



CITY COUNCIL MEETING AGENDA

November 28, 2022 – 7:00 pm

*This is an in-person meeting at Saugatuck City Hall, 102 Butler St, Saugatuck, MI 49453.
The meeting will also be available live, virtually on Zoom.*

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Consent Agenda: (Roll Call)**
 - A. Regular City Council Meeting Minutes – November 14, 2022
 - B. Accounts Payable in the amount of \$315,516.89
5. **Staff Reports:**
 - A. City Manager
 - B. Treasurer
 - C. Planning and Zoning
 - D. Department of Public Works
 - E. Fire
 - F. Police
 - G. Engineer
6. **Agenda Changes (Additions/Deletions)**
7. **Guest Speakers**
 - A. Ken Berthiaume – Annual Auditor
8. **Public Comment on Agenda Items Only (Limit 3 minutes)**
9. **Introduction of Ordinances**
10. **Public Hearings**
11. **Unfinished Business**

NOTICE:
Join online by visiting:
<https://us02web.zoom.us/j/2698572603>

Join by phone by dialing:
**(312) 626-6799 -or-
(646) 518-9805**

Then enter "Meeting ID":
2698572603

Please send questions or comments regarding meeting agenda items prior to meeting to:
ryan@saugatuckcity.com

Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact Saugatuck City Clerk at 269-857-2603 or JWolters@saugatuckcity.com for further information.

12. New Business:

- A. Organizational Meeting Discussion for Committee, Commission, Chairperson
Appointments
- B. Spear Street Launch Agreement (*Roll Call*)

13. Public Comments (Limit 3 minutes)

14. Correspondence

15. Boards, Commissions & Committees Reports

16. Council Comments

17. Mayor's Comments

18. Adjourn (*Voice Vote*)



**CITY COUNCIL MEETING MINUTES - Proposed
November 14, 2022**

The City Council met for Regular Council Meeting at 7:00 p.m.
City Hall
102 Butler St., Saugatuck, MI 49453.

Call to Order:

The meeting was called to order by Mayor Lewis at 7:00 p.m.

Attendance:

Present: Mayor Lewis, Mayor Pro-Tem Dean, Councilmembers Bekken, Gardner, Leo, Stanton & Trester.

Others Present: City Manager Heise, DPW Assistant Supervisor Hardy, Deputy Clerk/DPW Assistant Williams.

Agenda Changes: Mayor Lewis moved agenda changes from Item #6 to Item #4. Mayor Lewis added Election of Mayor and Mayor Pro-Tem as Item #5. Mayor Lewis added Closed Session as Item #14.

Mayor and Mayor Pro-Tem Appointments:

A. Mayor

Motion by Stanton, second by Trester to appoint Mayor Pro-Tem Dean as Mayor. Upon roll call vote, motion carried unanimously.

B. Mayor Pro-Tem

Motion by Leo, second by Lewis to appoint Councilmember Stanton as Mayor Pro-Tem. Upon roll call vote, motion carried unanimously.

Consent Agenda:

A. Regular City Council Meeting Minutes – October 24, 2022.

B. Accounts Payable in the amount of \$414,017.04

Motion by Trester, second by Gardner, to approve the consent agenda as presented. Upon roll call vote, motion carried unanimously.

Staff Reports:

City Manager, Treasurer, Zoning Administrator, DPW Superintendent, and Engineer, submitted status reports of current activities since the last Council meeting on October 24th, 2022, for their respective departments.

Guest Speakers:

Presentation and Proclamations for Councilmembers Bekken and Trester by Councilmember Gardner & City Manager Heise. City Staff will frame and assign proclamations numbers at a later date.

Public Comment on Agenda Items Only: None

Introduction of Ordinances: None

Public Hearings: None

Unfinished Business: None

New Business:

A. Special Event Application: Christmas Parade

Annual Christmas Parade sponsored by SDABA to be held on December 3rd, 2022.

Motion by Gardner, second by Stanton, to approve the special event application for the Christmas Parade sponsored by SDABA to be held on December 3rd, 2022, contingent on final approval of barricade map from Fire and Staff. Upon roll call vote, motion carried unanimously.

B. Special Event Application: Tree Lighting Ceremony

Proposed event sponsored by SDABA to be held at 6 p.m. on November 25th 2022, at Wicks Park.

Motion by Leo, second by Trester, to approve the special event application for the Tree Lighting sponsored by SDABA to be held on November 25th, 2022, contingent on safety approval by Police, Fire and City Staff. Upon roll call vote, motion carried unanimously.

Public Comment: None.

Closed Session:

Motion by Lewis, second by Stanton, regarding the case of state court litigation now pending in the Allegan County Circuit Court, case No. 21-64709 and Case No. 22-65713. I move to go into closed session under section 8(e) of the Open Meetings Act to consult with the City's attorney regarding mediation strategy in connection with said pending litigation, as discussion in open session would have a detrimental financial effect on the litigating or settlement position of the city. Upon roll call vote, motion carried unanimously. Council entered closed session at 7:45 p.m.

Motion by Trester, second by Lewis to go back into open session. Upon roll call vote, motion carried unanimously. Council entered open session at 8:06 p.m.

Correspondence: None.

Boards, Commissions & Committees Reports:

- Councilmember Trester - The Harbor Authority has not met this month.
- Councilmember Bekken – KWSLA has not had a meeting. He was appointed by council to serve on board until Feb-Mar 2023 and will continue to do so. He will send reports.
- Councilmember Leo – Overjoyed that after administrative review at the State and Federal level the 1.2-million-dollar grant was approved, and we will receive approval letter any day. Thanked Ryan and the team for their hard work.
- Councilmember Lewis - Tri-Community Recycling Committee met last Wednesday. They will be wrapping up purview at the end of this year so she will have a report. She will likely have Daniel DeFranco come in and present that to Council to what the committee recommends and the next steps.
- Councilmember Gardner – Planning committee meets this Thursday. Wanted to comment on ZBA meeting from last Thursday regarding 2 of the projects they were working on. One of those properties being the Gleason property on Water Street. He commends the ZBA for the work done there as they are very professional and methodical. He continues to be impressed by the board even though they are not present he wanted to thank them for their service.
- Mayor Pro-Tem Stanton – HDC had lengthy discussion regarding repairs to City Hall and making sure that the signs for City Hall and Information Booth remain intact and some of the windows around the basement and the adjustments that they wanted to see there. They are very detailed in how they take care of City Hall and are in very good hands. We made some other approvals but that was the big one.
- Mayor Dean - Parks and Public Works Committee meets November 22. We made some good progress on getting work groups lined out and suggested some people to participate in those groups.

Council Comments:

- Councilmember Trester – He owes a lot to people like Mark Bekken and Barry Johnson who have memorized Roberts Rules of Order and Mark who has memorized everything in Saugatuck for the last 60 years. He thanked the City of Saugatuck for selecting him for council and thanked the City Council for voting him Mayor for three terms.
- Councilmember Leo – Thanked Bekken & Trester, she has enjoyed working with both & they will be missed. She will miss sitting next to Mark. Was great being able to call on Ken for help with meetings.

- Councilmember Gardner - Thanked council for being allowed to do presentations for Mark & Ken. Told Mark that he will be asked to return, that something will be named after him for his years of service.
- Councilmember Lewis – Sat in on “Every Second Week Live with the League” and the word was Lame duck will be lame this year, won’t be anything. Thanked Trester & Bekken for their years of service, both have been valuable resources and their expertise has been greatly appreciated. She learned from Ken how to manage a room full of people who are not necessarily very happy with the Public Safety issue. She learned from Mark not to make a big deal of anything because nothings really a big deal, it’s not the end of the world.
- Councilmember Bekken – Thanked everyone.
- Mayor Pro-Tem Stanton - Thanked Bekken & Trester for their dedication and teaching her through her first term making the time enjoyable. She hopes that they can still come to them for many things in the future.

Mayor Comments:

- Mayor Dean – Thanked Councilmembers Lewis, Bekken and Trester for inspiring and mentoring him through their terms of Mayor. He really appreciates that Council has faith in him and Mayor Pro-Tem Stanton moving forward. He asked City Manager Heise to add to the workshop agenda a discussion of boards and committee assignments. Asked Council to reach out him over the next 10 days about their thoughts on boards and committee assignments. He wants to make sure the right people are in place to handle big issues coming before the boards and committees.

Adjournment:

Motion by Bekken, second by Trester to adjourn, upon voice vote, motion carried unanimously, and Mayor Dean adjourned at 8:17 p.m.

Respectfully Submitted,

Sara Williams, City Deputy Clerk/ DPW Admin. Assistant

Vendor Name	Description	Amount
1. ALLEGAN COUNTY SHERIFF	SHERIFF CONTRACT	26,100.28
2. ALLEGAN COUNTY TREASURER	TAX CHARGE BACKS	36.16
	PROPERTY TAX	26.94
	TOTAL	63.10
3. BOAT LIFTS UNLIMITED INC	BOUYS IN & OUT	935.00
4. BUIST ELECTRIC INC	COUNCIL CHAMBERS UPGRADE MONITORS	9,345.00
5. COMCAST	TELEPHONES & INTERNET	153.40
6. COMMERCIAL RECORD	ELECTION	217.00
7. DUNESVIEW KWIK SHOP INC	GASOLINE & DIESEL	3,696.65
8. HUNTINGTON NATIONAL BANK	INVESTMENTS	244,543.60
9. LANDSCAPE DESIGN SERVICES INC	ROSE GARDEN MAINTENANCE	667.70
10. MERCHANTS BANCARD NETWORK	BANKING FEES	51.84
11. NET2PHONE INC	TELEPHONES	209.24
12. QUALITY DOOR COMPANY INC	DPW DOOR REPAIR	126.10
13. SAUGATUCK PUBLIC SCHOOLS	CULVER STREET PARKING	26,252.64
14. SEPTIC TANK SYSTEMS CO INC	OVAL BEACH & MT BALD HEAD	202.00
	CULVER STREET	285.00
	TOTAL	487.00
15. SHORELINE TECHNOLOGY SOLUTIONS	COMPUTER SERVICES	625.01
16. STINGERS PEST CONTROL	PEST CONTROL	128.80
	PEST CONTROL	128.80
	TOTAL	257.60
17. SUPERIOR SPORT STORE	ENGRAVING	40.00
18. WONDERLAND TIRE COMPANY	TIRES	1,391.44
19. WYOMING ASPHALT PAVING CO	HOT PATCH ASPHALT	354.29
TOTAL - ALL VENDORS		315,516.89
FUND TOTALS:		
Fund 101 - GENERAL FUND		309,280.71
Fund 202 - MAJOR STREETS		200.00
Fund 203 - LOCAL STREETS		154.29
Fund 661 - MOTOR POOL FUND		5,214.19
Fund 715 - ROSE GARDEN		667.70



City Managers Report –Highlights

November 28th, 2022

Newish! Parks and Public Works Meeting

Excitement continues with Parks and Public Works Committee. Study group assignments for various projects were reviewed and committee assignments appointed. Discussion focused on transparency and bottom-up process for presenting ideas to Council. Study groups will include other stakeholders outside of the committee with certain expertise and experiences... the brain trust is strong in Saugatuck!

Meeting with Consumers Energy on possible substation at “Airport Property”

Excellent meeting conducted with engineers and representatives from Consumers Energy regarding a possible Substation on or near the Airport Property. The City delegation reviewed an alternative location near HWY 131 and landfill.

Blue Star Highway- Michigan Natural Resource Trust Fund (MNRTF) Grant & TAP

Final scores (but not funding decisions) have arrived for the MNRTF Grant. We patiently await the official letter from the State on the Transportation Alternatives Grant; wherein they have provided conditional approval!

Discussions continue with Allegan County Conservation District

Allegan Conservation District (ACD) will be conducting surveys for treating Hemlock trees for hemlock woolly adelgid (HWA) this will include all public property with Hemlock Trees. Also willing to assist with other invasive species treatment in the area. A meeting hosted by Saugatuck Township Manager was held on 11.10.22 with the (ACD) Director to discuss shared resources and opportunities.

Newish!- Cellular Service Discussions Continue with AT&T & Verizon Update

AT&T Update

- A continued thanks to Jill Dunham (Broadband Project Coordinator for Allegan County) for understanding how important this project is for safety and her assistance with aggressively pushing this project forward. Ms. Dunham continues to be in contact with City staff.

- Continued discussions with the AT&T government liaison to begin discussions on install/service agreement.
- AT&T has expressed interest in partnering with infrastructure improvements to facilities at Mt. Baldhead, potentially including new restrooms and stairs.

Engineering work continues at Mt Baldhead site.

- o They have completed their radio frequency test from within the ball and all appears good according to the engineers.
- o Feasibility study has been completed and the site is viable.

Department of Public Works Continues Discussions with Donor on New and Improved Swing Sets at Oval Beach

Finalizing – Thank you do our generous donors for the new swing sets at Oval Beach. Install planned for the spring.

Ongoing- Kalamazoo Lake Sewer and Water (KLSWA) Agreement

City/Township Managers continue to discuss the Asset Management Plan, along with our respective attorneys and engineers.

KLSWA prefers to begin with negotiating the asset management plan for sewer to utilize as a roadmap for the water agreement. Legal counsel has been engaged and provided initial comments.

Ongoing- Oval Beach Staffing and Operations

Discussions on safety improvements, operational improvements, staff retention and recruitment continue. Beach Community Summit conducted in South Haven was helpful. Next year’s summit to be held in Saugatuck.

Ongoing- Road resurfacing (and utility) projects- on your agenda

Engineers have concluded their road assessment and have met with City staff to review preliminary findings. Results were reviewed with Council.

Old news- Dune Ridge Waterfront Update

Litigation continues... Which includes deposition of the opposing party.

City Hall

Staff has prepared an RFP for architectural services for interior renovations and will request that selected Architect work with Herman Miller’s design team. Staff will present plans as they begin to develop. Staff will be putting together an advisory team to assist with reviewing the project.

Exterior repair scope of work completed (attached), and staff has reviewed with the Historic District Commission for feedback. This has been pushed back to a spring project given the necessary bidding process and seasonal limitations for painting.



Treasurer Report

Below is a summary of notable activities carried out by the Treasurer's Office since the last council meeting on 11/14/2022:

- Paid routine bills
- Completed and disseminated bi-weekly payroll
- Preparing for annual audit
- Preparing winter tax bills



Planning, Zoning and Project Report

November 28, 2022

Planning and Zoning

- Continued MSU Extension Zoning Administrator Certificate Program pre-requisites.
- Completed planning and zoning casework as outlined in the chart below.
- Note: I had a pre-planned trip to Morocco scheduled for November 9-20 prior to starting in Saugatuck and was gone for most of this reporting period.

Projects

- Attended Parks and Public Works Committee Meeting
- Began reviewing Maple St Drainage Study

Planning and Zoning Casework

640/650 Water Street	ZBA Use and Dimensional Variance	ZBA heard variance requests at 11/10 meeting. The ZBA found the variance standards were not met for height or waterfront setback. Applicant withdrew the use variance request at the meeting.
700 Maple Street	Lot Split Request	Initial request was denied. Meeting held with applicant at their request. New application was received and extensively reviewed and researched. Application will be referred to the Planning Commission for a decision.
383 Dunegrass Circle	New Home	Located in the PUD residential overlay. Was scheduled for site plan review by Planning Commission in November but a quorum (per bylaw requirements) was not available. Working with Chair on re-scheduling.
525 Butler St	ZBA Dimensional Variance Request and Historic District review	Variance request for side yard setback and lot coverage for addition of a new bedroom, new covered porch, and living room extension. ZBA granted variances. Historic District permit application received and will be heard at 12/1 HDC meeting.
347 Park	Short Term Rental Application	Existing STR submitted a renewal application. Passed Fire Department inspection. Certificate issued.
1026 Holland	Short Term Rental Application	Existing STR submitted a renewal application. Passed Fire Department inspection. Certificate issued.
1021 Allegan St	Water/Sewer Connection and Street Cut	Street cut and connections completed with engineering oversight.
647 Butler	Historic District Review	Historic District application received for various work including new windows, roof, doors, lights, fence and new deck and porch addition. Will be heard at January HDC meeting. Applicant advised zoning permit will also be needed.
150 Dunegrass	Inquiry	Questions about PUD overlay height language. Worked with legal, consultant and fire department to provide a response.
560 Mill St	New Fence	Historic District and fence permit application received and under review.

Planning and Zoning Casework Continued

1044 Holland (1034 Holland)	New Home	Zoning permit application and water/sewer connection application received. Initially was not complete but applicant has since provided required information. Sent to consultant to review. Floor area ratio also under review and if it exceeds .3:1 will need Planning Commission review.
423 Grand St	New Home	Zoning permit application for new home. Application was not complete. Requested required information to review.
133 Main St	Historic District Review	Historic District application received for new siding. Application was not complete. Requested required information.
233 Lucy St	Home Alteration and Addition	Zoning permit application received for a front porch demolition and rebuild. HDC previously approved. Application not complete. Researching non-conforming setback with consultant.
125 Mason St	Short Term Rental Application	Existing STR, renewing. Sent to Fire Department for inspection.
311 Water St	Short Term Rental Application	Existing STR, renewing. Failed inspection. Sent invoice for re-inspection.
Unknown	Inquiry	Questions about historic district boundaries. Map provided.
102 North St	Short Term Rental Application	New STR. Passed Fire Department inspection. Certificate issued.



Department of Public Works

Below is a summary of notable activities carried out by the Department of Public Works since the last council meeting on 11/14/2022:

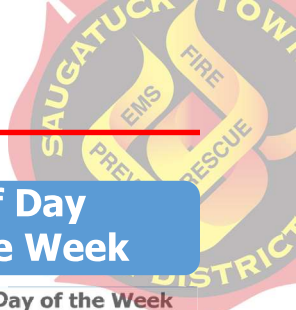
Brush and Leaf Collection – The vast majority of our time has been devoted to this over the past two weeks. Due to snow, the last collection was November 21st, 22nd, and 23rd.

Christmas Decoration Installation – Complete

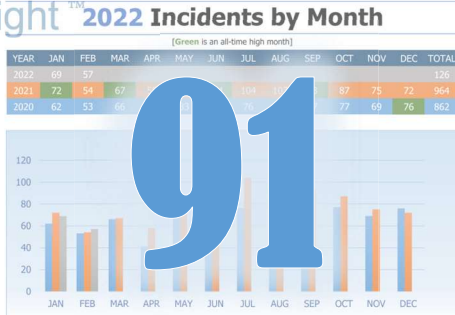
Snow and Ice Equipment Preparation – Equipment has been outfitted for winter snowplowing.

Parks and Public Works Committee Meeting – Two members of the DPW were in attendance.

Incidents end of October 2022

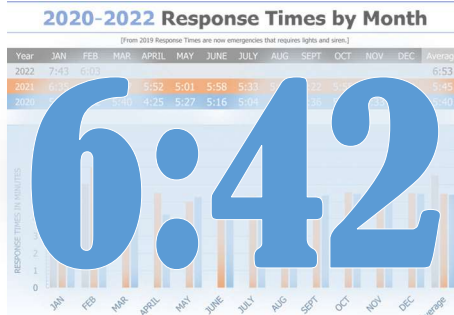


Incidents by Month



October recorded 91 calls total compared to 87 in 2021. At level with a previous high from October 2017. Total year to date is 836 calls a 2.3% increase compared to same time last year.

Response times



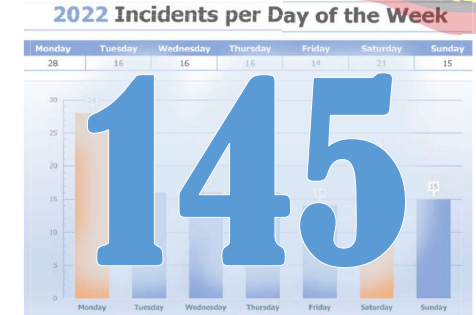
Our October response time was slightly up from September. Average response time for the month was 6:42. For the year the average is down to 6:08.

Emergent Calls



October showed 44 emergent calls (lights and siren) down from 48 in October last year. A difference of 8.3%. Total for this year is 459 emergent calls compared to 487 in 2021.

Time of Day Day of the Week



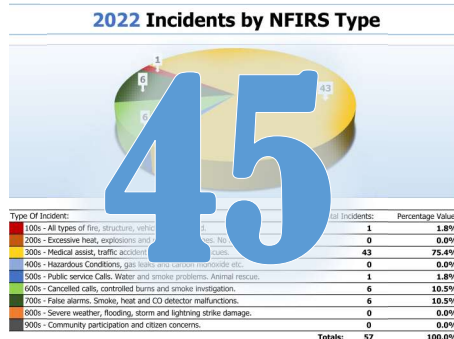
Monday and Saturday are still the busy days compared to the rest of the week within the 134-145 range. The hours from 8AM-9PM count for the busy time of the day.

Overlapping Calls



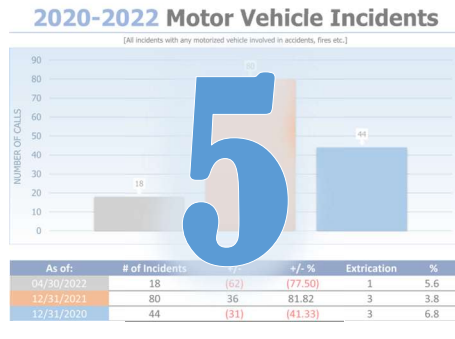
39 overlapping calls shows an increase compared to 33 in October 2021. 42.9% of our calls in October were overlapping. For the year to date, 32.8% of our calls are overlapping.

Type of Calls



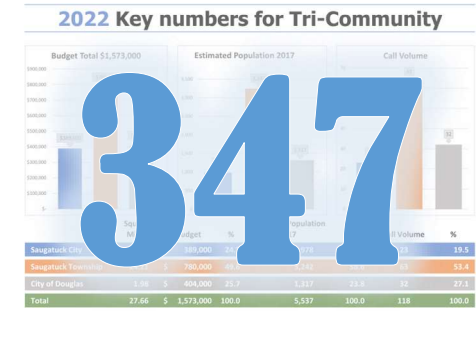
October recorded 45 calls in EMS which counts for 50% of our total volume for October. The most common EMS call type is falls, 145 such incidents this year, or 26.4% of the reported 549 total EMS calls. 18 more than all of 2021!

MVI



5 MVIs (motor vehicle incidents, i.e., crashes, fires etc.) 50 incidents YTD. Intersection of Blue Star and Old Allegan Road have not seen an incident for more than a year. Flashing stop sign installed early spring prevented such incidents.

Location



Location of calls shows Township (including I-196) accounts for 347 calls or 44% compared to Douglas at 229 or 29% and Saugatuck City at 213 or 27%.

City of Saugatuck
Status Report of Engineering Activities
November 22, 2022

General Consultation

- Water Street Sidewalk: Construction is complete. Working on paperwork to close out the construction contract.
- Water System Asset Management Plan: The Intent to Apply deadline for EGLE's Drinking Water Revolving Fund was submitted to meet the November 1 deadline. Preliminary scoring is anticipated to be available late this year or early next. If it looks favorable, the next step will be preparing a Project Plan and other application materials early next year.
- Olde Mill Apartments Water Service: Quotes have been received. We are working with City staff and the property owner on cost sharing matters. Once those are resolved, we will make a recommendation to council for proceeding with the work.
- City Hall Exterior Renovations: Met with the HDC and updated documents based on their comments. The RFP is being issued this week with the work slated for spring 2023.
- Spark Grant: The application period opened October 24 and applications for the first round of three are due December 19. If the City has a project to submit, we will work to meet the 12/19 deadline or prepare for the 2 rounds in 2023.
- EGLE High Water Grant Program: We are working with staff to identify and prioritize projects that may fit this project. The application deadline is November 30.

Maple Street Improvements

- Met with the affected property owner on November 15 and finalized the study for council consideration.

Capital Improvements Planning

- The CIP has been revised based on feedback from council and incorporated into the EGLE Intent To Apply.
- We will prepare design phase proposals for projects not related to EGLE funding in the near future.

Blue Star Highway Bridge Navigation Lighting

- We are working with the Coast Guard to finalize lighting details.
- Once the details have been finalized, we will assist the communities with soliciting quotes for light installation.

CITY OF SAUGATUCK

Allegan County, Michigan

FINANCIAL STATEMENTS

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Saugatuck as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of City of Saugatuck as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our standards under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Saugatuck 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 City of Saugatuck's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Saugatuck'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 City of Saugatuck'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 management's discussion and analysis (pages 4 through 8), schedule of changes in the net pension liability and related ratios (page 41 through 42), schedule of defined benefit plan pension contributions (page 43), and budgetary comparison information (pages 44 through 48) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saugatuck's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Berthiaume & Co.

Saginaw, Michigan
November 11, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SAUGATUCK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

As management of the City of Saugatuck (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 year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The City's total net position is reported as \$36,112,130 for the year ended June 30, 2022, compared to \$34,946,880 for the year ended June 30, 2021.
- In the City's governmental activities, revenues generated were \$4,300,031 while expenses totaled \$3,134,781.
- Total net position increased by \$1,165,250.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the City's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred outflows and inflows, with the difference between these reported as net position. The *statement of activities* presents all of the City's revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The governmental activities of the City include general government administration, legislative, public works, street maintenance, public safety and recreation and cultural. Property taxes, state shared revenue, and charges for services finance most of these activities.

Fund Financial Statements:

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. 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 has three types of 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five (5) individual governmental funds. Separate information is presented for the General Fund, Major Street Fund, Local Street Fund, Sewer Improvements Fund, and Debt Service Fund which are considered to be "major" funds. The City has elected to report all governmental funds as major.

The City adopts an annual budget for its General Fund and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets for the General Fund and all major special revenue funds.

Proprietary Funds – Proprietary funds are used to report services where the City charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds. The City has no enterprise funds.

- Internal service funds are used to report activities that provide supplies and services to the City's other programs. The City's internal service fund is the Motor Pool Fund. Because these services solely benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs.

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 concerning the City.

CITY OF SAUGATUCK AS A WHOLE:

The City's total net position for the year ended June 30, 2022 is \$36,112,130. Unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$6,772,676.

CITY OF SAUGATUCK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The following table shows comparisons of total assets, total deferred outflows of resources, total liabilities, total deferred inflows of resources, and total net position in a condensed format for the government-wide net position at:

	<i>June 30,</i>	
	<u>2022</u>	<u>2021</u>
Assets:		
Current and other assets	\$ 10,571,139	\$ 9,591,184
Capital assets, net	<u>28,038,940</u>	<u>28,023,027</u>
Total assets	<u>38,610,079</u>	<u>37,614,211</u>
Deferred outflows of resources	<u>196,995</u>	<u>167,997</u>
Liabilities:		
Current and other liabilities	314,670	292,801
Long-term liabilities	<u>2,202,442</u>	<u>2,455,730</u>
Total liabilities	<u>2,517,112</u>	<u>2,748,531</u>
Deferred inflows of resources	<u>177,832</u>	<u>86,797</u>
Net position:		
Net investment in capital assets	25,896,940	25,656,027
Restricted	3,442,514	3,430,183
Unrestricted	<u>6,772,676</u>	<u>5,860,670</u>
Total net position	<u>\$ 36,112,130</u>	<u>\$ 34,946,880</u>

Overall Analysis of Financial Position and Changes in Net Position:

The City's net position increased by \$1,165,250 during the current fiscal year. The City continues to report a solid net position, with approximately \$4.3 million reported in cash, approximately \$2.2 million in long-term debt, and no pension or OPEB liabilities.

Governmental Activities:

The City's total governmental revenue is reported at \$4,300,031, an increase of \$261,671 from the prior year. During the year, the City received a federal ARPA award of \$100,885, of which, \$97,476 was expended and recognized as revenue. Additionally, property tax revenues increased approximately \$97,000 mainly due to an increase in taxable values.

Total expenses increased by \$436,693 from the prior year mainly due to an increase in legal fees during the current year.

CITY OF SAUGATUCK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The following table shows comparison of the change in net position in a condensed format for the years ended:

	<i>June 30,</i>	
	<u>2022</u>	<u>2021</u>
Revenues:		
Program revenues		
Charges for services	\$ 927,162	\$ 861,564
Operating grants and contributions	413,829	425,907
Capital grants	97,476	-
General revenues		
Property taxes	2,668,883	2,574,977
Franchise fees	46,127	43,003
Grants and contributions not restricted to specific programs	123,450	118,050
Investment earnings	15,349	14,859
Other	7,755	-
Total revenues	<u>4,300,031</u>	<u>4,038,360</u>
Expenses:		
General government	962,183	571,562
Public safety	368,560	369,788
Public works	1,058,816	1,135,547
Community and economic development	97,233	91,377
Recreation and culture	606,304	485,328
Interest on long-term debt	41,685	44,486
Total expenses	<u>3,134,781</u>	<u>2,698,088</u>
Excess (deficiency) of revenues over expenses before other items	<u>1,165,250</u>	<u>1,340,272</u>
Other items:		
Sale of capital assets	-	27,152
Change in net position	1,165,250	1,367,424
Net position, beginning of year	<u>34,946,880</u>	<u>33,579,456</u>
Net position, end of year	<u>\$ 36,112,130</u>	<u>\$ 34,946,880</u>

CITY OF SAUGATUCK'S FUNDS:

Presentation of the City of Saugatuck's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the City's largest governmental fund and one of five governmental funds that are considered major. It pays for most of the City's government services. Its major components of revenue are property taxes, charges for services and state shared revenue. For the year ended June 30, 2022, General Fund financing sources exceeded its financing uses by \$582,055 increasing its ending fund balance to \$5,762,779. The City's second major governmental fund, the Major Street Fund decreased its ending fund balance by \$128,161 to \$759,765. The City's third major governmental fund, the Local Street Fund, was able to increase its ending fund balance by \$266,101 to \$2,002,592.

CITY OF SAUGATUCK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The City's fourth major governmental fund, the Sewer Improvements Fund, decreased its ending fund balance by \$62,488 to \$488,281. The City's fifth major governmental fund, the Debt Service Fund, decreased its ending fund balance by \$15,192 to \$72,882.

Overall Analysis of Financial Position and Change in General Fund Fund Balance:

The General Fund fund balance of \$5,762,779 as of June 30, 2022 is considered, by management, to be very healthy in comparison to the annual General Fund expenditures budget of approximately \$2.9 million. The City's revenues and expenditures were monitored during the current year through a budget process and, consequently, the operating results were as expected.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a net increase in fund balance of \$661,645. During the year, the City made budget amendments, which changed the projection to a net increase in fund balance of \$266,049. The actual results for the year yielded a net increase in fund balance of \$582,055.

Capital Assets and Debt Administration:

At June 30, 2022, the City of Saugatuck had \$28,038,940 invested in capital assets including land, buildings, equipment, land improvements, and infrastructure, net of accumulated depreciation. At June 30, 2021, this total was \$28,023,027. Additional information about the City's capital assets is presented in Note 1 and Note 5 of the Notes to the Financial Statements.

At June 30, 2022, the City of Saugatuck's total long-term indebtedness (not including compensated absences or net pension liability) was \$2,142,000 which was backed by the full faith and credit of the City. Additional information about the City's indebtedness is presented in Note 6 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budget:

The City Council has created a Parks and Public Works committee with local talented citizens. The committee will give guidance and design efforts to City staff with future projects within the City park system. One project will be the Blue Star Trail which the City was awarded a State of Michigan TAP (Transportation Alternatives Programs) grant.

City Administration diligently created the budget to work with the high inflationary expenses on payroll and everyday cost to run the City efficiently. The Council and Administration continue to look for opportunities to enhance revenues and maintain spending without impacting valued services of the property owners. Headlee continues to roll back our annual operating millage rate suppressing our revenue capacity for the General Fund that is dealing with double digit inflationary cost.

The City continues to have a fully funded status for the MERS defined benefit pension plan, satisfying the State of Michigan directive. The Council and Administration is committed to continuing its focus on maintaining a fully funded employee defined benefit pension plan.

Contacting the City's Financial Management:

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the City Treasurer, 102 Butler Street, P.O. Box 86, Saugatuck, Michigan 49453.

BASIC FINANCIAL STATEMENTS

CITY OF SAUGATUCK

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 4,338,786
Investments	5,730,138
Receivables	212,323
Capital assets not being depreciated	22,403,303
Capital assets being depreciated, net	5,635,637
Net pension asset	<u>289,892</u>
Total assets	<u>38,610,079</u>
Deferred outflows of resources:	
Related to pension	<u>196,995</u>
Liabilities:	
Accounts payable and accrued expenses	311,261
Unearned revenue	3,409
Long-term liabilities:	
Due within one year	
Current portion of long-term debt	248,000
Current portion of compensated absences	17,394
Due in more than one year	
Compensated absences	43,048
Long-term debt	<u>1,894,000</u>
Total liabilities	<u>2,517,112</u>
Deferred inflows of resources:	
Related to pension	<u>177,832</u>
Net position:	
Net investment in capital assets	25,896,940
Restricted for:	
Debt service	72,882
Public works	488,281
Rose Garden	118,994
Streets	2,762,357
Unrestricted	<u>6,772,676</u>
Total net position	<u>\$ 36,112,130</u>

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

CITY OF SAUGATUCK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities:</i>					
General government	\$ 962,183	\$ -	\$ -	\$ -	\$ (962,183)
Public safety	368,560	94,116	-	-	(274,444)
Public works	1,058,816	53,362	363,099	67,626	(574,729)
Community and economic development	97,233	-	-	-	(97,233)
Recreation and culture	606,304	779,684	50,730	29,850	253,960
Interest on long-term debt	41,685	-	-	-	(41,685)
Total governmental activities	\$ 3,134,781	\$ 927,162	\$ 413,829	\$ 97,476	(1,696,314)
General revenues:					
Property taxes, levied for general purpose					2,086,130
Property taxes, levied for streets					325,672
Property taxes, levied for debt service					251,125
Payment in lieu of taxes					5,956
Franchise fees					46,127
Grants and contributions not restricted to specific programs					123,450
Unrestricted investment earnings					15,349
Other					7,755
Total general revenues					2,861,564
Change in net position					1,165,250
Net position, beginning of year					34,946,880
Net position, end of year					\$ 36,112,130

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

CITY OF SAUGATUCK

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2022

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Sewer Improvements Fund</u>
Assets:				
Cash and cash equivalents	\$ 1,991,677	\$ 555,213	\$ 860,256	\$ 318,985
Investments	3,991,439	216,000	1,135,587	169,296
Accounts receivable	168,522	-	-	-
Due from other governments	18,375	16,077	9,349	-
	<u>6,170,013</u>	<u>787,290</u>	<u>2,005,192</u>	<u>488,281</u>
Total assets	<u>\$ 6,170,013</u>	<u>\$ 787,290</u>	<u>\$ 2,005,192</u>	<u>\$ 488,281</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 211,977	\$ 26,297	\$ 1,394	\$ -
Accrued expenses	5,070	-	-	-
Accrued wages payable	47,467	1,228	1,206	-
Unearned revenue	3,409	-	-	-
	<u>267,923</u>	<u>27,525</u>	<u>2,600</u>	<u>-</u>
Total liabilities	<u>267,923</u>	<u>27,525</u>	<u>2,600</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue	<u>139,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
Streets	-	759,765	2,002,592	-
Public works	-	-	-	488,281
Rose Garden	118,994	-	-	-
Committed for:				
Parks	1,000,000	-	-	-
Spear Boat Launch	26,942	-	-	-
Unassigned	4,616,843	-	-	-
	<u>5,762,779</u>	<u>759,765</u>	<u>2,002,592</u>	<u>488,281</u>
Total fund balances	<u>5,762,779</u>	<u>759,765</u>	<u>2,002,592</u>	<u>488,281</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,170,013</u>	<u>\$ 787,290</u>	<u>\$ 2,005,192</u>	<u>\$ 488,281</u>

continued

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

CITY OF SAUGATUCK

GOVERNMENTAL FUNDS BALANCE SHEET, CONTINUED

June 30, 2022

	<i>Debt Service Fund</i>	<i>Total</i>
Assets:		
Cash and cash equivalents	\$ 72,882	\$ 3,799,013
Investments	-	5,512,322
Accounts receivable	-	168,522
Due from other governments	-	43,801
	<u>-</u>	<u>43,801</u>
Total assets	<u>\$ 72,882</u>	<u>\$ 9,523,658</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 239,668
Accrued expenses	-	5,070
Accrued wages payable	-	49,901
Unearned revenue	-	3,409
	<u>-</u>	<u>3,409</u>
Total liabilities	<u>-</u>	<u>298,048</u>
Deferred inflows of resources:		
Unavailable revenue	-	139,311
	<u>-</u>	<u>139,311</u>
Fund balances:		
Restricted for:		
Debt service	72,882	72,882
Streets	-	2,762,357
Public works	-	488,281
Rose Garden	-	118,994
Committed for:		
Parks	-	1,000,000
Spear Boat Launch	-	26,942
Unassigned	-	4,616,843
	<u>-</u>	<u>4,616,843</u>
Total fund balances	<u>72,882</u>	<u>9,086,299</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,882</u>	<u>\$ 9,523,658</u>

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

CITY OF SAUGATUCK

RECONCILIATION OF FUND BALANCES OF THE GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2022

Fund balances of governmental funds	\$ 9,086,299
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	22,403,303
Capital assets being depreciated, net	5,635,637
Capital assets accounted for in the internal service fund	(473,482)
Deferred outflows from the difference between expected and actual experience and assumption changes of the pension plan as well as City contributions made after the measurement date of the net pension liability are not reported in the funds.	196,995
Some assets are not available to pay for current year expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus not included in fund balance.	139,311
Certain liabilities, such as bonds payable, are not due and payable in the current year and therefore are not reported in the governmental funds.	
Bonds payable	(2,142,000)
Compensated absences payable	(60,442)
Accrued interest payable	(6,785)
Net pension liability	289,892
Deferred inflows from the difference between projected and actual investment earnings of the pension plan are not reported in the funds.	(177,832)
An internal service fund is used by management to charge the costs of certain activities, such as equipment usage, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities.	<u>1,221,234</u>
Net position of governmental activities	<u><u>\$ 36,112,130</u></u>

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

CITY OF SAUGATUCK

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2022

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>Sewer Improvements Fund</i>
Revenues:				
Property taxes	\$ 2,090,838	\$ -	\$ 326,064	\$ -
Licenses and permits	125,765	-	-	-
Federal grants	97,476	-	-	-
State grants	135,170	112,129	65,288	-
Contributions from other units	-	83,116	83,116	-
Charges for services	803,396	-	-	29,650
Fines and forfeits	2,758	-	-	-
Interest and rents	9,748	1,402	2,954	306
Other revenue	41,872	-	5,000	-
Total revenues	3,307,023	196,647	482,422	29,956
Expenditures:				
Current				
General government	1,012,892	-	-	-
Public safety	368,560	-	-	-
Public works	565,645	331,937	216,321	92,444
Community and economic development	100,330	-	-	-
Recreation and culture	616,740	-	-	-
Capital outlay	53,672	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	2,717,839	331,937	216,321	92,444
Excess (deficiency) of revenues over expenditures	589,184	(135,290)	266,101	(62,488)
Other financing sources (uses):				
Interfund transfers in	-	7,129	-	-
Interfund transfers out	(7,129)	-	-	-
Net other financing sources (uses)	(7,129)	7,129	-	-
Changes in fund balances	582,055	(128,161)	266,101	(62,488)
Fund balances, beginning of year	5,180,724	887,926	1,736,491	550,769
Fund balances, end of year	\$ 5,762,779	\$ 759,765	\$ 2,002,592	\$ 488,281

continued

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

CITY OF SAUGATUCK

GOVERNMENTAL FUNDS
**STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES, CONTINUED**

Year Ended June 30, 2022

	<i>Debt Service Fund</i>	<i>Total</i>
	<i>Fund</i>	<i>Total</i>
Revenues:		
Property taxes	\$ 251,981	\$ 2,668,883
Licenses and permits	-	125,765
Federal grants	-	97,476
State grants	-	312,587
Contributions from other units	-	166,232
Charges for services	-	833,046
Fines and forfeits	-	2,758
Interest and rents	-	14,410
Other revenue	-	46,872
	251,981	4,268,029
Expenditures:		
Current		
General government	-	1,012,892
Public safety	-	368,560
Public works	-	1,206,347
Community and economic development	-	100,330
Recreation and culture	-	616,740
Capital outlay	-	53,672
Debt service		
Principal	225,000	225,000
Interest and fees	42,173	42,173
	267,173	3,625,714
Total expenditures		
Excess (deficiency) of revenues over expenditures	(15,192)	642,315
Other financing sources (uses):		
Interfund transfers in	-	7,129
Interfund transfers out	-	(7,129)
	-	-
Net other financing sources (uses)		
Changes in fund balances	(15,192)	642,315
Fund balances, beginning of year	88,074	8,443,984
Fund balances, end of year	\$ 72,882	\$ 9,086,299

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

CITY OF SAUGATUCK

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

Year Ended June 30, 2022

Changes in fund balances of governmental funds	\$ 642,315
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Purchases of capital assets	541,495
Capital assets purchased in the internal service fund	(40,270)
Depreciation expense	(525,582)
Depreciation expense accounted for in the internal service fund	139,224
Deferred inflows of resources in governmental funds do not provide current financial resources but are current revenues in the statement of activities.	25,063
Payments of principal on long-term obligations are expenditures in governmental funds but the payments reduce long-term liabilities in the statement of net position.	225,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in compensated absences payable	28,288
Change in accrued interest on bonds	488
Change in net pension liability and related deferred outflows and deferred inflows	129,159
An internal service fund is used by management to charge the costs of certain activities, such as equipment usage, to individual funds. The change in net position of the internal service fund is included in governmental activities.	<u>70</u>
Change in net position of governmental activities	<u>\$ 1,165,250</u>

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

CITY OF SAUGATUCK

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2022

	<u><i>Internal Service Fund Motor Pool Fund</i></u>
Assets:	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 539,773
Investments	<u>217,816</u>
Total current assets	<u>757,589</u>
<i>Noncurrent assets:</i>	
Capital assets being depreciated, net	<u>473,482</u>
Total assets	<u>1,231,071</u>
Liabilities:	
<i>Current liabilities:</i>	
Accounts payable	8,972
Accrued wages payable	<u>865</u>
Total current liabilities	<u>9,837</u>
Net position:	
Investment in capital assets	473,482
Unrestricted	<u>747,752</u>
Total net position	<u><u>\$ 1,221,234</u></u>

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

CITY OF SAUGATUCK

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION**
Year Ended June 30, 2022

	<u><i>Internal Service Fund Motor Pool Fund</i></u>
Operating revenues:	
Equipment rental	\$ 272,242
Operating expenses:	
Personal services	38,060
Supplies	36,476
Other services and charges	65,351
Depreciation	<u>139,224</u>
Total operating expenses	<u>279,111</u>
Operating income (loss)	<u>(6,869)</u>
Non-operating revenues (expenses):	
Interest income	939
Insurance settlement	<u>6,000</u>
Net non-operating revenues	<u>6,939</u>
Change in net position	70
Net position, beginning of year	<u>1,221,164</u>
Net position, end of year	<u><u>\$ 1,221,234</u></u>

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

CITY OF SAUGATUCK

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

	<u><i>Internal Service Fund Motor Pool Fund</i></u>
Cash flows from operating activities:	
Cash received from interfund services	\$ 272,242
Cash payments to employees and on behalf of employees	(37,960)
Cash payments for goods, services and other	<u>(95,054)</u>
Net cash provided (used) by operating activities	<u>139,228</u>
Cash flows from capital related financing activities:	
Insurance settlement	6,000
Acquisition of capital assets	<u>(40,270)</u>
Net cash provided (used) by capital and related financing activities	<u>(34,270)</u>
Cash flows from investing activities:	
Interest received	<u>939</u>
Net increase in cash and cash equivalents	105,897
Cash, cash equivalents, and investments, beginning of year	<u>651,692</u>
Cash, cash equivalents, and investments, end of year	<u><u>\$ 757,589</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (6,869)
Adjustments:	
Depreciation	139,224
Change in assets and liabilities:	
Accounts payable	6,773
Accrued wages payable	<u>100</u>
Net cash provided (used) by operating activities	<u><u>\$ 139,228</u></u>

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

CITY OF SAUGATUCK

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2022

	<u><i>Custodial Fund</i></u>
	<u><i>Current Tax Collection Fund</i></u>
Assets:	
Cash and cash equivalents	\$ 46
Liabilities:	
Due to other governments	46
Net position:	
Held for other governments	<u>\$ -</u>

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

CITY OF SAUGATUCK

FIDUCIARY FUNDS
**STATEMENT OF CHANGES IN FIDUCIARY
FUND NET POSITION**

Year Ended June 30, 2022

	<u><i>Custodial Fund</i></u>
	<u><i>Current Tax Collection Fund</i></u>
Additions:	
Property taxes collected for other governments	\$ 6,655,182
Deductions:	
Property taxes paid to other governments	<u>6,655,182</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the City of Saugatuck, (the "City").

Reporting Entity:

The City of Saugatuck was incorporated under the Home Rule City Act (P.A. 279 pf 1979) and operates under a Council/Manager form of government. The City Council consists of seven (7) members including the Mayor and Mayor Pro-Tem. The City provides the following services: general administrative services, public safety, public works, highway and street maintenance, recreation and culture, and other governmental functions. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. Management has concluded there are no component units to be included in the City's financial statements.

Jointly Governed Organizations:

Township of Saugatuck Fire District – The Township of Saugatuck Fire District (the "District") is a jointly-governed organization of the City of Saugatuck, Township of Saugatuck and the City of the Village of Douglas formed May 18, 1976, to provide fire protection within the participating municipalities. Costs of operations and capital expenditures are supported by contributions from the participating municipalities. Complete audited financial statements for the District can be obtained from the City of Saugatuck's Treasurer.

Interurban Transit Authority – The Interurban Transit Authority (the "Authority") is organized as a non-profit corporation. The incorporating municipalities include the City of Saugatuck, the Township of Saugatuck, and the City of the Village of Douglas. The Authority's Administrative Board consists of six members, two members appointed by each of the three participating units. Complete audited financial statements for the District can be obtained from the City of Saugatuck's Treasurer.

Kalamazoo Lake Sewer and Water Authority – The Kalamazoo Lake Sewer and Water Authority (the "Authority") was created under the provisions of Act 233, Public Acts of Michigan, 1955, as amended with the constituent communities of the City of Saugatuck, the Township of Saugatuck, and the City of the Village of Douglas. The Authority was formed to operate, maintain, administer and manage the water and sewerage systems located within the constituent units of government. During the year ended June 30, 2022, the City did not contribute to the Authority, except to pay water and sewer usage fees. Any infrastructure constructed or paid by the City is recorded as infrastructure on the City's records. Complete audited financial statements for the District can be obtained from the City of Saugatuck's Treasurer.

Water Resource Improvement Tax Increment Finance Authority – The Water Resource Improvement Tax Increment Finance Authority (the "Authority") was established by the City of Saugatuck and the City of the Village of Douglas. The Authority was formed to obtain funding to maintain the Kalamazoo River harbor. During the year ended June 30, 2022, the City made no contribution to the Authority.

Accounting and Reporting Principles:

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Report Presentation:

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue. For the most part, the effect of interfund activity has been removed from these statements.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are not included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting:

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due. Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting.

Fund Accounting:

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the City to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, and debt service funds. The City has elected to report all its governmental funds as “major” funds.

General Fund is the City’s primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

Special Revenue Fund – Major Street Fund accounts for the expenditures associated with the maintenance and construction needs of the major street portion of the City’s street network.

Special Revenue Fund – Local Street Fund accounts for the expenditures associated with the maintenance and construction needs of the local street portion of the City’s street network.

Special Revenue Fund – Sewer Improvements Fund accounts for water and sewer infrastructure improvements in the City. Revenues are derived from special assessments and charges for services.

Debt Service Fund accounts for a property tax levy for the payment of the 2017 Street and Infrastructure Refunding Bonds.

Fiduciary funds are used to account for the resources held in a fiduciary capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City’s own programs

Custodial Funds report fiduciary activities that are not required to be reported in trust funds. This includes the Current Tax Collection Fund.

Proprietary funds include enterprise funds and internal service funds, which provide goods or services to users in exchange for charges or fees. The City has only an internal service fund.

Specific Balances and Transactions:

Cash, Cash Equivalents, and Investments – Cash and cash equivalents includes cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments recorded in the City’s records at fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are defined by the City as assets with an individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The amount reported for infrastructure includes water and sewer improvements made since 1984, and all other types of infrastructure constructed or acquired since 2003. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	5-50 years
Infrastructure	20-50 years
Land improvements	10-30 years
Machinery and equipment	5-30 years
Streets	7-30 years

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Long-term Obligations – In the government-wide financial statements and the 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 or proprietary fund statement 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. Bond issuance costs, if any, are expensed when bonds are issued.

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

Unearned Revenue – Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting and therefore is reported only in the governmental funds.

Net Position Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either committed or assigned fund balance.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Other classifications of fund balance include: nonspendable fund balance, which are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact; restricted fund balance, which are amounts that have constraints placed on their use by an external party or constitutional provisions or enabling legislation (grants, contributions, specific fee mandates); and unassigned fund balance, which are amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, unassigned balances also include negative balances in other governmental funds.

Property Taxes – Property taxes attach as enforceable liens on properties as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14. The City bills and collects its own property taxes and also taxes for other taxing authorities. Collections of all the taxes and remittances of them to the other taxing authorities are accounted for in an agency fund. Real property taxes not collected as of March 1 are returned to the County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. In 2021, the City levied property taxes on an assessed property tax value of \$179,375,571 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments). Taxes levied consisted of 11.0348 mills for the City's operating purposes, 1.8154 mills for streets and 1.40 mills for debt.

Pension Costs – The City provides pension benefits to employees and retirees in two different pension plans; one is a defined benefit plan and the other is a defined contribution plan. For the defined benefit plan, the City records a net pension liability or asset for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences – It is the City’s policy to permit full-time employees to accumulate earned but unused paid time off (PTO). Depending on employee’s years of service, the maximum accumulation and carryover of unused PTO hours are 160, 300, 360 or 420 each year, per employee. Any PTO that is not used, above the maximum accrual amount, shall be cashed/paid out at the employee’s current base rate of pay prior to the second pay period in December annually. A liability for vested compensated absences is accrued when earned and recognized in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment – generally when an individual’s employment has terminated as of year end.

Proprietary Funds Operating Classification – 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 proprietary funds are charges to customers or other funds for sales and services. The proprietary funds recognize as nonoperating revenues investment income and gains on sales of capital assets. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity:

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. A comparison of actual results of operations to the budgeted amounts for the General Fund as well as any other major special revenue funds is included in the required supplementary information.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

The City follows these procedures in establishing the budgetary data reflected in the financial statements: 1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1; 2. Public hearings are conducted to obtain taxpayer comments; 3. The budget is legally enacted through passage of a resolution; 4. Formal budgetary integration is employed for the governmental fund types as a management control device; 5. Adoption and amendments of all budgets used by the City are governed by Public Act 621, which was followed for the year ended June 30, 2022. Expenditures may not exceed appropriations. The appropriations resolutions are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. Any revision that alters the total expenditures of any fund must be approved by the City Council; 6. Budgeted amounts are as originally adopted, or as amended by the City Council.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the City incurred expenditures in excess of the amounts budgeted, as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund:			
General government			
Attorney	\$ 408,449	\$ 417,067	\$ 8,618

NOTE 3: DEPOSITS AND INVESTMENTS

The investment policy adopted by the City Council is in accordance with Public Act 196 of 1997. The City’s deposits and investments have been made in accordance with statutory authority. The City’s deposits and investments are subject to several types of risk, which are presented in more detail as follows:

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 deposit policy for custodial credit risk. As of year end, the City’s bank deposits were \$4,254,797, of which \$2,326,202 was exposed to custodial credit risk because it was uninsured and uncollateralized. Deposits of \$1,928,594 were covered by FDIC or SIPC. The City’s investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. The City analyzes the financial condition of the banks. The City only invests with those institutions with an acceptable estimated risk level for depositories and certificates of deposit.

Custodial Credit Risk – Investments – Public Act 196 of 1997 authorizes the City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States, in accounts of financial institutions, commercial paper with specific maximum maturities and ratings when purchased, repurchase agreements, bankers acceptances of United States banks, obligations of the State of Michigan or any of its political subdivisions, mutual funds composed of investment vehicles that are legal for direct investment by a public corporation and investments in Michigan government pools. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk and the City does not have a policy.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Interest Rate Risk – Investments – State law limits the allowable investments and the maturities of some of the allowable investments as identified under “statutory authority”. The City’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has invested in the Michigan Cooperative Liquid Asset Securities System (CLASS), which is a Michigan public sector joint investment program authorized, by the State of Michigan. The rating of Michigan CLASS is AAAM (Standard and Poor’s). The carrying amount (fair value) at year end of the City’s funds invested with Michigan CLASS is \$5,730,137.

NOTE 4: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby, inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The City has the following recurring fair value measurement as of June 30, 2022: Michigan CLASS investment pool in the amount of \$5,730,137 is valued at Level 2 inputs. The City did not have any investments valued with Level 1 or Level 3 inputs at June 30, 2022.

NOTE 5: CAPITAL ASSETS

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

Governmental activities:	<i>July 1,</i>			<i>June 30,</i>
	<i>2021</i>	<i>Additions</i>	<i>Retirements</i>	<i>2022</i>
Capital assets not being depreciated:				
Land	\$ 3,160,697	\$ -	\$ -	\$ 3,160,697
Land - Saugatuck Harbor Natural Area *	19,000,000	-	-	19,000,000
Constructions in progress	-	242,606	-	242,606
Total capital assets not being depreciated	22,160,697	242,606	-	22,403,303

continued

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 5: CAPITAL ASSETS, CONTINUED

	<i>July 1,</i> <u>2021</u>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <u>2022</u>
Capital assets being depreciated:				
Buildings and improvements	1,380,512	-	-	1,380,512
Infrastructure	3,861,689	92,444	-	3,954,133
Land improvements	1,421,197	69,460	-	1,490,657
Machinery and equipment	1,686,939	56,541	-	1,743,480
Streets	<u>4,570,645</u>	<u>80,444</u>	-	<u>4,651,089</u>
Total capital assets being depreciated	<u>12,920,982</u>	<u>298,889</u>	-	<u>13,219,871</u>
Less accumulated depreciation for:				
Buildings and improvements	(895,312)	(38,091)	-	(933,403)
Infrastructure	(1,946,183)	(80,805)	-	(2,026,988)
Land improvements	(864,128)	(37,584)	-	(901,712)
Machinery and equipment	(1,109,473)	(141,474)	-	(1,250,947)
Streets	<u>(2,243,556)</u>	<u>(227,628)</u>	-	<u>(2,471,184)</u>
Total accumulated depreciation	<u>(7,058,652)</u>	<u>(525,582)</u>	-	<u>(7,584,234)</u>
Capital assets being depreciated, net	<u>5,862,330</u>	<u>(226,693)</u>	-	<u>5,635,637</u>
Governmental activities, capital assets, net	<u>\$ 28,023,027</u>	<u>\$ 15,913</u>	<u>\$ -</u>	<u>\$ 28,038,940</u>

* Land - Saugatuck Harbor Natural Area was acquired with MNRTF assistance and shall be maintained as public outdoor use in perpetuity.

Depreciation expense was charged to various functions as follows:

General government	\$ 7,388
Public works	319,456
Recreation and culture	59,515
Internal service fund	<u>139,223</u>
	<u>\$ 525,582</u>

NOTE 6: LONG-TERM DEBT

The City may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds and contract financing are direct obligations and pledge the full faith and credit of the City.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 6: LONG-TERM DEBT, CONTINUED

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

	<u>July 1,</u> <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Notes from Direct Placements	\$ 2,367,000	\$ -	\$ (225,000)	\$ 2,142,000	\$ 248,000
Compensated absences	<u>88,730</u>	<u>52,880</u>	<u>(81,168)</u>	<u>60,442</u>	<u>17,394</u>
Total long-term obligations	<u>\$ 2,455,730</u>	<u>\$ 52,880</u>	<u>\$ (306,168)</u>	<u>\$ 2,202,442</u>	<u>\$ 265,394</u>

Debt issues outstanding are as follows:

	<u>Maturity</u> <u>Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Amount</u> <u>Outstanding</u>
Governmental activities:				
<i>Direct Placements:</i>				
2017 Unlimited Tax General Obligation				
Street and Infrastructure Refunding Bonds	2029	\$ 2,793,000	1.00-2.20%	\$ 2,142,000

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

<u>Year Ended</u> <u>June 30,</u>	<u>Governmental Activities</u>		
	<u>Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 248,000	\$ 38,974	\$ 286,974
2024	265,000	35,185	300,185
2025	286,000	30,629	316,629
2026	307,000	25,210	332,210
2027	326,000	18,871	344,871
2028-2029	<u>710,000</u>	<u>15,732</u>	<u>725,732</u>
	<u>\$ 2,142,000</u>	<u>\$ 164,601</u>	<u>\$ 2,306,601</u>

NOTE 7: INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to 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 various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: INTERFUND TRANSFERS, CONTINUED

Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Major Street Fund	\$ 7,129

NOTE 8: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

	<u>Governmental Activities</u>
Receivables:	
Accounts	\$ 168,522
Intergovernmental	43,801
Total receivables	<u>\$ 212,323</u>
Accounts payable and accrued expenses:	
Accounts	\$ 248,640
Payroll liabilities	55,836
Accrued interest	6,785
Total accounts payable and accrued expenses	<u>\$ 311,261</u>

NOTE 9: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); and natural disasters. During the year ended June 30, 2022, the City carried commercial insurance to cover all risks of losses. The City has no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years. There was no significant change in coverage during the year.

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS

The City has two employee pension plans and a deferred compensation plan. One of the pension plans is a defined benefit pension plan and the other is a defined contribution plan. Information concerning each plan follows:

Defined Contribution Pension Plan (Municipal Employees' Retirement System of Michigan):

In addition to participating in the hybrid division of the defined benefit pension plan, employees hired on or after May 1, 2004 are eligible to participate in the City's defined contribution plan. The City's Defined Contribution Pension Plan is a single employer defined contribution pension plan, established by the City and administered by MERS Retirement Board. The City's contribution is 6% of each participant's base salary each month. The City's contributions for each participant and interest allocation to the participant's account are vested as follows: 0-20-40-60-80-100, fully vested after six (6) years of continuous service. Employer contributions for the plan were \$34,581 for the year ended June 30, 2022.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Defined Benefit Pension Plan (Michigan Municipal Employees’ Retirement System):

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

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

Benefits Provided – The following are the benefits provided from the December 31, 2021 valuation. The General Division is closed to new hires (linked to Division HA) and the HA Division is open to new hires after May 1, 2004 (linked to Division General).

	<u>01 - General (closed)</u>	<u>HA - EEs hired after 5/1/04</u>
Benefit Multiplier:	2.00% Multiplier (no max)	1.50% Multiplier (no max)
Normal Retirement Age:	60	60
Vesting:	10 years	6 years
Early Retirement (Unreduced):	-	-
Early Retirement (Reduced):	50/25	-
	55/15	-
Final Average Compensation:	5 years	3 years
Member Contributions:	0%	0%
Act 88:	No	No

Employees covered by benefit terms – At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	13
Inactive employees entitled to but not yet receiving benefits:	3
Active employees:	<u>10</u>
Total	<u><u>26</u></u>

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may establish contribution rates to be paid by its covered employees.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

City contributions, for the current fiscal year, were 8.80% based on annual payroll for open divisions. One division that is closed to new employees has an annual employer contribution amount of \$1,274. The percentage rates/contribution amounts for the current year were based on the December 31, 2019 valuation.

Net Pension Liability (Asset) – The City’s net pension liability (asset) reported at June 30, 2022 was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of that date.

Actuarial assumptions – The total pension liability (asset) in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.50%; Salary Increases: 3.00% in the long-term; Investment rate of return: 7.00%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

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

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	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
Total	100.00%		7.00%		4.50%

Discount rate – The discount rate used to measure the total pension liability (asset) is 7.25%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City.

Projected Cash Flows – Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Changes in net pension liability during the measurement year were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
Balances at 12/31/20	\$ 2,038,174	\$ 2,136,870	\$ (98,696)
Service cost	44,271	-	44,271
Interest on total pension liability	150,031	-	150,031
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(4,370)	-	(4,370)
Changes in assumptions	69,441	-	69,441
Employer contributions	-	153,255	(153,255)
Employee contributions	-	-	-
Net investment income (loss)	-	300,769	(300,769)
Benefit payments, including employee refunds	(172,423)	(172,423)	-
Administrative expenses	-	(3,455)	3,455
Net changes	86,950	278,146	(191,196)
Balances at 12/31/21	<u>\$ 2,125,124</u>	<u>\$ 2,415,016</u>	<u>\$ (289,892)</u>

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

	<i>1% Decrease Rate 6.25%</i>	<i>Current Rate 7.25%</i>	<i>1% Increase Rate 8.25%</i>
Net pension liability (asset)	\$ -	\$ (289,892)	\$ -
Change in net pension liability (asset) as of 12/31/21	222,800	-	(188,255)
	<u>\$ (67,092)</u>	<u>\$ (289,892)</u>	<u>\$ (478,147)</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2022, the City recognized pension expense of \$28,496. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ -	\$ 2,667
Changes in assumptions	89,795	-
Net difference between projected and actual earnings on pension plan investments	-	175,165
Contributions subsequent to the measurement date	107,200	-
	<u>\$ 196,995</u>	<u>\$ 177,832</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$107,200), which will impact the net pension liability in fiscal year 2023, rather than pension expense.

<i>Year Ended</i>	<i>Amount</i>
2023	\$ 6,296
2024	(32,139)
2025	(33,998)
2026	(28,196)

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Deferred Compensation Plan:

The City has a 457(b) plan administered by MERS for all employees. For participating employees, the City will match the employees’ contributions 100%, up to 4% of the participating employees’ earnings. Since the new option was implemented, the plan has not been actuarially valued. The City made contributions of \$23,232 and employees contributed \$60,683 to the plan for the year ended June 30, 2022.

NOTE 11: BENEFICIARY INTEREST IN ENDOWMENT

The City is the beneficiary of an endowment fund owned by the Community Foundation Holland/Zeeland Area (CFHZ). The endowment fund was established at CFHZ from a third-party donor designating the funds to be used for the Saugatuck Harbor Natural Area. The balance of the endowment fund was \$686,048 at June 30, 2022.

Each year, at the discretion of CFHZ, the City is allocated a beneficiary distribution. During the current year, the City was allocated a distribution of \$25,063 which the City Council elected not to take out of the endowment fund. As of June 30, 2022, the City has a cumulative allocation balance of \$139,311 at CFHZ that City has elected to report as a deferred inflow – unavailable in the General Fund.

CITY OF SAUGATUCK

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 12: COMMITMENTS AND CONTINGENCIES

The City is a defendant in two lawsuits. While substantial damages are alleged in one of these cases, their outcome cannot be predicted with certainty at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAUGATUCK

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability				
Service cost	\$ 44,271	\$ 27,978	\$ 38,917	\$ 37,969
Interest on total pension liability	150,031	147,855	146,990	147,504
Difference between expected and actual experience	(4,370)	(34,618)	51,150	(31,540)
Changes in assumptions	69,441	51,763	46,146	-
Benefit payments, including employee refunds	<u>(172,423)</u>	<u>(172,564)</u>	<u>(166,721)</u>	<u>(154,928)</u>
Net change in total pension liability	86,950	20,414	116,482	(995)
Total pension liability - beginning	<u>2,038,174</u>	<u>2,017,760</u>	<u>1,901,278</u>	<u>1,902,273</u>
Total pension liability - ending	<u>\$ 2,125,124</u>	<u>\$ 2,038,174</u>	<u>\$ 2,017,760</u>	<u>\$ 1,901,278</u>
Plan fiduciary net position				
Contributions - employer	\$ 153,255	\$ 281,345	\$ 184,830	\$ 142,983
Contributions - employee	-	-	-	-
Net investment income (loss)	300,769	249,780	212,949	(64,967)
Benefit payments, including employee refunds	(172,423)	(172,564)	(166,721)	(154,928)
Administrative expenses	<u>(3,455)</u>	<u>(3,722)</u>	<u>(3,673)</u>	<u>(3,179)</u>
Net change in plan fiduciary net position	278,146	354,839	227,385	(80,091)
Total plan fiduciary net position - beginning	<u>2,136,870</u>	<u>1,782,031</u>	<u>1,554,646</u>	<u>1,634,737</u>
Total plan fiduciary net position - ending	<u>\$ 2,415,016</u>	<u>\$ 2,136,870</u>	<u>\$ 1,782,031</u>	<u>\$ 1,554,646</u>
City's net pension liability (asset)	\$ (289,892)	\$ (98,696)	\$ 235,729	\$ 346,632
Plan fiduciary net position as a percentage of the total pension liability	113.64%	104.84%	88.32%	81.77%
Covered employee payroll	\$ 547,229	\$ 370,077	\$ 514,779	\$ 486,191
City's net pension liability as a percentage of covered employee payroll	-52.97%	-26.67%	45.79%	71.30%

Notes:

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

GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

continued

CITY OF SAUGATUCK

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS, CONTINUED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 34,851	\$ 31,064	\$ 31,513	\$ 32,443
Interest on total pension liability	143,075	142,273	134,424	126,526
Difference between expected and actual experience	30,967	(37,535)	(16,662)	-
Changes in assumptions	-	-	85,100	-
Benefit payments, including employee refunds	<u>(155,248)</u>	<u>(100,096)</u>	<u>(70,168)</u>	<u>(55,359)</u>
Net change in total pension liability	53,645	35,706	164,207	103,610
Total pension liability - beginning	<u>1,848,628</u>	<u>1,812,922</u>	<u>1,648,715</u>	<u>1,545,105</u>
Total pension liability - ending	<u>\$ 1,902,273</u>	<u>\$ 1,848,628</u>	<u>\$ 1,812,922</u>	<u>\$ 1,648,715</u>
Plan fiduciary net position				
Contributions - employer	\$ 88,869	\$ 59,767	\$ 54,418	\$ 48,722
Contributions - employee	-	-	-	-
Net investment income (loss)	196,651	157,635	(22,138)	86,198
Benefit payments, including employee refunds	(155,248)	(100,096)	(70,168)	(55,359)
Administrative expenses	<u>(3,116)</u>	<u>(3,111)</u>	<u>(3,165)</u>	<u>(3,177)</u>
Net change in plan fiduciary net position	127,156	114,195	(41,053)	76,384
Total plan fiduciary net position - beginning	<u>1,507,581</u>	<u>1,393,386</u>	<u>1,434,439</u>	<u>1,358,055</u>
Total plan fiduciary net position - ending	<u>\$ 1,634,737</u>	<u>\$ 1,507,581</u>	<u>\$ 1,393,386</u>	<u>\$ 1,434,439</u>
City's net pension liability (asset)	\$ 267,536	\$ 341,047	\$ 419,536	\$ 214,276
Plan fiduciary net position as a percentage of the total pension liability	85.94%	81.55%	76.86%	87.00%
Covered employee payroll	\$ 429,750	\$ 415,545	\$ 431,705	\$ 448,820
City's net pension liability as a percentage of covered employee payroll	62.25%	82.07%	97.18%	47.74%

CITY OF SAUGATUCK

SCHEDULE OF CITY DEFINED BENEFIT PLAN PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 50,584	\$ 40,454	\$ 44,944	\$ 53,191	\$ 55,048
Contributions in relation to the actuarially determined contribution	<u>107,073</u>	<u>149,103</u>	<u>284,627</u>	<u>169,732</u>	<u>142,048</u>
Contribution (excess) deficiency	<u>\$ (56,489)</u>	<u>\$ (108,649)</u>	<u>\$ (239,683)</u>	<u>\$ (116,541)</u>	<u>\$ (87,000)</u>
Covered-employee payroll	\$ 547,229	\$ 370,077	\$ 514,779	\$ 486,191	\$ 429,750
Actuarially determined contribution as a percentage of covered-employee payroll	9.24%	10.93%	8.73%	10.94%	12.81%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 48,167	\$ 42,929	\$ 40,058	\$ 34,195	\$ 34,876
Contributions in relation to the actuarially determined contribution	<u>82,167</u>	<u>54,929</u>	<u>52,058</u>	<u>46,195</u>	<u>34,876</u>
Contribution (excess) deficiency	<u>\$ (34,000)</u>	<u>\$ (12,000)</u>	<u>\$ (12,000)</u>	<u>\$ (12,000)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 415,545	\$ 431,705	\$ 448,820	\$ 415,480	\$ 399,806
Actuarially determined contribution as a percentage of covered-employee payroll	11.59%	9.94%	8.93%	8.23%	8.72%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed and open
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.00% in the long term
Investment rate of return	7.00%, effective with the December 31, 2019 valuation
Retirement age	Age 50-60
Mortality	Pub-2010 and fully generational MP-2019

Note: Information presented is as of fiscal year end of each year.

CITY OF SAUGATUCK

GENERAL FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Property taxes	\$ 2,061,200	\$ 2,090,835	\$ 2,090,838	\$ 3
Licenses and permits	53,000	116,567	125,765	9,198
Federal grants	-	50,443	97,476	47,033
State grants	116,000	117,973	135,170	17,197
Charges for services	579,750	743,524	803,396	59,872
Fines and forfeits	3,500	3,500	2,758	(742)
Interest and rents	10,000	10,000	9,748	(252)
Other revenue	1,250	29,998	41,872	11,874
Total revenues	2,824,700	3,162,840	3,307,023	144,183
Expenditures:				
Current				
General government				
Council	44,000	45,613	38,087	7,526
Administration	227,400	227,500	219,213	8,287
Clerk	97,850	140,150	127,269	12,881
Audit	10,100	10,125	10,125	-
Treasurer	121,700	128,400	126,041	2,359
Assessing	44,625	44,875	35,339	9,536
Building and Grounds	29,150	41,425	39,751	1,674
Attorney	62,000	408,449	417,067	(8,618)
Total general government	<u>636,825</u>	<u>1,046,537</u>	<u>1,012,892</u>	<u>33,645</u>
Public safety				
Police	392,000	397,000	368,560	28,440
Public works				
Department of public works	422,280	553,706	534,128	19,578
Street lighting	25,750	25,750	23,580	2,170
Cemetery	6,000	6,068	6,067	1
Harbor	17,000	17,000	1,870	15,130
Total public works	<u>471,030</u>	<u>602,524</u>	<u>565,645</u>	<u>36,879</u>
Community and economic development				
Planning and Zoning	82,025	106,676	100,330	6,346

continued

CITY OF SAUGATUCK

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Recreation and culture				
Historic District Commission	49,575	55,625	50,803	4,822
Rose Garden	7,500	50,700	47,929	2,771
Parks and Recreation	225,400	258,400	246,411	11,989
Oval Beach	194,050	216,750	203,519	13,231
Oval concession	58,900	70,100	67,432	2,668
Spear Boat Launch	1,250	1,250	646	604
Total recreation and culture	<u>536,675</u>	<u>652,825</u>	<u>616,740</u>	<u>36,085</u>
Capital outlay	<u>44,500</u>	<u>84,100</u>	<u>53,672</u>	<u>30,428</u>
Total expenditures	<u>2,163,055</u>	<u>2,889,662</u>	<u>2,717,839</u>	<u>171,823</u>
Excess (deficiency) of revenues over expenditures	<u>661,645</u>	<u>273,178</u>	<u>589,184</u>	<u>316,006</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(7,129)</u>	<u>(7,129)</u>	<u>-</u>
Change in fund balance	661,645	266,049	582,055	316,006
Fund balance, beginning of year	<u>5,180,724</u>	<u>5,180,724</u>	<u>5,180,724</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,842,369</u>	<u>\$ 5,446,773</u>	<u>\$ 5,762,779</u>	<u>\$ 316,006</u>

CITY OF SAUGATUCK

MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
State grants	\$ 101,000	\$ 101,000	\$ 112,129	\$ 11,129
Contributions from other units	82,000	83,115	83,116	1
Interest and rents	<u>500</u>	<u>500</u>	<u>1,402</u>	<u>902</u>
Total revenues	<u>183,500</u>	<u>184,615</u>	<u>196,647</u>	<u>12,032</u>
Expenditures:				
Current				
Public works	<u>183,500</u>	<u>351,029</u>	<u>331,937</u>	<u>19,092</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(166,414)</u>	<u>(135,290)</u>	<u>31,124</u>
Other financing sources (uses):				
Interfund transfers in	<u>-</u>	<u>7,129</u>	<u>7,129</u>	<u>-</u>
Change in fund balance	<u>-</u>	<u>(159,285)</u>	<u>(128,161)</u>	<u>31,124</u>
Fund balance, beginning of year	<u>887,926</u>	<u>887,926</u>	<u>887,926</u>	<u>-</u>
Fund balance, end of year	<u>\$ 887,926</u>	<u>\$ 728,641</u>	<u>\$ 759,765</u>	<u>\$ 31,124</u>

CITY OF SAUGATUCK

LOCAL STREET FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Property taxes	\$ 316,500	\$ 326,091	\$ 326,064	\$ (27)
State grants	62,250	62,250	65,288	3,038
Contributions from other units	83,500	83,500	83,116	(384)
Interest and rents	1,000	2,000	2,954	954
Other revenue	-	5,000	5,000	-
Total revenues	<u>463,250</u>	<u>478,841</u>	<u>482,422</u>	<u>3,581</u>
Expenditures:				
Current				
Public works	<u>463,250</u>	<u>478,841</u>	<u>216,321</u>	<u>262,520</u>
Change in fund balance	-	-	266,101	266,101
Fund balance, beginning of year	<u>1,736,491</u>	<u>1,736,491</u>	<u>1,736,491</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,736,491</u>	<u>\$ 1,736,491</u>	<u>\$ 2,002,592</u>	<u>\$ 266,101</u>

CITY OF SAUGATUCK

SEWER IMPROVEMENT FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Charges for services	\$ 4,000	\$ 29,650	\$ 29,650	\$ -
Interest and rents	500	500	306	(194)
Total revenues	4,500	30,150	29,956	(194)
Expenditures:				
Current				
Public works	4,500	167,813	92,444	75,369
Change in fund balance	-	(137,663)	(62,488)	75,175
Fund balance, beginning of year	550,769	550,769	550,769	-
Fund balance, end of year	\$ 550,769	\$ 413,106	\$ 488,281	\$ 75,175

SUPPLEMENTARY INFORMATION

CITY OF SAUGATUCK

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2022

2017 STREET AND INFRASTRUCTURE REFUNDING BONDS (UNLIMITED TAX GENERAL OBLIGATION)

Issue dated October 11, 2017 in the amount of	\$	2,793,000
Less: Principal paid in prior years		(426,000)
Principal paid in current year		<u>(225,000)</u>
Balance payable at June 30, 2022	\$	<u>2,142,000</u>

Balance payable as follows:

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Principal due November 1</u>	<u>Interest due November 1</u>	<u>Interest due May 1</u>	<u>Total Annual Requirement</u>
2023	1.400%	\$ 248,000	\$ 20,355	\$ 18,619	\$ 286,974
2024	1.550%	265,000	18,619	16,566	300,185
2025	1.750%	286,000	16,566	14,063	316,629
2026	1.900%	307,000	14,063	11,147	332,210
2027	2.100%	326,000	11,147	7,724	344,871
2028	2.150%	346,000	7,724	4,004	357,728
2029	2.200%	364,000	4,004	-	368,004
		<u>\$ 2,142,000</u>	<u>\$ 92,478</u>	<u>\$ 72,123</u>	<u>\$ 2,306,601</u>

LAUNCH RAMP MANAGEMENT AGREEMENT

The CITY OF SAUGATUCK, a Michigan home rule city with offices located at 102 Street, Saugatuck, Michigan 49453 (“City”) and Star of Saugatuck, LLC of 716 Water St., Saugatuck, Michigan 49453 (collectively, “Operator”), enter into this Launch Ramp Management Agreement (“Agreement”).

RECITALS

1. The City owns a boat launch ramp located at the intersection of Spear Street and Water Street (“Ramp”) and used by the general public.
2. The City requested proposals from qualified persons to operate and manage the Ramp, and the Operator submitted a bid in response to the City’s request.
3. The City is willing to accept the Operator’s bid provided the Operator enters into this Agreement.
4. The Operator is willing to enter into this Agreement and operate and manage the Ramp according to the terms of this Agreement.

AGREEMENT

The parties agree as follows:

1. Term. The term of this Agreement shall extend from March 1, 2021 through November 30, 2022, unless sooner terminated as provided in this Agreement. The Operator will provide services under this Agreement from March 1 through November 30 during each calendar year of the term.
2. Operator Obligations. The Operator shall, at its sole cost and expense, manage and operate the Ramp. The Operator’s obligations shall include:
 - 2.1. Overseeing the use of the Ramp, it being understood by the Operator that the Ramp has historically been used by the public from March through November and during both daylight and non-daylight hours; provided, however, that the minimum hours of supervision by the Operator required under this Agreement shall be from 8:00 a.m. to 5:00 p.m. for the months of March, April, May, September, October and November and from 8:00 a.m. to 9:00 p.m. for the months of June, July and August unless otherwise agreed to by the City Manager;
 - 2.2. Collecting (including personally and via secured collection boxes) fees from users of the Ramp according to the schedule of fees adopted by the City (“User Fees”), and remitting such fees to the City on not less than a monthly basis;

- 2.3. Maintaining accurate records of all persons using the Ramp during the hours specified in Section 2.1 and all fees assessed and collected. The Operator will also use best efforts to prepare a list of those persons who use the Ramp during the hours of operation described in Section 2.1 but fail to pay User Fees. This provision will not require the Operator to conduct any investigation to determine the identity of users who fail to pay user fees, but the Operator will maintain records containing identifying information concerning such users, such as vehicle license plate numbers and/or watercraft MC numbers ;
- 2.4. Providing access for those persons using the Ramp to the bathroom facilities located on the Operator's property adjacent to the Ramp during the hours the Operator's facilities are open to the public; and
- 2.5. Overseeing the use of the Ramp and adjacent street end in a good faith effort to control, and promptly reporting to the City any instance of, misuse or improper use of the Ramp, such as: (1) the operation of boats causing damage to the Ramp or areas adjacent to it; (2) the mooring of boats at the Ramp; and (3) the conduct of commercial activities at the Ramp.

The parties agree that the Operator's obligations shall not include maintenance, repair or replacement of the Ramp except to the extent such maintenance, repair or replacement is necessitated by the acts of the Operator or its agents or employees. The Operator agrees to promptly notify the City of any damage to, or condition of, the Ramp and signage which may need repair or replacement. The Operator shall perform its obligations in compliance with all federal, state and local laws.

3. Operator Compensation. In consideration of its obligations hereunder, the City shall pay to the Operator 50% of all User Fees collected and remitted to the City by the Operator, which payment shall be made in accordance with City payment policies. Remittance of the User Fees to the City shall be accompanied by all documents the City may reasonably request. The Operator shall remit User Fees on at least a monthly basis, or more frequently if the Ramp is used frequently. Additionally, the City may request at any time during the term of this Agreement that the Operator provide to the City reports and other documents regarding the use of the Ramp.
4. Expenses. The Operator shall, at its sole expense, provide all supplies, equipment and labor for performing, and shall pay all expenses associated with the performance of, its obligations under this Agreement; provided, however, that the City shall pay the expenses with respect to the printing of launch passes to be used by the Operator.
5. Relationship of the Parties. The Operator shall act as an independent contractor. Nothing herein shall be deemed to grant to the Operator any legal or equitable interest in the Ramp.
6. Termination. Either party may terminate this Agreement at any time upon material breach of this Agreement by the other party. Further, either party may terminate this Agreement without cause upon 10 days prior written notice; provided, however, that the Operator shall not terminate this Agreement without cause from March through November. Upon termination, the Operator shall remit to the City the User Fees collected through the date of termination, and provide the City with all supporting documentation, and upon such remittance, the City shall pay the Operator as provided in Section 4.

7. Indemnity. Each party (“**Indemnifying Party**”) agrees to hold the other party, including such other party’s officers and employees (collectively, “**Indemnified Party**”), harmless from, indemnify the Indemnified Party for, and defend the Indemnified Party (with legal counsel reasonably acceptable to Indemnified Party) against any liability for damages, injury or other casualty and any costs and expenses, including reasonable attorneys’ fees, caused or arising from: (1) any act or omission by Indemnifying Party or its agents or employees with respect to Indemnifying Party’s obligations under this Agreement; and (2) a breach by Indemnifying Party of any of its obligations under this Agreement.
8. Insurance. The City shall maintain general liability insurance with respect to the Ramp, as well as property insurance with respect to any damage or destruction of the Ramp. The Operator shall be responsible for maintaining general liability insurance with respect to the performance of its obligations hereunder and with respect to the services it will provide pursuant to this Agreement. Additionally, the Operator shall maintain automobile insurance in such amounts as the City may reasonably request.
9. No Assignment. This Agreement shall not be assigned, in part or in whole, without the prior written consent of the City in the City’s sole and absolute discretion.
10. Third-Party Beneficiary. No person shall be deemed to be a third-party beneficiary of this Agreement.
11. Miscellaneous. This Agreement is written pursuant to the laws of the State of Michigan and was made in Allegan County, Michigan. This is the entire agreement between the parties regarding its subject matter. There are no contemporaneous agreements. It may not be modified or amended except in writing, signed by both parties. More than one copy of this Agreement may be signed, but all constitute but one agreement.

Executed this 12 day of April, 2021.

CITY OF SAUGATUCK

Date _____

By _____

Mark Bekken
Its Mayor

Date _____

And by _____

Erin K. Wilkinson
Its City Clerk

OPERATOR

Date _____

By _____

Date _____

And by _____

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