CITY OF CHARLEVOIX

Agenda
City of Charlevoix City Council Regular Meeting
Monday, November 20, 2023 - 6:00 PM
Council Chambers, 210 State Street, Charlevoix, MI

1. **Pledge of Allegiance**
2. **Roll Call**
3. **Presentations**
    A. 2022-2023 Fiscal Year Financial Audit Presentation
4. **Inquiry Regarding Conflicts of Interest**
5. **Consent Agenda**
    A. City Council Meeting Minutes - November 6, 2023
    B. Accounts Payable and Payroll Check Registers
    C. Water Treatment Plant-High Service Pump Repair: $22,671.73
    D. Set Work Session for November 30, 2023
    E. Accept the Audit Report
6. **Public Hearings and Actions Requiring Public Hearings**
7. **All Other Actions and Requests**
    A. Future Disposition of 229 Stover Road
    Mark Knapp
    Janet Kalbfell
    Richard Spring
    B. Organizational Meeting
    Sarah Dvoracek, City Clerk
    C. Council Members Appointment to Board of Review
    Sarah Dvoracek, City Clerk
    D. Council Appointments
    Janet Kalbfell
    1st Ward Council Member
8. **Reports and Communications**
    A. Public Comment

B. City Manager's Comments

C. Mayor and Council Comments

9. Other Council Business

A. Closed Session: Discussion of Attorney-Client Privileged Communication and Strategy for Potential Litigation

10. Adjourn

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Clerk's Office at 231-547-3250 or by email clerk@charlevoixmi.gov. A 24-hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodations requests.

Charlevoix City Council
Presentations

Title: 2022-2023 Fiscal Year Financial Audit Presentation
Date: November 20, 2023

Presented By:

Background:
The City's auditor, Rehmann Robson, has completed their audit of the City's financial statements as of and for the year ended March 31, 2023. Their audit encompassed the financial statements of the City's governmental activities, business-type activities, DDA, each major fund and the aggregate remaining fund information. A representative from Rehmann will present the findings of the audit and present a general overview of the financial health of the City.

With the financial audit now completed, Staff has filed the audited financial statements, the F-65 report and the Michigan Finance Qualifying Statements with the State in order to comply with State requirements. Additionally, Staff has complied with SEC disclosure requirements in regards to the audited financial statements.
Recommendation:

Attachments:
1. City of Charlevoix 03 31 23 AUD FS-FINAL
2. City of Charlevoix - 6-30-23 Audit Presentation

City of Charlevoix, Michigan

Fiscal Year Ended March 31, 2023

Financial Statements

Rehmann

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CITY OF CHARLEVOIX, MICHIGAN

Table of Contents

Table of Contents

CITY OF CHARLEVOIX, MICHIGAN

List of Elected and Appointed Officials

Elected Officials

Mayor	Lyle Gennett
Council Member	Aaron Hagen
Council Member	Janet Kalbfell
Council Member	Richard Spring
Council Member	Philip Parr
Council Member	Mark Knapp
Council Member	Shane Cole

Appointed Officials

City Manager	Mark Heydlauff
Attorney	Scott Howard
Clerk	Sarah Dvoracek
Treasurer	Kelly McGinn
Planning Director	Jennifer Neal
Zoning Administrator	Jonathan Scheel
Police Chief	Jill McDonnell
DPW Superintendent	Pat Elliott
Electric Superintendent	John Griffith
Wastewater Chief Operator	Randall Wurst
Water Treatment Chief Operator	Nick Hilling
DDA Director	Lindsey Dotson
Airport Manager	Brian Ewalt
Harbormaster	Denny McDermott
Recreation Director	Kent Knorr

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INDEPENDENT AUDITORS' REPORT

September 14, 2023

Members of City Council
City of Charlevoix
Charlevoix, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***City of Charlevoix, Michigan*** (the "City"), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of March 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2023, 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.

Rehmann Robson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Charlevoix, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2023.

Financial Highlights

- The City's total net position amounted to $69,553,773 at the end of the current fiscal year compared to $69,058,564 at the end of the prior period. The primary government's total net position increased by $495,209. Net position of governmental activities increased by $2,792,082. Net position of business-type activities decreased by $2,296,873.

- Of the total net position, $15,584,340, (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- At March 31, 2023, the City's governmental funds reported combined ending fund balances of $4,946,680, an increase of $1,612,468 from the prior year. $817,877, or 17 percent of total fund balance is unassigned and available for spending at the City's discretion.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $817,877 or percent of total general fund expenditures and transfers out.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include legislative, general government, public safety, public works, community development, health and welfare and recreation and culture. The business-type activities of the City include electric, sewage disposal, water distribution, marina and airport operations.

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

Management's Discussion and Analysis

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

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

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

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

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided within the basic financial statements to demonstrate compliance with the general fund budget.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, sewage disposal, water distribution, marina, and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employee fringe benefits, motor vehicle, and Department of Public Works (DPW). Because the motor vehicle and employee fringe benefit funds predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements. The DPW is used for site maintenance and its services predominantly benefit business-type activities and it has been combined with business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric utility, sewage disposal utility, water utility, marina and airport funds, each of which are considered to be major funds of the City.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis and the schedules for the City's pension plan.

Management's Discussion and Analysis

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $69,553,773 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (74 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (22 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	$ 6,724,360	$ 4,680,661	$ 17,864,350	$ 17,987,648	$ 24,588,710	$ 22,668,309
Capital assets, net	38,686,666	38,260,431	32,503,473	35,115,444	71,190,139	73,375,875
	45,411,026	42,941,092	50,367,823	53,103,092	95,778,849	96,044,184
Deferred outflows of resources	696,501	406,818	1,209,715	679,393	1,906,216	1,086,211
Liabilities						
Other liabilities	722,903	597,024	1,137,922	1,099,623	1,860,825	1,696,647
Long-term liabilities	10,922,139	11,393,015	8,952,827	9,799,893	19,874,966	21,192,908
Net pension liability	2,426,120	1,713,703	3,963,618	2,483,751	6,389,738	4,197,454
	14,071,162	13,703,742	14,054,367	13,383,267	28,125,529	27,087,009
Deferred inflows of resources	2,188	402,073	3,575	582,749	5,763	984,822
Net position						
Net investment in capital assets	28,005,463	27,181,173	23,622,467	25,405,326	51,627,930	52,586,499
Restricted	1,632,332	1,603,130	709,171	491,151	2,341,503	2,094,281
Unrestricted	2,396,382	457,792	13,187,958	13,919,992	15,584,340	14,377,784
Total net position	$ 32,034,177	$ 29,242,095	$ 37,519,596	$ 39,816,469	$ 69,553,773	$ 69,058,564

The City was able to report positive balances in all three categories of net position for fiscal year 2023.

Management's Discussion and Analysis

The following condensed financial information was derived from the government-wide statement of activities and reflects how the City's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	$ 838,946	$ 955,211	$ 14,884,953	$ 13,890,221	$ 15,723,899	$ 14,845,432
Operating grants and contributions	731,198	1,216,145	382,070	377,100	1,113,268	1,593,245
Capital grants and contributions	-	-	123,102	18,785	123,102	18,785
General revenues						
Property taxes	3,382,066	3,325,634	-	-	3,382,066	3,325,634
State shared revenue	390,753	306,361	-	-	390,753	306,361
Other revenue	5,996	30,194	-	-	5,996	30,194
Gain (loss) on disposal of capital assets	-	-	(61,166)	52,750	(61,166)	52,750
Unrestricted investment earnings	14,816	69,136	5,135	-	19,951	69,136
Total revenues	5,363,775	5,902,681	15,334,094	14,338,856	20,697,869	20,241,537
Expenses:						
Legislative	55,868	179,081	-	-	55,868	179,081
General government	919,898	1,141,619	-	-	919,898	1,141,619
Public safety	1,149,232	1,093,512	-	-	1,149,232	1,093,512
Public works	1,297,765	1,100,071	-	-	1,297,765	1,100,071
Health and welfare	1,564	590,428	-	-	1,564	590,428
Community development	61,191	-	-	-	61,191	-
Recreation and culture	1,498,125	1,450,121	-	-	1,498,125	1,450,121
Interest	302,829	458,334	-	-	302,829	458,334
Electric utility	-	-	7,610,105	7,120,485	7,610,105	7,120,485
Sewage disposal utility	-	-	2,158,459	2,026,629	2,158,459	2,026,629
Water utility	-	-	1,552,397	1,404,563	1,552,397	1,404,563
Marina	-	-	1,071,532	1,069,930	1,071,532	1,069,930
Airport	-	-	2,523,695	2,211,875	2,523,695	2,211,875
Total expenses	5,286,472	6,013,166	14,916,188	13,833,482	20,202,660	19,846,648

continued...

Management's Discussion and Analysis

	Change in Net Position (concluded)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Change in net position before transfers	$ 77,303	$ (110,485)	$ 417,906	$ 505,374	$ 495,209	$ 394,889
Transfers	2,034,885	921,766	(2,034,885)	(921,766)	-	-
Capital transfer to governmental activities	679,894	18,035	(679,894)	(18,035)	-	-
Change in net position	2,792,082	829,316	(2,296,873)	(434,427)	495,209	394,889
Net position:						
Beginning of year	29,242,095	28,412,779	39,816,469	40,250,896	69,058,564	68,663,675
End of year	$ 32,034,177	$ 29,242,095	$ 37,519,596	$ 39,816,469	$ 69,553,773	$ 69,058,564

concluded

Governmental Activities. Governmental activities increased the City’s net position by $2,717,082. Key elements of this increase are as follows:

- Total governmental activities revenue decreased by $538,906, or 9 percent, compared to prior year, with the most significant decreases being charges for services, which decreased by $116,265 and operating grants, which decreased by $484,947. The charges for service decrease from the previous year as compared to this year was caused by a reduction in one-time contribution and donations related to recreational activities and land purchases. The decrease in operating grants from the previous year as compared to this year was also related to a result of a reduction of one-time grant revenue related to recreation and FEMA.

- Total expenses for governmental activities decreased by $726,694, or 12 percent, compared to the prior year. The most significant fluctuations were in the following categories:

  Legislative expenses decreased by $123,213 due to more capital expenditure in 2022 as compared to 2023.

  Expenses for general government activities decreased by $221,721 as the result of capital related expenditures in 2022 as compared to 2023. Costs of services were also lower in 2023 as compared to 2022.

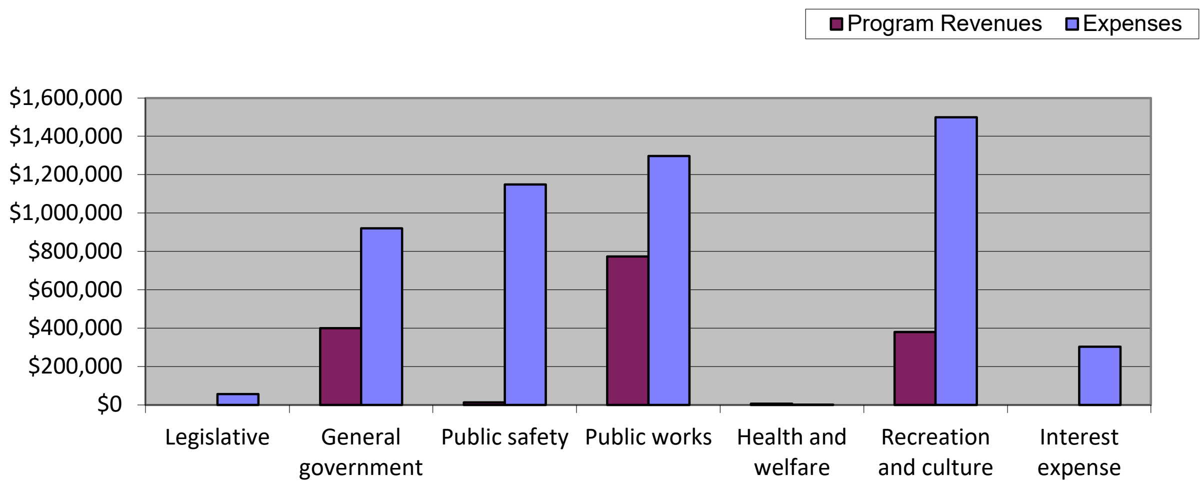
  Health and welfare expenses decreased by $588,364 because of ambulance services being handled by the new legally separate regional ambulance authority.

  These decreases were partially offset by an increase in public works expenses for leaf and spring cleanup.

Management's Discussion and Analysis

- Operating and capital transfers from business-type activities to governmental activities increased by $1,038,119 and $661,859, respectively, as the result of the closing of the DPW site internal service fund and the transfer of all assets, both operating and capital, liabilities and fund balance to governmental activities.

Program Revenues and Expenses - Governmental Activities



Business-type Activities. Net position of the business-type activities decreased by $2,296,873 in fiscal 2023 as compared to a decrease of $434,427 in fiscal 2022. Significant fluctuations occurred related to:

- Charges for services increased by $994,732 due to increased utility activity.

- Capital grants increased by $104,317 because of federal dollars used for airport improvements.

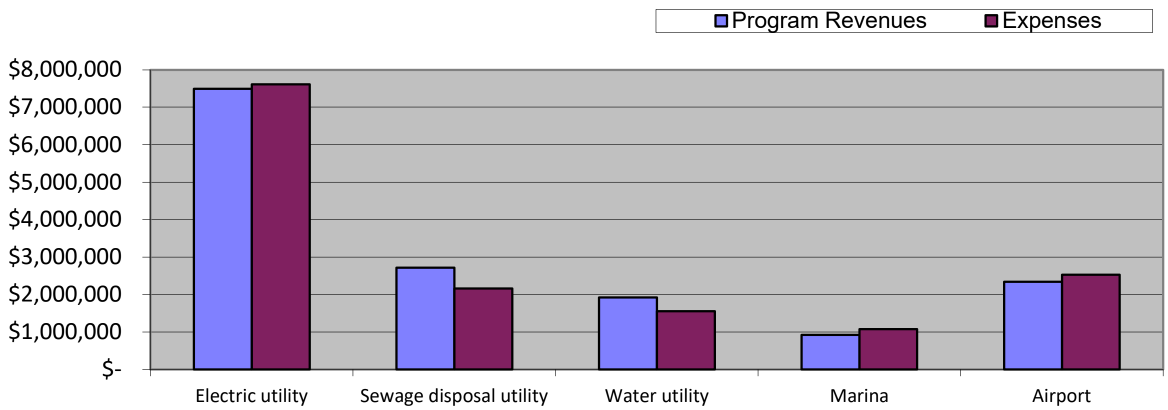
- There was an increase in electric utility expenses of $489,620, primarily because of increased operating supplies, capital services, and purchased power.

- There was an increase in water utility expenses of $147,834, mostly caused by contractual services.

- There was an increase in airport expenses of $311,820, due to the increased cost of aviation fuel.

- Operating and capital transfers from business-type activities to governmental activities increased by $1,113,119 and $661,859, respectively, as the result of the closing of the DPW site internal service fund and the transfer of all assets, both operating and capital, liabilities and fund balance to governmental activities.

Program Revenues and Expenses - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,946,680, an increase of $1,612,468 from the prior year. This increase was attributable primarily to the transfer of operating assets from the DPW site internal service fund to a new building improvements capital project fund (a nonmajor governmental fund) during fiscal 2023. A portion of the fund balance ($1,369,597), is restricted for specific purposes as determined by either an entity outside of the primary government, or by enabling legislation. Another portion of the fund balances ($817,877) constitutes unassigned fund balances, which is available for spending at the City's discretion. The remainder of fund balances is either nonspendable, committed or assigned to indicate that it is not available for new spending.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to $12,885,509, and the net investment in capital assets was $23,622,467. In addition, there was restricted net position in the amount of $225,000 from investments mandated to be restricted by the City Charter and $484,171 for energy purchases. The changes in enterprise fund net position were as follows:

- Electric utility activities decreased its net position by $671,715, mainly caused by the additional cost of services compared to revenue of electric services received.

- Sewage disposal utility activities increased its net position by $327,869 which is less than the increase in fiscal 2022 of $509,879. The main cause for this change was the increased cost of operating repair and maintenance supplies.

- Water utility activities increased its net position by $75,716 which is lower than the increase in net position in fiscal 2022 of $336,794. This decrease was mostly due to repairs to the water distribution system.

Management's Discussion and Analysis

- The Marina experienced an increase in net position of $38,022, compared with the decrease of $159,241 noted in the prior year. Funds were transferred from the general fund to maintain a positive net position.

- Airport activities were responsible for a decrease in net position of $213,392, compared to a decrease in the prior year of $295,606. The major contributor to this decrease was an increase in costs for repairs and maintenance.

General Fund Budgetary Highlights

The City amends its budget throughout the year to address changes in expected revenues and estimated expenditures. The most significant general fund budget amendments were as follows:

- The budget for total revenues was increased by only 1.5%.

- The budget for public safety expenditures was increased by $94,480 during the year due to wages and benefits related to staffing changes.

- The budget for recreation and culture expenditures was increased by $165,094 during the year because of capital projects and operating supplies increases.

The City reports actual results in comparison to the final amended budgets. Revenues were more than budgetary estimates by $36,664 or 1 percent and expenditures were less than budgetary estimates by $163,086 or 4 percent.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of March 31, 2023, amounted to $71,190,139 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, system improvements, machinery and equipment, vehicles (both purchased and leased), and infrastructure including park facilities, roads, highways and bridges.

Management's Discussion and Analysis

Major capital asset event during the current fiscal year included new public services facility, advanced metering system, bridge street lighting improvements, trail extension project, mason street and mason street parking, and bridge park lift station improvements.

	Capital Assets (Net of Depreciation, Where Applicable)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 17,126,968	$ 17,063,968	$ 1,506,534	$ 1,569,534	$ 18,633,502	$ 18,633,502
Construction in progress	244,691	9,351,982	143,836	595,552	388,527	9,947,534
Land improvements	1,392,595	1,352,743	9,397,358	10,432,445	10,789,953	11,785,188
Infrastructure	5,954,004	5,977,628	-	-	5,954,004	5,977,628
Buildings and improvements	12,069,757	2,470,590	12,147,291	12,827,852	24,217,048	15,298,442
System improvements	-	-	8,249,007	8,725,847	8,249,007	8,725,847
Machinery and equipment	790,304	793,189	1,059,447	964,214	1,849,751	1,757,403
Vehicles	967,030	1,191,990	-	-	967,030	1,191,990
Leased vehicles	141,317	58,341	-	-	141,317	58,341
Total capital assets, net	$ 38,686,666	$ 38,260,431	$ 32,503,473	$ 35,115,444	$ 71,190,139	$ 73,375,875

Additional information on the City’s capital assets can be found in the notes to the financial statements.

Long-term debt. The components of the City's long term debt are listed below.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	$ 9,810,000	$ 10,260,000	$ 8,784,562	$ 9,589,562	$ 18,594,562	$ 19,849,562
Direct borrowings and direct placements	51,838	76,803	-	-	51,838	76,803
Premium on bond issuance	678,048	726,904	168,265	210,331	846,313	937,235
Accrued compensated absences	240,936	270,967	-	-	240,936	270,967
Total	$ 10,780,822	$ 11,334,674	$ 8,952,827	$ 9,799,893	$ 19,733,649	$ 21,134,567

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is approximately $29 million, which is in excess of the City’s outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in the notes to the financial statements.

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2023-24 fiscal year:

- The unemployment rate for Michigan is currently 3.6% and the national average rate is 3.5%.

- The tax collection rate for the 2023-24 fiscal year are expected to be comparable to fiscal year 2022-23 at 99% of billed taxes. The County tax revolving fund reimburses the City for delinquent real property taxes in April each year following the March settlement.

- For the 2023-24 tax year, the operating millage of 9.4052 mills has increased from 8.9052 from the 2022-23 tax year. The infrastructure millage reduced to 1.2 mills. The refuse millage (PA 213) remained at 1.0 mill.

- Sewer rates charged for services in fiscal year 2023-24 increased 2.0% compared to fiscal year 2022-23.

- Water rates charged for services in fiscal year 2023-24 increased 3.5% from the fiscal year 2022-23 rates.

- Electric rates for fiscal year 2023-24 increased 6.9% from the previous fiscal year 2022-23.

- Wage rates increased 2.5% for Police Officers Labor Council (POLC) union employees, 4.0% for Communications Workers of America (CWA) union employees per their labor contracts with the City. The City's non-union employees received a 3.5% rate increase effective April 2023.

- The employee fringe benefit fund rates remained constant for 2023-24.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, 210 State Street, Charlevoix, Michigan 49720 or via email to *citytreasurer@cityofcharlevoix.gov* or by visiting our website at *www.cityofcharlevoix.gov* for additional supplemental budgetary information.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHARLEVOIX, MICHIGAN

Statement of Net Position

March 31, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	$ 4,946,583	$ 12,571,369	$ 17,517,952	$ 250,859
Investments	1,276,200	1,578,800	2,855,000	50,000
Cash at fiscal agent	170,350	552,632	722,982	-
Deposit held by Michigan Public Power Agency	-	484,171	484,171	-
Receivables, net	661,523	1,579,237	2,240,760	207,343
Internal balances	(408,093)	408,093	-	-
Other assets	77,797	465,048	542,845	22
Restricted investments	-	225,000	225,000	-
Capital assets not being depreciated/amortized	17,371,659	1,650,370	19,022,029	935,234
Capital assets being depreciated/amortized, net	21,315,007	30,853,103	52,168,110	1,592,941
Total assets	45,411,026	50,367,823	95,778,849	3,036,399
Deferred outflows of resources				
Deferred charge on bond refunding	-	71,821	71,821	-
Deferred pension amounts	696,501	1,137,894	1,834,395	-
Total deferred outflows of resources	696,501	1,209,715	1,906,216	-
Liabilities				
Accounts payable and accrued liabilities	417,724	772,732	1,190,456	3,024
Unearned revenue	305,179	365,190	670,369	-
Bond, leases and other liabilities:				
Due within one year	803,906	872,066	1,675,972	-
Due in more than one year	10,118,233	8,080,761	18,198,994	-
Net pension liability (due in more than one year)	2,426,120	3,963,618	6,389,738	-
Total liabilities	14,071,162	14,054,367	28,125,529	3,024
Deferred inflows of resources				
Deferred pension amounts	2,188	3,575	5,763	-
Deferred lease amounts	-	-	-	175,874
Total deferred inflows of resources	2,188	3,575	5,763	175,874
Net position				
Net investment in capital assets	28,005,463	23,622,467	51,627,930	2,528,175
Restricted for:				
Cemetery perpetual care (non-expendable)	433,358	-	433,358	-
Street, parking and trail improvements	490,992	-	490,992	-
City charter mandate	-	225,000	225,000	
Energy purchases	-	484,171	484,171	-
Capital improvements	672,264	-	672,264	-
Debt service	35,718		35,718	-
Downtown development	-	-	-	329,326
Unrestricted	2,396,382	13,187,958	15,584,340	-
Total net position	$ 32,034,177	$ 37,519,596	$ 69,553,773	$ 2,857,501

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

CITY OF CHARLEVOIX, MICHIGAN

Statement of Activities

For the Year Ended March 31, 2023

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense)
Primary government					
Governmental activities:					
Legislative	$ 55,868	$ -	$ -	$ -	$ (55,868)
General government	919,898	358,423	40,886	-	(520,589)
Public safety	1,149,232	-	12,104	-	(1,137,128)
Public works	1,297,765	130,699	643,204	-	(523,862)
Health and welfare	1,564	-	5,000	-	3,436
Community development	61,191	-	-	-	(61,191)
Recreation and culture	1,498,125	349,824	30,004	-	(1,118,297)
Interest	302,829	-	-	-	(302,829)
Total governmental activities	5,286,472	838,946	731,198	-	(3,716,328)
Business-type activities:					
Electric utility	7,610,105	7,463,806	29,625	-	(116,674)
Sewage disposal utility	2,158,459	2,692,178	10,490	12,000	556,209
Water utility	1,552,397	1,913,151	4,028	-	364,782
Marina	1,071,532	584,099	337,927	-	(149,506)
Airport	2,523,695	2,231,719	-	111,102	(180,874)
Total business-type activities	14,916,188	14,884,953	382,070	123,102	473,937
Total primary government	$ 20,202,660	$ 15,723,899	$ 1,113,268	$ 123,102	$ (3,242,391)
Component unit					
Downtown Development Authority	$ 772,148	$ 53,323	$ 18,313	$ -	$ (700,512)

continued…

CITY OF CHARLEVOIX, MICHIGAN

Statement of Activities
For the Year Ended March 31, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Change in net position				
Net revenue (expense)	$ (3,716,328)	$ 473,937	$ (3,242,391)	$ (700,512)
General revenues:				
Property taxes	3,382,066	-	3,382,066	552,026
State shared revenues	390,753	-	390,753	-
Other revenue	5,996	-	5,996	-
Loss on disposals of capital assets	-	(61,166)	(61,166)	-
Unrestricted investment earnings	14,816	5,135	19,951	11,938
Transfers - internal activities	2,034,885	(2,034,885)	-	-
Capital transfer to governmental activities	679,894	(679,894)	-	-
Total general revenues and transfers	6,508,410	(2,770,810)	3,737,600	563,964
Change in net position	2,792,082	(2,296,873)	495,209	(136,548)
Net position, beginning of year	29,242,095	39,816,469	69,058,564	2,994,049
Net position, end of year	$ 32,034,177	$ 37,519,596	$ 69,553,773	$ 2,857,501

concluded

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

FUND FINANCIAL STATEMENTS

CITY OF CHARLEVOIX, MICHIGAN

Balance Sheet

Governmental Funds
March 31, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 716,274	$ 3,085,357	$ 3,801,631
Cash at fiscal agent	-	170,350	170,350
Investments	400,000	626,200	1,026,200
Receivables			
Accounts	69,510	5,313	74,823
Taxes	1,872	981	2,853
Due from other governments	113,167	436,042	549,209
Interest	3,078	6,352	9,430
Prepaids	25,370	375	25,745
Total assets	$ 1,329,271	$ 4,330,970	$ 5,660,241
Liabilities			
Negative equity in pooled cash	$ -	$ 110,414	$ 110,414
Accounts payable	56,960	111,529	168,489
Accrued liabilities	21,586	2,249	23,835
Advances from other funds	105,644	-	105,644
Unearned revenue	301,834	3,345	305,179
Total liabilities	486,024	227,537	713,561
Fund balances			
Nonspendable	25,370	433,733	459,103
Restricted	-	1,369,597	1,369,597
Committed	-	1,800,722	1,800,722
Assigned	-	499,381	499,381
Unassigned	817,877	-	817,877
Total fund balances	843,247	4,103,433	4,946,680
Total liabilities and fund balances	$ 1,329,271	$ 4,330,970	$ 5,660,241

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

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
March 31, 2023

Fund balances - total governmental funds	$ 4,946,680
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated/amortized	17,371,659
Capital assets being depreciated/amortized, net	21,315,007
Capital assets accounted for in motor vehicle internal service fund, net	(1,393,286)
Internal service funds are used by management to charge the costs of certain employee benefits and equipment usage to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service funds	2,594,915
Net position allocated to business-type activities from governmental activities internal service funds	(302,449)
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period and do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(2,426,120)
Deferred outflows of resources related to the net pension liability	696,501
Deferred inflows of resources related to the net pension liability	(2,188)
Certain noncurrent liabilities, such as bonds and installment purchase agreements payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Compensated absences - sick leave	(55,658)
Interest payable on long-term debt	(170,998)
Bonds and installment purchase agreements	(10,539,886)
Net position of governmental activities	$ 32,034,177

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended March 31, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 2,670,900	$ 711,166	$ 3,382,066
Federal	-	5,138	5,138
State	432,464	604,784	1,037,248
Licenses and permits	41,430	-	41,430
Charges for services	411,344	123,466	534,810
Fines and forfeitures	858	16,653	17,511
Interest	4,953	5,517	10,470
Rents and royalties	238,172	8,223	246,395
Other	45,373	706	46,079
Total revenues	3,845,494	1,475,653	5,321,147
Expenditures			
Current:			
Legislative	55,736	-	55,736
General government	683,739	2,501	686,240
Public safety	1,136,670	-	1,136,670
Public works	329,513	1,052,051	1,381,564
Health and welfare	37	1,432	1,469
Community development	61,191	-	61,191
Recreation and culture	1,511,717	14,515	1,526,232
Other	47,325	-	47,325
Debt service:			
Principal	-	474,965	474,965
Interest	-	360,997	360,997
Total expenditures	3,825,928	1,906,461	5,732,389
Revenues over (under) expenditures	19,566	(430,808)	(411,242)
Other financing sources (uses)			
Transfers in	28,256	2,988,062	3,016,318
Transfers out	(260,894)	(731,714)	(992,608)
Total other financing sources (uses)	(232,638)	2,256,348	2,023,710
Net change in fund balances	(213,072)	1,825,540	1,612,468
Fund balances, beginning of year	1,056,319	2,277,893	3,334,212
Fund balances, end of year	$ 843,247	$ 4,103,433	$ 4,946,680

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

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended March 31, 2023

Net change in fund balances - total governmental funds	$ 1,612,468
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	860,979
Capital assets purchased/constructed for internal service funds	(138,420)
Depreciation/amortization expense	(1,114,638)
Depreciation/amortization expense for internal service funds	285,729
Capital assets transferred from business-type activities	679,894
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on bonds and installment purchases agreements	474,965
Internal service funds are used by management to charge the costs of certain employee benefits and equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Change in net position from governmental activities accounted for in internal service funds	110,601
Change in net position from governmental activities accounted for internal service funds charged to business-type activities	(16,160)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in the net pension liability and related deferred amounts	(22,849)
Bond premium amortization	48,856
Change in accrued interest	9,312
Change in compensated absences - sick leave	1,345
Change in net position of governmental activities	$ 2,792,082

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

CITY OF CHARLEVOIX, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual – General Fund
For the Year Ended March 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property taxes	$ 2,396,500	$ 2,392,110	$ 2,367,628	$ (24,482)
Payments in lieu of taxes	262,500	271,382	264,592	(6,790)
Interest and penalties on taxes	7,000	7,000	8,068	1,068
Tax collection fees	25,000	27,000	30,612	3,612
Total taxes	2,691,000	2,697,492	2,670,900	(26,592)
State	358,800	371,225	432,464	61,239
Licenses and permits	54,400	56,695	41,430	(15,265)
Charges for services:				
Cemetery	43,000	55,000	54,340	(660)
Golf course	133,000	145,000	144,308	(692)
Farmer's market	14,500	17,100	16,365	(735)
Summer sports	6,800	8,800	8,785	(15)
Day camp	68,600	72,650	72,543	(107)
Winter sports	55,100	55,800	73,432	17,632
Skate park	2,500	177	177	-
Other	37,300	41,000	41,394	394
Total charges for services	360,800	395,527	411,344	15,817
Fines and forfeitures	2,100	2,810	858	(1,952)
Interest	5,000	5,000	4,953	(47)
Rents and royalties:				
City hall	209,200	209,881	210,981	1,100
Boat launch/harbor building	26,900	27,000	26,848	(152)
Skate park	500	500	343	(157)
Total rents and royalties	236,600	237,381	238,172	791
Other	45,000	42,700	45,373	2,673
Total revenues	3,753,700	3,808,830	3,845,494	36,664

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Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual – General Fund
For the Year Ended March 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
Legislative:				
City council	$ 57,700	$ 62,420	$ 55,736	$ (6,684)
General government:				
Mayor	10,400	8,156	6,239	(1,917)
City manager	120,200	120,797	108,270	(12,527)
Elections	41,900	47,633	36,193	(11,440)
Assessor	44,300	44,051	43,753	(298)
City attorney	33,400	33,400	34,856	1,456
City clerk	51,300	55,092	45,454	(9,638)
City treasurer	79,000	81,012	71,772	(9,240)
City hall and grounds	228,300	223,536	210,465	(13,071)
Cemetery	100,900	142,611	126,737	(15,874)
Total general government	709,700	756,288	683,739	(72,549)
Public safety:				
Police department	833,000	933,392	933,922	530
Parking law enforcement	-	-	34	34
Fire department	217,600	211,688	202,714	(8,974)
Total public safety	1,050,600	1,145,080	1,136,670	(8,410)
Public works:				
Leaf pick up	208,500	215,889	208,869	(7,020)
Waste collection	59,500	85,977	77,173	(8,804)
Brush pickup	84,900	56,240	43,471	(12,769)
Total public works	352,900	358,106	329,513	(28,593)

continued…

CITY OF CHARLEVOIX, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended March 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Health and welfare:				
Ambulance	$ -	$ -	$ 37	$ 37
Community development:				
Planning	56,300	62,298	61,191	(1,107)
Recreation and culture:				
Parks	636,900	692,393	653,837	(38,556)
Recreation administration	208,300	218,180	206,104	(12,076)
City beaches	7,350	35,356	46,703	11,347
Ball fields	21,000	20,898	18,931	(1,967)
Day camp	85,100	83,035	78,399	(4,636)
Ice rink	10,700	7,080	1,770	(5,310)
Mt. McSauba ski hill	145,300	161,035	163,564	2,529
Basketball and volleyball	9,200	150	149	(1)
Golf course	231,300	218,797	210,450	(8,347)
Boat launch	33,800	118,338	115,638	(2,700)
Skate park	8,700	7,307	7,469	162
Community promotion	11,900	12,075	8,703	(3,372)
Total recreation and culture	1,409,550	1,574,644	1,511,717	(62,927)
Other	21,000	30,178	47,325	17,147
Total expenditures	3,657,750	3,989,014	3,825,928	(163,086)
Revenues over (under) expenditures	95,950	(180,184)	19,566	199,750
Other financing sources (uses)				
Proceeds from sales of capital assets	500	500	-	(500)
Transfers in	-	28,256	28,256	-
Transfers out	(48,300)	(22,276)	(260,894)	238,618
Total other financing sources (uses)	(47,800)	6,480	(232,638)	238,118
Net change in fund balance	48,150	(173,704)	(213,072)	(39,368)
Fund balance, beginning of year	1,056,319	1,056,319	1,056,319	-
Fund balance, end of year	$ 1,104,469	$ 882,615	$ 843,247	$ (39,368)

concluded

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

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CITY OF CHARLEVOIX, MICHIGAN

Statement of Net Position

Proprietary Funds
March 31, 2023

	Business-type Activities - Enterprise Funds			
	Electric Utility	Sewage Disposal Utility	Water Utility	Marina
Assets				
Current assets:				
Cash and cash equivalents	$ 3,278,177	$ 6,070,850	$ 2,155,003	$ 525,049
Investments	1,420,700	38,400	44,700	75,000
Cash at fiscal agent	-	518,432	-	34,200
Deposits held by Michigan Public Power Agency	484,171	-	-	-
Receivables:				
Accounts, net	1,018,270	280,443	157,956	57
Interest	19,101	357	377	1,556
Due from other governments	1,039	3,875	2,578	233
Prepaids	6,956	2,752	3,194	785
Inventories	210,069	-	90,848	-
Total current assets	6,438,483	6,915,109	2,454,656	636,880
Noncurrent assets:				
Restricted investments	75,000	75,000	75,000	-
Advance to other funds	298,644	-	-	-
Capital assets, not being depreciated/amortized	319,207	357,367	13,730	-
Capital assets, net of accumulated depreciation/amortization	2,944,945	12,340,591	4,762,766	3,634,398
Total noncurrent assets	3,637,796	12,772,958	4,851,496	3,634,398
Total assets	10,076,279	19,688,067	7,306,152	4,271,278
Deferred outflows of resources				
Deferred charge on bond refunding	-	-	-	71,821
Deferred pension amounts	610,191	184,321	242,143	20,799
Total deferred outflows of resources	610,191	184,321	242,143	92,620
Liabilities				
Current liabilities:				
Accounts payable	388,779	40,762	17,366	10,057
Accrued liabilities	15,941	94,770	5,135	35,185
Customer deposits	47,188	-	-	-
Current portion of bonds payable	-	430,000	-	442,066
Current portion of compensated absences	-	-	-	-
Current portion of leases payable	-	-	-	-
Unearned revenue	-	-	-	346,921
Total current liabilities	451,908	565,532	22,501	834,229
Noncurrent liabilities:				
Advance from other funds	-	-	-	193,000
Bonds payable, net of current portion	-	6,644,562	-	1,436,199
Leases payable, net of current portion	-	-	-	-
Net pension liability	2,125,473	642,044	843,455	72,451
Total noncurrent liabilities	2,125,473	7,286,606	843,455	1,701,650
Total liabilities	2,577,381	7,852,138	865,956	2,535,879
Deferred inflows of resources				
Deferred pension amounts	1,917	579	761	65
Net position				
Net investment in capital assets	3,264,152	5,623,396	4,776,496	1,827,954
Restricted for:				
City charter mandate	75,000	75,000	75,000	-
Energy purchases	484,171	-	-	-
Unrestricted (deficit)	4,283,849	6,321,275	1,830,082	-
Total net position	$ 8,107,172	$ 12,019,671	$ 6,681,578	$ 1,827,954

Noncash disclosure - The internal service funds leased $102,274 of vehicles during the current year.

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

Business-type Activities - Enterprise Funds		
Airport	Total	Internal Service Funds
$ 542,290	$ 12,571,369	$ 1,255,366
-	1,578,800	250,000
-	552,632	-
-	484,171	-
92,957	1,549,683	837
-	21,391	2,612
438	8,163	21,759
2,128	15,815	52,052
148,316	449,233	-
786,129	17,231,257	1,582,626
-	225,000	-
-	298,644	-
960,066	1,650,370	20,653
7,170,403	30,853,103	1,372,633
8,130,469	33,027,117	1,393,286
8,916,598	50,258,374	2,975,912
-	71,821	-
80,440	1,137,894	-
80,440	1,209,715	-
113,349	570,313	36,521
4,200	155,231	17,881
-	47,188	-
-	872,066	-
-	-	185,278
-	-	41,572
18,269	365,190	-
135,818	2,009,988	281,252
-	193,000	-
-	8,080,761	-
-	-	99,745
280,195	3,963,618	-
280,195	12,237,379	99,745
416,013	14,247,367	380,997
253	3,575	-
8,130,469	23,622,467	1,251,969
-	225,000	-
-	484,171	-
450,303	12,885,509	1,342,946
$ 8,580,772	$ 37,217,147	$ 2,594,915

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Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
March 31, 2023

Net position - total enterprise funds	$ 37,217,147
Amounts reported for *business-type activities* in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain activities to other funds. Certain internal service funds net position is allocated to the business-type activities and reported in the statement of net position.	
Net position allocated to business-type activities from governmental activities internal service funds	302,449
Net position of business-type activities	$ 37,519,596

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

CITY OF CHARLEVOIX, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2023

	Business-type Activities - Enterprise Funds			
	Electric Utility	Sewage Disposal Utility	Water Utility	Marina
Operating revenues				
Charges for services	$ 7,463,806	$ 2,692,178	$ 1,913,151	$ 584,099
Operating expenses				
Purchased power	4,150,585	-	-	-
Fuel purchases	-	-	-	-
Personnel services	1,878,334	790,047	755,506	192,917
Contractual services	270,446	146,772	118,415	61,101
Insurance	20,601	16,903	8,637	4,064
Building rental	83,000	38,300	38,300	-
Equipment rental	320,092	120,810	85,238	360
Supplies	188,909	76,738	74,689	15,483
Utilities	115,821	164,910	69,659	67,840
Repairs and maintenance	74,729	22,774	51,840	4,942
Depreciation/amortization	427,805	586,825	334,749	654,345
Miscellaneous	70,483	13,756	7,972	13,510
Total operating expenses	7,600,805	1,977,835	1,545,005	1,014,562
Operating income (loss)	(136,999)	714,343	368,146	(430,463)
Nonoperating revenues (expenses)				
Interest revenue	29,548	8,468	4,028	1,827
Loss on sale of capital assets	-	-	-	-
Other revenue	-	14,000	-	336,100
Interest expense	-	(176,864)	-	(55,168)
Total nonoperating revenues (expenses)	29,548	(154,396)	4,028	282,759
Income (loss) before transfers and capital contributions	(107,451)	559,947	372,174	(147,704)
Transfers				
Transfers in	-	-	-	188,752
Transfers out	(564,341)	(232,100)	(296,458)	(3,026)
Asset transfer to governmental activities	-	-	-	-
Total transfers	(564,341)	(232,100)	(296,458)	185,726
Capital contributions				
Federal revenue	77	22	-	-
Change in net position	(671,715)	327,869	75,716	38,022
Net position, beginning of year	8,778,887	11,691,802	6,605,862	1,789,932
Net position, end of year	$ 8,107,172	$ 12,019,671	$ 6,681,578	$ 1,827,954

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

Business-type Activities - Enterprise Funds		
Airport	Total	Internal Service Funds
$ 2,231,719	$ 14,884,953	$ 3,872,430
-	4,150,585	-
1,405,122	1,405,122	-
392,550	4,009,354	3,184,742
13,270	610,004	99,195
-	50,205	-
-	159,600	-
621	527,121	-
9,089	364,908	116,744
38,307	456,537	14,947
72,524	226,809	137,431
508,161	2,511,885	296,209
77,526	183,247	11,303
2,517,170	14,655,377	3,860,571
(285,451)	229,576	11,859
-	43,871	9,481
-	-	(61,166)
-	350,100	17,244
-	(232,032)	-
-	161,939	(34,441)
(285,451)	391,515	(22,582)
-	188,752	160,246
(39,043)	(1,134,968)	(1,237,740)
-	-	(679,894)
(39,043)	(946,216)	(1,757,388)
111,102	111,201	21,038
(213,392)	(443,500)	(1,758,932)
8,794,164	37,660,647	4,353,847
$ 8,580,772	$ 37,217,147	$ 2,594,915

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Reconciliation

Change in Fund Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended March 31, 2023

Change in net position - total enterprise funds	$ (443,500)
Amounts reported for *business-type activities* in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net increase (decrease) in the net position of certain internal service funds is allocated to the business-type activities and reported in the statement of activities.	
Change in net position of internal service funds charged to business-type activities	(1,869,533)
Change in net position of internal service funds accounted for in governmental activities but charged to business-type activities	16,160
Change in net position of business-type activities	$ (2,296,873)

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

CITY OF CHARLEVOIX, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended March 31, 2023

	Business-type Activities - Enterprise Funds			
	Electric Utility	Sewage Disposal Utility	Water Utility	Marina
Cash flows from operating activities				
Cash received from customers	$ 7,375,195	$ 2,686,262	$ 1,910,332	$ 610,429
Cash received from interfund services	-	-	-	-
Cash payments to or on behalf of employees	(1,693,738)	(731,979)	(677,435)	(194,577)
Cash payments to suppliers for goods and services	(5,312,146)	(592,169)	(479,329)	(158,618)
Net cash provided by operating activities	369,311	1,362,114	753,568	257,234
Cash flows from noncapital financing activities				
Other receipts	-	-	-	-
Contributions from component unit	-	14,000	-	336,100
Transfers in	-	-	-	188,752
Transfers out	(564,341)	(232,100)	(296,458)	(3,026)
Net cash provided by (used in) noncapital financing activities	(564,341)	(218,100)	(296,458)	521,826
Cash flows from capital and related financing activities				
Federal receipts	38	4	383	462
Proceeds from sale of capital assets	-	-	-	-
Purchase of capital assets	(431,770)	(49,141)	(108,561)	(21,081)
Repayment on interfund advances	112,276	-	-	(100,000)
Bond principal payments	-	(420,000)	-	(385,000)
Lease principal payments	-	-	-	-
Bond and advance interest payments	-	(176,864)	-	(79,280)
Net cash provided by (used in) capital and related financing activities	(319,456)	(646,001)	(108,178)	(584,899)
Cash flows from investing activities				
Interest received	13,064	8,182	3,726	364
Proceeds from sale of investments	-	-	-	-
Purchase of investments	-	-	-	-
Net cash provided by (used in) investing activities	13,064	8,182	3,726	364
Net change in cash and cash equivalents	(501,422)	506,195	352,658	194,525
Cash and cash equivalents, beginning of year	3,779,599	5,564,655	1,802,345	330,524
Cash and cash equivalents, end of year	$ 3,278,177	$ 6,070,850	$ 2,155,003	$ 525,049

Business-type Activities - Enterprise Funds		
Airport	Total	Internal Service Funds
$ 2,181,765	$ 14,763,983	$ -
-	-	3,873,104
(432,454)	(3,730,183)	(3,238,858)
(1,617,461)	(8,159,723)	(404,737)
131,850	2,874,077	229,509
-	-	17,244
-	350,100	-
-	188,752	160,246
(39,043)	(1,134,968)	(1,237,740)
(39,043)	(596,116)	(1,060,250)
111,129	112,016	-
-	-	-
(40,901)	(651,454)	(36,146)
-	12,276	-
-	(805,000)	-
-	-	(19,298)
-	(256,144)	-
70,228	(1,588,306)	(55,444)
-	25,336	7,934
-	-	400,000
-	-	(50,000)
-	25,336	357,934
163,035	714,991	(528,251)
379,255	11,856,378	1,783,617
$ 542,290	$ 12,571,369	$ 1,255,366

CITY OF CHARLEVOIX, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended March 31, 2023

	Business-type Activities Enterprise Funds			
	Electric Utility	Sewage Disposal Utility	Water Utility	Marina
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	$ (136,999)	$ 714,343	$ 368,146	$ (430,463)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization expense	427,805	586,825	334,749	654,345
Changes in assets and liabilities that provided (used) cash:				
Deposits at MPPA	6,980	-	-	-
Cash at fiscal agent	-	(4,750)	-	7,700
Accounts receivable	(92,511)	(5,916)	(2,819)	(56)
Due from other governments	-	-	-	-
Prepaids	(2,500)	477	2,159	339
Inventory	(43,691)	-	(11,222)	-
Accounts payable	21,731	13,067	(15,516)	643
Accrued liabilities	(26,258)	(17,122)	(12,780)	(9,110)
Customer deposits	3,900	-	-	-
Unearned revenue	-	-	-	26,386
Changes in net pension liability	815,504	257,870	330,815	28,062
Changes in deferred outflows	(299,217)	(93,122)	(120,447)	(10,262)
Changes in deferred inflows	(305,433)	(89,558)	(119,517)	(10,350)
Accrued compensated absences	-	-	-	-
Net cash provided by operating activities	$ 369,311	$ 1,362,114	$ 753,568	$ 257,234

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

Business-type Activities Enterprise Funds		
Airport	Total	Internal Service Funds
$ (285,451)	$ 229,576	$ 11,859
508,161	2,511,885	296,209
-	6,980	-
-	2,950	-
(52,186)	(153,488)	424
-	-	250
(433)	42	(599)
(100,045)	(154,958)	-
99,476	119,401	(24,518)
(7,976)	(73,246)	(25,430)
-	3,900	-
2,232	28,618	-
47,616	1,479,867	-
(25,228)	(548,276)	-
(54,316)	(579,174)	-
-	-	(28,686)
$ 131,850	$ 2,874,077	$ 229,509

CITY OF CHARLEVOIX, MICHIGAN

Statement of Fiduciary Net Position
Custodial Fund
March 31, 2023

Assets		
Cash	$	31,616
Liabilities		
Due to other governmental units		31,616
Net position		
Restricted for:		
Other governments	$	-

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

Statement of Changes in Fiduciary Net Position

Custodial Fund

For the Year Ended March 31, 2023

Additions	
Property taxes collected for other governmental units	$ 15,129,126
Deductions	
Property taxes distributed to other governmental units	15,129,126
Change in net position	-
Net position, beginning of year	-
Net position, end of year	$ -

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

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NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The ***City of Charlevoix, Michigan*** (the "City") was incorporated in 1905 and adopted a Home Rule Charter in April 1978 under Act 279, P.A. 1909 as amended (Home Rule City Act). The City is directed by a six-member City Council and a Mayor elected by the community at large. This legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: general government (planning and zoning, public improvement and general administrative services), public safety (police and fire), public works (highways and streets, brush pick-up, sanitation, electricity), health and welfare and recreation and culture.

Downtown Development Authority – The Downtown Development Authority ("DDA") is responsible for certain projects and activities whose purpose is to revitalize the downtown business district. The members of the DDA's governing board are appointed by the Mayor of the City and the City also has the ability to significantly influence the operations of the DDA. Therefore, the DDA is reported as a discretely presented component unit.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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. The City considers all revenues reported in the governmental funds to be available if they are collected within three months after year-end, except for property taxes that use a 60-day collection period, and reimbursement-based grants that use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The *Electric Utility Fund* accounts for the activities of the City's electrical utility system.

The *Sewage Disposal Utility Fund* accounts for the activities of the City's sewage disposal and treatment system.

The *Water Utility Fund* accounts for the activities of the City's water distribution and treatment system.

The *Marina Fund* accounts for the activities of the City's marina.

The *Airport Fund* accounts for the activities of the Charlevoix Airport including federal grant revenue sources that are legally restricted for expenses of the Airport.

Additionally, the City reports the following fund types:

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

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditure for principal, interest and other related costs.

The P*ermanent Fund* accounts for the assets that are restricted in the City's Cemetery Perpetual Care Fund. The principal portion of these funds must stay intact, but the interest earnings are used to provide for maintenance of the City's cemetery.

Internal Service Funds account for fleet and equipment management, employee fringe benefits, and Department of Public Works services provided to other departments or funds of the City, or to other governments, on a cost reimbursement basis.

The *Custodial Fund* accounts for assets held by the City in a custodial capacity for other governments and entities. Primarily this includes undistributed collections and withholdings such as state education taxes and current property taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewage disposal, and electric utility, cost of building rent and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 electric utility, sewage disposal utility, water utility, marina and airport enterprise funds and of the City's internal service funds are charges to customers or other funds for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds 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.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Restricted net position includes assets that are subject to restrictions beyond the City's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

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

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

Cash at fiscal agent consists of amounts paid to a financial institution for bond payments due April 1 of the subsequent fiscal year.

Deposits held by the Michigan Public Power Agency (MPPA) consist of amounts from over-charges on power sales contract agreements. These funds are held in trust at Fifth Third Bank, trustee with Delegated Investment Management for MPPA. They are invested and managed according to PA 20 and MPPA's governing Investment Policy. Since the City of Charlevoix is the asset owner, these funds are recorded as current assets on both the proprietary and the business-type activities statements of net position.

Receivables and Payables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of March 31, 2023, the General Fund receivable is shown net of an estimated allowance for uncollectible accounts of approximately $1,600. The Ambulance Nonmajor Special Revenue Fund is shown net of an estimated allowance for uncollectible accounts of approximately $140,000 at March 31, 2023. At March 31, 2023, the receivables for the Electric Utility, Sewage Disposal Utility and Water Utility Funds are also shown net of estimated allowance for uncollectible accounts of approximately $4,500, $1,000 and $600, respectively.

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

Amounts due from other governments include amounts due from the State for state shared revenue, gas and weight tax and trunkline maintenance and from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

Inventory

Inventory held by the enterprise funds is valued at cost on the first-in, first-out basis. Inventory of expendable supplies in other funds have not been recorded and the amount of any such inventory is not considered material. The cost of such inventory has been treated as an expenditure at the time of purchase.

Restricted Investments

Certain resources of the City's enterprise funds have been set aside for emergencies in accordance with the City's Charter.

Leases

Lessee. The City is a lessee for noncancellable leases of motor vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $10,000 or more.

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

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses a risk-free rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

Lessor. The City is a lessor for a noncancellable lease of buildings and improvements. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses a risk-free rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since June 30, 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at estimated acquisition cost as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	Years
Land improvements	5 - 50
Infrastructure	5 - 50
Buildings and improvements	3 - 40
System improvements	5 - 50
Machinery and equipment	3 - 20
Vehicles	1 - 20

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a current charge to income is recognized.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred items related to its pension plan as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and 50 percent of sick leave up to 40 days for employees within the Communications Workers of America union and the Fraternal Order of Police union and fourteen days for the non-union employees are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the government-wide financial statement; otherwise, total accumulated and unused vacation time is reported as a liability in the employees fringe benefit internal service fund.

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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until a future period. The City reports deferred inflows of resources related to its pension plan. The statement of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of City Council (the City's highest level of decision-making authority). A formal resolution of the City Council is required to establish, modify or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has delegated the authority to assign fund balance to the City Treasurer or his/her designee. Unassigned fund balance is the residual classification for the General Fund.

The City Council has adopted a minimum fund balance policy in which the total unassigned fund balance of the General Fund will be equal to at least 23 percent of the General Fund expenditures. If the General Fund's fund balance falls below 23 percent of total General Fund expenditures, the City Council will develop a plan to replenish the shortages by at least 1% each year as detailed in the policy. At March 31, 2023, unassigned fund balance of the General Fund met the minimum percentage requirement.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's procedure to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City funds as operating revenue. All City funds record these payments to the internal service funds as operating expenditures/expenses.

Pensions

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

Use of Estimates

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

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

On or before the third Monday in January of each year, the City Manager must present the proposed budget to City Council for review. The City Council holds public hearings and a final budget must be prepared and adopted no later than the third Monday in February.

The budget document presents information by fund, function, activity, department and line items. The legal level of budgetary control adopted by City Council is the activity level, which is the level at which expenditures may not legally exceed appropriations. The City Manager may make transfers of appropriations between departments within any funds; however, any supplemental appropriations that amend the total expenditures of any fund require City Council resolution.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year ended March 31, 2023, the City incurred expenditures which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures/ Transfers	Budget Variance
General Fund			
General government:			
City attorney	$ 33,400	$ 34,856	$ 1,456
Public safety:			
Police department	933,392	933,922	530
Parking law enforcement	-	34	34
Health and welfare:			
Ambulance	-	37	37
Recreation and culture:			
City beaches	35,356	46,703	11,347
Mt. McSauba ski hill	161,035	163,564	2,529
Skate park	7,307	7,469	162
Other	30,178	47,325	17,147
Transfers out	22,276	260,894	238,618

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of March 31, 2023:

	Primary Government	Component Unit	Total
Statement of net position			
Cash and cash equivalents	$ 17,517,952	$ 250,859	$ 17,768,811
Cash at fiscal agent	722,982	-	722,982
Investments	2,855,000	50,000	2,905,000
Deposits held by Michigan Public Power Agency	484,171	-	484,171
Restricted investments	225,000	-	225,000
Total statement of net position	$ 21,805,105	$ 300,859	22,105,964
Statement of fiduciary net position			
Cash and cash equivalents			31,616
Total			$ 22,137,580

Deposits and investments		
Bank deposits (checking and savings accounts)	$	17,811,440
Certificates of deposits:		
Maturing in less than 1 year		993,440
Maturing in 1 to 5 years		2,124,603
Cash with fiscal agent		722,982
Deposits held by Michigan Public Power Agency		484,171
Petty cash		944
Total	$	22,137,580

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year-end, $20,005,173 of the City's bank balance of $21,011,255 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The City is authorized by statute to invest surplus funds in the following:

a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

d. Bankers acceptances of United States banks.

e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.

f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The City Council is authorized to designate depositories for City funds, and to determine that the funds are invested in accordance with State of Michigan statutory authority. The City's deposits are in accordance with statutory authority.

Notes to the Financial Statements

4. RECEIVABLES

Receivables are comprised of the following as of March 31, 2023:

	Governmental Activities	Business-type Activities	Component Unit
Accounts receivable	$ 217,303	$ 1,555,774	$ 10,910
Taxes receivable	2,853	-	213
Due from other governmental units	570,968	8,163	7,606
Interest receivable	12,042	21,391	247
Lease receivable	-	-	188,367
Allowance for uncollectible accounts	(141,643)	(6,091)	-
	$ 661,523	$ 1,579,237	$ 207,343

Of the amounts reported for receivables above, a portion of the lease receivable in the amount of $157,722 are not expected to be collected within one year.

5. OTHER ASSETS

Other assets consisted of the following amounts at March 31, 2023:

	Governmental Activities	Business-type Activities	Component Unit
Prepaids	$ 77,797	$ 15,815	$ 22
Inventories	-	449,233	-
Totals	$ 77,797	$ 465,048	$ 22

Notes to the Financial Statements

6. CAPITAL ASSETS

Primary Government

Capital assets activity for the primary government for the year ended March 31, 2023, was as follows:

	Beginning Balance*	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized:					
Land	$ 17,063,968	$ -	$ -	$ 63,000	$ 17,126,968
Construction in progress	9,351,982	206,160	-	(9,313,451)	244,691
	26,415,950	206,160	-	(9,250,451)	17,371,659
Capital assets being depreciated/amortized:					
Land improvements	3,808,307	31,959	-	122,076	3,962,342
Infrastructure	8,447,285	331,872	-	22,776	8,801,933
Buildings and improvements	7,233,523	71,483	-	10,020,146	17,325,152
Machinery and equipment	2,731,151	117,231	-	7,966	2,856,348
Vehicles	3,645,326	-	-	-	3,645,326
Leased vehicles (Note 10)	58,341	102,274	-	-	160,615
	25,923,933	654,819	-	10,172,964	36,751,716
Less accumulated depreciation/amortization for:					
Land improvements	(2,455,564)	(74,862)	-	(39,321)	(2,569,747)
Infrastructure	(2,469,657)	(378,272)	-	-	(2,847,929)
Buildings and improvements	(4,762,933)	(297,130)	-	(195,332)	(5,255,395)
Machinery and equipment	(1,937,962)	(120,116)	-	(7,966)	(2,066,044)
Vehicles	(2,453,336)	(224,960)	-	-	(2,678,296)
Leased vehicles (Note 10)	-	(19,298)	-	-	(19,298)
	(14,079,452)	(1,114,638)	-	(242,619)	(15,436,709)
Total capital assets being depreciated/amortized, net	11,844,481	(459,819)	-	9,930,345	21,315,007
Governmental activities capital assets, net	$ 38,260,431	$ (253,659)	$ -	$ 679,894	$ 38,686,666

* The City implemented the provisions of GASB Statement No. 87, *Leases,* in the current year. In accordance with this Statement, leased vehicles have been added to the beginning balances shown above and corresponding leases payable has been recorded for the same amount.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	$ 1,569,534	$ -	$ -	$ (63,000)	$ 1,506,534
Construction in progress	595,552	108,575	-	(560,291)	143,836
	2,165,086	108,575	-	(623,291)	1,650,370
Capital assets being depreciated:					
Land improvements	23,522,390	67,555	(61,166)	(39,276)	23,489,503
Buildings and improvements	20,457,655	26,350	-	(216,719)	20,267,286
System improvements	30,094,767	209,216	-	-	30,303,983
Machinery and equipment	3,219,822	239,758	-	(35,261)	3,424,319
	77,294,634	542,879	(61,166)	(291,256)	77,485,091
Less accumulated depreciation for:					
Land improvements	(13,089,945)	(1,041,521)	-	39,321	(14,092,145)
Buildings and improvements	(7,629,803)	(685,524)	-	195,332	(8,119,995)
System improvements	(21,368,920)	(686,056)	-	-	(22,054,976)
Machinery and equipment	(2,255,608)	(109,264)	-	-	(2,364,872)
	(44,344,276)	(2,522,365)	-	234,653	(46,631,988)
Total capital assets being depreciated, net	32,950,358	(1,979,486)	(61,166)	(56,603)	30,853,103
Business-type activities capital assets, net	$ 35,115,444	$ (1,870,911)	$ (61,166)	$ (679,894)	$ 32,503,473

Depreciation/amortization expense for the year ended March 31, 2023 was charged to functions/programs of the primary government as follows:

Depreciation/amortization of governmental activities by function	
General government	$ 314,440
Public safety	18,955
Public works	405,438
Recreation and culture	90,076
Capital assets held by the governmental activity internal service funds are charged to the various functions based on their usage of the assets	285,729
	$ 1,114,638

Notes to the Financial Statements

During the year ended March 31, 2023, the City closed the department of public works (DPW) site internal service fund, which had been previously reported with business-type activities. All capital assets held by the DPW site fund were transferred to governmental activities.

Depreciation of business-type activities by function	
Electric utility	$ 427,805
Sewage disposal utility	586,825
Water utility	334,749
Marina	654,345
Airport	508,161
Capital assets held by the business-type activity internal service fund are charged to the various functions based on their usage of the assets	10,480
	$ 2,522,365

Discretely presented component unit

Capital assets activity for the Downtown Development Authority ("DDA") component unit for the year ended March 31, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 935,234	$ -	$ -	$ -	$ 935,234
Capital assets being depreciated:					
Land Improvements	2,534,521	-	-	-	2,534,521
Buildings and improvements	3,828,522	-	-	-	3,828,522
Machinery and equipment	83,399	19,694	-	-	103,093
	6,446,442	19,694	-	-	6,466,136
Less accumulated depreciation for:					
Land improvements	(2,044,359)	(85,142)	-	-	(2,129,501)
Buildings and improvements	(2,581,642)	(89,347)	-	-	(2,670,989)
Machinery and equipment	(70,060)	(2,645)	-	-	(72,705)
	(4,696,061)	(177,134)	-	-	(4,873,195)
Total capital assets being depreciated, net	1,750,381	(157,440)	-	-	1,592,941
Component unit capital assets, net	$ 2,685,615	$ (157,440)	$ -	$ -	$ 2,528,175

Depreciation expense for the component unit, included in the statement of activities, was $177,134 for fiscal year 2023.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following as of March 31, 2023:

	Governmental Activities	Business-type Activities	Component Unit
Accounts payable	$ 205,010	$ 570,313	$ 2,239
Accrued liabilities	41,716	155,231	785
Accrued interest	170,998	-	-
Customer deposits	-	47,188	-
	$ 417,724	$ 772,732	$ 3,024

8. INTERFUND ADVANCES

The composition of interfund advances as of March 31, 2023, was as follows:

	Advance to Other Funds	Advance From Other Funds
Electric Utility Fund	$ 298,644	$ -
Marina Fund	-	193,000
General Fund	-	105,644
	$ 298,644	$ 298,644

During the year ended March 31, 2009, the Electric Utility Fund advanced a total of $700,000 to the Marina Fund to cover planned additional costs on the marina and park area reconstruction project that was substantially complete in July 2008. This advance was to be repaid over eight years with interest charged at 0.5%. The City, however, did not make payments in certain years. During fiscal year 2023, the Electric Utility Fund received principal and interest payments of $100,000 and $2,930, respectively, from the Marina Fund.

During the year ended March 31, 2023, the Electric Utility Fund advanced a total of $130,000 to the General Fund to cover the purchase cost of a piece of land. This advance is to be repaid over ten years with interest charged at 1.62%. During fiscal year 2023, the Electric Utility Fund received principal and interest payments $12,076 and $1,910, respectively, from the General Fund.

Notes to Financial Statements

For the year ended March 31, 2023, interfund transfers consisted of the following:

	Transfers In				
Transfers Out	General Fund	Nonmajor Governmental Funds	Marina Fund	Internal Service Funds	Total
General Fund	$ -	$ 23,693	$ 188,752	$ 48,449	$ 260,894
Nonmajor Governmental Funds	-	728,293	-	3,421	731,714
Electric Utility	-	515,433	-	48,908	564,341
Sewage Disposal Utility	-	212,199	-	19,901	232,100
Water Utility	-	277,775	-	18,683	296,458
Marina	-	-	-	3,026	3,026
Airport	28,256	-	-	10,787	39,043
Internal Service Funds	-	1,230,669	-	7,071	1,237,740
Total	$ 28,256	$ 2,988,062	$ 188,752	$ 160,246	$ 3,365,316

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended March 31, 2023, the City closed the department of public works (DPW) site internal service fund, which had been previously reported with business-type activities. All capital assets held by the DPW site fund were transferred to governmental activities.

Notes to the Financial Statements

9. LONG-TERM DEBT AND OTHER LIABILITIES

Long-term debt activity for the year ended March 31, 2023, was as follows:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities:					
General obligation bonds:					
2016 capital improvement bonds	$ 2,405,000	$ -	$ (225,000)	$ 2,180,000	$ 235,000
2019 capital improvement bonds	7,855,000	-	(225,000)	7,630,000	235,000
Total general obligation bonds	10,260,000	-	(450,000)	9,810,000	470,000
Direct borrowings and direct placements:					
Installment purchase agreement	76,803	-	(24,965)	51,838	25,590
Leases payable (Note 10)	58,341	102,274	(19,298)	141,317	41,572
Total installment debt	10,395,144	102,274	(494,263)	10,003,155	537,162
Unamortized premiums on bonds payable	726,904	-	(48,856)	678,048	48,856
Compensated absences – sick leave	57,003	2	(1,347)	55,658	32,610
Compensated absences – vacation	213,964	225,098	(253,784)	185,278	185,278
Total governmental activities	11,393,015	327,374	(798,250)	10,922,139	803,906
Business-type activities:					
General obligation bonds:					
Marina – 2016 refunding bonds	2,095,000	-	(385,000)	1,710,000	400,000
Revenue bonds	7,494,562	-	(420,000)	7,074,562	430,000
Total installment debt	9,589,562	-	(805,000)	8,784,562	830,000

continued…

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities (concluded):					
Unamortized premiums on bonds payable	$ 210,331	$ -	$ (42,066)	$ 168,265	$ 42,066
Total business-type activities	9,799,893	-	(847,066)	8,952,827	872,066
Total primary government	$ 21,192,908	$ 327,374	$ (1,645,316)	$ 19,874,966	$ 1,675,972

concluded

* The City implemented the provisions of GASB Statement No. 87, *Leases,* in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding leased asset has been recorded for the same amount.

Compensated absences related to accrued vacation in governmental activities are generally liquidated by the Employee Fringe Benefits Internal Service Fund.

Compensated absences related to accrued sick in governmental activities are generally liquidated by the General Fund.

General obligation bonds, are direct obligations and pledge the full faith and credit of the City. Outstanding installment debt is as follows:

Purpose	Original Issue	Matures	Interest Rates	Amount
Governmental activities				
General obligation bonds:				
2016 capital improvement bonds	$ 3,600,000	October 2030	4.0% - 4.2%	$ 2,180,000
2019 capital improvement bonds	8,335,000	October 2044	3.0%-4.0%	7,630,000
Total general obligation bonds:				$ 9,810,000
Direct borrowings and direct placements:				
Installment purchase agreement	126,848	October 2024	2.5%	$ 51,838

Purpose	Original Issue	Matures	Interest Rates	Amount
Business-type activities				
Marina – 2016 refunding bonds	$ 3,535,000	October 2026	2.0% - 4.0%	$ 1,710,000
Sewer - revenue bonds	9,459,562	April 2036	2.5%	7,074,562
				$ 8,784,562

Annual debt service requirements to maturity for general obligation bonds and the revenue bonds are as follows:

	Governmental Activities			Business-type Activities		
Year Ending March 31,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 470,000	$ 340,700	$ 810,700	$ 830,000	$ 239,889	$ 1,069,889
2025	485,000	321,900	806,900	860,000	213,014	1,073,014
2026	505,000	302,500	807,500	885,000	185,089	1,070,089
2027	525,000	282,300	807,300	915,000	156,314	1,071,314
2028	545,000	261,300	806,300	475,000	126,427	601,427
2029-2033	2,440,000	971,700	3,411,700	2,545,000	446,541	2,991,541
2034-2038	1,810,000	620,850	2,430,850	2,274,562	115,400	2,389,962
2039-2043	2,100,000	332,100	2,432,100	-	-	-
2044-2045	930,000	42,000	972,000	-	-	-
	$ 9,810,000	$ 3,475,350	$ 13,285,350	$ 8,784,562	$ 1,482,674	$ 10,267,236

Annual debt service requirements to maturity for direct borrowings and direct placements are as follows:

	Governmental Activities		
Year Ending March 31,	Principal	Interest	Total
2024	$ 25,590	$ 1,296	$ 26,886
2025	26,248	638	26,886
	$ 51,838	$ 1,934	$ 53,772

Notes to the Financial Statements

10. LEASES

Lessee - The City is involved in five agreements as a lessee that qualifies as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not a financed purchases, as the City will not own the assets at the end of the contract term and the noncancelable term of the agreements surpasses one year.

The right-to-use-assets (leased vehicles) and the related activity are included in Note 6, Capital Assets. The lease liability and related activity are presented in Note 9, Long-term Debt and Other Liabilities.

	Remaining Term of Agreements
Asset Type	
Vehicles	1-5 years

The assets acquired through leases are summarized as follows:

	Governmental Activities
Vehicles	$ 160,615
Less accumulated amortization	(19,298)
Net book value	$ 141,317

The net present value of future minimum payments as of March 31, 2023 were as follows:

	Governmental Activities	
Year Ended March 31,	Principal	Interest
2024	$ 41,572	$ 9,089
2025	30,182	6,414
2026	32,507	4,087
2027	21,043	2,013
2028	16,013	654
Totals	$ 141,317	$ 22,257

Notes to the Financial Statements

Lessor - The Downtown Development Authority (DDA) discretely presented component unit has entered into an operating lease agreement with the Beaver Island Boat Company ("BIBCO"). BIBCO rents dock space and office space from the DDA. Both parties have agreed to a 5-year rental agreement, in which BIBCO has a conditional right of renewal it may exercise five times for five years with each renewal. The DDA has also signed a $30,000 promissory note payable bearing 5% interest which is to be paid to BIBCO only in the event the DDA elects to terminate the rental agreement before 2028. Also, if the DDA were to terminate this agreement before 2028, then it would be liable to BIBCO for the balance on BIBCO's note payable for the construction of a storage building, which approximates $6,000 as of March 31, 2023. Total lease revenue for the year ended March 31, 2023 was $35,175.

	Remaining Term of Agreement
Asset Type	
Dock and Facilities	5 years

	Beginning Balance*	Additions	Deductions	Ending Balance
Governmental activities				
Leases receivable	$ 211,049	$ -	$ (22,682)	$ 188,367

* The City implemented the provisions of GASB Statement No. 87, *Leases,* in the current year. In accordance with this Statement, a lease receivable have been added to the beginning balances shown above and a corresponding deferred inflow has been recorded for the same amount.

11. 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. During the year ended March 31, 2023, the City carried insurance through various commercial carriers, including the Michigan Municipal League and Michigan Township Participating Plan, to cover all risks of losses. The City has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

12. PROPERTY TAXES

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

Assessed values as established annually by the City, and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of current market value. Real and personal property in the City for the 2022 levy was assessed and equalized at $287,126,676 (not including properties subject to Industrial Facilities Tax exemption), representing 50 percent of estimated current market value. The City's general operating tax rate for fiscal year 2022-23 was 8.9052 mills, with an additional 1.7000 mills levied for infrastructure improvements and an additional 1.0000 mill levied for refuse.

Property taxes for the DDA are derived from a tax increment financing agreement between the DDA and other taxing districts. Under this arrangement, the DDA receives those property taxes levied on the increment of current taxable valuations (determined as of the preceding December 31, the lien date) over base year assessed valuations on certain property located in the City of Charlevoix, which are within the DDA district. The DDA also has an operating levy of 1.3252 mills. Property taxes are recognized in the fiscal year in which they are levied.

13. DEFINED BENEFIT PENSION PLAN

General Information About the Plan

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

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 year period) and multipliers ranging from 1.50% to 2.50%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service. Member contributions range from 0.00% to 3.00% of covered wages as presented in the table below.

Employees Covered by Benefit Terms. At December 31, 2022, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	13
Active employees	45
Total membership	107

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Notes to the Financial Statements

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended March 31, 2023:

Division	Plan Type	Status	Employer Contribution Rate	Employee Contribution Rate
Comm Workers	Defined Benefit	Open	20.46%	3.00%
Non-Union	Defined Benefit	Open	20.86%	0.00%
Police Officers	Defined Benefit	Open	16.42%	3.00%

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

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

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

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	100.00%		
Inflation			2.50%
Administrative expenses netted above			0.25%
Investment rate of return			7.25%

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	$ 15,771,724	$ 11,574,270	$ 4,197,454
Changes for the year:			
Service cost	227,350	-	227,350
Interest	1,110,818	-	1,110,818
Differences between expected and actual experience	230,596	-	230,596
Employer contributions	-	644,713	(644,713)
Employee contributions	-	63,413	(63,413)
Net investment loss	-	(1,310,757)	1,310,757
Benefit payments, including refunds of employee contributions	(1,127,562)	(1,127,562)	-
Administrative expense	-	(20,889)	20,889
Net changes	441,202	(1,751,082)	2,192,284
Balances at December 31, 2022	$ 16,212,926	$ 9,823,188	$ 6,389,738

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	$ 8,162,155	$ 6,389,738	$ 4,893,935

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

Notes to the Financial Statements

For the year ended March 31, 2023, the City recognized pension expense of $1,055,225. The City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	$ 232,673	$ 5,763	$ 226,910
Changes in assumptions	481,555	-	481,555
Net difference between projected and actual earnings on pension plan investments	945,680	-	945,680
	1,659,908	5,763	1,654,145
Contributions subsequent to the measurement date	174,487	-	174,487
Total	$ 1,834,395	$ 5,763	$ 1,828,632

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2024. Other amounts reported as pension-related deferred outflows/inflows of resources will be recognized in pension expense as follows:

Year Ended March 31,	Amount
2023	$ 447,183
2024	456,214
2025	323,961
2026	426,787
Total	$ 1,654,145

Payable to the Pension Plan. At March 31, 2023, the City had no amounts payable for contributions to the pension plan.

For the governmental activities, the net pension liability is generally liquidated by the General Fund.

Notes to the Financial Statements

14. DEFINED CONTRIBUTION PLAN

The City provided pension benefits to its City Manager through a defined contribution plan, "City of Charlevoix City Manager Money Purchase Plan." In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the City Council, the City contributed 21.60% of the City Manager's gross earnings to the plan or provides this percentage as an increase to annual compensation or a combination of both, at the discretion of the City Manager. The City contributed $27,764 to the Plan during the year ended March 31, 2023. Contributions and interest are allocated to the account and benefits are fully vested at March 31, 2023.

15. ENTITLEMENT COMMITMENT

During 1979 and 1982, the Michigan Public Power Agency ("MPPA"), of which the City is a member, acquired an ownership interest in the Consumer Power Campbell No. 3 plant and other related assets.

The City has entered into contracts with MPPA for the City's electric entitlement share of the Campbell No. 3 generating capacities of 2074(kw) and the Combustion Turbine No. 1 and AFEC Project generating electrical output of 55(mw) and 180(mw), respectively.

The Power Sales Contract requires payments on a "take-or-pay" basis for the City's entitlement share of power and energy from the project as is available under the Project Agreements. In the event payment is not required for any month under the City's Power Sales Contract, the City is required to make payment for such month under this Project Support Contract on a "take-or-pay" basis. The payment under the Project Support Contract would be the amount the City would have been required to pay under its Power Sales Contract for such month if any power and energy from the Project that is available under the Project Agreements had been made available to the City. If a participant of the MPPA defaults in the performance of its obligations under its Power Sales Contract or Project Support Contract, and the MPPA is unable to sell such participant's entitlement share, the remaining participants not in default are obligated to assume pro rata shares of such entitlement share up to 25 percent of their original entitlement shares.

The City's share of MPPA annual debt service requirements, used as a measure of minimum annual payments, are as follows:

	Combustion Turbine No. 1 2020 Refunding		AFEC Project 2021 Refunding	
Year Ended March 31,	Principal	Interest	Principal	Interest
2024	$ 96,288	$ 5,229	$ 109,976	$ 16,645
2025	97,704	3,949	111,628	14,908
2026	99,120	2,649	113,280	13,144
2027	100,064	1,334	115,168	11,354
2028	-	-	116,820	9,535
2029-2032	-	-	486,632	19,401
Total	$ 393,176	$ 13,161	$ 1,053,504	$ 84,987

Year Ended March 31,	Totals Principal	Totals Interest
2024	$ 206,264	$ 21,874
2025	209,332	18,857
2026	212,400	15,793
2027	215,232	12,688
2028	116,820	9,535
2029-2032	486,632	19,401
Total	$ 1,446,680	$ 98,148

The MPPA and its member utilities were over-charged on their power sales contract agreements. Because of this, MPPA and the member utilities have established a trust fund ("The Municipal Competitive Trust"). Specific policies have been established by each member regarding the use of these funds. The City's share of this trust fund was approximately $484,000 at March 31, 2023 and is reported as Deposit with the Michigan Public Power Agency in the Statement of Net Position.

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of March 31, 2023, was as follows:

	Governmental Activities	Business-type Activities	Component Unit
Capital assets:			
Capital assets, not being depreciated	$ 17,371,659	$ 1,650,370	$ 935,234
Capital assets being depreciated, net	21,315,007	30,853,103	1,592,941
	38,686,666	32,503,473	2,528,175
Less related debt:			
Total installment debt	(10,003,155)	(8,784,562)	-
Unamortized premiums	(678,048)	(168,265)	-
Add back: deferred charge on bond refunding	-	71,821	-
	(10,681,203)	(8,881,006)	-
Net investment in capital assets	$ 28,005,463	$ 23,622,467	$ 2,528,175

Notes to the Financial Statements

17. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds at March 31, 2023 is as follows:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Perpetual care	$ -	$ 433,358	$ 433,358
Prepaids	25,370	375	25,745
Total nonspendable	25,370	433,733	459,103
Restricted:			
Street improvements	-	391,435	391,435
Infrastructure improvements	-	672,264	672,264
Debt service	-	206,341	206,341
Trail development	-	99,557	99,557
Total restricted	-	1,369,597	1,369,597
Committed:			
Housing	-	27,326	27,326
Infrastructure improvements	-	470,757	470,757
Building improvements	-	1,016,254	1,016,254
Trail development	-	250,325	250,325
Parking services	-	36,060	36,060
Total committed	-	1,800,722	1,800,722
Assigned:			
Capital expenditures	-	499,381	499,381
Unassigned	817,877	-	817,877
Total fund balances, governmental funds	$ 843,247	$ 4,103,433	$ 4,946,680

18. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted in operational challenges for the City as it determines the appropriate methods to provide services to its residents. At this time, management does not believe that any ongoing negative financial impact related to the pandemic would be material to the City.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLEVOIX, MICHIGAN

Required Supplementary Information
MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended December 31,			
	2022	**2021**	**2020**	**2019**
Total pension liability				
Service cost	$ 227,350	$ 206,526	$ 225,006	$ 491,004
Interest	1,110,818	1,105,761	1,056,773	1,046,244
Differences between expected and actual experience	230,596	18,231	126,529	(28,812)
Changes of assumptions	-	540,350	302,087	452,725
Benefit payments, including refunds of employee contributions	(1,127,562)	(1,090,724)	(1,022,404)	(1,002,620)
Other changes	-	-	-	11,184
Net change in total pension liability	441,202	780,144	687,991	969,725
Total pension liability, beginning of year	15,771,724	14,991,580	14,303,589	13,333,864
Total pension liability, end of year	16,212,926	15,771,724	14,991,580	14,303,589
Plan fiduciary net position				
Employer contributions	644,713	768,402	743,822	889,674
Employee contributions	63,413	58,793	57,768	54,467
Net investment income (loss)	(1,310,757)	1,573,103	1,167,332	1,130,073
Benefit payments, including refunds of employee contributions	(1,127,562)	(1,090,724)	(1,022,404)	(1,002,620)
Administrative expense	(20,889)	(16,609)	(18,656)	(19,525)
Net change in plan fiduciary net position	(1,751,082)	1,292,965	927,862	1,052,069
Plan fiduciary net position, beginning of year	11,574,270	10,281,305	9,353,443	8,301,374
Plan fiduciary net position, end of year	9,823,188	11,574,270	10,281,305	9,353,443
City's net pension liability	$ 6,389,738	$ 4,197,454	$ 4,710,275	$ 4,950,146
Plan fiduciary net position as a percentage of total pension liability	60.6%	73.4%	68.6%	65.4%
Covered payroll	$ 3,063,855	$ 2,988,179	$ 3,207,279	$ 3,073,827
City's net pension liability as a percentage of covered payroll	208.6%	140.5%	146.9%	161.0%

See notes to required supplementary information.

Year Ended December 31,			
2018	2017	2016	2015
$ 195,891	$ 156,135	$ 165,666	$ 167,849
1,064,162	1,034,166	1,028,535	976,917
(355,886)	144,372	(179,328)	85,473
-	-	-	648,378
(989,540)	(969,686)	(909,054)	(815,464)
(279,614)	-	(341)	-
(364,987)	364,987	105,478	1,063,153
13,698,851	13,333,864	13,228,386	12,165,233
13,333,864	13,698,851	13,333,864	13,228,386
870,485	337,044	311,253	303,782
50,842	47,103	46,738	53,025
(339,125)	1,063,210	880,516	(124,534)
(989,540)	(969,686)	(909,054)	(815,464)
(16,877)	(16,887)	(17,408)	(18,424)
(424,215)	460,784	312,045	(601,615)
8,725,589	8,264,805	7,952,760	8,554,375
8,301,374	8,725,589	8,264,805	7,952,760
$ 5,032,490	$ 4,973,262	$ 5,069,059	$ 5,275,626
62.3%	63.7%	62.0%	60.1%
$ 2,893,241	$ 2,334,109	$ 2,444,252	$ 2,601,560
173.9%	213.1%	207.4%	202.8%

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Contributions

Fiscal Year Ending March 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2023	$ 679,959	$ 679,959	$ -	$ 3,372,783	20.2%
2022	621,164	621,164	-	3,202,550	19.4%
2021	585,770	885,770	300,000	3,282,628	27.0%
2020	609,609	889,674	280,065	3,051,313	29.2%
2019	492,278	870,485	378,207	2,655,443	32.8%
2018	347,625	337,044	(10,581)	2,334,109	14.4%
2017	318,731	-	(318,731)	2,354,198	0.0%
2016	290,280	-	(290,280)	2,552,035	0.0%

See notes to required supplementary information.

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Notes to the Schedule of Changes in the Net Pension Liability and Related Ratios

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

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

Changes in Assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2019, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

In 2020, amounts reported as changes of assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2021, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Notes to Schedule of Contributions

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

Valuation Date	Actuarially determined contribution rates are calculated as of the December 31 that is 15 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2023, based on the 12/31/2020 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	• Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120

Notes to Required Supplementary Information

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2023

	Special Revenue Funds				
	Major Streets	Local Streets	Ambulance	Parking Services	Housing
Assets					
Cash and cash equivalents	$ 196,284	$ -	$ -	$ 38,118	$ 27,322
Cash at fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Accounts receivable	-	-	5,000	11	4
Taxes receivable	-	-	-	-	-
Due from other governmental units	130,702	68,926	236,414	-	-
Interest receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	$ 326,986	$ 68,926	$ 241,414	$ 38,129	$ 27,326
Liabilities					
Negative equity in pooled cash	$ -	$ 9,659	$ 100,755	$ -	$ -
Accounts payable	9,098	3,492	10	1,965	-
Accrued liabilities	1,305	840	-	104	-
Unearned revenue	-	3,345	-	-	-
Total liabilities	10,403	17,336	100,765	2,069	-
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	316,583	51,590	-	-	-
Committed	-	-	-	36,060	27,326
Assigned	-	-	140,649	-	-
Total fund balances	316,583	51,590	140,649	36,060	27,326
Total liabilities and fund balances	$ 326,986	$ 68,926	$ 241,414	$ 38,129	$ 27,326

Debt Service Funds		Capital Projects Funds					
Infrastructure Debt Service	2019 Public Service Building Bond Debt Service	Fire Truck	Infrastructure Improvement	Street Improvements	Industrial Park	Mt. McSauba Improvements	Public Utility Service Building Capital Improvement Fund
$ 25,085	$ 10,921	$ 280,086	$ 1,167,183	$ 22,583	$ 32,398	$ 46,198	$ -
43,600	126,750	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4	2	38	51	13	4	8	-
-	-	-	313	668	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	375	-	-	-	-	-	-
$ 68,689	$ 138,048	$ 280,124	$ 1,167,547	$ 23,264	$ 32,402	$ 46,206	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	-	-	24,526	2	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21	-	-	24,526	2	-	-	-
-	375	-	-	-	-	-	-
68,668	137,673	-	672,264	23,262	-	-	-
-	-	-	470,757	-	-	-	-
-	-	280,124	-	-	32,402	46,206	-
68,668	138,048	280,124	1,143,021	23,262	32,402	46,206	-
$ 68,689	$ 138,048	$ 280,124	$ 1,167,547	$ 23,264	$ 32,402	$ 46,206	$ -

continued...

Combining Balance Sheet

Nonmajor Governmental Funds
March 31, 2023

	Capital Projects Funds		Permanent Fund	
	Trail Development-Improvement Fund	Building Improvement Fund	Cemetery Care	Total
Assets				
Cash and cash equivalents	$ 349,832	$ 734,373	$ 154,974	$ 3,085,357
Cash at fiscal agent	-	-	-	170,350
Investments	-	350,000	276,200	626,200
Accounts receivable	50	102	26	5,313
Taxes receivable	-	-	-	981
Due from other governmental units	-	-	-	436,042
Interest receivable	-	4,194	2,158	6,352
Prepaid items	-	-	-	375
Total assets	$ 349,882	$ 1,088,669	$ 433,358	$ 4,330,970
Liabilities				
Negative equity in pooled cash	$ -	$ -	$ -	$ 110,414
Accounts payable	-	72,415	-	111,529
Accrued liabilities	-	-	-	2,249
Unearned revenue	-	-	-	3,345
Total liabilities	-	72,415	-	227,537
Fund balances				
Nonspendable	-	-	433,358	433,733
Restricted	99,557	-	-	1,369,597
Committed	250,325	1,016,254	-	1,800,722
Assigned	-	-	-	499,381
Total fund balances	349,882	1,016,254	433,358	4,103,433
Total liabilities and fund balances	$ 349,882	$ 1,088,669	$ 433,358	$ 4,330,970

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended March 31, 2023

	Special Revenue Funds				
	Major Streets	Local Streets	Ambulance	Parking Services	Housing
Revenues					
Taxes	$ -	$ -	$ -	$ -	$ -
Federal	138	-	5,000	-	-
State	435,209	169,575	-	-	-
Charges for services	-	-	-	114,046	-
Fines and forfeitures	-	-	-	16,653	-
Interest	498	5	-	66	24
Rents and royalties	-	-	-	-	-
Other	-	-	-	706	-
Total revenues	435,845	169,580	5,000	131,471	24
Expenditures					
Current:					
General government	-	-	-	-	-
Public works	321,961	165,679	-	51,528	4,625
Health and welfare	-	-	1,432	-	-
Recreation and culture	-	-	-	-	-
Debt service:					
Principal	-	-	-	24,965	-
Interest	-	-	-	1,921	-
Total expenditures	321,961	165,679	1,432	78,414	4,625
Revenues over (under) expenditures	113,884	3,901	3,568	53,057	(4,601)
Other financing sources (uses)					
Transfers in	-	29,343	-	-	6,000
Transfers out	(278,421)	-	-	(29,343)	-
Total other financing sources (uses)	(278,421)	29,343	-	(29,343)	6,000
Net change in fund balances	(164,537)	33,244	3,568	23,714	1,399
Fund balances, beginning of year	481,120	18,346	137,081	12,346	25,927
Fund balances, end of year	$ 316,583	$ 51,590	$ 140,649	$ 36,060	$ 27,326

Debt Service Funds		Capital Projects Funds					
Infrastructure Debt Service	2019 Public Service Building Bond Debt Service	Fire Truck	Infrastructure Improvement	Street Improvements	Industrial Park	Mt. McSauba Improvements	Public Utility Service Building Capital Improvement Fund
$ -	$ -	$ -	$ 453,045	$ 258,121	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65	122	248	313	51	28	67	1
-	-	-	-	-	-	8,223	-
-	-	-	-	-	-	-	-
65	122	248	453,358	258,172	28	8,290	1
-	-	-	-	-	2,501	-	-
-	-	-	144,833	224,526	-	-	66,484
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
225,000	225,000	-	-	-	-	-	-
96,450	262,626	-	-	-	-	-	-
321,450	487,626	-	144,833	224,526	2,501	-	66,484
(321,385)	(487,504)	248	308,525	33,646	(2,473)	8,290	(66,483)
321,200	488,501	56,512	916,644	-	7,500	-	23,693
-	-	-	(171,200)	(252,750)	-	-	-
321,200	488,501	56,512	745,444	(252,750)	7,500	-	23,693
(185)	997	56,760	1,053,969	(219,104)	5,027	8,290	(42,790)
68,853	137,051	223,364	89,052	242,366	27,375	37,916	42,790
$ 68,668	$ 138,048	$ 280,124	$ 1,143,021	$ 23,262	$ 32,402	$ 46,206	$ -

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended March 31, 2023

	Capital Projects Funds		Permanent Fund	
	Trail Development-Improvement Fund	Building Improvement Fund	Cemetery Perpetual Care	Total
Revenues				
Taxes	$ -	$ -	$ -	$ 711,166
Federal revenue	-	-	-	5,138
State	-	-	-	604,784
Charges for services	-	-	9,420	123,466
Fines and forfeitures	-	-	-	16,653
Interest	324	-	3,705	5,517
Rents and royalties	-	-	-	8,223
Other	-	-	-	706
Total revenues	324	-	13,125	1,475,653
Expenditures				
Current:				
General government	-	-	-	2,501
Public works	-	72,415	-	1,052,051
Health and welfare	-	-	-	1,432
Recreation and culture	14,515	-	-	14,515
Debt service:				
Principal	-	-	-	474,965
Interest	-	-	-	360,997
Total expenditures	14,515	72,415	-	1,906,461
Revenues over (under) expenditures	(14,191)	(72,415)	13,125	(430,808)
Other financing sources (uses)				
Transfers in	50,000	1,088,669	-	2,988,062
Transfers out	-	-	-	(731,714)
Total other financing sources (uses)	50,000	1,088,669	-	2,256,348
Net change in fund balances	35,809	1,016,254	13,125	1,825,540
Fund balances, beginning of year	314,073	-	420,233	2,277,893
Fund balances, end of year	$ 349,882	$ 1,016,254	$ 433,358	$ 4,103,433

concluded

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CITY OF CHARLEVOIX, MICHIGAN

Combining Statement of Net Position

Internal Service Funds
March 31, 2023

	Governmental Activities		Business-type Activities	
	Employee Fringe Benefits	Motor Vehicle	DPW Site	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 27,813	$ 1,227,553	$ -	$ 1,255,366
Investments	100,000	150,000	-	250,000
Accounts receivable	621	216	-	837
Interest receivable	373	2,239	-	2,612
Due from other governments	21,038	721	-	21,759
Prepaids	52,030	22	-	52,052
Total current assets	201,875	1,380,751	-	1,582,626
Noncurrent assets:				
Capital assets, not being depreciated/ amortized	-	20,653	-	20,653
Capital assets, not being depreciated/ amortized, net	-	1,372,633	-	1,372,633
Total noncurrent assets	-	1,393,286	-	1,393,286
Total assets	201,875	2,774,037	-	2,975,912
Liabilities				
Current liabilities:				
Accounts payable	1,082	35,439	-	36,521
Accrued liabilities	15,515	2,366	-	17,881
Current portion of compensated absences	185,278	-	-	185,278
Current portion of leases payable	-	41,572	-	41,572
Total current liabilities	201,875	79,377	-	281,252
Noncurrent liabilities:				
Leases payable, net of current portion	-	99,745	-	99,745
Total liabilities	201,875	179,122	-	380,997
Net position				
Investment in capital assets	-	1,251,969	-	1,251,969
Unrestricted	-	1,342,946	-	1,342,946
Total net position	$ -	$ 2,594,915	$ -	$ 2,594,915

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds
For the Year Ended March 31, 2023

	Governmental Activities		Business-type Activities	
	Employee Fringe Benefits	Motor Vehicle	DPW Site	Total
Operating revenues				
Charges for services	$ 2,845,584	$ 1,026,846	$ -	$ 3,872,430
Operating expenses				
Personnel services	2,935,056	249,686	-	3,184,742
Contractual services	2,838	61,898	34,459	99,195
Supplies	-	116,744	-	116,744
Utilities	-	14,947	-	14,947
Repairs and maintenance	-	137,431	-	137,431
Depreciation/amortization	-	285,729	10,480	296,209
Miscellaneous	4,985	6,318	-	11,303
Total operating expenses	2,942,879	872,753	44,939	3,860,571
Operating (loss) income	(97,295)	154,093	(44,939)	11,859
Nonoperating revenues (expenses)				
Federal grants	21,038	-	-	21,038
Interest revenue	714	3,632	5,135	9,481
Loss on disposal of capital assets	-	-	(61,166)	(61,166)
Other revenue	-	17,244	-	17,244
Total nonoperating revenues (expenses)	21,752	20,876	(56,031)	(13,403)
Income (loss) before transfers	(75,543)	174,969	(100,970)	(1,544)
Transfers				
Transfers in	160,246	-	-	160,246
Transfers out	-	(149,071)	(1,088,669)	(1,237,740)
Capital transfer to governmental activities	-	-	(679,894)	(679,894)
Total transfers	160,246	(149,071)	(1,768,563)	(1,757,388)
Change in net position	84,703	25,898	(1,869,533)	(1,737,894)
Net position, beginning of year	(84,703)	2,569,017	1,869,533	4,353,847
Net position, end of year	$ -	$ 2,594,915	$ -	$ 2,615,953

CITY OF CHARLEVOIX, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds
For the Year Ended March 31, 2023

	Governmental Activities		Business-type Activities	
	Employee Fringe Benefits	Motor Vehicle	DPW Site	Total
Cash flows from operating activities				
Cash received from interfund services	$ 2,846,221	$ 1,026,882	$ 1	$ 3,873,104
Cash payments to or on behalf of employees	(2,980,561)	(258,297)	-	(3,238,858)
Cash payments to suppliers for goods and services	(8,303)	(321,601)	(74,833)	(404,737)
Net cash provided by (used in) operating activities	(142,643)	446,984	(74,832)	229,509
Cash flows from noncapital financing activities				
Other receipts	-	17,244	-	17,244
Transfers in	160,246	-	-	160,246
Transfers out	-	(149,071)	(1,088,669)	(1,237,740)
Net cash provided by (used in) noncapital financing activities	160,246	(131,827)	(1,088,669)	(1,060,250)
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(36,146)	-	(36,146)
Lease principal payments	-	(19,298)	-	(19,298)
Net cash provided by (used in) capital and related financing activities	-	(55,444)	-	(55,444)
Cash flows from investing activities				
Interest received	510	1,537	5,887	7,934
Proceeds from sale of investments	-	-	400,000	400,000
Purchase of investments	-	(50,000)	-	(50,000)
Net cash provided by (used in) investing activities	510	(48,463)	405,887	357,934
Net change in cash and cash equivalents	18,113	211,250	(757,614)	(528,251)
Cash and cash equivalents, beginning of year	9,700	1,016,303	757,614	1,783,617
Cash and cash equivalents, end of year	$ 27,813	$ 1,227,553	$ -	$ 1,255,366

continued…

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended March 31, 2023

	Governmental Activities		Business-type Activities	
	Employee Fringe Benefits	Motor Vehicle	DPW Site	Total
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	$ (97,295)	$ 154,093	$ (44,939)	$ 11,859
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities				
Depreciation/amortization expense	-	285,729	10,480	296,209
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	637	(214)	1	424
Due from other governments	-	250	-	250
Prepaids	(600)	1	-	(599)
Accounts payable	120	15,736	(40,374)	(24,518)
Accrued liabilities	(16,819)	(8,611)	-	(25,430)
Accrued compensated absences	(28,686)	-	-	(28,686)
Net cash (used in) provided by operating activities	$ (142,643)	$ 446,984	$ (74,832)	$ 229,509

concluded

Noncash disclosure - The motor vehicle internal service funds leased $102,274 of vehicles during the current year.

Balance Sheet
Governmental Fund
Downtown Development Authority Component Unit
March 31, 2023

Assets		
Cash and cash equivalents	$	250,859
Investments		50,000
Receivables:		
Accounts		10,910
Taxes		213
Due from other governmental units		7,606
Interest		247
Leases		188,367
Prepaids		22
Total assets	$	508,224
Liabilities		
Accounts payable	$	2,239
Accrued liabilities		785
Total liabilities		3,024
Deferred inflows of resources		
Deferred lease amounts		175,874
Fund balance		
Nonspendable		22
Restricted		329,304
Total fund balance		329,326
Total liabilities, deferred inflows of resources and fund balances	$	508,224

CITY OF CHARLEVOIX, MICHIGAN

Reconciliation
Fund Balance of the Governmental Fund
to Net Position of Governmental Activities
Downtown Development Authority Component Unit
March 31, 2023

Fund balance - governmental fund	$	329,326
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		
Capital assets not being depreciated		935,234
Capital assets being depreciated, net		1,592,941
Net position of governmental activities	$	2,857,501

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund
Downtown Development Authority Component Unit
For the Year Ended March 31, 2023

Revenues	
Property taxes	$ 552,026
State	13,959
Rents	53,323
Interest	11,938
Other	4,354
Total revenues	635,600
Expenditures	
Current:	
Community development	614,708
Net change in fund balance	20,892
Fund balance, beginning of year	308,434
Fund balance, end of year	$ 329,326

CITY OF CHARLEVOIX, MICHIGAN

Reconciliation

Net Change in Fund Balance of the Governmental Fund
to Change in Net Position of Governmental Activities
Downtown Development Authority Component Unit
For the Year Ended March 31, 2023

Net change in fund balance - governmental fund	$ 20,892
Amounts reported for *governmental activities* in the statement of activities are different because:	
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	19,694
Depreciation expense	(177,134)
Change in net position of governmental activities	$ (136,548)

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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*

September 14, 2023

Members of City Council
City of Charlevoix
Charlevoix, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the ***City of Charlevoix, Michigan*** (the "City"), as of and for the year ended March 31, 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 14, 2023.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City of Charlevoix's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Robson LLC

Schedule of Findings and Responses

For the Year Ended March 31, 2023

2023-001 – Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP), Material Adjustments (repeat comment)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. All Michigan governments are required to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This is a responsibility of the City's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

Condition. As is the case with many smaller and medium-sized entities, the City has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. In addition, several material adjustments were necessary in the areas of capital assets, and the closing of an internal service fund, to adjust the City's accounts to their proper year-end balances. Accordingly, the City's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the City's internal controls.

Cause. The City did not identify certain adjustments that were necessary for the financial statements to be presented in accordance with GAAP. In addition, the City has decided that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the City to perform this task internally.

Effect: As a result of this condition, the City's accounting records were initially misstated by amounts material to the financial statements. Further, the City lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation. For the adjustments, we recommend an individual review year end balances and schedules and record adjustments as needed, to ensure everything is recorded properly and completely before the adjusted trial balance is provided for the audit. The City's decision to rely, in part, on its auditors, for the preparation of external financial statements is allowable provided the City accepts responsibility for the financial statements. Therefore, no specific corrective action is required at this time.

View of Responsible Officials. The City has evaluated the benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the City to outsource this task to its external auditors (including recording year-end entries), and to carefully review the proposed journal entries, draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

■ ■ ■ ■ ■

City of Charlevoix

Audited Financial Statements

March 31, 2023

Independent Auditors' Report

- Unmodified Opinion – Financial statements are fairly presented, in all material respects, in conformity with Accounting Principles Generally Accepted in the United States of America.
- The City did not expend more than $750,000 in federal expenditures in current year. As a result, no Single Audit compliance procedures were required.

Financial Highlights

Government-Wide Financial Statement Highlights

Capital Assets	Total Capital Assets, Net	Capital Asset Additions	Capital Asset Disposals	Depreciation Expense	Net Transfers
Governmental Activities	$38.6 million	$861,000	$0	$1.1 million	$679,894
Business-type Activities	$32.5 million	$651,000	$61,166	$2.5 million	-$679,594
Component Unit - DDA	$2.5 million	$20,000	$0	$177,000	$0

Long-term Debt	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities	$11.3 million	$327,000	$798,000	$10.9 million	$804,000
Business-type Activities	$9.8 million	$0	$847,000	$9.0 million	$872,000

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General Fund Highlights

Total general fund balance - $1,056,319 (details on page number 26 of financial statements – page 29 of the PDF):

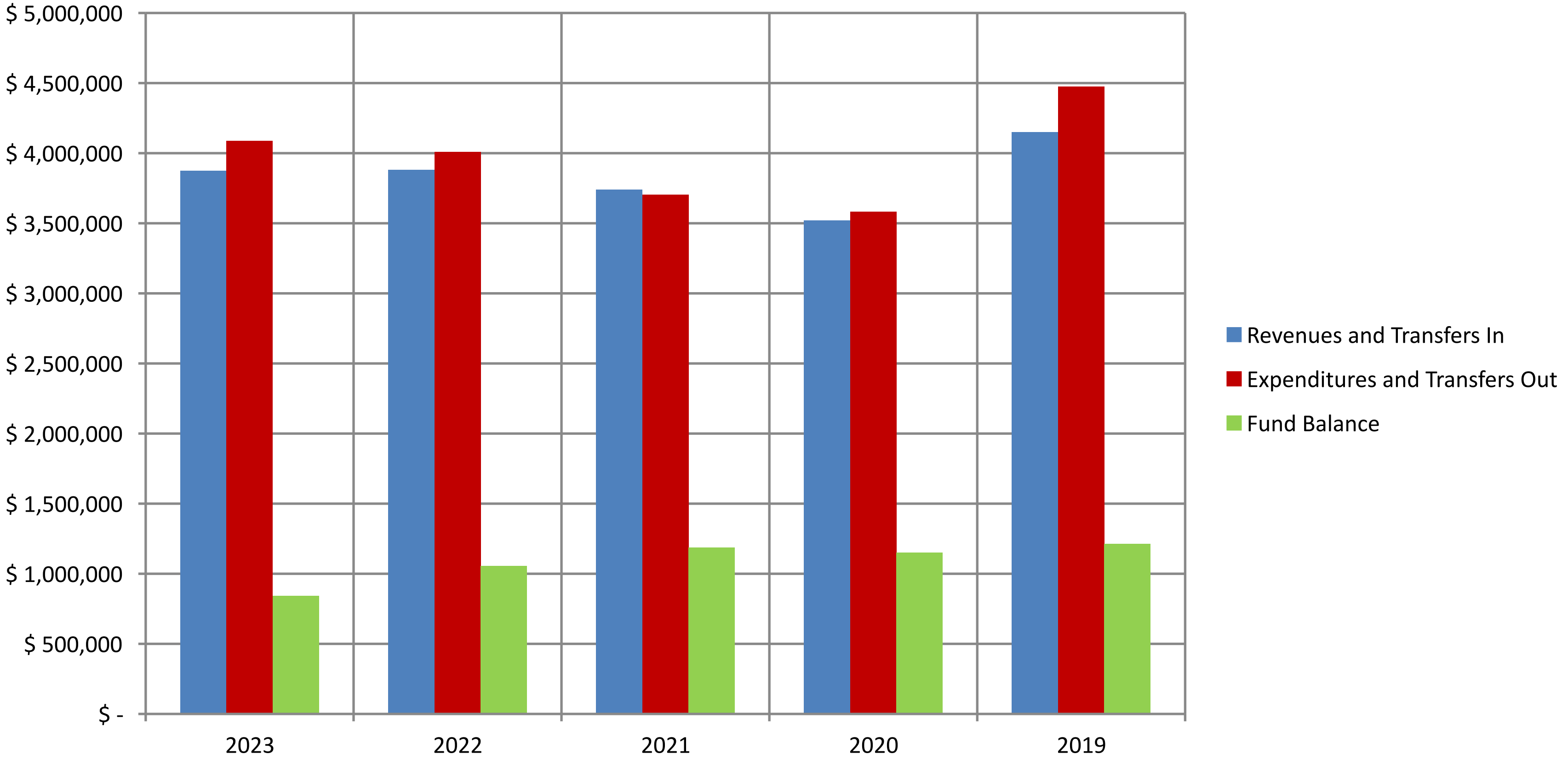
- Nonspendable - $25,370 (prepaids)
- Unassigned - $817,877

Change in the General Fund balance:

- Actual decrease of $213,072 during the current year
- Final budgeted decrease of $173,704
- Original budgeted increase of $48,150

General Fund unassigned fund balance is approximately 17% of total General Fund expenditures and transfers out.

General Fund - Trend



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Proprietary Funds Highlights

Fund	Revenue and Transfers In	Expenses and Transfers Out	Change in Net Position	Net Position at 3/31/2023
Electric Utility	$7.5 million	$8.2 million	$(672,000)	$8.1 million
Sewage Disposal Utility	$2.7 million	$2.4 million	$328,000	$12.0 million
Water Utility	$1.9 million	$1.8 million	$76,000	$6.7 million
Marina	$1.1 million	$1.1 million	$38,000	$1.8 million
Airport	$2.3 million	$2.6 million	$(213,000)	$8.6 million

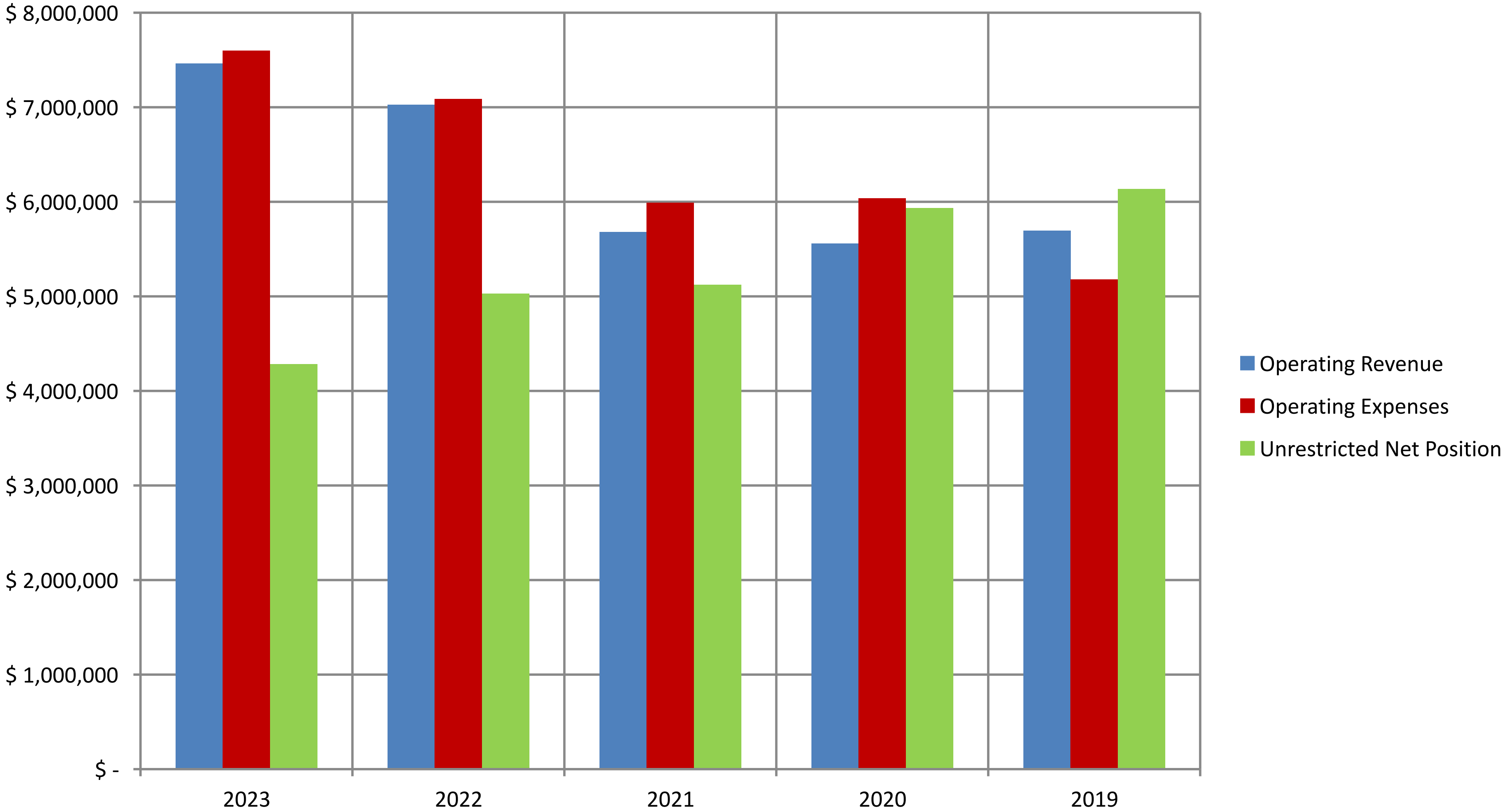
Rehmann

Inter-fund Advances

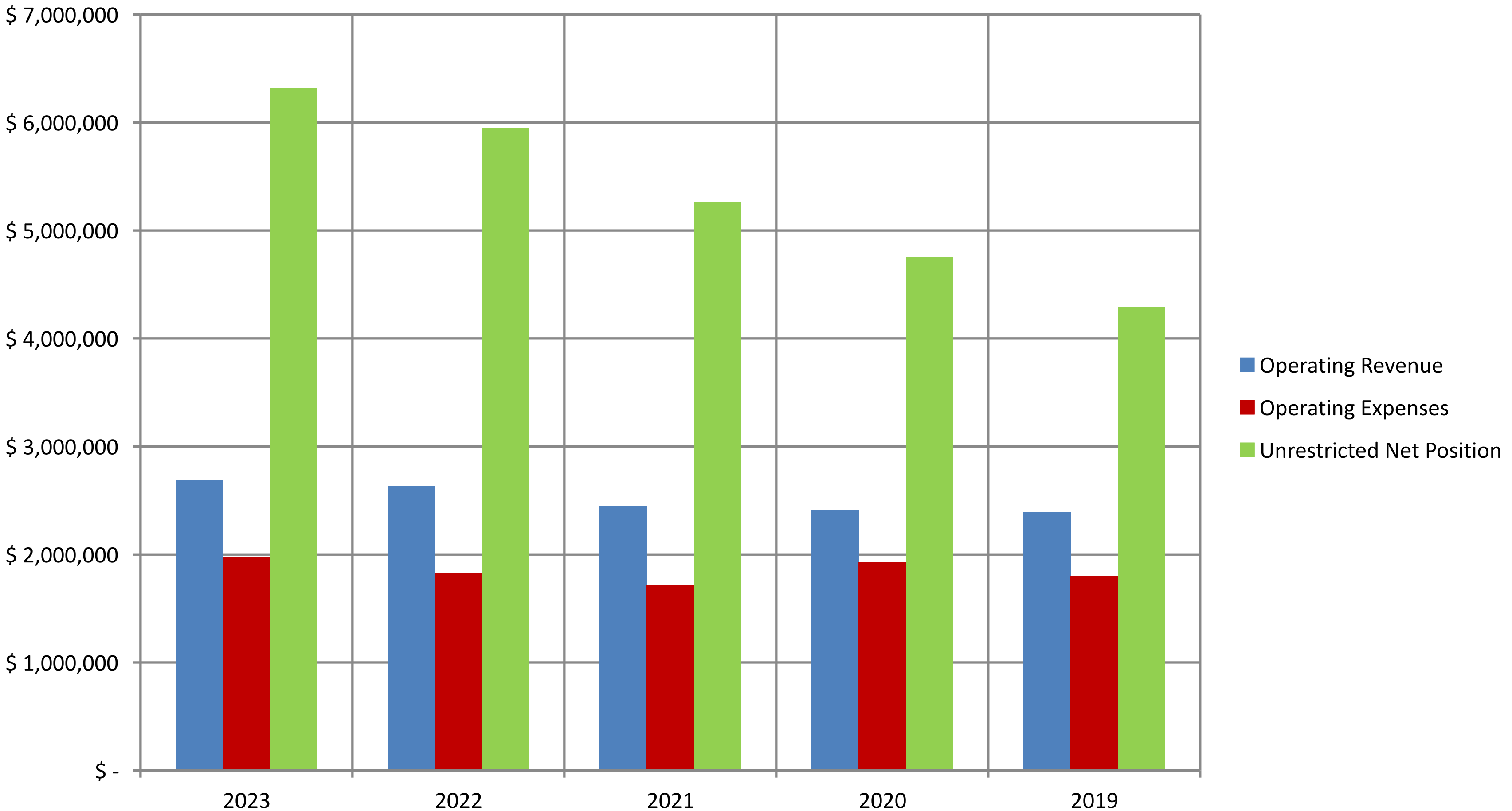
Fund	Advance To	Advance From
Electric Utility Fund	$298,644	$ -
Marina Fund	$ -	$193,000
General Fund	$ -	$105,644

Interfund advances relate to the Electric Utility Fund providing funding to the Marina Fund and General Fund to support operations and the purchase of a piece of land.

Electric Utility Fund - Trend



Sewage Disposal Utility Fund - Trend



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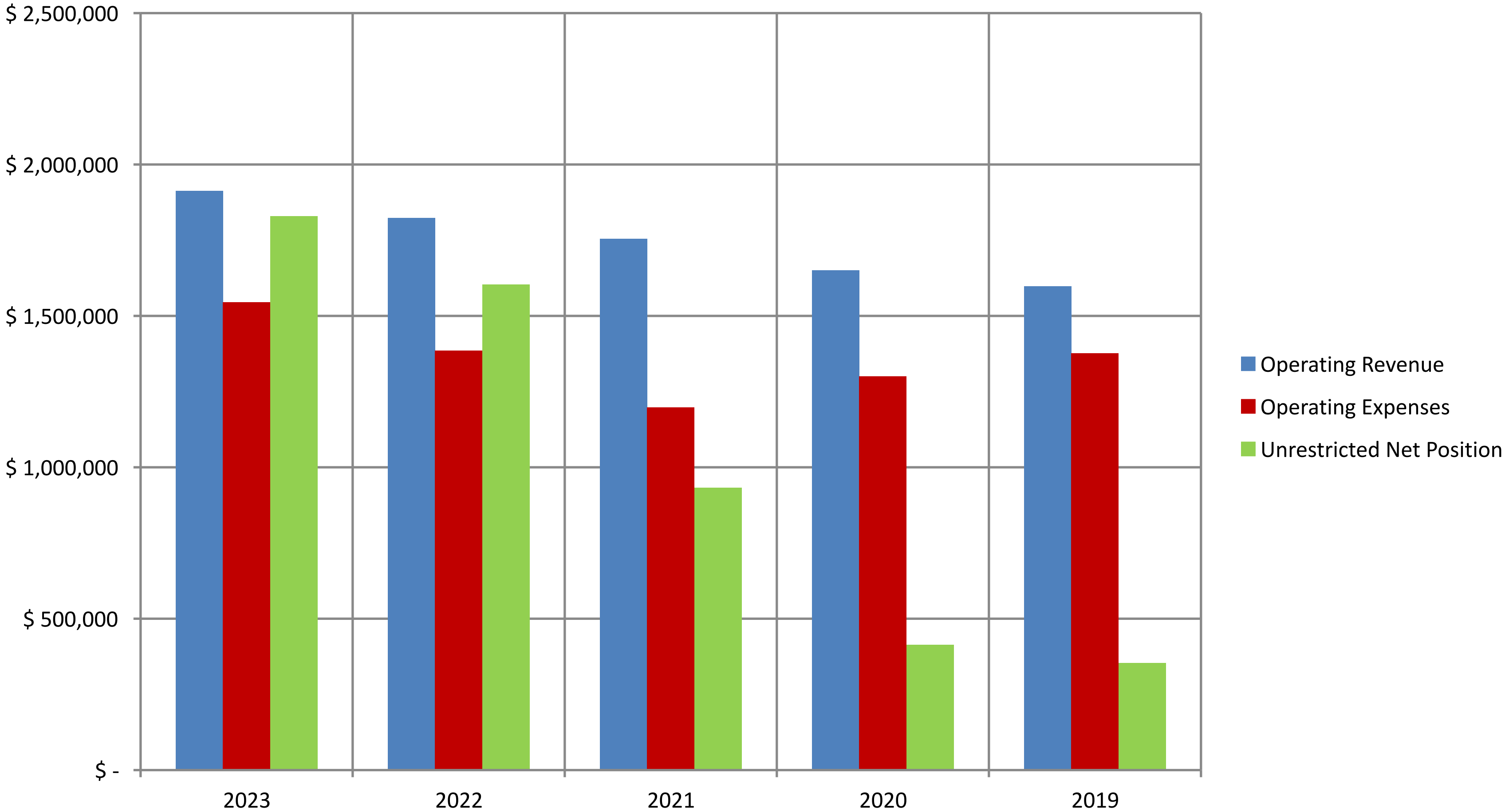
Water Utility Fund - Trend



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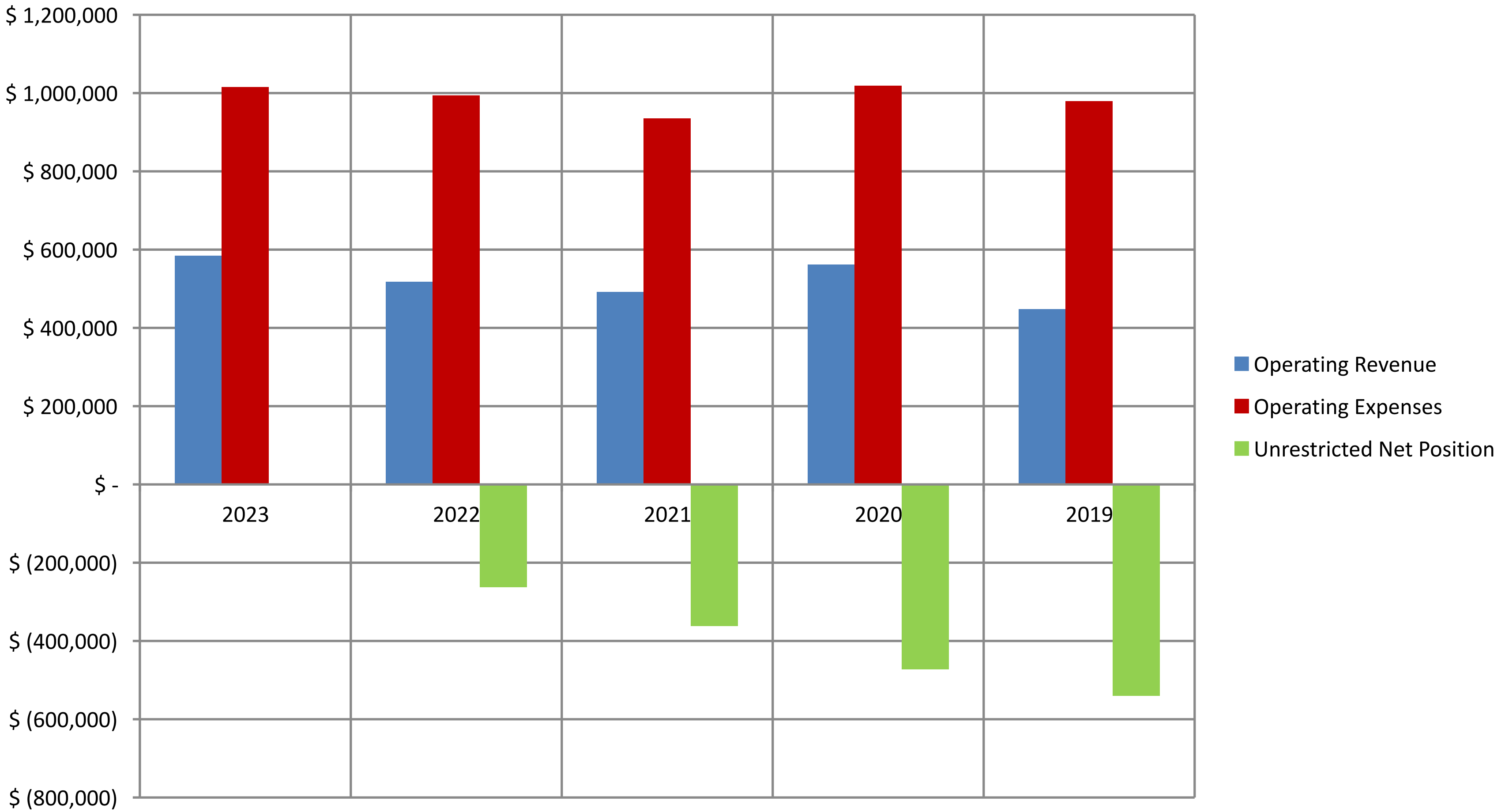
Marina Fund - Trend



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Airport Fund - Trend

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Findings

- Material Weakness – Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principals (GAAP), Material Adjustments (repeat comment)

Questions?

We Sincerely Thank You For Your Continued Business

Kim Lindsay, CPA
Kim.Lindsay@rehmann.com

Charlevoix City Council
Consent Agenda

Title: City Council Meeting Minutes - November 6, 2023
Date: November 20, 2023

Presented By:

Background:

Recommendation:
Motion to approve the minutes as presented.
Attachments:
1. City Council Draft Meeting Minutes 11/6/2023

City of Charlevoix
City Council Regular Meeting Minutes
Monday, November 6, 2023 - 6:00 PM
Council Chambers, 210 State Street, Charlevoix, MI

1. **Pledge of Allegiance**
   The meeting was called to order at 6:00 p.m. by Mayor Gennett. The Council, staff, and members of the public rose and recited the Pledge of Allegiance.

2. **Roll Call**

Mayor:	Lyle Gennett
Members Present:	Shane Cole, Aaron Hagen, Mark Knapp, Phil Parr, Richard Spring
Members Absent:	Janet Kalbfell
City Manager:	Mark L. Heydlauff
City Clerk:	Sarah J. Dvoracek

3. **Presentations**

4. **Inquiry Regarding Conflicts of Interest**

5. **Consent Agenda**
   Mayor Gennett opened the item for public comment. None were heard.
   Motion by Parr, seconded by Spring to approve the consent agenda as presented.

Yeas:	Cole, Hagen, Spring, Knapp, Parr
Nays:	None
Absent:	Kalbfell

   Motion carried.

   A. City Council Meeting Minutes - October 16, 2023
   Motion to approve the minutes as presented.

   B. Accounts Payable and Payroll Check Registers
   Motion to approve the accounts payable and payroll check registers as presented.

Dates	Description	Amount
10/24/2023	Special Accounts Payable Run	$85,016.48
10/27/2023	Payroll (net pay)	$110,225.75
10/27/2023	Payroll Transmittal Checks	$5,748.08
11/07/2023	Regular Accounts Payable	$344,218.07
10/16/2023-10/30/2023	ACH/WIRE Payments	$436,332.52
10/26/2023	Special A/P Tax Disbursement	$57, 223.74
Grand Total		**$1,038,764.64**

To view the entire accounts payable and payroll check registers, please Click here.

C. Renewal of Assessing Agreement with Up North Assessing, Inc.
Motion to approve the agreement as presented with Up North Assessing and allow the City Manager and City Clerk to sign all necessary documents.

D. Lease of Police Patrol Vehicle 2024
Motion to authorize the Chief of Police to order a 2024 Tahoe through Enterprise Fleet Management and the City Manager to sign the agreements as presented by Enterprise Fleet Management.

E. Purchase of JCB Scissor Lift for $22,312
Motion to approve the purchase of one JCB Scissor Lift for $22,312.

F. Updated transient and special event rates for the City Marina
Motion to approve the updated transient rate sheet provided by Michigan DNR for transient and special events at the City Marina for 2024.

G. Grand Traverse Band of Ottawa & Chippewa Indians Grant Application
Motion to authorize the City Manager to sign the 2% allocation grant application for Joppa House and forward it to the Grand Traverse Band of Ottawa and Chippewa Indians Tribal Council for their consideration.

6. Public Hearings and Actions Requiring Public Hearings

7. All Other Actions and Requests

A. Recreation Department Software Purchase
Kent Knorr, Recreation Director
Recreation Director Kent Knorr provided Council with a brief summary of the department's process in obtaining the recommendation of new recreation department software.

Mayor Gennett opened the item for public comment. None were heard.
Motion by Parr, seconded by Cole to authorize the City Manager to sign a statement of work with CivicPlus Master Services for the purchase of service for Civic Plus and CivicRec for use by the Recreation Department.

Yeas: Cole, Hagen, Spring, Knapp, Parr
Nays: None
Absent: Kalbfell

Motion carried.

8. Reports and Communications

A. Public Comment

- Annemarie Conway, County Commissioner, provided a brief summary of the County Commission's recent events and projects

B. City Manager's Comments

- There will be a Council Work Session on November 30 at 4 pm to discuss short-term rentals
- The presentation given at the National Rural Housing Conference in Washington D.C. was a success
- The temporary lift station project at Bridge Park Drive has been completed ahead of schedule saving the City funds
- There will be a planned power outage for early Wednesday morning in the downtown area

C. Mayor and Council Comments

- Mayor Gennett stated the new Park Avenue trail turned out very good

9. Other Council Business

10. Adjourn

Mayor Gennett adjourned the meeting at 6:11 p.m.

______________________________	______________________________
Sarah J. Dvoracek City Clerk	Lyle Gennett Mayor

Charlevoix City Council
Consent Agenda

Title: Accounts Payable and Payroll Check Registers
Date: November 20, 2023

Presented By:

Background:

Recommendation:
Motion to approve the accounts payable and payroll check registers as presented.
Attachments:
1. Check Registers 11-20-23 Agenda

Pay Period Date	Check Issue Date	Check Number	Payee	Emp ID	Description	Amount
11/04/2023	11/09/2023	141010	4FRONT CREDIT UNION	9024	HSA-EMPLOYEE CONTRIB-4FR	1,130.58
11/04/2023	11/09/2023	141011	AMERICAN FAMILY LIFE	9011	AMERICAN FAMILY LIFE-POST T	69.80
11/04/2023	11/09/2023	141011	AMERICAN FAMILY LIFE	9011	AMERICAN FAMILY LIFE-PRETA	498.48
11/04/2023	11/09/2023	141012	CHARLEVOIX STATE BAN	9017	HSA - EMPLOYEE CONTRIB - C	1,500.00
11/04/2023	11/09/2023	141013	COMMUNICATION WORK	9004	CWA UNION DUES Pay Period:	641.60
11/04/2023	11/09/2023	141014	FOPLC	9039	FOPLC UNION DUES Pay Perio	156.00
11/04/2023	11/09/2023	141015	MI STATE DISBURSEMEN	9012	FRIEND OF THE COURT Pay Pe	116.55
11/04/2023	11/09/2023	141016	PRIORITY HEALTH	392358	PRIORITY HEALTH Pay Period:	1,539.03
11/04/2023	11/09/2023	141017	THE HARTFORD	9035	LIFE - VOLUNTARY Pay Period:	266.34
11/04/2023	11/09/2023	141017	THE HARTFORD	9035	SPOUSE LIFE Pay Period: 11/4/2	49.76
11/04/2023	11/09/2023	141017	THE HARTFORD	9035	CHILD LIFE Pay Period: 11/4/202	9.58
11/04/2023	11/09/2023	141017	THE HARTFORD	9035	AD&D - VOLUNTARY Pay Period	26.39
11/04/2023	11/09/2023	141017	THE HARTFORD	9035	SPOUSE AD&D Pay Period: 11/4	4.81
11/04/2023	11/09/2023	141017	THE HARTFORD	9035	CHILD AD&D Pay Period: 11/4/20	4.05
Grand Totals:		14				6,012.97

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Summary of Check Registers & ACH Payments

HUNTINGTON NATIONAL BANK - CHECKS ISSUED

11/09/23 Payroll Transmittal Checks	$	6,012.97
11/09/23 Payroll (net pay)	$	105,063.94
11/21/23 Regular Accounts Payable	$	434,475.31
Checks Sub-Total:	$	545,552.22

HUNTINGTON NATIONAL BANK - ACH/WIRE PAYMENTS

11/02/23 MI Public Power Agency	$	50.00
11/03/23 AMG Payment Solutions	$	476.49
11/03/23 Payment Service Network Inc	$	249.40
11/06/23 MI Public Power Agency	$	8,921.79
11/08/23 DTE Energy	$	3,443.86
11/09/23 IRS (Payroll Tax Deposit)	$	39,437.86
11/09/23 Alerus Financial (HCSP)	$	558.00
11/09/23 Vantagepoint (401 Plan)	$	1,094.68
11/09/23 Vantagepoint (457 Plan)	$	20,073.87
11/09/23 Vantagepoint (Roth IRA)	$	1,190.00
11/09/23 State of MI (Withholding Tax)	$	5,723.10
11/09/23 State of MI (Sales Tax)	$	25,298.09
11/13/23 MI Public Power Agency	$	18,114.40
ACH Sub-Total:	$	124,631.54
Huntington National Bank Total:	$	670,183.76

CHARLEVOIX STATE BANK - CHECKS ISSUED

(PROPERTY TAX DISBURSEMENT TO VARIOUS TAXING AUTHORITIES)

11/06/23 Special A/P Tax Disbursement	$	30,284.87
Charlevoix State Bank Total:	$	30,284.87
Grand Total:	$	700,468.63

APPROVED: CITY MANAGER | km CITY TREASURER | CITY CLERK

Pay Period Date	Journal Code	Check Issue Date	Check Number	Payee	Emp ID	Description	Amount
11/04/2023	PC	11/09/2023	38488	HEYDLAUFF, MARK L.	102		3,779.62
11/04/2023	PC	11/09/2023	38489	DVORACEK, SARAH J.	105		2,237.64
11/04/2023	PC	11/09/2023	38490	DEROSIA, PATRICIA E.	107		1,228.20
11/04/2023	PC	11/09/2023	38491	DOTSON, LINDSEY J.	109		1,657.90
11/04/2023	PC	11/09/2023	38492	KLOOSTER, ALIDA K.	121		2,388.97
11/04/2023	PC	11/09/2023	38493	BARNEVELD, RICHELLE	123		1,270.36
11/04/2023	PC	11/09/2023	38494	SCHULZ, GINNY L.	125		1,605.33
11/04/2023	PC	11/09/2023	38495	BRADLEY, KATHLEEN R.	126		316.13
11/04/2023	PC	11/09/2023	38496	MCGINN, KELLY A.	146		2,714.38
11/04/2023	PC	11/09/2023	38497	SCHEEL, JONATHAN D.	149		2,291.85
11/04/2023	PC	11/09/2023	38498	MCDONNELL, JILL L.	202		2,712.40
11/04/2023	PC	11/09/2023	38499	SCHOLEY, ROBERT W.	204		966.95
11/04/2023	PC	11/09/2023	38500	UMULIS, MATTHEW T.	205		1,713.28
11/04/2023	PC	11/09/2023	38501	ORBAN, BARBARA K.	209		1,454.16
11/04/2023	PC	11/09/2023	38502	RILEY, DENISE M.	213		563.75
11/04/2023	PC	11/09/2023	38503	MUNK, CHRISTOPHER J.	215		1,761.39
11/04/2023	PC	11/09/2023	38504	CHRISTIANSEN, BRIAN D	218		1,726.16
11/04/2023	PC	11/09/2023	38505	YOUNG, KRISTEN L.	230		1,922.04
11/04/2023	PC	11/09/2023	38506	DOTSON, WILLIAM R.	249		119.82
11/04/2023	PC	11/09/2023	38507	WURST, RANDALL W.	411		1,663.32
11/04/2023	PC	11/09/2023	38508	HILLING, NICHOLAS A.	413		1,642.51
11/04/2023	PC	11/09/2023	38509	MEIER III, CHARLES A.	421		1,472.98
11/04/2023	PC	11/09/2023	38510	ZACHARIAS, STEVEN B.	422		1,801.76
11/04/2023	PC	11/09/2023	38511	NEWMAN, MARK J.	424		1,770.51
11/04/2023	PC	11/09/2023	38512	LOUGHMILLER, JOHN A.	425		1,723.52
11/04/2023	PC	11/09/2023	38513	GRIFFITH, JOHN J.	500		2,535.61
11/04/2023	PC	11/09/2023	38514	EATON, BRAD A.	515		2,543.64
11/04/2023	PC	11/09/2023	38515	WILSON, TIMOTHY J.	516		3,428.68
11/04/2023	PC	11/09/2023	38516	LAVOIE, RICHARD L.	519		2,454.06
11/04/2023	PC	11/09/2023	38517	STERRETT, PHILLIP R.	520		2,500.85
11/04/2023	PC	11/09/2023	38518	STEVENS, BRANDON C.	521		2,838.63
11/04/2023	PC	11/09/2023	38519	WHITLEY, ANDREW T.	522		2,679.59
11/04/2023	PC	11/09/2023	38520	FARRELL, MITCHELL L.	524		2,154.84
11/04/2023	PC	11/09/2023	38521	ANDERSON, ELIZABETH	526		1,400.89
11/04/2023	PC	11/09/2023	38522	KENWABIKISE, DAVID L.	528		1,257.30
11/04/2023	PC	11/09/2023	38523	ELLIOTT, PATRICK M.	600		3,201.08
11/04/2023	PC	11/09/2023	38524	MORRISON, KEVIN P.	601		1,235.33
11/04/2023	PC	11/09/2023	38525	SCHWARTZFISHER, JOS	603		1,304.75
11/04/2023	PC	11/09/2023	38526	BRADLEY, KELLY R.	614		1,640.45
11/04/2023	PC	11/09/2023	38527	HART II, DELBERT W.	616		1,497.36
11/04/2023	PC	11/09/2023	38528	JONES, ROBERT F.	618		1,339.01
11/04/2023	PC	11/09/2023	38529	THORP JR, WILLIAM D.	623		1,276.80
11/04/2023	PC	11/09/2023	38530	LEITNER, RYAN S.	624		1,726.14
11/04/2023	PC	11/09/2023	38531	NOWKA, STEPHEN P.	626		1,295.25
11/04/2023	PC	11/09/2023	38532	REID, ROB A.	632		1,069.56
11/04/2023	PC	11/09/2023	38533	DORAN, JUSTIN J.	634		2,378.61
11/04/2023	PC	11/09/2023	38534	NEDWICK, DAVID J.	642		1,012.37
11/04/2023	PC	11/09/2023	38535	FINNERTY, HOLLY E.	669		898.07
11/04/2023	PC	11/09/2023	38536	POIROT, KENNETH R.	673		820.33
11/04/2023	PC	11/09/2023	38537	VENTZKE, COLE C.	674		924.70
11/04/2023	PC	11/09/2023	38538	WILSON, GARRETT L.	687		603.91
11/04/2023	PC	11/09/2023	38539	CRANDELL, ZACKARY R.	691		698.32
11/04/2023	PC	11/09/2023	38540	RABIDEAU, JACOB L.	696		906.92
11/04/2023	PC	11/09/2023	38541	BORTHS, MICHAEL J.	698		718.09
11/04/2023	PC	11/09/2023	38542	KNORR, KENT J.	700		2,223.43
11/04/2023	PC	11/09/2023	38543	ANZELL, BETH A.	702		1,546.17
11/04/2023	PC	11/09/2023	38544	STEBE, LAURA A.	703		13.85

Pay Period Date	Journal Code	Check Issue Date	Check Number	Payee	Emp ID	Description	Amount
11/04/2023	PC	11/09/2023	38545	MCDERMOTT, DENNIS J.	732		378.67
11/04/2023	PC	11/09/2023	38546	BOSS, BEAU J.	788		231.05
11/04/2023	PC	11/09/2023	38547	DRENTH, DOUGLAS A.	838		724.91
11/04/2023	PC	11/09/2023	38548	GILL, DAVID R.	856		984.65
11/04/2023	PC	11/09/2023	38549	LIVINGSTON, BRIAN D.	866		2,135.26
11/04/2023	PC	11/09/2023	38550	KLOOSTER, PATRICK H.	868		228.17
11/04/2023	PC	11/09/2023	38551	EWALT, BRIAN W.	901		2,182.27
11/04/2023	PC	11/09/2023	38552	OLIVER, GRANT T.	915		1,059.87
11/04/2023	PC	11/09/2023	38553	POSTMUS, ANTHONY H.	916		1,045.18
11/04/2023	PC	11/09/2023	38554	DOUGLAS, MARK	935		1,350.22
11/04/2023	PC	11/09/2023	141009	COX, RONALD L.	869		114.17
Grand Totals:			68				105,063.94

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Report Criteria:
- Computed checks included
- Manual checks included
- Supplemental checks included
- Termination checks included
- Void checks included

Check Number	Payee	Amount
11/21/2023		
141018	ACE HARDWARE	3,284.86
141019	ALTEC INDUSTRIES INC	727.05
141020	AMAZON CAPITAL SERVICES	902.87
141021	AMERICAN TOTAL SECURITY INC	2,979.60
141022	ANNIS, JOEL	25.00
141023	ANZELL, BETH A.	103.90
141024	AT YOUR SERVICE PLUS INC	420.00
141025	AUTO-WARES GROUP	884.79
141026	BIOLOGICAL RESEARCH SOLUTIONS	325.00
141027	BLAKE, CARLTON	13.34
141028	BLU DOT FARM & VINEYARD	21.00
141029	CARQUEST OF CHARLEVOIX	881.47
141030	CDW GOVERNMENT	257.44
141031	CHARLEVOIX CHEESE COMPANY	77.00
141032	CHARLEVOIX ROD & GUN CLUB	450.00
141033	CHARTER COMMUNICATIONS	149.98
141034	CHARTER COMMUNICATIONS OPERA	228.16
141035	CITY OF CHARLEVOIX - UTILITIES	53,135.55
141036	CONWAY PROFESSIONAL SERVICES	2,515.50
141037	DC BYERS COMPANY	10,682.80
141038	DEERE & COMPANY	10,780.37
141039	DEWAARD, MARTINA	54.60
141040	DIONNE FARMS	27.00
141041	DOTSON, LINDSEY J.	1,659.07
141042	DUTCH OVEN BAKERY, THE	217.00
141043	EDGEWATER RESOURCES LLC	3,700.00
141044	ELMER'S CRANE & DOZER INC	72,290.00
141045	FAMILY FARM AND HOME	542.78
141046	FARMER WHITE'S	32.00
141047	FASTENAL COMPANY	47.04
141048	FISHER SCIENTIFIC	816.48
141049	FLIGHT LIGHT INC	2,133.85
141050	FREEDOM MAILING SERVICES INC	2,687.47
141051	GATEHOUSE MEDIA MICHIGAN HOLDI	639.84
141052	GERBER'S HOMEMADE SWEETS	6.00
141053	GFL ENVIRONMENTAL	145.80
141054	GIERING, GEOFFREY & LISA	8.53
141055	GREAT LAKES ELEVATOR LLC	2,473.39
141056	GRIFFITH, JOHN J	281.65
141057	GRP ENGINEERING INC	6,848.58
141058	GUNTZVILLER BERRY FARM	10.00
141059	HACH COMPANY	2,001.34
141060	HERZOG ELECTRIC	2,985.38
141061	HYDROCORP	2,077.00
141062	INDUSTRIAL MARKETING & CONSULT	51.00
141063	JACKLIN STEEL SUPPLY CO	114.40
141064	JANSON EQUIPMENT COMPANY	203.35
141065	JOHN E GREEN COMPANY	924.91

M = Manual Check, V = Void Check

Check Number	Payee	Amount
141066	JUSTICE FENCE ACQUISITIONS LLC	480.00
141067	KSS ENTERPRISES	1,214.25
141068	LASER PRINTER TECHNOLOGIES	178.99
141069	LATITUDE 45 DETAILING	700.00
141070	MCCARDEL CULLIGAN WATER COND	55.50
141071	MCKENZIE, DANIEL	50.00
141072	MI MUNICIPAL TREASURERS ASSOC	198.00
141073	MICHIGAN MUNICIPAL LEAGUE	45.00
141074	MICHIGAN PIPE & VALVE	3,322.00
141075	MURRAY'S CREATIONS CUSTOM CAN	250.00
141076	MYNORTH MEDIA	990.00
141077	NAVIA BENEFIT SOLUTIONS	100.00
141078	NORTHERN LIGHTS FAMILY OUTFITT	7,115.00
141079	NORTHERN PUMP SERVICE INC	1,865.81
141080	NORTHERN SAFETY CO INC	323.54
141081	NUCO2 LLC	175.44
141082	OHM ADVISORS	1,138.00
141083	OLESON'S FOOD STORES	25.01
141084	OLSON & HOWARD	5,031.00
141085	OMS COMPLIANCE SERVICES INC	82.25
141086	ORBAN, BARBARA K.	80.00
141087	PARKS, SARAH	75.00
141088	PENINSULA FIBER NETWORK LLC	470.00
141089	POWER LINE SUPPLY	3,856.70
141090	POWER SYSTEM ENGINEERING INC	6,063.75
141091	POWERPLAN	9,466.20
141092	PROVIDENCE ORGANIC FARM	138.00
141093	QUADIENT INC	6,270.00
141094	R & R PRODUCTS INC	730.75
141095	R B LYONS INC	434.00
141096	RANGE TELECOMMUNICATIONS	206.00
141097	SEILER INSTRUMENT & MFG CO INC	1,192.00
141098	SPARTAN STORES LLC	19.90
141099	SPRING, RICHARD	108.42
141100	STATE OF MICHIGAN	305.00
141101	STATE OF MICHIGAN	290.00
141102	SWEET MARIA'S LLC	74.00
141103	TELNET WORLDWIDE	152.83
141104	TRACE ANALYTICAL LABORATORIES I	1,271.05
141105	TRANSUNION RISK AND ALTERNATIV	75.00
141106	TRI-COUNTY EXCAVATING GROUP	169,534.00
141107	UNIFIRST CORPORATION	133.17
141108	USABLUEBOOK	3,312.46
141109	VILLAGE GRAPHICS INC	25.00
141110	WATSON, KENNETH	75.00
141111	WEST MARINE PRO	3,649.70
141112	WEX BANK	8,640.77
141113	WITT FAMILY FARM	9.00
141114	WOODLAND'S ORGANICS	40.00

M = Manual Check, V = Void Check

Check Number	Payee	Amount
141115	ZIXCORP	2,613.68
Total 11/21/2023:		434,475.31
Grand Totals:		434,475.31

Check Number	Payee	Amount
11/02/2023		
110223001	NEOFUNDS BY NEOPOST	50.00
Total 11/02/2023:		50.00
Grand Totals:		50.00

M = Manual Check, V = Void Check

Check Number	Payee	Amount
11/03/2023		
110323001	AMG PAYMENT SOLUTIONS	476.49
110323002	PAYMENT SERVICE NETWORK INC.	249.40
Total 11/03/2023:		725.89
Grand Totals:		725.89

M = Manual Check, V = Void Check

Check Number	Payee	Amount
11/06/2023		
110623001	MICHIGAN PUBLIC POWER AGENCY	8,921.79
Total 11/06/2023:		8,921.79
Grand Totals:		8,921.79

M = Manual Check, V = Void Check

Check Number	Payee	Amount
11/08/2023		
110823001	DTE ENERGY	3,443.86
Total 11/08/2023:		3,443.86
Grand Totals:		3,443.86

Check Issue Date	Check Number	Payee	Amount
110923001			
11/09/2023	11092300	**EFTPS* Payroll Taxes	10,151.05
11/09/2023	11092300	**EFTPS* Payroll Taxes	10,151.05
11/09/2023	11092300	**EFTPS* Payroll Taxes	2,374.05
11/09/2023	11092300	**EFTPS* Payroll Taxes	2,374.05
11/09/2023	11092300	**EFTPS* Payroll Taxes	14,387.66
Total 110923001:	5		39,437.86
110923002			
11/09/2023	11092300	Alerus Financial	558.00
Total 110923002:	1		558.00
110923003			
11/09/2023	11092300	MissionSquare - 401 Plan 109153	1,094.68
Total 110923003:	1		1,094.68
110923004			
11/09/2023	11092300	MissionSquare - 457 Plan 300959	4,677.00
11/09/2023	11092300	MissionSquare - 457 Plan 300959	2,478.76
11/09/2023	11092300	MissionSquare - 457 Plan 300959	4,590.20
11/09/2023	11092300	MissionSquare - 457 Plan 300959	8,327.91
Total 110923004:	4		20,073.87
110923005			
11/09/2023	11092300	MissionSquare - Roth IRA 706117	1,190.00
Total 110923005:	1		1,190.00
110923006			
11/09/2023	11092300	STATE OF MICHIGAN	5,723.10
Total 110923006:	1		5,723.10
Grand Totals:	13		68,077.51

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Check Number	Payee	Amount
11/09/2023		
110923007	STATE OF MICHIGAN	25,298.09
Total 11/09/2023:		25,298.09
Grand Totals:		25,298.09

Check Number	Payee	Amount
11/13/2023		
111323001	MICHIGAN PUBLIC POWER AGENCY	18,114.40
Total 11/13/2023:		18,114.40
Grand Totals:		18,114.40

M = Manual Check, V = Void Check

Check Number	Payee	Amount
11/06/2023		
4042	CHARLEVOIX COUNTY TREASURER	7,815.36
4043	CHARLEVOIX PUBLIC SCHOOLS	11,796.27
4044	CITY OF CHARLEVOIX - TAXES DUE	8,679.29
4045	CORELOGIC CENTRALIZED REFUND	1,993.95
Total 11/06/2023:		30,284.87
Grand Totals:		30,284.87

CHECKS DRAWN ON CHARLEVOIX STATE BANK ACCOUNT

Charlevoix City Council
Consent Agenda

Title: Water Treatment Plant-High Service Pump Repair: $22,671.73
Date: November 20, 2023

Presented By:

Background:
We have three pumps that supply water from our 1 million gallon storage tank to our 300,000 gallon storage tank tower. In October, one of our smaller pumps failed. We contacted Northern Pump & Well, the company that has been supplying the City with maintenance and testing to assess the pump. Northern Pump & Well's findings are that the pump needs extensive repair work in the amount of $22,671.73, see the attached proposal.

Recommendation:
Motion to approve the proposal from Northern Pump & Well to repair high service pump #3 in the amount of $22,671.73 and authorize the City Manager to sign all necessary documents.

Attachments:
1. Northern Pump & Well Proposal 11.20.2023

NORTHERN PUMP & WELL

Doing it Right

6837 W. Grand River Ave.
Lansing, MI 48906

City of Charlevoix
Attn: Nick Hilling
210 State Street
Charlevoix, MI 49720

Proposal

Date	Proposal #
11/8/2023	23-J2752A

Description	Qty	Rate	Total
Thank you for the opportunity to present you with this proposal for the repair of your #3 High Service			
Labor - Shop: teardown, wash, inspect.	1	1,147.50	1,147.50
Motor repair, Clean, Check and bearings 75 Hp	1	1,457.47	1,457.47
Pump Head: Sand Blast Clean and paint head	1	451.79	451.79
Stuffing box repair	1	350.00	350.00
8" x 9'11-1/4" Top Column, cut and machined to custom length, and flange fabricated to column pipe	1	1,173.50	1,173.50
8" x 4'11-1/4" Bottom Column	2	484.985	969.97
1-1/2" x 10' SST Shaft w/coupling	1	678.50	678.50
1-1/2" x 5' SST Shaft w/coupling	2	667.50	1,335.00
8" x 2" DropIn SST Spiders	1	174.00	174.00
Pump New 4 Stage 1000 GPM at 225 TDH, 1800 rpm, * Current lead time is 4-6 wks. ARO *	1	8,569.00	8,569.00
Bolts, Air Line Fittings, Paint, Air Line Gauge, Pressure Gauge	1	125.00	125.00
Labor, Mobilization, Demobilization, Set Pump, Run check pump. * Estimated hours, actual hours charged. *	12	325.00	3,900.00
Machining/Shop Labor	30	78.00	2,340.00
NOTE: Should conditions change and/or any additional work be required, beyond the original scope of this project, our standard hourly rates will apply. Northern Pump & Well will consult with you prior to the additional work being performed.			
Signature:__________ Date: ________ Purchase Order No. (if required):__________ * If this proposal meets your approval, please sign / date and return to fax number:..1-517-322-0135			
If you have any questions, feel free to call 877-477-1757 or 517-322-0219	**Total**		$22,671.73

Charlevoix City Council
Consent Agenda

Title: Set Work Session for November 30, 2023
Date: November 20, 2023

Presented By:

Background:
At your last meeting, Council concurred to set a work session to discuss short-term rentals on November 30, 2023 at 4 pm.

Recommendation:
Motion to set a City Council Work Session for 4:00pm on November 30, 2023 in the Council Chambers of City Hall for the purpose of discussing the Short Term Rental Program.

Attachments:
None

Charlevoix City Council
Consent Agenda

Title: Accept the Audit Report
Date: November 20, 2023

Presented By:

Background:

Recommendation:
Motion to accept the audit report as presented.
Attachments:
None

Charlevoix City Council

All Other Actions and Requests

Title: Future Disposition of 229 Stover Road

Date: November 20, 2023

Presented By: Mark Knapp
Janet Kalbfell
Richard Spring

Background:

Councilmembers Knapp, Kalbfell and Spring requested the attached item be placed on the agenda.

Recommendation:

Motion to direct the City Manager to gather further information and bring back to Council for consideration and for Council to resume discussion of 229 Stover Road after December 1, 2024.

Attachments:

1. Future of 229 Stover Road

On November 7, 2023, the voters in the city of Charlevoix rejected two citizen initiatives concerning the future of the 229 Stover Rd. property. We believe this status quo outcome may have been a result of competing initiatives causing voter confusion, along with, a lack of answers to some very important questions.

If a future council ever wishes to sell the 229 Stover Rd. parcel, the following items should be known in advance:

- The status and effect of any past contamination on the site and the ramifications of this going forward ;
- A survey, title work, and clear legal description of this parcel that is not connected to the extensive parcel comprising Ferry Beach Park;
- An estimate of the value of the site for various uses (residential, mixed use, commercial) and the probability of demand for these uses in the market at that time;
- The development of a Request for Development Proposal that takes into account these factors and the goals for the community and the neighborhood.

We have heard the community speak, on both sides, about this parcel and we believe their questions can and should be answered, but we also need to give clear expectations to the public about this process. Therefore, Council should take no further action to sell or otherwise commit this parcel until December 1, 2024. During this time, the City Manager should develop answers to the above, any other questions and concerns that may arise and any related topics and present them to Council.

Motion to direct the City Manager to gather further information and bring back to Council for consideration and for Council to resume discussion of the 229 Stover Rd. site after December 1, 2024.

Mark Knapp, Council Member, Ward 2

Janet Kalbfell, Council Member, Ward 1

Richard Spring, Council Member, Ward 2

Charlevoix City Council
All Other Actions and Requests

Title: Organizational Meeting
Date: November 20, 2023

Presented By: Sarah Dvoracek, City Clerk

Background:
Section 2.15 of the City Charter requires that Council hold an organizational meeting at the first meeting of the Council after the November General Election. The meeting shall be held for the purpose of organization at the usual place for holding meetings of the legislative body of the City. Council is asked to consider the following items:

Meeting time -- The regular meetings of the Council shall be held at least twice each month. These meetings shall be held at the City Hall unless otherwise provided. The *Rules of Procedure for City Council*, Rule 1c sets the meetings as the first and third Mondays of the month at 6:00 p.m., unless Monday is a legal holiday, at which point the meeting moves to the following Tuesday at 6:00 p.m. The City Charter allows the Council to set the day and time of its meetings. If Council would like to change its meeting dates and times, a resolution would need to be drafted to amend the Rules of Procedure. Any change would not take place until January 2024.

Deputy Mayor -- Section 2.9 of the City Charter requires that the Council elect one of its members to serve as Deputy Mayor at the organizational meeting of the Council. The Deputy Mayor shall serve until the next organizational meeting of the Council or until a successor takes office.

Recommendation:
Motion to set 2023 City Council meetings *for the first and third Mondays of the month at 6:00 p.m.*

Motion to appoint *Council Member's Name a*s Deputy Mayor.

Attachments:
None

Charlevoix City Council

All Other Actions and Requests

Title: Council Members Appointment to Board of Review

Date: November 20, 2023

Presented By: Sarah Dvoracek, City Clerk

Background:

Per our City Charter, the Board of Review requires two Council Members to sit on the Board. Previously, Council Member Kalbfell and Council Member Hagen have sat on the Board of Review representing the Council and their terms are expiring. Council will need to appoint two Council Members to the Board of Review for a one-year term.

Recommendation:

Motion to appoint Council Member_____________ to the Board of Review for a term to expire on November 2024.

Motion to appoint Council Member_____________ to the Board of Review for a term to expire on November 2024.

Attachments:

None

Charlevoix City Council

All Other Actions and Requests

Title: Council Appointments
Date: November 20, 2023

Presented By: Janet Kalbfell
1st Ward Council Member

Background:
Council Member Kalbfell requested consideration for the the following appointments:

- Brenda Bryan to the Board of Review for a term to expire December 2026.
- Shirley Gibson to the Zoning Board of Appeals for a term to expire December 2026.

Recommendation:
Motion to appoint _______________ to the Board of Review for a term to expire on December 31, 2026

Motion to appoint _______________ to the Zoning Board of Appeals for a term to expire on December 31, 2026.

Attachments:
1. Bryan Application BOR
2. Gibson ZBA Application

CITY OF CHARLEVOIX

CITY OF CHARLEVOIX
VOLUNTEER BOARDS AND COMMITTEES APPLICATION

Thank you for your interest in serving on a volunteer board, commission or committee. The purpose of this form is to provide the Mayor and City Council members with some information about residents considered for appointment. Your application will be kept active for six months and you will be contacted if you are chosen to serve.

- [X] BOARD OF REVIEW
- [ ] COMPENSATION COMMISSION
- [ ] DDA/MAIN STREET BOARD
- [ ] HISTORIC DISTRICT COMMISSION
- [ ] HOUSING COMMISSION
- [ ] PLANNING COMMISSION
- [ ] RECREATION ADVISORY COMMITTEE
- [ ] SHADE TREE & PARK COMMISSION
- [ ] ZONING BOARD OF APPEALS
- [ ] OTHER ____________
- [ ] NO PREFERENCE

RECEIVED
NOV 14 2023

PLEASE PRINT

NAME: Brenda Bryan

ADDRESS: 108 Belvedere Ave.

HOME PHONE: 231 590 4541 CELL PHONE: 231 590 4541

EMAIL: brendabryan4@gmail.com

ARE YOU A REGISTERED VOTER IN THE CITY? yes HOW LONG HAVE YOU LIVED IN THE CITY? 11 years

EDUCATIONAL BACKGROUND: some college

PROFESSIONAL QUALIFICATIONS AND/OR WORK EXPERIENCE:

COMMUNITY ACTIVITIES AND/OR OTHER EXPERIENCE: Recreation advisory committee member.

HAVE YOU SERVED ON A BOARD/COMMITTEE OR HELD A CIVIC POSITION IN THE PAST? IF YES, PLEASE EXPLAIN:
Recreation

DO YOU FORESEE ANY POTENTIAL CONFLICTS OF INTEREST WHILE EXECUTING THE DUTIES OF THIS POSITION? IF YES, PLEASE EXPLAIN:
no

REASON(S) YOU WISH TO SERVE: I think everyone should volunteer to be on a city committe some time to see how things work.

HAVE YOU REVIEWED THE CURRENT MEETING SCHEDULE OF THE BOARD/COMMITTEE AND CAN COMMIT TO REGULAR MEETING ATTENDANCE? ____________

SIGNATURE: Brenda Bryan **DATE:** 11-14-23

RETURN APPLICATION TO THE CITY CLERK'S OFFICE: 210 STATE STREET CHARLEVOIX, MI 49720 – EMAIL clerk@charlevoixmi.gov

REV 04.2020

Online Form Submittal: Volunteer Boards and Committees Application

noreply@civicplus.com <noreply@civicplus.com>
Tue 11/14/2023 6:04 AM
To:Sarah Dvoracek <clerk@charlevoixmi.gov>

Volunteer Boards and Committees Application

Thank you for your interest in serving on a volunteer board, commission or committee. The purpose of this form is to provide the Mayor and City Council members with some information about residents considered for appointment. Your application will be kept active for six months and you will be contacted if you are chosen to serve.

Committees and Boards to Apply For	Zoning Board of Appeals
Name	Shirley Gibson
Email Address	sjgibson1@live.com
Address	209 E. Upright Street, Charlevoix, MI 49720
Home Phone	231-547-5463
Cell Phone	*Field not completed.*
Are you a registered voter in the City?	Yes
How long have you lived in the City?	all my life except for 15 years when I was a little younger
Educational Background	Associate Degree, Ferris University
Professional Qualifications and / or Work Experience	City Council, Planning Commission, ZBA and other committees
Community Activities and / or Other Experience	*Field not completed.*
Have you served on a board / committee or held a civic position in the past?	Yes
If yes, please explain.	see above
Do you foresee any potential conflicts of interest while executing the duties of this position?	No

Reason(s) You Wish to Serve	I am interested in local government, care about my community and have been active for many years.
Have you reviewed the current meeting schedule of the board / committee and can commit to regular meeting attendance?	Yes
Electronic Signature Agreement	*Field not completed.*
Electronic Signature	Shirley Gibson
Date	11/14/2023

Email not displaying correctly? View it in your browser.

Links contained in this email have been replaced. If you click on a link in the email above, the link will be analyzed for known threats. If a known threat is found, you will not be able to proceed to the destination. If suspicious content is detected, you will see a warning.

Charlevoix City Council

Reports and Communications

Title: City Manager's Comments
Date: November 20, 2023

Presented By: Mark Heydlauff, City Manager

Background:

A. Bridge Work

As you may have noticed, the decorative lights on the bridge were removed this week as MDOT continues with the planned maintenance on the bridge. The lights will be reinstalled later in the winter when all maintenance is complete. Some minor fixes will be made to the lights to correct some problems that have developed. I also noted this week that they have removed some of the decorative railing. I understand from MDOT that this will also be reinstalled once sandblasting is completed. We worked with MDOT on some adjustments to the lane shifts adjacent to Bridge Park Drive and they are adding additional signage noting this area remains open for parking. Beyond this, I'm not aware of any issues as the work continues.

B. Lake Michigan Beach Park

We are awaiting final inspection of the overlook that was constructed as part of the improvements adjacent to Park Avenue in Lake Michigan Beach Park. I have already heard several positive comments from residents who appreciate the new footpath along the park.

C. Little Traverse Wheelway Extension

Last week, we had a meeting with our engineer, staff, and local stakeholders on the extension of the Little Traverse Wheelway from Waller Road and US 31 to Division Street. The MDOT has preliminarily approved funding for the project leaving the City to be responsible for around $325,000. We have asked MDOT to allow us to modify the route to run the trail adjacent to Mercer Avenue and the Golf Course and then follow Division Street. This will eliminate some conflicts and extensive tree removal on and around the golf course and improve safety. In total, this project is expected to be just under $1 million in addition to the engineering work that has already been done and paid for primarily with funds from the Top of Michigan Trails Council.

D. Electrical Improvements

We received bids last week for several electrical improvement projects. We are still reviewing the proposals with our engineers and rate consultants but we'll likely bring a proposal to you in December for the replacement of downtown streetlights and installation of EV chargers in the new Mason Street Parking Lot. I've also been in discussions with the Charlevoix Public Library about a potential collaboration with them on installing EV chargers in the parking spaces between the Marina Parking Lot and the Library's main parking lot. I think this makes sense as a good option for us to consider.

E. Chamber Building Housing Project

Working with the Michigan Economic Development Corporation and the Redevelopment Ready Community Program, we are set for a kick-off meeting just after Thanksgiving to discuss the next steps for creating a redevelopment plan for the current Chamber of Commerce Building. The vision would be to redevelop the space with offices on the first floor and housing on a newly constructed second and third floors. This fits the zoning for the Central Business District and is a step the City can take with land we own to add housing units in the downtown. We also expect to leverage development incentives from MEDC in this process.

Recommendation:

Attachments:

1. Planning Commission Regular Meeting Minutes 10/09/2023
2. Certified Election Results from Board of Canvassers

City of Charlevoix
Planning Commission Regular Meeting Minutes
Monday, October 9, 2023 - 6:00 PM
Council Chambers, 210 State Street, Charlevoix, MI

A. Call to Order/Pledge of Allegiance

The meeting was called to order at 6:00 p.m. by Chair Jennifer Muladore followed by the Pledge of Allegiance.

B. Roll Call

Chair:	Jennifer Muladore
Members Present:	Scott Beatty, Shelley Boehmer, Sherm Chamberlain, Janet Coltman, Toni Felter, John Kurtz, Mary Millington
Members Absent:	Maureen Radke (excused)
Staff Present:	Jonathan Scheel, Zoning Administrator

C. Inquiry into Potential Conflicts of Interest

D. Approval of Agenda

Chair Muladore stated she wanted to add an update from the Housing Sub-Committee meeting from the previous week to the Staff Updates portion of the agenda.

Motion by Member Boehmer, seconded by Member Beatty to approve the agenda as amended.
Motion carried by unanimous voice vote.

E. Approval of the Minutes

1. Minutes from September 11, 2023
   Motion by Member Chamberlain, seconded by Member Millington to approve the minutes of September 11, 2023 as presented.
   Motion carried by unanimous voice vote.

F. Call for Public Comment Not Related to Agenda Items

Annemarie Conway, 103 East Lincoln, stated she has been canvassing for the upcoming election on the Stover property and she had a few questions. She stated that it was her understanding the City's Master Plan approved housing for this property in 1983. The property has been designated for housing continuously until the present. The property is currently zoned Public Facilities because of the DPW location that had been there and the Master Plan designates it as Mixed Use. Chair Muladore stated the Planning Commission in a past meeting decided that the Commission would not be getting involved with this property specifically because of the contentious political issues. Zoning Administrator Scheel stated he had definitive answers for Mrs. Conway's questions and he would be glad to meet with her the next day.

Chair Muladore wanted to remind everyone of their role as the Planning Commission as appointed officials charged with reviewing and approving zoning and development issues in the City and, as such, they have to keep the big picture of the community and its future in their minds based on the Master Plan. Discussion followed regarding potential conflicts and issues related to the upcoming ballot questions.

G. Public Hearing

1. Public Hearing for the rezone of two parcels, 749 Petoskey Avenue and 904 May Street
   Chair Muladore opened the public hearing at 6:17 p.m.

   Zoning Administrator Scheel explained the details of the proposed rezonings for the two parcels.

   Bob Jess stated his concerns about parcel 904 May Street.

   The public hearing was closed at 6:24 p.m.

2. Public hearing for Housing Ordinance Changes
   Chair Muladore opened the public hearing at 6:24 p.m.

   Dean Dewildt, 1030 May Street, stated his concerns about the definition of density.

   The public hearing was closed at 6:35 p.m.

H. Old Business

1. Rezone of 749 Petoskey Avenue and 904 May Street
   Motion by Member Kurtz, seconded by Member Boehmer to send the recommendation for the rezoning of 749 Petoskey Avenue and 904 May Street to the City Council for approval.
   Motion carried by unanimous voice vote.
2. Housing Ordinance amendments
   Chair Muladore referenced Section 153.070, *Intent,* and changes needed to delete the R2-A references. After discussion, the Commission agreed to discuss the proposed changes to Section 153.102 at a subsequent meeting and remove those changes from the proposed Housing Ordinance amendments.

   Motion by Member Felter, seconded by Member Millington to send the proposed Housing Ordinance changes, with the exception of Section 153.102 to the City Council for approval.
   Motion carried by unanimous voice vote.
3. Zoning Ordinance Changes
   Zoning Administrator Scheel summarized the proposed Zoning Ordinance changes that deleted redundancies, remodification and other minor changes. Member Boehmer stated the references to universities should be changed to educational facilities, as discussed at the September meeting. Discussion followed regarding design standards so that new homes do not overwhelm existing neighborhoods and the Zoning Administrator would look at some minimum/maximum design standards to present to the Commission for discussion.

   Zoning Administrator Scheel recommended raising the height of front yard fences to 42" and explained the reasons for his recommendation. After discussion, the Commission agreed to change the maximum front yard fence height to 48".

Discussion followed regarding outdoor storage and the Commission agreed to discuss the matter in further detail at the next meeting.

I. New Business

1. Rezone of Community Reformed Church property

   Zoning Administrator Scheel stated that he and members Kurtz and Chamberlain visited the Board of the Community Reformed Church before the last Planning Commission meeting and they gave the Board a presentation providing them with the reasoning on why the Planning Commission considered their property for rezoning. Mr. Scheel stated he had received a letter from the Community Reformed Church requesting a rezone from R-1 to R-2. Mr. Scheel stated the rezoning would give the Church more opportunity and flexibility to use their land and potentially more units for what the City needs.

   Motion by Member Kurtz, seconded by Member Boehmer to set the rezone of the Community Reformed Church property from R-1 to R-2 for a public hearing on November 13, 2023. **Motion carried by unanimous voice vote.**

   Chair Muladore thanked the Sub-Committee members for all their work on this project.

J. Staff Updates

1. Zoning Report

   Zoning Administrator Scheel reviewed his September Report. Mr. Scheel also reported the condominium/hotel project on Hulbut is not happening and the request has been withdrawn.

   <u>Update on Housing Sub-Committee:</u>
   Chair Muladore thanked the Sub-Committee members including Zoning Administrator Scheel for meeting with the Community Reformed Church. Ms. Muladore stated the Committee is going to start working with the Charlevoix Public School Board to talk about their pee-wee football practice field potentially changing that property into housing. Chair Muladore stated she is having a difficult time scheduling a meeting with the Charlevoix Township Planning Commission.

   Member Kurtz stated that the Pine River Place on Garfield Street was looking to expand and he had spoken to the manager and they were in the process of talking to architects about expanding housing there and the manager felt it would be beneficial for the City to work with them for future housing possibilities.

   Chair Muladore stated two Members attended the Michigan Planning Association Conference. Members Boehmer and Felter spoke about the sessions they attended at the conference.

   Motion by Member Boehmer, seconded by Member Felter to send the Zoning Ordinance changes to a public hearing on November 13, removing Section 153.153, Outdoor Storage for further discussion.

Yeas: Boehmer, Beatty, Chamberlain, Coltman, Felter, Kurtz, Muladore, Millington

Nays: None

Absent: Radke

Motion carried.

K. Requests For Next Months Agenda or Research Items

L. Adjournment by 8:00 p.m. unless extended by a motion

Meeting adjourned at 7:54 p.m.

_____________________________ _____________________________

Sarah J. Dvoracek/fgm Clerk Jennifer Muladore Chair

CITY OF CHARLEVOIX

STATE OF MICHIGAN)
)ss
CHARLEVOIX COUNTY)

The Board of Canvassers of the County of Charlevoix having ascertained and canvassed the votes at the General Election do **Hereby Certify and Determine** that:

The whole number of votes given to the position of City Council Member Ward 1 was two hundred ninety-three (293) and those votes were given for the following persons.

Persons receiving the votes:

Aaron Hagen -- (293)

Aaron Hagen having received sufficient number of votes is hereby nominated for the office of City Council Member, Ward 1.

The whole number of votes given to the position of City Council Member Ward 2 was two hundred and ten (210) and those votes were given for the following persons.

Persons receiving the votes:

Richard Spring -- (210)

Richard Spring having received sufficient number of votes is hereby nominated for the office of City Council Member, Ward 2.

The whole number of votes given to the position of City Council Member Ward 3 was two hundred and forty-seven (247) and those votes were given for the following persons.

Persons receiving the votes:

Shane Cole -- (247)

Shane Cole having received sufficient number of votes is hereby nominated for the office of City Council Member, Ward 3.

The whole number of votes cast for and against the:

CITY OF CHARLEVOIX CITIZENS INITIATED ORDINANCE PROPOSAL 2023-08-05
FOR USE OF 229 STOVER ROAD AS A PARK

The purpose of the proposed Ordinance is to designate City owned vacant property at 229 Stover Road as part of Ferry Beach Park and make the property subject to the requirements of the City Charter for parkland.

Shall the City of Charlevoix adopt an ordinance that designates City owned vacant property at 229 Stover Road as a City park named Ferry Beach Park, subject to the requirements of Section 2.16(f) of the City Charter which requires a majority vote of the electors voting thereon in order for the City to remove the park designation for the property or to sell, divide, lease, partition, plat, subdivide, or dispose of any part of the property?

Was Nine hundred ninety-one--(991)

Of which number

Votes were marked **YES** Four hundred thirty---(430)

And

Votes were marked **NO** Five hundred sixty-one--(561)

The City of Charlevoix Citizens Initiated Ordinance Proposal 2023-08-05 for Use of 229 Stover Road as a Park for having received sufficient votes has Failed.

CITY OF CHARLEVOIX CITIZENS INITIATED ORDINANCE PROPOSAL 2023-08-03
FOR USE OF 229 STOVER ROAD FOR HOUSING

The purpose of the proposed Ordinance is to use City owned vacant property at 229 Stover Road for the purpose of providing year-round housing within the City.

Shall the City of Charlevoix adopt an ordinance that provides for the use of City owned vacant property at 229 Stover Road for the purpose of providing year-round housing within the City by (i) soliciting offers to purchase the property by a Developer who intends and commits to develop year-round housing on the property, or (ii) using the property in any way that substantially benefits year-round housing within the City?

Was One thousand---(1,000)

Of which number

Votes were marked **YES** Four hundred ninety-three---(493)

And

Votes were marked **NO** Five hundred seven---(507)

The City of Charlevoix Citizens Initiated Ordinance Proposal 2023-08-03 for Use of 229 Stover Road for Housing for having received sufficient votes has Failed.

We do hereby **Certify**, that the attached is a correct statement of the votes given in the County of Charlevoix, Precincts #18, #19, and #20 for the proposal(s) (if any) named in such statement and for any persons designated therein, at the General Election held on the 7th day of November in the year Two thousand twenty-three.

In Witness Whereof, We have hereunto set our hands and caused to be affixed the Seal of the Circuit Court of CHARLEVOIX this 9th day of November 2023.

SEAL

ATTEST:

CLERK OF THE BOARD OF COUNTY CANVASSERS

Charlevoix City Council
Reports and Communications

Title: Mayor and Council Comments
Date: November 20, 2023

Presented By:

Background:

Recommendation:

Attachments:
None

Charlevoix City Council
Other Council Business

Title: Closed Session: Discussion of Attorney-Client Privileged Communication and Strategy for Potential Litigation

Date: November 20, 2023

Presented By:

Background:

Recommendation:
Motion to enter closed session for the purpose of discussing strategy for potential litigation pursuant to MCL 15.268, section 8, part H.

Attachments:
None