

SAULT STE. MARIE BRIDGE AUTHORITY

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2023

SAULT STE. MARIE BRIDGE AUTHORITY**TABLE OF CONTENTS**

Year Ended December 31, 2023

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SAULT STE. MARIE BRIDGE AUTHORITY

INDEPENDENT AUDITOR'S REPORT



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

TORI N. KRUISE, CPA

**MEMBER AICPA DIVISION FOR
CPA FIRMS**

**MEMBER MACPA
OFFICES IN MICHIGAN**

INDEPENDENT AUDITOR'S REPORT

To:
Sault Ste. Marie Bridge Authority
Members and Representatives
Sault Ste. Marie Bridge Authority
Sault Ste. Marie, Michigan

and

Mr. Doug A. Ringler, CPA, CIA
Auditor General
State of Michigan
Lansing, Michigan 48913

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sault Ste. Marie Bridge Authority as of and for the year ended December 31, 2023, and related notes to the financial statements, which collectively comprise the Sault Ste. Marie Bridge Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sault Ste. Marie Bridge Authority, as of December 31, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sault Ste. Marie Bridge Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sault Ste. Marie Bridge Authority'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sault Ste. Marie Bridge Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sault Ste. Marie Bridge Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefit systems, and budgetary comparison information on pages 4 through 13, pages 42 through 45 and pages 46 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the unaudited supplemental information, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the Sault Ste. Marie Bridge Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sault Ste. Marie Bridge Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sault Ste. Marie Bridge Authority's internal control over financial reporting and compliance.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 16, 2024

SAULT STE. MARIE BRIDGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Authority's financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2023. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Sault Ste. Marie Bridge Authority (SSMBA) is the international contractual entity created by the Intergovernmental Agreement to set policy and oversee bridge operations. The SSMBA Agreement became effective September 1, 2009.

TRAFFIC

- Total bridge traffic finished 2023 with a total of 971,006 crossings on December 31, 2023. This is an increase of 346,046 crossings, or 55.4% in traffic, as compared to the year ending December 31, 2022.
- In comparison to total traffic, commercial traffic increased to 68,338 crossings in 2023, an increase of 2.2%. Total commuter crossings for 2023 were 398,868. Full fare passenger auto crossings increased 65.9% to 470,333 crossings on December 31, 2023.
- More than 105 million vehicles have crossed the International Bridge since it opened in 1962.

REVENUE & TOLL RATES

- Revaluations of Canadian currency net position on the Authority's year end balance sheet resulted in an unrealized exchange loss of \$102,285.
- The American toll rates are the established benchmark for all bridge tolls. Toll currency equity adjustments to the Canadian rates occurred on April 1, 2023 and October 1, 2023 due to fluctuations in the Canadian dollar.
- Toll revenues were \$5,519,273, an increase of 33.6% for the year ending December 31, 2023, as compared the year ended December 31, 2022. This was an increase of \$1,387,251.

EXPENDITURES

- Actual operational expenditures in the Revenue Fund were \$6.7 million, \$164,086 or .02% under the final budget.
- Toll department was 11.43% under approved budgetary amounts. Maintenance costs were 1.07% over approved budgetary amounts. Administration expenditures were 0.29% under final budget amounts. Other expenditures were 0.70% over final budget amounts.
- Capital Assets decreased by 4% to \$15.6 million due to depreciation.
- Bridge maintenance expenditures in the Capital Fund included abutment repairs, planned annual equipment capital outlay, and annual bridge inspection expenditures.
- The engineering inspections of the bridge in 2023 indicated the overall condition of the bridge is good and the structure is well maintained.

OTHER REVENUES

- Other revenue includes funds for the toll system project, see Note L in the financial statements.

Year Ended December 31, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-2 Major Features of Authority’s Government-wide and Fund Financial Statements		
	Government-wide Statements	Fund Statements <hr style="border: none; border-top: 1px solid black; margin: 0;"/> Governmental Funds
Scope	Entire Authority government (except fiduciary funds) and the Authority’s component units	The activities of the Authority that are not proprietary or fiduciary, such as toll collection, bridge maintenance, and administration
Required financial	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance
Accounting basis and Measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority’s net position and how they have changed. Net position – the difference between the Authority’s assets and liabilities – is one way to measure the Authority’s financial health, or position.

Over time, increases or decreases in the Authority’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Authority you need to consider additional non-financial factors such as changes in the bridge traffic and the condition of the International Bridge.

The government-wide financial statements of the Authority are:

- **Governmental activities** – Most of the Authority’s basic services are included here, such as toll collection, bridge maintenance and general administration. Toll collection, lease and rental revenues finance most of these activities.

Year Ended December 31, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Sault Ste. Marie Bridge Authority Board establishes other funds to control and manage money for particular purposes (like the Capital Fund).
- Governmental funds – All of the Authority's basic services are included in governmental funds, which focus on (1) how much cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

SAULT STE. MARIE BRIDGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2023

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Net position. The Authority's combined assets increased to \$21.2 million for the year ended December 31, 2023. (See Table A-1.)

Table A-1
 Authority's Net Position
(in thousands of dollars)

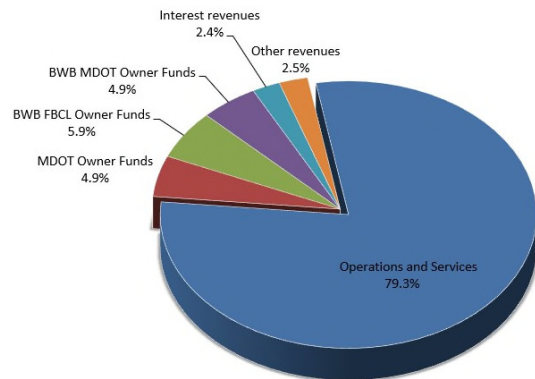
	<u>Governmental Activities</u>		Total Percentage Change
	<u>2022</u>	<u>2023</u>	<u>2022-2023</u>
	Current assets	\$ 5,089.6	\$ 5,656.7
Capital assets	<u>16,102.0</u>	<u>15,565.2</u>	<u>(3.4)%</u>
Total assets	<u>21,191.5</u>	<u>21,230.9</u>	<u>7.9%</u>
Deferred outflows	<u>1,356.8</u>	<u>1,699.7</u>	<u>25.8%</u>
Current liabilities	1,027.4	757.2	(26.8)%
Long-term liabilities	262.3	271.4	3.5%
Net pension liability	2,354.8	2,296.2	(2.4)%
Net OPEB Liability	<u>2,142.8</u>	<u>3,818.8</u>	<u>78.2%</u>
Total liabilities	<u>5,787.3</u>	<u>7,143.6</u>	<u>23.4%</u>
Deferred inflows	<u>4,020.3</u>	<u>2,499.8</u>	(37.8)%
Net position			
Net investment in capital assets	16,101.9	15,565.2	(3.3)%
Restricted	2,663.0	2,430.7	(8.6)%
Unrestricted	<u>(6,024.2)</u>	<u>(4,708.7)</u>	<u>21.8%</u>
Total net position	<u>12,740.7</u>	<u>13,287.2</u>	<u>4.3%</u>

Net position of the Authority's governmental activities increased 4.3 percent to \$13.3 million. Restricted assets are \$2.4 million and \$15.6 million are invested in capital assets (buildings, bridge, and so on). Unrestricted is (\$4.7) million due to the change in accounting principle and restatement for net pension liability in 2015.

Changes in net position. The Authority's total revenues decreased to \$7.4 million. (See Table A-2.) A majority of the Authority's revenue 80% comes from toll collections. Interest, lease and rental revenues accounted for 20% of the Authority's revenue (See Figure A-3).

The total cost of all primary activities increased 2.8 percent for the year of activity. The Authority's expenses cover toll collection, bridge maintenance, administration and other expenses. (See Figure A-4.)

**Figure A-3
 Authority
 Revenue for the Year Ended
 December 31, 2023**



SAULT STE. MARIE BRIDGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2023

Governmental Activities

Revenues for the Authority's governmental activities decreased 8.9%, while total expenses increased 2.8% for the year ended December 31, 2023.

Table A-2
Changes in Authority's Net Position
(in thousands of dollars)

	<u>Governmental Activities</u>		Total
	<u>2022</u>	<u>2023</u>	Percentage Change <u>2022-2023</u>
Revenues			
Charges for services	\$ 8,106.4	7,376.3	(8.9)%
Total Revenues	<u>8,106.4</u>	<u>7,376.3</u>	<u>(8.9)%</u>
Expenses			
Toll collections	1,207.1	1,502.8	24.5%
Bridge maintenance	4,797.4	4,335.7	(9.6)%
Administration	451.6	558.8	23.7%
Other expense	<u>376.1</u>	<u>496.5</u>	<u>32.0%</u>
Total Expenses	<u>6,832.2</u>	<u>6,893.8</u>	<u>2.8%</u>
Excess (deficiency)	<u>1,274.2</u>	<u>482.5</u>	<u>(62.1)%</u>
General revenue:			
Exchange gain (loss)	(147.3)	(102.3)	(30.5)%
Interest revenue	<u>22.6</u>	<u>166.3</u>	<u>635.8%</u>
Change in net position	<u>1,149.5</u>	<u>546.5</u>	<u>(52.5)%</u>
Beginning net position	11,591.2	12,740.7	9.9%
Ending net position	<u>\$ 12,740.7</u>	<u>13,287.2</u>	<u>4.3%</u>

SAULT STE. MARIE BRIDGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2023

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

As the Authority completed the year ended December 31, 2023, its governmental funds reported a increase in combined fund balance from (\$372.0) million to \$846.3, a combined fund balance increase of 327.5%. The primary reason for the increase in fund balance is highlighted in the financial analysis of the Authority.

Functional Revenues are comprised of toll collections, leases, and rental revenues. These revenues are then allocated proportionally by bridge maintenance and toll collection expenses.

Table A-3 and the narrative that follows consider the operations of governmental-type activities.

Figure A-4
Authority
Functional Expenses for the Year Ended
December 31, 2023

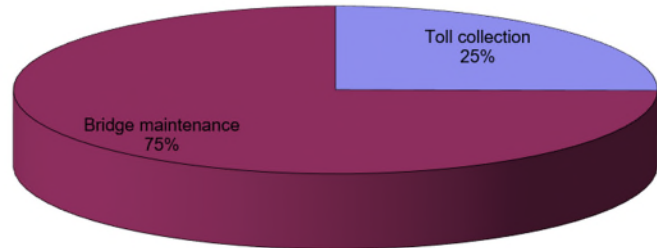


Table A-3
Changes in Authority's Fund Balance
(in thousands of dollars)

	<u>Governmental Funds</u>		Total Percentage Change
	<u>2022</u>	<u>2023</u>	<u>2022-2023</u>
	Revenues		
Toll collections	4,132.0	5,519.3	33.6%
Lease and rental revenues	169.1	185.4	9.6%
Interest revenues	22.6	166.3	635.8%
Other revenues	3,805.4	1,671.6	(56.0)%
Total Revenues	<u>8,129.1</u>	<u>7,542.6</u>	<u>(7.2)%</u>
Expenditures			
Toll collections	1,575.5	1,560.4	(0.9)%
Bridge maintenance	5,739.0	3,941.3	(31.3)%
Administration	556.0	576.4	3.6%
Other expenditures	483.3	515.9	6.7%
Exchange Loss	147.3	102.3	(30.5)%
Total Expenditures	<u>8,501.1</u>	<u>6,696.3</u>	<u>21.2%</u>
Increase (decrease) in fund balance	<u>(372.0)</u>	<u>846.3</u>	<u>335.4%</u>

SAULT STE. MARIE BRIDGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2023

Governmental Fund Revenues and Expenditures

Revenues for the bridge decreased by 7.2% and expenditures for the Authority's governmental funds increased by 21.2%. In 2023, the Authority saw an overall increase in the change in fund balance of 327.5%.

BUDGETARY HIGHLIGHTS

Final budgets were approved for the year ending December 31, 2023.

REVENUE FUND

- Revenue fund, after budget amendments, resulted in actual revenues of \$7,542,310 which is \$91,746 or 1.2% less than the final approved budget, including inter-fund transfers.
- Toll revenues in the revenue fund were \$5,519,273 million and \$1,295,691, or 30.7% over the budget year toll revenue.
- Toll collection expenditures of \$1,560,417 at year end were \$201,390 or 11.4% below approved budgetary amounts.
- Maintenance costs of \$2,482,338 were \$26,206, or 1.0% above approved budgetary amounts.
- Administration expenditures of \$576,285 were \$1,689 or 0.3% below final budget amounts.
- Other expenditures of \$1,843,153 were \$12,786 or 0.7% over approved budgetary amounts, including inter-fund transfers.

CAPITAL FUNDS

- Capital fund, after budget amendments, resulted in expenditures of \$1,487,395, which was \$134,391 or 8.3% under the final approved budget for the year ending December 31, 2023.

The detailed budgetary comparison schedules for the revenue and capital fund are found in the required supplementary information on page 39-42.

LONG-TERM DEBT

At year-end, the Authority had \$271,419 in outstanding long-term liabilities. This represents an increase of 3.5% percent over the year ending December 31, 2023. More detailed information about the Authority's long-term liabilities is presented in compensated absences, Note H in the notes to financial statements.

SAULT STE. MARIE BRIDGE AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ended December 31, 2023

CAPITAL ASSETS

At the year ending December 31, 2023, the Authority had invested \$15.6 million in a broad range of capital assets, including land, machinery and equipment, buildings, bridge, vehicles, and bridge security enhancements. (See Table A-4.) This amount presents a net decrease (including additions, deductions, and accumulated depreciation) of \$536.8 for the year ended December 31, 2023. More detailed information about the Authority’s capital assets is presented in Note D to the financial statements.

Table A-4
 Authority’s Capital Assets
(net of depreciation, in thousands of dollars)

	<u>Governmental Activities</u>		Total Percentage Change
	<u>2022</u>	<u>2023</u>	<u>2022-2023</u>
Bridge	\$3,359.3	3,033.7	(9.7)%
Bridge lights	19.4	16.9	(12.8)%
Buildings	7,847.0	7,426.7	(5.3)%
Machinery and equipment	403.1	381.6	(5.3)%
Land	1,965.5	1,965.5	0%
Office equipment	2,342.5	2,628.2	12.2%
Vehicles	165.2	112.6	(31.8)%
Security system	<u>0.00</u>	<u>0.00</u>	<u>(0.00)%</u>
Totals	<u>\$16,102.0</u>	<u>\$15,565.2</u>	<u>3.3%</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Sault Ste. Marie, Ontario had a population of 72,051 (based upon 2022 data), as compared to Sault Ste. Marie, Michigan with a population of 13,410 (based upon 2020 census data). The disproportionate population in the Sault Ste. Marie communities contribute more than two times more Canadian bridge traffic as compared to U.S. traffic, as can be viewed in the supplemental information provided on page 46. Combined with weakening of the buying power of the Canadian dollar in the United States for most of 2018, there has been a negative impact on the earned toll revenue, as recorded by the Authority. The changes in Canadian dollar valuation also impact the equity of Canadian held funds.

Fluctuations in commercial traffic also result in significant changes to toll revenue, as commercial traffic represents, on average, 7.0% of total bridge traffic, but provides 39.4% of bridge toll revenue. These indicators were taken into account when adopting budgetary amendments in the Revenue (General) fund budget for 2023.

Year Ended December 31, 2023

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, bridge users, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the International Bridge Administration Office, 934 Bridge Plaza, Sault Ste. Marie, MI. 49783, or International Bridge Administration, 121 Huron St., Sault Ste. Marie, ON P6A 1R3.

SAULT STE. MARIE BRIDGE AUTHORITY

BASIC FINANCIAL STATEMENTS

SAULT STE. MARIE BRIDGE AUTHORITY**STATEMENT OF NET POSITION**

For the Year Ending December 31, 2023

	Primary Government Governmental Activities 2023
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,962,293
Receivables (net)	193,549
Prepaid expense	432,583
Inventory	77,321
	<hr/>
Total current assets	5,665,746
	<hr/>
Non-current assets:	
Capital assets (Note D):	
International bridge (net)	3,033,666
Bridge lights (net)	16,944
Buildings (net)	7,426,721
Machinery and equipment (net)	381,574
Land	1,965,530
Office equipment (net)	2,628,087
Vehicles (net)	112,643
	<hr/>
Total non-current assets	15,565,165
	<hr/>
Total assets	\$ 21,230,911
	<hr/> <hr/>
Deferred Outflows of Resources - Deferred outflows related to pensions (Note L)	\$ 433,174
	<hr/>
Deferred Outflows of Resources - Deferred outflows related to OPEB (Note M)	\$ 1,266,501
	<hr/>
Total assets and deferred outflows of resources	\$ 22,930,586
	<hr/> <hr/>

SAULT STE. MARIE BRIDGE AUTHORITY

STATEMENT OF NET POSITION

For the Year Ending December 31, 2023

	Primary Government Governmental Activities 2023
LIABILITIES	
Current liabilities:	
Accounts Payable	\$ 50,489
Accrued payroll and related liabilities	346,773
Unearned revenue	359,939
	<hr/>
Total current liabilities	757,201
	<hr/>
Non-current liabilities:	
Accrued compensated absences	271,419
Net Pension Liability	3,818,806
Net OPEB Liability	2,296,205
	<hr/>
Total non-current liabilities	6,386,430
	<hr/>
Total liabilities	7,143,631
	<hr/>
Deferred Inflows of Resources - Deferred inflows related to pensions (Note L)	\$ 35,216
	<hr/>
Deferred Inflows of Resources - Deferred inflows related to OPEB (Note L)	\$ 2,464,562
	<hr/>
NET POSITION	
Net investment in capital assets	15,565,165
Restricted for:	
Restricted	2,430,714
Unrestricted	(4,708,702)
	<hr/>
Total net position	13,287,177
	<hr/>
Total liabilities, deferred inflows and net position	\$ 22,930,586
	<hr/> <hr/>

SAULT STE. MARIE BRIDGE AUTHORITY**STATEMENT OF ACTIVITIES**

For the Year Ending December 31, 2023

	Primary Government Governmental Activities 2023
EXPENSES	
Toll collection	\$ 1,502,779
Bridge maintenance	4,335,674
Administration	558,750
Other expenses	496,635
Total operating expenses	<u>6,893,838</u>
REVENUES	
Charges for services:	
Toll collection	\$ 1,898,599
Bridge maintenance	5,477,657
Total charges for services	<u>7,376,256</u>
Total revenues	<u>7,376,256</u>
Income from operations	<u>482,418</u>
General revenues and other changes in net position:	
Interest revenues	166,303
Exchange gain (loss)	(102,285)
Total general revenues and other changes in net position	<u>64,018</u>
Change in net position	546,436
Net position - beginning	<u>12,740,741</u>
Net position - ending	<u>\$ 13,287,177</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

For the Year Ending December 31, 2023

	Revenue Fund	Capital Fund	MDOT Capital Fund	FBCL Capital Fund	Total
ASSETS					
Cash and cash equivalents	\$ 4,959,543	\$ 2,750	\$ -	\$ -	\$ 4,962,293
Receivables (net)	170,291	23,258	-	-	193,549
Due from other funds	27,070	866,614	1,603,081	-	2,496,765
Prepaid expense	414,875	17,708	-	-	432,583
Inventory	34,093	43,228	-	-	77,321
TOTAL ASSETS	\$ 5,605,872	\$ 953,558	\$ 1,603,081	\$ -	\$ 8,162,511
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 12,570	\$ 37,919	\$ -	\$ -	\$ 50,489
Accrued payroll and related liabilities	346,773	-	-	-	346,773
Due to other funds	2,469,695	27,070	-	-	2,496,765
Unearned revenue	359,939	-	-	-	359,939
TOTAL LIABILITIES	3,188,977	64,989	-	-	3,253,966
FUND BALANCES					
Nonspendable	448,968	60,936	-	-	509,904
Restricted	-	827,633	1,603,081	-	2,430,714
Unassigned	1,967,927	-	-	-	1,967,927
TOTAL FUND BALANCES	2,416,895	888,569	1,603,081	-	4,908,545
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,605,872	\$ 953,558	\$ 1,603,081	\$ -	\$ 8,162,511

SAULT STE. MARIE BRIDGE AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
For the Year Ending December 31, 2023

Total fund balances - governmental funds \$ 4,908,545

Amount reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. These assets consist of:

Land	\$ 1,965,530	
Infrastructure assets - bridge	\$ 27,104,314	
Other capital assets (net)	\$ 19,328,077	
Accumulated depreciation	<u>(32,832,756)</u>	
Total capital assets		\$ 15,565,165

Deferred outflows of resources not reported in the funds:

Deferred Outflows (OPEB)	1,266,501	
Deferred Outflows (Pension)	<u>433,174</u>	
		\$ 1,699,675

Some liabilities are not due and payable in the current period and therefore are
not reported in the funds. Those liabilities consist of:

Compensated absences	(271,419)	
Net OPEB Liability	(2,296,205)	
Net Pension Liability	<u>(3,818,806)</u>	
Total long-term liabilities		\$ (6,386,430)

Deferred inflows of resources not reported in the funds:

Deferred Inflows (Pension)	(35,216)	
Deferred Inflows (OPEB)	(2,464,562)	
Total other items		<u>\$ (2,499,778)</u>

Net assets of governmental activities \$ 13,287,177

SAULT STE. MARIE BRIDGE AUTHORITY

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

For the Year Ending December 31, 2023

	Revenue Fund	Capital Fund	MDOT Capital Fund	FBCL Capital Fund	Total
REVENUES:					
Toll Collections	\$ 5,519,273	\$ -	\$ -	\$ -	\$ 5,519,273
Lease and rental revenues	185,404	-	-	-	185,404
FBCL equity reimbursement	397,882	-	-	-	397,882
MDOT Owner Funds	344,355	-	-	-	344,355
BWB FBCL Owner Funds	413,511	-	-	-	413,511
BWB MDOT Owner Funds	344,355	-	-	-	344,355
Interest revenues	166,102	201	-	-	166,303
Other revenues	171,428	49	-	-	171,477
Total Revenues	\$ 7,542,310	\$ 250	\$ -	\$ -	7,542,560
EXPENDITURES:					
Current operations					
Operations and Services	1,560,416	-	-	-	1,560,416
Bridge maintenance	2,482,341	1,458,953	-	-	3,941,294
Administration	576,284	103	-	-	576,387
Other expenditures	515,882	-	-	-	515,882
Exchange loss	73,946	28,339	-	-	102,285
Total Expenditures	5,208,869	1,487,395	-	-	6,696,264
Excess (deficiency) of revenues over expenditures	2,333,441	(1,487,145)	-	-	846,296
OTHER FINANCING SOURCES (USES)					
Transfers in	195,782	1,449,106	-	-	1,644,888
Transfers out	(1,449,106)	-	(195,782)	-	(1,644,888)
Total other financing sources (uses)	(1,253,324)	1,449,106	(195,782)	-	-
Net change in fund balances	1,080,117	(38,039)	(195,782)	-	846,296
Fund Balance-Beginning	1,336,778	926,608	1,798,863	-	4,062,249
Fund Balance-Ending	\$ 2,416,895	\$ 888,569	\$ 1,603,081	\$ -	\$ 4,908,545

SAULT STE. MARIE BRIDGE AUTHORITY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ending December 31, 2023

Total net change in fund balances - governmental funds \$ 846,296

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives, as depreciation expense.

Depreciation and loss on disposal	\$	(850,068)
Capital Outlay		<u>313,300</u>

This is the amount by which depreciation expense exceeds capital outlays in the period. (536,768)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 246,010

In the statement of activities, certain operating expenses, compensated absences (sick pay and vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the net of the sick and vacation earned and used which must be added from the net fund balance of the governmental funds. (9,099)

Change in net assets of governmental activities \$ 546,436

SAULT STE. MARIE BRIDGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Sault Ste. Marie Bridge Authority, Michigan (the “Authority”) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Authority’s activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

1. Reporting Entity

An agency and instrumentality of the State of Michigan created in 1935 by Section 2, Act No. 237, P.A. of 1935 (Section 254, 202, Compiled Laws of 1948). By virtue of Act No. 99, P.A. 1954, as amended, the Authority is empowered to construct, maintain and operate a bridge project from the Upper Peninsula of Michigan to the Province of Ontario, Canada, to acquire necessary real and personal property, to exercise power of condemnation, to issue revenue bonds, payable solely from tolls and other revenues, and to charge and collect tolls and other charges for use of such projects. Congressional authority is provided by an Act of Congress as reenacted and approved September 21, 1959. Canadian authorization derives from an assignment and agreement dated January 15, 1960 between the Authority and St. Mary’s River Bridge Co., a Canadian corporation, whereby the Authority succeeded to all the rights, powers, etc. of the corporation.

The International Bridge Authority tendered the last payment on its 1960 Series B 6% Secondary Pledge Revenue Bonds on September 1, 2000. Previous agreements and legislation mandated that upon this last payment ownership of the respective sides of the International Bridge would revert to the Michigan Department of Transportation (“MDOT”) and the Federal Bridge Corporation Ltd. (“FBCL”). As a result, the International Bridge Authority ceased to exist as an

entity on September 1, 2000. To effectuate a seamless transition in bridge operation and maintenance, these parties entered into an intergovernmental agreement that created the Sault Ste. Marie Bridge Authority (“SSMBA”) and International Bridge Administration (“IBA”) and established the powers and responsibilities of each. The agreement was authorized by Michigan legislation passed in May 2000 that amends original legislation passed by Michigan Public Act 99 of 1954.

The SSMBA is the international contractual entity created by the agreement to set policy and oversee bridge operations. It has eight members, four from Michigan (appointed by the Governor) and four from Canada. The IBA is an administrative entity within the MDOT created to carry out the policy decisions of the SSMBA, and, under the direction and supervision of the MDOT, to enter into contracts and manage and operate the bridge on a daily basis.

The Agreement became effective September 1, 2009 and renewed on September 30, 2017, and is automatically renewed for successive ten-year periods thereafter unless, one (1) year prior to the renewal date, an Owner gives written notice to the other Owner that it elects not to renew the Agreement. The Agreement is subject to written notice of cancellation upon one (1) year written notice by MDOT or the FBCL.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Presentation – Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange are recognized in accordance with Governmental Accounting Standards Board Statement 33.

The statement of net position and the statement of activities display information about the Authority as a whole. The statements include all funds of the primary government.

The statement of net position and the statement of activities are presented to distinguish between governmental and business type activities of the Authority. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are reported in governmental funds. Business type activities are financed by fees charged to external parties for goods or services. The Authority does not have business type activities.

Capital assets are reported in the government-wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery and equipment, infrastructure and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are depreciated are reported net of accumulated depreciation in the statement of net position. Capital assets that are not depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over

the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings.

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

3. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund type is used by the Authority:

Governmental Fund

The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the Authority:

The Revenue fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund (Capital Fund) is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The MDOT and FBCL Capital Funds are used to account for the equity for the “Owner’s Reserve Account”, as defined by the Intergovernmental Agreement Article IV, section 9.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, equity, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The Authority selected the Revenue, Capital, and MDOT Capital Fund and FBCL Capital Fund as Major Funds.

4. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as needed.

Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their acquisition value. Capital assets are defined by the Authority as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years.

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

of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Bridge	60 years
Bridge enhancements	20 years
Bridge lights	5-25 years
Buildings	20-60 years
Machinery and equipment	5-20 years
Land improvements	20 years
Office Equipment	10 years
Vehicles	10 years

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There were deferred outflows related to pensions in the amount of \$433,174. There were also deferred outflows related to OPEB in the amount of \$1,266,501.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There were deferred inflows related to pensions in the amount of \$35,216 and the deferred inflows related to OPEB were in the amount of \$2,464,562.

Year Ended December 31, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Compensated Absences**

The Authority accrues vested or accumulated sick and vacation leave when earned by the employee. The non-current portion (that is the amount not expected to be liquidated with expendable available financial resources) for governmental funds is maintained separately and represents a reconciling item between fund and government-wide presentations.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

The Authority reports deferred inflows of resources on its governmental funds balance sheet. A governmental fund recognizes revenues in the accounting period the revenues become both measurable and available to finance expenditures of the fiscal period. Per GASB 65, paragraph 30, when an asset is recorded in a governmental fund but the revenue is not available, deferred inflows of resources are reported in the governmental fund financial statements until such time the revenue becomes available. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for the deferred inflow is removed from the balance sheet and revenue is recognized.

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. All deposits and investments are carried at cost. Investments are reported at fair value, based on quoted market prices. Deposits are reported at cost.

Interfund Transfers

During the course of normal operations, the Authority has numerous transactions between funds, including expenditures and transfers of resources to construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. All other payments made to vendors for services that will not benefit future periods are recorded as expenditures. These payments do not have a material effect on the financial statements.

Annual Budget

The Authority adopts an annual budget each year for expenditures applicable to the Revenue (General) Fund and the Capital Fund. The operating budget includes proposed expenditures and the means of financing them is stated on a basis consistent with U.S. generally accepted accounting principles (GAAP). Budgets lapse at fiscal year end.

Use of Estimates

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

Year Ended December 31, 2023

NOTE B CASH & CASH EQUIVALENTS

The balance sheet accounts and types of cash items are presented below:

Cash and cash equivalents - unrestricted	4,962,293
TOTALS	\$ 4,962,293
Imprest	\$128
Change Fund	\$7,349
Savings and checking	\$4,954,816
TOTALS	\$ 4,962,293

NOTE C INVESTMENTS

Statutory Authority: An act (PA 152) to amend 1943 PA 20, entitled “An act relative to the investment of funds of public corporations of the state; and to validate certain investments,” by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers’ acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - i) The purchase of securities on a when-issued or delayed delivery basis.
 - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - iii) The limited ability to borrow and pledge a like portion of the portfolio’s assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

Year Ended December 31, 2023

NOTE C INVESTMENTS (continued)

	Fair Value	Less Than 1 Year	Years 1 - 5	Years 6 - 10	More Than 10 Years
Investments					
RBC Guaranteed Investment Certificate (GIC)	\$0.00	\$0.00	\$ -	\$ -	\$ -
Total Investments	\$0.00	\$0.00	\$ -	\$ -	\$ -
<u>As reported on the Statement of Net Position</u>					
Investments	\$0.00				
Total Investments	\$0.00				

Interest rate risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bonds to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has an investment policy that further limits its investment choices.

Custodial credit risk. Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or securities that are in the possession of an outside party.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of December 31, 2023 \$4,497,934 of the Authority's bank balance was exposed to credit risk because it was uninsured and uncollateralized.

Foreign Currency Risk. These deposits are in a financial institution located in Ontario, Canada in varying amounts. All accounts are in the name of the Authority and specific funds. Interest is recorded in the month in which it is earned.

Cash and cash equivalents include cash deposited in a foreign (Canadian) financial institution. These deposits amount to \$5,604,841 (CAN) (4,084,067 U.S.) in its Canadian account and \$1,293,006 in its American account at the year ended December 31, 2023. These deposits are covered by Canadian depository insurance in the amount of \$74,460 (U.S.) (\$100,000 CAN), and Federal depository insurance in the amount of \$157,369.

Fair value measurement. The authority 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 equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Year Ended December 31, 2023

NOTE C INVESTMENTS (continued)

In instances where 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 Authority's assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

The Authority has the following fair value measurements as of December 31, 2023:

Investments by Fair Value Level	Balance at 12/31/2023	Fair Value Measurements Using		
		Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
RBC Guaranteed Investment Certificate (GIC)	\$0.00	\$0.00	\$ -	\$ -
Total Investments	\$0.00	\$0.00	\$ -	\$ -

Securities classified in Level 1 are valued using prices quoted in active markets for those funds.

SAULT STE. MARIE BRIDGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2023

NOTE D CAPITAL ASSETS

A summary of capital assets is as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Assets not being depreciated:				
Land	\$ 1,965,530	-	-	1,965,530
Other Capital Assets:				
Bridge	26,425,744	-	-	26,425,744
Bridge Lights	678,570	-	-	678,570
Buildings	11,577,341	-	-	11,577,341
Equipment	1,520,166	\$27,070	-	1,547,236
Maintenance Equipment	30,740	-	-	30,740
Office Equipment	2,638,374	286,230	-	2,924,604
Vehicles	875,005	-	-	875,006
Security System	2,373,150	-	-	2,373,150
Subtotal	<u>\$46,119,091</u>	<u>\$313,300</u>	<u>-</u>	<u>\$46,432,391</u>
Accumulated depreciation:				
Bridge	\$ (23,066,400)	\$ (325,678)	\$ -	\$ (23,392,078)
Bridge Lights	(659,206)	(2,420)	-	(661,626)
Buildings	(3,730,403)	(420,217)	-	(4,150,620)
Equipment	(1,117,072)	(48,590)	-	(1,165,662)
Maintenance Equipment	(30,740)	-	-	(30,740)
Office Equipment	(295,912)	(603)	-	(296,515)
Vehicles	(709,803)	(52,560)	-	(762,363)
Security System	(2,373,152)	-	-	(2,373,152)
Subtotal	<u>(31,982,687)</u>	<u>(850,068)</u>	<u>-</u>	<u>(32,832,756)</u>
Net Other Capital Assets	<u>14,136,404</u>	<u>(536,768)</u>	<u>-</u>	<u>13,599,635</u>
Net Capital Assets	<u>\$ 16,101,934</u>	<u>\$ (536,768)</u>	<u>=</u>	<u>\$ 15,565,165</u>

Note: Depreciation was entirely allocated to bridge maintenance expense.

SAULT STE. MARIE BRIDGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2023

NOTE E RESTRICTED NET POSITION

Restricted net position at year ended December 31, 2023 consists of \$2,430,714 in investments, for the purpose of bridge repair, maintenance, and bridge owner projects, as required by the Intergovernmental Agreement.

A summary of the lease revenue earned for the year ended December 31, 2023 is as follows:

American lease revenue	\$124,368
Canadian lease revenue	\$61,036
Total lease revenue	\$185,404

Lease revenue for future periods is based on a percentage of duty free shop annual gross sales. Lease rates vary based on actual gross sales. Five year future lease income is not available.

NOTE F FUND BALANCES

At December 31, 2023, the combined fund balances included a non-spendable \$509,904 fund balance and a restricted fund balance of \$2,430,714. Fund balance of \$1,967,927 was unassigned for operational expenditures.

The combined owner reserve fund balances at December 31, 2023 were:

NOTE H COMPENSATED ABSENCES

All permanent employees of the Authority are employed through the State of Michigan and receive sick and vacation benefits in accordance with State guidelines. All employees are allowed to accumulate any unused sick and vacation hours up to specified limits. Upon termination of employment, the employee is entitled to compensation for the accumulated annual leave hours. State guidelines differ regarding payment for the accumulated sick leave hours depending on the date of hire.

The total amount that would be payable at the year ended December 31, 2023, was \$271,419. This amount is reflected as a liability in the Statement of Net Position.

The following is a summary of pertinent information concerning the Authority's long-term debt.

NOTE G LEASE REVENUE

The Authority has entered into rental agreements that call for the Authority to receive a percentage of revenues from duty free shops on the American and Canadian plazas of the bridge. Also, the Authority receives fixed monthly and annual revenue for the use of land and right of ways owned by the Authority.

	Owner Reserve Fund Balances			
	Revenue Fund	Capital Fund	MDOT Capital Fund	FBCL Capital Fund
MDOT	-	\$476,779	\$1,603,081	-
FBCL	-	\$476,779	-	-
Total		\$953,558	\$1,603,081	\$ -

	Changes in Long-Term Debt			
	12/31/22	Additions	Deductions	12/31/23
Compensated Absences	\$262,318	\$9,101	\$-	\$271,419
Total	\$262,318	\$9,101	\$-	\$271,419

(1) The change in compensated absences is shown as a net decrease.

SAULT STE. MARIE BRIDGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2023

NOTE J FOREIGN CURRENCY VALUATION

The Authority engages in Canadian currency transactions for bridge toll collections and Canadian purchases. All financial statement amounts are restated as American funds at the time of toll collection and/or payment of Canadian purchases utilizing the average monthly exchange rate. The balance sheet is valued at the daily exchange rate as of the year ended December 31, 2023. Fluctuations in the exchange rate could be material to the Authority. For the year ended December 31, 2023, due to asset revaluation, revenues decreased in the amount of \$102,285 due to the difference in U.S. and Canadian dollar currency rates at the fiscal year end.

NOTE K PROPERTY TAX PAYMENTS

The Authority pays property taxes in the City of Sault Ste. Marie, Ontario and payment in lieu of taxes, less Ontario tax rebates and refunds, to the City of Sault Ste. Marie, Michigan. The amounts paid to each respective unit, net of property tax rebates, for the year ended December 31, 2023, are as follows:

Sault Ste. Marie, Ontario	\$53,381
Sault Ste. Marie, Michigan	<u>\$54,154</u>
Total tax payments	<u><u>\$107,535</u></u>

NOTE L PENSION PLAN

Defined Contribution Plan Description – The Authority participates in the State of Michigan’s defined contribution plan system. The Authority is required to contribute to the defined contribution plan 4.0 percent of payroll with an additional match of up to 3.0 percent. The contribution requirements of plan members and the authority are established and may be amended by the state legislature. The state legislature established the extent to which the employer and employee are required to make contributions and established the benefit provisions for the plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at Suite S0927, P.O. Box 30014, Lansing, MI 48909 or by calling (517) 322-5103 or 1-800-381-5111.

NOTE I INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Authority reports interfund balances between its funds. The total of all balances agrees with the sum of interfund balances presented in the balance sheet for governmental funds.

Interfund balances at December 31, 2023, consisted of the following:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Revenue Fund	\$2,469,695	\$27,070
Capital Fund	\$27,070	\$866,614
MDOT Capital Fund	-	\$1,603,081
FBCL Capital Fund	-	-
TOTALS	<u>\$2,496,765</u>	<u>\$2,496,765</u>

All balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund transfers for the year ended December 31, 2023 consisted of the following:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Revenue Fund	\$1,449,106	\$195,782
Capital Fund	-	\$1,449,106
MDOT Capital Fund	\$195,782	-
FBCL Capital Fund	-	-
TOTALS	<u>\$1,664,888</u>	<u>\$1,664,888</u>

Year Ended December 31, 2023

Effective March 31, 1997, Public Act 487 of 1996 closed the plan to new entrants. All new employees become members of the defined contribution plan. The Public Act allows returning employees and members who left State employment on or before March 31, 1997, to elect the defined benefit plan instead of the defined contribution plan.

Public Act 185 of 2010, established a pension supplement. Members who retired under the retirement incentive of the legislation agreed to forfeit accumulated leave balances, excluding banked leave time; in exchange they receive a pension supplement for 60 months to their retirement allowance payments equal to 1/60 of the amount forfeited from funds, beginning January 1, 2011.

Pension Reform of 2012

On December 15, 2011, the Governor signed Public Act 264 of 2011 into law. The legislation granted members a choice regarding their future retirement plan. They had the following options:

Option 1: DB Classified. Members voluntarily elected to remain in the DB plan for future service and contribute 4% of their annual compensation to the pension fund until they terminate state employment. The 4% contribution began on April 1, 2012.

Option 2: DB 30. Members voluntarily elected to remain in the DB plan for future service and contribute 4% of pay until they reach 30 years of service. When they reach 30 years of service, they will switch to the State's DC plan. The 4% contribution began April 1, 2012, and continues until they switch to the DC plan or terminate employment, whichever comes first.

Option 3: DB/DC Blend. Members voluntarily elected not to pay the 4% and therefore became participants in the DC plan for future service beginning April 1, 2012. As a DC plan participant they receive a 4% employer contribution to their 401(k) account and are eligible for an additional dollar-for-dollar employer match of up to 3% of pay to the plan.

Deferred members of the DB plan (with 10 or more years of service) who are reemployed by the State on or after January 1, 2012, become participants in the DC plan. Their pension calculation is determined by their final average compensation (FAC) and years of service as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

NOTE L PENSION PLAN (continued)

Defined Benefit Public Employee Retirement Plan

Description – The Michigan State Employees Retirement System (System) is a single-employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. The board consists of nine members – four appointed by the Governor which consist of two employee members and two retiree members, the insurance commissioner, attorney general, state treasurer, deputy legislative auditor general, and state personnel director, who serves as an ex-officio member. The System's pension plan was established by the State to provide retirement, survivor and disability benefits to the State's government employees.

The Michigan State Employees' Retirement System is accounted for in a separate pension trust fund and also issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by visiting www.michigan.gov/ors or by calling the Customer Information Center at (517) 248-4400 or 1-800-381-5111.

Introduction

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 240 of 1943, State Employees' Retirement Act, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan. Retirement benefits are determined by final average compensation and years of service. Members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides duty disability, non-duty disability and survivor benefits.

A member who has separated from employment may request a refund of his or her member contribution account. A refund may cancel a former member's rights to future benefits. However, former members who return to employment and who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Year Ended December 31, 2023

NOTE L PENSION PLAN (continued)

Former nonvested members of the DB plan (with less than 10 years of service) who are reemployed by the State on or after January 1, 2012 and before January 1, 2014, become participants in the DC plan. When they have earned sufficient service credit for vesting (10 years) they would be eligible for a pension based on their FAC and years of service in the DB plan as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Former nonvested members (with less than 10 years of service) of the DB plan who are reemployed by the State on or after January 1, 2014 become members of the DC plan. Any service credit previously earned would count towards vesting for the DC plan. They will not be eligible for any pension or retiree health insurance coverage premium but will become a participant in the Personal Healthcare Fund where they will contribute up to 2% of their compensation to 401(k) or 457 accounts earning a matching 2% employer contribution. They will also receive a credit into a health reimbursement account (HRA) at termination if they terminate employment with at least 10 years of service. The credit will be \$2,000 for participants who are at least 60 years old or \$1,000 for participants who are less than 60 years old at termination.

Regular Retirement

The retirement benefit is based on a member's years of credited service (employment) and FAC. The normal benefit equals 1.5% of a member's FAC multiplied by the years and partial year of credited service and is payable monthly over the member's lifetime.

Under PA 264 of 2011, FAC is initially determined as the annual average of the highest three years of compensation (including overtime paid before January 1, 2012, but excluding overtime paid after December 31, 2011). If the end date for the initial FAC calculation is between January 1, 2012, and January 1, 2015, then a prorated amount of post-2008 average overtime will be added to the initial FAC calculation. If the end date for the initial FAC calculation is January 1, 2015, or later, then an annual average of overtime – for the six-year period ending on the FAC calculation date – will be added to that initial FAC calculation to get the final FAC number.

For members who switch to the DC plan for future service, the pension calculation (FAC times 1.5% times years of service) will be determined as of the point the member switches to the DC plan. If the FAC period includes the date of the switch to the DC plan, then the FAC will include up to 240 hours of accrued annual leave multiplied by the rate of pay as of the date of the switch. The hours will be paid at separation.

A member may retire and receive a monthly benefit after attaining:

- age 60 with 10 or more years of credited service; or
- age 55 with 30 or more years of credited service; or
- age 55 with at least 15 but less than 30 years of credited service. The benefit allowance is permanently reduced 0.5% for each month from the member's age on the effective date of retirement to the date the member will attain age 60.

Employees in covered positions are eligible for supplemental benefits and may retire after attaining:

- age 51 with 25 or more years in a covered position; or
- age 56 with 10 or more years in a covered position.

In either case, the three years immediately preceding retirement must have been in a covered position. Employees in covered positions are responsible for the custody and supervision of inmates.

Deferred Retirement

Any member with 10 or more years of credited service who terminates employment but has not reached the age of retirement is a deferred member and is entitled to receive a monthly pension upon reaching age 60, provided the member's accumulated contributions have not been refunded. Deferred retirement is available after five years of service for State employees occupying unclassified positions in the executive and legislative branches and certain Department of Community Health employees subject to reduction in force lay-offs by reason of deinstitutionalization.

Year Ended December 31, 2023

NOTE L PENSION PLAN (continued)Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled not due to performing duties as a State employee is eligible for a non-duty disability pension. The non-duty disability benefit is computed in the same manner as an age and service allowance based upon service and salary at the time of disability.

Duty Disability Benefit

A member who becomes totally and permanently disabled from performing duties as a State employee as a direct result of State employment and who has not met the age and service requirement for a regular pension, is eligible for a duty disability pension. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of the pension benefit and increase the minimum annual payment. If the member is under age 60, the duty disability allowance is now a minimum of \$6,000 payable annually. At age 60 the benefit is recomputed under service retirement.

Survivor Benefit

Upon the death of a member who was vested, the surviving spouse shall receive a benefit calculated as if the member had retired the day before the date of death and selected a survivor pension. Certain designated beneficiaries can be named to receive a survivor benefit. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of Duty Death benefits and redefines eligibility for deceased member's survivors. The new minimum duty-related death benefit has been increased to \$6,000.

Pension Payment Options

When applying for retirement, an employee may name a person other than his or her spouse as a beneficiary if the spouse waives this right. If a beneficiary is named, the employee must choose whether the beneficiary will receive 100%, 75% or 50% of the retiree's pension benefit after the retiree's death. The decision is irrevocable. A description of the options follows.

Regular Pension - The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to beneficiaries.

100% Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 100% of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. If the beneficiary predeceases the retiree, the pension "pops-up" to the regular pension amount; another beneficiary cannot be named.

75% Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 75% of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100% option previously described. If the beneficiary predeceases the retiree, the pension "pops-up" to the regular pension amount; another beneficiary cannot be named.

50% Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 50% of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100% or 75% option previously described. If the beneficiary predeceases the retiree, the pension "pops-up" to the regular pension amount; another beneficiary cannot be named.

Equated Pension - An equated pension may be chosen by any member under age 65 except a disability retiree and an early supplemental retiree. Equated pensions provide an additional amount until age 65 and may be combined with Regular, 100%, 75% or 50% option. At age 65 the monthly amount is permanently reduced. The initial and reduced amounts are based on an estimate of social security benefits at age 65, provided by the Social Security Administration Office. In order to calculate this benefit, members choosing this option must provide ORS with an estimate from the Social Security Administration Office. The actual amount received from social security may vary from the estimate.

SAULT STE. MARIE BRIDGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2023

NOTE L PENSION PLAN (continued)

MSERS Plan Net Position Liability

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity Pools	25%	5.1%
Private Equity Pools	16	8.7
International Equity Pools	15	6.7
Fixed Income Pools	13	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return and Opportunistic Pools	10	5.8
Short Term Investment Pools	2.0	(0.5)
Total	<u>100%</u>	

Total Pension Liability	11,543,226
Plan Fiduciary Net Position	<u>7,724,419</u>
Net Pension Liability	<u><u>3,818,807</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.9%
Net Pension Liability as a Percentage of Covered Employee Payroll	199.55%

Net Pension Liability

At December 31, 2023, the Authority reported a liability of \$3,818,807 for its proportionate share of SERS' net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The Authority's proportion of the net pension liability was based on the Authority's required pension contributions received by SERS during the measurement period October 1, 2021, through September 30, 2022, relative to the total required employer contributions from all of SERS's participating employers. At September 30, 2023, the Authority's proportion was less than 1% percent.

Assumption changes, based on the adoption of the findings of the experience study covering the period October 1, 2017 through September 30, 2022, increased the computed liabilities.

Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability, in thousands, calculated using the discount rate of 6.0% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Discount Rate

A discount rate of 6.0% was used to measure the total pension liability. This discount rate was based on the long term expected rate of return on pension plan investments of 6.0%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE L PENSION PLAN (continued)

Post Retirement Adjustments

One-time upward benefit adjustments were made in 1972, 1974, 1976, 1977 and 1987. Beginning October 1, 1988, a 3% non-compounding increase, up to a maximum of \$25 monthly, is paid each October to recipients who have been retired 12 full months. Beginning in 1983, eligible benefit recipients share in a distribution of investment income earned in excess of 8% annually. This distribution is known as the supplemental payment. The supplemental payment is offset by one year’s cumulative increases received after the implementation of the annual 3% increase in benefits. These adjustment payments were not issued during fiscal years 1991 through 1994. Members who retired on or after October 1, 1987, are not eligible for the supplemental payment.

Contributions

Member Contributions

Under Public Act 264 of 2011, members who voluntarily elected to remain in the DB plan contribute 4% of compensation to the retirement system. In addition, members may voluntarily contribute to the System for the purchase of creditable service, such as military service or maternity leave, or a universal buy-in. If a member terminates employment before a retirement benefit is payable, the member’s contribution and interest on deposit may be refunded. If the member dies before being vested, the member’s contribution and interest are refunded to the designated beneficiaries.

Employer Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System’s actuary and are based upon level-dollar value funding principles so the contribution rates do not have to increase over time. For fiscal year 2022, the Authority’s contribution rate ranged from 23.1% to 27.9% of the defined benefit employee wages and 18.5% to 19.1% of the defined contribution employee wages.. The Authority’s contribution to SERS for the fiscal year ending September 30, 2022 was \$433,173

Actuarial Assumptions

The Authority’s net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation Rate	2.75%
Projected Salary Increases	2.75%- 11.75%
including wage inflation at	2.75%
Investment Rate of Return	6.0%
Cost-of-Living Pension Adjustment	3.00%
(Annual Non-Compounded with Maximum Annual Increase of \$300 for those eligible)	

Mortality rates were based on RP-2014 Male and Female Combined Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, 93% of the table rates were used for males and 98% for females. For active members, 100% of the table rates were used for males and females.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2022, are summarized in the following table:

Year Ended December 31, 2023

NOTE L PENSION PLAN (continued)

Authority's proportionate share of the net pension liability

\$4,987,861	1% Decrease 5.0%
\$3,818,807	Current Discount 6.0%
\$2,824,987	1% Increase 7.0%

Amounts reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:
Pension Expense Amount

2024	(\$48,256)
2025	(\$75,379)
2026	(\$98,229)
2027	\$186,649

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the SERS Annual Comprehensive Financial Report that may be obtained by visiting (www.michigan.gov/ors).

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

For the year ended December 31, 2023, the Authority recognized pension expense of \$862,165. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on investments	-	\$35,216
Changes in proportion and differences between actual contributions and proportionate share of contribution	-	-
Authority contributions subsequent to the measurement date	\$433,174	-
Total	<u>\$433,174</u>	<u>\$35,216</u>

Year Ended December 31, 2023

NOTE M OTHER POST-EMPLOYMENT BENEFITS**Plan Description**

The Michigan State Employees Retirement System (System) is a single-employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13 signed by the Governor on October 27, 2016 established the State of Michigan Retirement Board. The board consists of nine members – five appointed by the Governor, which consist of two members of the State Employees' Retirement System at least one of whom is a retiree; one member of the Judges Retirement System; one current or former officer or enlisted person in the Michigan military Establishment who is a member or retiree under the Military Retirement Provisions; and one member of the general public; and the attorney general, state treasurer, legislative auditor general, and state personnel director, who serves as an ex-officio member. The System's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan State Employees' Retirement Act

The Michigan State Employees' Retirement System is accounted for in a separate OPEB trust fund and also issues a publicly available financial report that includes financial statements and required supplementary information. That reports may be obtained by visiting www.michigan.gov/ors or by calling the Customer Information Center at (517) 284-4400 or 1-800-381-5111.

Benefits Provided

Benefit provisions of the other postemployment benefit (OPEB) plan are established by State statute, which may be amended. Public Act 240 of 1943, as amended, establishes eligibility and benefit provisions for the OPEB plan.

Defined Benefit (Tier 1) members are eligible to receive health, prescription drug, dental, and vision coverage on the first day they start receiving pension benefits. Defined Contribution (Tier 2) participants who elected to retain the graded premium subsidy benefit under the reform elections of Public Act 264 of 2011 are also eligible to receive subsidized health prescription drug, dental and vision

coverage after terminating employment, if they meet eligibility requirements. Retirees with the Premium Subsidy benefit contribute 20% of the monthly premium amount for the health (including prescription coverage), dental and vision coverage. Retirees with a graded premium subsidy benefit accrue credit towards insurance premiums in retirement, earnings a 30% subsidy with ten years of service, with an additional 3% subsidy for each year of service thereafter, not to exceed the maximum allowed by statute or 80%. There is no provision for ad hoc or automatic increases. The State Employees' Retirement Act requires joint authorization by DTMB and the Civil Service Commission to make changes to retiree medical benefit plans. Defined Contribution (Tier 2) participants who elected the Personal Healthcare Fund under Public Act 264 of 2011, and those hired on or after January 1, 2012, are not eligible for any subsidized health, prescription drug, dental or vision coverage in retirement, but may purchase it at their own expense (certain conditions apply).

Former nonvested members of the DB plan who are reemployed by the state on or after January 1, 2014 are not eligible for retiree health insurance coverage premium subsidy but will become a participant in the Personal Healthcare Fund.

This plan is closed to new hires.

NOTE M OTHER POST-EMPLOYMENT BENEFITS (continued)

Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System’s actuary and are based upon level-percent of payroll value funding principles so the contribution rates do not have to increase over time. For fiscal year 2023, the Authority’s contribution rates ranged from 14.09 to 17.26% for both DC and DB employee wages. The Authority’s contribution to SERS for the fiscal year ending September 30, 2023 was \$321,945. Active employees are not required to contribute to SERS OPEB.

Actuarial Assumptions

The Authority’s net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation Rate	2.75%
Investment Rate of Return	6.2%
Projected Salary Increases	2.75 – 11.75%
Health Care Cost Trend Rate	6.25%
	Year 1 graded to 3.5% Year 10
Mortality	RP-2000

Combined Healthy Life Mortality Table, adjusted for mortality improvements
For active members, 50% of the male tables rates were used. For women, 50% of the female table rates were used.

The actuarial assumptions were based upon the results of an experience study covering the period October 1, 2017 through September 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity Pools	25%	5.1%
Private Equity Pools	16	8.7
International Equity Pools	15	6.7
Fixed Income Pools	13	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return and Opportunistic Pools	10	5.8
Short Term Investment Pools	2.0	(0.5)
Total	100%	

Year Ended December 31, 2023

NOTE M OTHER POST-EMPLOYMENT BENEFITS (continued)

Discount Rate

A Single Discount Rate of 6.2% was used to measure the total OPEB liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 6.2%. The projection of cash flows used to determine this Single Discount Rate assumed that in the future, plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member (retiree) rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Net OPEB Liability

At December 31, 2023, the Authority reported a liability of \$2,296,205 for its proportionate share of SERS' net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The Authority's proportion of the net OPEB liability was based on the Authority's required OPEB contributions received by SERS during the measurement period October 1, 2021, through September 30, 2022, relative to the total required employer contributions from all of SERS's participating employers. At December 31, 2023, the Authority's proportion was 0.00059 percent.

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

As required by GASB Statement No. 75 we have determined the sensitivity of the net OPEB liability in thousands to changes in the Single Discount Rate. The following table presents the Authority's net OPEB liability, calculated using a Single Discount Rate of 6.2%, as well as what the Authority's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	5.2%	6.2%	7.2%
Entity's proportionate share of the net OPEB liability	2,915,291	2,296,205	1,776,358

Sensitivity of the NET OPEB Liability to Healthcare Cost Trend Rates

As required by GASB Statement No. 75, we have determined the sensitivity of the net OPEB liability in thousands to changes in the healthcare cost trend rates. The following table presents the Authority's net OPEB liability, calculated using the assumed trend rates as well as what the Authority's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	5.2%	6.2%	7.2%
Entity's proportionate share of the net OPEB liability	1,753,768	2,296,205	2,920,233

NOTE M OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the Annual Comprehensive Financial Report that may be obtained by visiting (www.michigan.gov/ors).

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

For the year ended December 31, 2023, the Authority recognized OPEB expense of (\$395,239).

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$1,707,323
Changes of assumptions	\$726,383	\$84,449
Net difference between projected and actual earnings on investments	\$55,790	\$0
Changes in proportion and differences between actual contributions and proportionate share of contributions	\$162,383	\$672,790
Authority contributions subsequent to the measurement date	\$321,945	\$0
Total	\$1,266,501	\$2,464,562

Amounts reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	OPEB Expense Amount
2023	(\$322,299)
2024	(\$472,247)
2025	(\$420,540)
2026	(\$199,004)
2027	(\$100,895)

NOTE L TOLL SYSTEM PROJECT

In 2021 IBA initiated an up to 10-year bi-national contracted toll system project in conjunction with Bluewater Bridge MDOT and Blue Water Bridge FBCL. The IBA is the contracting authority for this project with each participating bridge reimbursing IBA for their proportional share of the project. This toll collection modernization standardizes the processes at both bridges, and as a shared project saved approximately 36% on the capital costs of design and deployment. Expenditures are recorded in the capital fund with the off setting revenue from the respective owners in the revenue fund. The project is currently in the operational acceptance testing and the costs at the end of 2023 for each stakeholder are as follows:

Bluewater Bridge MDOT: \$344,355

International Bridge: \$344,355

Bluewater Bridge FBCL: \$413,511

The IBA has been receiving financial support for this project through Bluewater Bridge MDOT. The funds will be repaid over the lifetime of the project beginning in 2024.

SAULT STE. MARIE BRIDGE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SAULT STE. MARIE BRIDGE AUTHORITY

**STATE EMPLOYEE’S RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2023

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension and other postemployment benefit obligations as a factor.

The Schedule of Contributions is presented in the Michigan State Employees Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2022, and is used to show the responsibility of the Employer in meeting the actuarial requirements to maintain the System on a sound financial basis. The Michigan State Employees Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2022 is available at www.michigan.gov.

The Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions are schedules that are required in implementing GASB Statement No. 68. The Schedule of the Proportionate Share of the Net Pension Liability represents in actuarial terms, the accrued liability less the market value of assets. The Schedule of Contributions is a comparison of the employer’s contributions to the actuarially determined contributions.

The information presented in the Schedule of Contributions was used in the actuarial valuation for purposes of determining actuarially determined contribution rate. Additional information as of the latest actuarial valuation for the pension plan follows.

Valuation

Actuarially determined contribution amounts are calculated as of September 30, 2020

Methods and Assumptions Used to Determine Contribution For Fiscal Year 2023

Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	Five-year smoothed fair value
Wage Inflation Rate	2.75%
Projected Salary Increases	2.5-11.75 wage inflation
Investment Rate of Return	6.7% net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 93% for males and 98% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

SAULT STE. MARIE BRIDGE AUTHORITY

**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2023

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the other postemployment benefit obligations as a factor.

The Schedule of Contributions is presented to show the responsibility of the Employer in meeting the actuarial requirements to maintain the System on a sound financial basis.

The Schedule of the Proportionate Share of the Net OPEB Liability and Schedule of Contributions for OPEB are schedules that are required in implementing GASB Statement No. 75. The Schedule of Contributions is a comparison of the employer's contributions to the actuarially determined contributions.

The information presented in the Schedule of Contributions was used in the actuarial valuation for purposes of determining actuarially determined contribution rate. Additional information as of the latest actuarial valuation for the OPEB plan follows.

Valuation:

Actuarially determined contribution amounts are calculated as of September 30, 2020

Methods and Assumptions Used to Determine Contributions for Fiscal Year Ending September 30, 2023

Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level– Percent of Payroll
Remaining Amortization Period	14 Years
Asset Valuation Method	5 Year Smoothed Fair Value
Salary Increases	2.75-11.75%
Investment Rate of Return	6.9% Per Year
Health Care Cost Trend Rate	7.5% year 1 graded to 3.5% year 10 RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 93% for males and 98% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Mortality	

SAULT STE. MARIE BRIDGE AUTHORITY

**STATE EMPLOYEE'S RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2023

Schedules of Required Supplementary Information

**Schedule of the Authority's Proportionate Share of
Net OPEB Liability State Employees' Retirement
System**

	2023
Authority's Proportion of the Net OPEB Liability	0.0006%
Authority's Proportionate Share of the Net OPEB Liability	\$2,296,205
Authority's Covered Payroll	\$1,945,920
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	112.3%
Plan fiduciary net position as a percentage of the total OPEB liability	56.64%

The amounts presented for each fiscal year were determined as of the prior fiscal year.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

**Schedule of Authority's Contributions for
OPEB State Employees' Retirement Plan**

	2023
Statutorily Required Contribution	\$335,723
Contributions in relation to the statutorily required contribution	\$335,723
Contribution deficiency (excess)	\$0
Authority's employee payroll	\$1,945,920
Contributions as a percentage of covered-employee payroll	18.1%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SAULT STE. MARIE BRIDGE AUTHORITY

**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2023

Schedules of Required Supplementary Information

Schedule of the Authority's Proportionate Share of Net Pension Liability State Employees' Retirement System

	2023
Authority's Proportion of the Net Pension Liability	0.0006%
Authority's Proportionate Share of the Net Pension Liability	\$3,818,807
Authority's Covered Payroll	\$2,048,512
Authority's proportionate share of the net Pension liability as a percentage of its covered payroll	186.42%
Plan fiduciary net position as a percentage of the total OPEB liability	69.92%

The amounts presented for each fiscal year were determined as of the prior fiscal year.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Schedule of Authority's Contributions for Pension State Employees' Retirement Plan

	2023
Statutorily Required Contribution	\$402,633
Contributions in relation to the statutorily required contribution	\$402,633
Contribution deficiency (excess)	\$0
Authority's employee payroll	\$2,048,512
Contributions as a percentage of covered-employee payroll	30.08%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SAULT STE. MARIE BRIDGE AUTHORITY

BUDGETARY COMPARISON SCHEDULE
CAPITAL FUND

For the Year Ending December 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, for the year ending December 31, 2022	\$ 926,608	\$ 926,608	\$ 926,608	\$ -
Resources (inflows):				
Interest revenues	-	-	201	201
Other revenue	-	-	49	49
Transfers in	1,449,106	1,449,106	1,449,106	-
Amounts available for appropriation	1,449,106	1,449,106	1,449,356	250
Charges to appropriations (outflows):				
Professional services	226,518	226,518	180,001	46,517
Capital outlay	1,296,071	1,296,071	1,278,952	17,119
Administration	70,858	70,858	103	70,755
Exchange loss	-	28,339	28,339	-
Total charges to appropriations	1,593,447	1,621,786	1,487,395	134,391
Budgetary fund balance, For the Year Ending December 31, 2023	\$ 782,267	\$ 753,928	\$ 888,569	\$ 134,641

SAULT STE. MARIE BRIDGE AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
MDOT CAPITAL FUND**

For the Year Ending December 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, for the year ending December 31, 2022	\$ 1,798,863	\$ 1,798,863	\$ 1,798,863	\$ -
Charges to appropriations (outflows):				
Transfers out	-	195,782	195,782	-
Total charges to appropriations	-	195,782	195,782	-
Budgetary fund balance, For the Year Ending December 31, 2023	\$ 1,798,863	\$ 1,603,081	\$ 1,603,081	\$ -

SAULT STE. MARIE BRIDGE AUTHORITY

BUDGETARY COMPARISON SCHEDULE
FBCL CAPITAL FUND

For the Year Ending December 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, for the year ending December 31, 2022	\$ -	\$ -	\$ -	\$ -
Budgetary fund balance, For the Year Ending December 31, 2023	\$ -	\$ -	\$ -	\$ -



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

KENNETH A. TALSMA, CPA, PRINCIPAL
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TORI N. KRUISE, CPA

MEMBER AICPA DIVISION FOR
CPA FIRMS

MEMBER MACPA
OFFICES IN MICHIGAN

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To:
Sault Ste. Marie Bridge Authority
Members and Representatives
Sault Ste. Marie Bridge Authority
Sault Ste. Marie, Michigan

and

Mr. Doug A. Ringler, CPA, CIA
Auditor General
State of Michigan
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Sault Ste. Marie Bridge Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Sault Ste. Marie Bridge Authority's basic financial statements and have issued our report thereon dated May 16, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sault Ste. Marie Bridge Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sault Ste. Marie Bridge Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sault Ste. Marie Bridge Authority's internal control.

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

To:
Sault Ste. Marie Bridge Authority
Members and Representatives

and

Mr. Doug A. Ringler, CPA, CIA
Auditor General

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 16, 2024

SAULT STE. MARIE BRIDGE AUTHORITY

UNAUDITED SUPPLEMENTAL INFORMATION

SAULT STE. MARIE BRIDGE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
REVENUE FUND BY DEPARTMENT - UNAUDITED

For the Year Ending December 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, for the year ending December 31, 2022	\$ 1,336,778	\$ 1,336,778	\$ 1,336,778	\$ -
Resources (inflows):				
Toll collections	4,223,582	4,223,582	5,519,273	1,295,691
Lease and rental revenues	100,000	100,000	185,404	85,404
FBCL equity reimbursement	270,000	270,000	397,882	127,882
MDOT Owner Funds	380,744	380,744	344,355	(36,389)
BWB FBCL Owner Funds	421,616	421,616	413,511	(8,105)
BWB MDOT Owner Funds	380,744	380,744	344,355	(36,389)
Interest revenue	42,236	42,236	166,102	123,866
Other revenue	53,456	1,815,134	171,428	(1,643,706)
Amounts available for appropriation	5,872,378	7,634,056	7,542,310	(91,746)
Charges to appropriation (outflows):				
Operations and services				
Salaries	1,623,723	1,623,723	1,468,108	155,615
Insurance	11,577	11,577	11,521	56
Supplies	4,500	4,500	1,183	3,317
Printing and postage	400	400	625	(225)
Advertising	2,500	2,500	-	2,500
Uniforms	5,250	5,250	3,837	1,413
Medical exam	1,000	1,000	-	1,000
Salary administration	28,133	28,133	25,830	2,303
Cash transportation services	12,000	12,000	9,110	2,890
Commutation debit accounts	2,000	2,000	1,646	354
Travel & meeting expense	850	850	29	821
Utilities	2,500	2,500	1,799	701
Service contract purchased	5,250	5,250	9,859	(4,609)
Computers, software and support	33,103	33,103	7,598	25,505
Training	2,000	2,000	118	1,882
Building maintenance	2,100	2,100	3,983	(1,883)
Building improvements and equipment	16,336	16,336	12,735	3,601
Equipment repair	6,525	6,525	190	6,335
Miscellaneous	2,060	2,060	2,246	(186)
Total operations and services	1,761,807	1,761,807	1,560,417	201,390

SAULT STE. MARIE BRIDGE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
REVENUE FUND BY DEPARTMENT - UNAUDITED

For the Year Ending December 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Bridge maintenance				
Salaries	1,557,005	1,557,005	1,665,942	(108,937)
Insurance	52,593	52,593	60,826	(8,233)
Supplies	143,000	34,000	31,964	2,036
Printing and postage	1,000	1,000	986	14
Advertising	800	800	-	800
Uniforms	8,144	8,144	3,901	4,243
Medical exam	4,500	4,500	1,946	2,554
Salary administration	26,612	26,612	25,830	782
Commutation debit accounts	2,000	2,000	1,119	881
Vehicle gas and oil	30,000	50,000	43,848	6,152
Travel & meeting expense	6,000	6,000	6,664	(664)
Utilities	240,000	320,000	283,187	36,813
Service contract purchased	10,455	10,455	8,493	1,962
Computers, software and support	57,061	57,061	39,605	17,456
Building maintenance	16,851	34,851	37,510	(2,659)
Building improvements and equipment	30,147	30,147	16,925	13,222
Heating and plumbing repair	8,000	30,000	30,347	(347)
Ground maintenance	155,940	65,940	76,019	(10,079)
Equipment repair	22,366	60,366	60,650	(284)
Vehicle maintenance	12,360	12,360	8,730	3,630
Leases and rentals	15,500	15,500	1,069	14,431
Paint and sandblast materials	4,250	4,250	4,501	(251)
Sand and ice melter	12,490	12,490	10,314	2,176
Small tools purchase	4,017	4,017	1,275	2,742
Bridge and road maintenance and repair	34,500	34,500	37,292	(2,792)
Miscellaneous	541	21,541	23,395	(1,854)
	<u>2,456,132</u>	<u>2,456,132</u>	<u>2,482,338</u>	<u>(26,206)</u>
Total maintenance				

SAULT STE. MARIE BRIDGE AUTHORITY
BUDGETARY COMPARISON SCHEDULE
REVENUE FUND BY DEPARTMENT - UNAUDITED

For the Year Ending December 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Administration				
Salaries	482,811	482,811	500,939	(18,128)
Insurance	5,283	5,283	2,160	3,123
Supplies	4,000	4,000	3,971	29
Accounting and audit fees	28,515	28,515	25,697	2,818
Periodicals and memberships	5,000	5,000	3,355	1,645
Printing and postage	3,900	3,900	2,116	1,784
Advertising	1,750	1,750	245	1,505
Salary administration	8,225	8,225	8,610	(385)
Commutation debit accounts	1,000	1,000	134	866
Travel & meeting expense	7,000	7,000	7,203	(203)
Utilities	9,750	9,750	3,385	6,365
Service contract purchased	9,723	9,723	8,519	1,204
Computers, software and support	9,009	9,009	9,867	(858)
Building improvements and equipment	1,117	1,117	-	1,117
Miscellaneous	891	891	84	807
Total administration	577,974	577,974	576,285	1,689
Other expenditures				
Insurance	370,000	370,000	373,734	(3,734)
Accounting and audit fees	2,400	2,400	2,400	-
Commutation debit accounts	197	197	-	197
Travel & meeting expense	27,500	27,500	26,553	947
Leases and rentals	1,000	1,000	5,057	(4,057)
Property tax and payment in lieu of taxes	100,000	100,000	107,535	(7,535)
Miscellaneous	2,000	2,000	604	1,396
Transfers (in) out	-	1,253,324	1,253,324	-
Exchange loss	-	73,946	73,946	-
Total other expenditures	503,097	1,830,367	1,843,153	(12,786)
Total charges to appropriations	5,299,009	6,626,279	6,462,193	164,086
Budgetary fund balance, For the Year Ending December 31, 2023	\$ 1,910,147	\$ 2,344,555	\$ 2,416,895	\$ 72,340

SAULT STE. MARIE BRIDGE AUTHORITY

SCHEDULE OF INSURANCE - UNAUDITED

For the Year Ended December 31, 2023

Policy Number and Insurer		Coverage 2023	Premium/Deposit 2023
<u>BRIDGE USE AND OCCUPANCY & COMMERCIAL BUILDING CONTENTS</u>			
14012	Bridge physical damage	\$ 137,615,757	\$ 223,632 usd
	3% if Total Insurable Values subject to minimum deductible of \$500,000 for Earthquake		
40% Liberty Mutual Ins. Co.)	\$500,000 deductible for Flood		
60% Zurich Ins. Co.)	\$500,000 All Other Perils		
	Bridge use and occupancy insurance	\$ 14,471,904	
	Property of every description, Contractors equipment,		
	Building - 139 Huron St	\$ 31,011,935	
	Gross Rentals	\$ 400,000	
	Extra Expense	\$ 1,000,000	
	Bridge Use & Occupancy Earthquake - 3% of TIV -min. deductible \$500,000		
	Bridge Use & Occupancy - Flood deductible \$500,000		
	Property of Every Description - Earthquake - 3% of TIV min. deductible \$250,000		
	Property of Every Description - Flood deductible \$50,000		
	All Other Losses - deductible \$50,000		
<u>BOILER & MACHINERY</u>			
	Combined Limit, Property Damage, Business Interruption & Extra Expense (USD/CAD)	\$ 25,000,000	\$ 3,962 cdn
76427331	Sublimits - Business Interruption \$5,000,000	\$ 8,135,952	\$ 1,515 usd
(Chubb Insurance Company of Canada)	Water Damage, Ammonia Contamination & Haz. Substance	\$ 250,000	
	Errors & Omissions	\$ 1,000,000	
	Data & Media	\$ 100,000	
	Fungus Cleanup/Removal - Annual Aggregate	\$ 50,000	
	Property Damage & Extra Expense / deductibles 1,000		
	Waiting Period / Time Element 48 hours		
<u>COMMERCIAL GENERAL LIABILITY</u>			
RMGL 3824416	Commercial general liability with \$50,000 deductible for Bodily and property damage, Personal Injury and Advertising Liability	\$ 1,000,000	\$ 27,500 US
(AIG of Canada)	\$1,000 deductible for Employee benefits liability		
	\$1,000 deductible for Legal liability and damage to hired vehicles (All Perils)		
	\$1,000 deductible for Tenants legal liability		
	\$1,000 deductible for Forest fire fighting expenses		
	Legal and auditing expenses included in deductible		
	\$50,000 deductible Terrorism Coverage		

SAULT STE. MARIE BRIDGE AUTHORITY

SCHEDULE OF INSURANCE - UNAUDITED

For the Year Ended December 31, 2023

Policy Number and Insurer		Coverage 2023		Premium/Deposit 2023
<u>PRIMARY UMBRELLA LIABILITY</u>				
UM1360101 (100% Caitlin)	Bodily injury and property damage liability-umbrella in excess of \$1,000,000 Self-Insured Retention - Any One Occurrence \$10,000	10,000,000	\$	44,100 usd
<u>1st EXCESS UMBRELLA LIABILITY</u>				
7974 7813 100% Westport)	Bodily injury and property damage liability-umbrella in excess of primary umbrella	5,000,000	\$	15,750 usd
<u>2nd EXCESS UMBRELLA LIABILITY</u>				
7974 7813 (100% Chubb)	Bodily injury and property damage liability-umbrella in excess of primary umbrella	9,000,000	\$	22,000 usd
<u>WORKERS COMPENSATION</u>				
WCV6138057 (100% Accident Fund)	Worker's compensation and employer's liability insurance	1,000,000	\$	30,404 us
<u>COMMERCIAL CRIME</u>				
CR00000013729Z (100% Harleysville)	Theft of Money and Securities - inside the premises \$1,000 deductible	100,000	\$	1,246 us
<u>VEHICLE INSURANCE</u>				
BA00000013366Z (100% Harleysville)	Bodily injury and property damage liability and comprehensive collision, etc. on owned autos and trucks (8) \$500 deductible Comp./\$500 deductible Collision (3) \$2,500 deductible Comp./\$2,500 deductible Collision	1,000,000	\$	43,294 us
<u>PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY</u>				
06-112-71-86 (100% AIG)	Professional Services as Public Officials of Int'l Bridge, SMRBC and MDOT \$25,000 deductible per claim / Each Employment Practices Violation Defense costs over and above the limits of insurance	1,000,000	\$	13,500 us
<u>Terrorism Policy</u>				
CMCTR1702133 (100% London/Lloyds)	Full coverage in the event of an act of terrorism Property Damange (100%) USD 148,040,032 Business Interruption (100%) USD 15,875,904 (24 months) Total Insurabel Value (100%) USD 163,915,936	175,755,497		16,562 cnd
<u>Cyber Policy</u>				
	First Party Loss CND \$1,000,000 Liability CND \$2,000,000 eCrime CND \$25,000 Criminal Reward CND \$50,000	2,000,000		4,380 cnd



ANDERSON, TACKMAN & COMPANY, PLC
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OFFICES IN MICHIGAN

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Sault Ste. Marie Bridge Authority
Members and Representatives
Sault Ste. Marie Bridge Authority
Sault Ste. Marie, Michigan

and

Mr. Doug A. Ringler, CPA, CIA
Auditor General
State of Michigan
Lansing, Michigan 48913

We have audited the financial statements of the governmental activities and each major fund of the Sault Ste. Marie Bridge Authority, of Michigan, for the year ended December 31, 2023, and have issued our report thereon dated May 16, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 11, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Sault Ste. Marie Bridge Authority, of Michigan are described in Note A to the financial statements. The application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by Sault Ste. Marie Bridge Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions that have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the Annual Required Contribution and liabilities actuarial for OPEB Obligations and net pension liability was based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 16, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit findings or Issues

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

Upcoming Standards

GASB Statement No. 101, *Compensated Absences*

In June of 2022, GASB Statement No. 101, *Compensated Absences*, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025. The Statement will replace the existing Statement No. 16, Accounting for Compensated Absences, and will align recognition and measurement guidance for all types of compensated absences under a unified model, resulting in greater consistency and improved comparability.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the unaudited supplemental information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Conclusion

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of any further assistance, please contact us.

This information is intended solely for the use of state and provincial regulatory agencies and management of the Sault Ste. Marie Bridge Authority and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan**

May 16, 2024