness and Material Noncompliance – Component Unit Omitted

Condition: The Bangor Housing Commission, a component unit of the City, has not filed an audit with the Michigan Department of Treasury since fiscal year 2021.

Corrective Action Plan: The City will continue to work with Bangor Housing to get their audits completed on a timely matter.

Finding 2023-005 – Material Weakness and Material Noncompliance – Expenditures in Excess of Appropriations

Condition: As of June 30, 2023, material expenditures were in excess of amounts appropriated in the amended budgets as follows:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Public works	\$ 173,000	\$ 324,056	\$ 151,056
Community and economic development	-	77,466	77,466
Recreation and culture	30,000	275,698	245,698
Major Streets Fund			
Debt service	-	38,588	38,588
Local Streets Fund			
Debt service	-	38,588	38,588

Corrective Action Plan: The City Manager and Treasurer will work closely together to make sure that the City stays within budgeted amounts.

2023-006 – Material Weakness and Material Noncompliance – Fund Deficits

Condition: As of June 30, 2023, the City has an unrestricted deficit net position in the Sewer Fund of \$156,321, an unrestricted deficit net position in the Motor Vehicle Pool Fund of \$94,833 and an unassigned deficit fund balance in the Bangor Fire District Fund of \$44,295.

Corrective Action Plan: The City will develop a fund deficit plan.

2023-007 – Material Weakness – Prior Period Adjustment

Condition: There was an error in the alternative measurement method calculation of the total OPEB liability in the prior year which resulted in a restatement of beginning balances in the Governmental Activities of \$180,645, in the Business-type Activities of \$673,272, in the Sewer Fund of \$341,519, in the Water Fund of \$331,753 and in the Motor Vehicle Pool Fund of \$13,847.

Corrective Action Plan: The City will work with our accountant/auditors to make sure the correct calculation information is given for the OPEB liability report.

Responsible Official: Justin Weber, City Manager