

City of Wayland
Allegan County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Wayland, Michigan

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

Siegfried Crandall P.C.

November 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$3,115,751 as a result of this year's activities. Net position of the governmental activities increased by \$1,289,471, and net position of the business-type activities increased by \$1,826,280.
- Of the \$16,971,071 total net position reported, \$5,158,866 (30 percent) is available to be used at the Council's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,318,064, which represents 32 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The City's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how government services, like general government, public safety, and public works were financed in the short-term, as well as what balance remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.
 - Fiduciary funds statements provide information about the financial relationships in which the City acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2023 and 2022 is also presented.

Government-wide financial statements

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

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

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

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

- *Governmental activities* - Most of the City's basic services are included here, such as police protection, fire protection, and general government. Property taxes and state shared revenues generally fund these activities.
- *Business-type activities* - The City charges fees to customers to help it cover the costs of certain services it provides. The City's sewer and water systems are reported here.
- *Component unit* - The City includes another entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the City is financially accountable for it.

Fund financial statements

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

- Some funds are required by state law (like the street funds) and bond agreements.
- The City Council establishes other funds to control and manage money for particular purposes (such as Community Building and Park activities) or to show that it is properly using certain taxes and other revenues (like the motor fuel taxes collected for the street funds).

The City has three types of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$16,971,071. Of this total, \$10,253,137 represents a net investment in capital assets and \$1,559,068 is restricted for various purposes. Consequently, unrestricted net position was \$5,158,866, or 30 percent of the total.

Condensed financial information

Net position

| | Governmental activities | | Business-type activities | | Totals | |
|----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 5,523,555 | \$ 5,170,477 | \$ 4,658,605 | \$ 2,695,745 | \$ 10,182,160 | \$ 7,866,222 |
| Capital assets | <u>6,690,891</u> | <u>5,820,129</u> | <u>4,187,475</u> | <u>4,340,031</u> | <u>10,878,366</u> | <u>10,160,160</u> |
| Total assets | <u>12,214,446</u> | <u>10,990,606</u> | <u>8,846,080</u> | <u>7,035,776</u> | <u>21,060,526</u> | <u>18,026,382</u> |
| Deferred outflows of resources | <u>777,087</u> | <u>509,881</u> | <u>212,952</u> | <u>153,212</u> | <u>990,039</u> | <u>663,093</u> |
| Long-term debt | 262,227 | 309,788 | 363,002 | 428,840 | 625,229 | 738,628 |
| Current and other liabilities | <u>3,471,087</u> | <u>2,806,780</u> | <u>960,240</u> | <u>725,408</u> | <u>4,431,327</u> | <u>3,532,188</u> |
| Total liabilities | <u>3,733,314</u> | <u>3,116,568</u> | <u>1,323,242</u> | <u>1,154,248</u> | <u>5,056,556</u> | <u>4,270,816</u> |
| Deferred inflows of resources | <u>18,005</u> | <u>433,176</u> | <u>4,933</u> | <u>130,163</u> | <u>22,938</u> | <u>563,339</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 6,428,664 | 5,510,341 | 3,824,473 | 3,911,191 | 10,253,137 | 9,421,532 |
| Restricted | 1,559,068 | 1,463,284 | - | - | 1,559,068 | 1,463,284 |
| Unrestricted (deficit) | <u>1,252,482</u> | <u>977,118</u> | <u>3,906,384</u> | <u>1,993,386</u> | <u>5,158,866</u> | <u>2,970,504</u> |
| Total net position | <u>\$ 9,240,214</u> | <u>\$ 7,950,743</u> | <u>\$ 7,730,857</u> | <u>\$ 5,904,577</u> | <u>\$ 16,971,071</u> | <u>\$ 13,855,320</u> |

Changes in net position

The City's total revenues for the current fiscal year were \$8,539,883, which is \$2,860,583 higher than the prior year. Charges for services account for 31 percent of the revenues, while 23 percent of the City's revenues come from property taxes, and another 27 percent come from capital grants. Only 6 percent of the total revenues came from state shared revenue.

The total cost of the City's programs, covering a wide range of services, totaled \$5,424,132, which is \$791,360 higher than the prior year. The provision of utility services accounted for approximately 25 percent of the total costs. Public safety expenses account for 36 percent of the City's total expenses in the current year, while public works expenses represent 23 percent.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*Condensed financial information**Changes in net position*

| | <i>Governmental activities</i> | | <i>Business-type activities</i> | | <i>Totals</i> | |
|------------------------------------|------------------------------------|---------------------|-------------------------------------|---------------------|----------------------|----------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Program revenues: | | | | | | |
| Charges for services | \$ 748,623 | \$ 548,219 | \$ 1,940,371 | \$ 1,589,975 | \$ 2,688,994 | \$ 2,138,194 |
| Grants and contributions: | | | | | | |
| Operating | 791,553 | 769,196 | - | - | 791,553 | 769,196 |
| Capital | 1,012,586 | - | 1,306,944 | - | 2,319,530 | - |
| General revenues: | | | | | | |
| Property taxes | 1,959,302 | 1,923,805 | - | - | 1,959,302 | 1,923,805 |
| State shared revenue | 550,026 | 564,740 | - | - | 550,026 | 564,740 |
| Local community stabilization | 94,256 | 66,008 | - | - | 94,256 | 66,008 |
| Franchise fees | 37,849 | 40,576 | 2,444 | 3,975 | 40,293 | 44,551 |
| Unrestricted interest income | 28,710 | 6,601 | - | - | 28,710 | 6,601 |
| Insurance recoveries | 67,219 | 38,874 | - | - | 67,219 | 38,874 |
| Gain on sale of asset | - | 127,331 | - | - | - | 127,331 |
| Total revenues | <u>5,290,124</u> | <u>4,085,350</u> | <u>3,249,759</u> | <u>1,593,950</u> | <u>8,539,883</u> | <u>5,679,300</u> |
| Expenses: | | | | | | |
| General government | 804,303 | 599,782 | - | - | 804,303 | 599,782 |
| Public safety | 1,929,873 | 1,315,667 | - | - | 1,929,873 | 1,315,667 |
| Public works | 1,254,554 | 1,137,708 | - | - | 1,254,554 | 1,137,708 |
| Community and economic development | 30,455 | 52,603 | - | - | 30,455 | 52,603 |
| Health and welfare | 29,211 | 26,305 | - | - | 29,211 | 26,305 |
| Recreation and culture | 13,098 | 15,019 | - | - | 13,098 | 15,019 |
| Interest | 9,159 | 10,686 | - | - | 9,159 | 10,686 |
| Sewer | - | - | 722,460 | 811,991 | 722,460 | 811,991 |
| Water | - | - | 631,019 | 663,011 | 631,019 | 663,011 |
| Total expenses | <u>4,070,653</u> | <u>3,157,770</u> | <u>1,353,479</u> | <u>1,475,002</u> | <u>5,424,132</u> | <u>4,632,772</u> |
| Transfers | <u>70,000</u> | <u>50,000</u> | <u>(70,000)</u> | <u>(50,000)</u> | <u>-</u> | <u>-</u> |
| Changes in net position | <u>\$ 1,289,471</u> | <u>\$ 977,580</u> | <u>\$ 1,826,280</u> | <u>\$ 68,948</u> | <u>\$ 3,115,751</u> | <u>\$ 1,046,528</u> |
| Net position, end of year | <u>\$ 9,240,214</u> | <u>\$ 7,950,743</u> | <u>\$ 7,730,857</u> | <u>\$ 5,904,577</u> | <u>\$ 16,971,071</u> | <u>\$ 13,855,320</u> |

Governmental activities

Governmental activities increased the City's net position by \$1,289,471, in the current year, compared to a \$977,580 increase in the prior year. The increase in net position was higher in the current year as revenues increased by \$1,204,774, while expenses only increased by \$912,883, and transfers from the business-type activities increased by \$20,000.

Total revenues increased due to a \$1,012,586 increase in capital grants, related to contributions associated with the purchase of a fire truck in the current year. Total expenses increased, primarily due to a \$614,206 increase in public safety expenses, related to higher personnel and operational costs.

The total cost of governmental activities this year was \$4,070,653. After subtracting the direct charges to those who directly benefited from the programs (\$748,623) and operating and capital grants (\$791,553 and \$1,012,586), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$1,517,891.

Business-type activities

Business-type activities increased the City's net position by \$1,826,280 compared to an increase of \$68,948 in the prior year. The increase in net position was primarily due to a \$1,306,944 increase in capital contributions relating to utility connection fees.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS**Governmental funds**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,941,526, an increase of \$21,322 in comparison to the prior year. Of the total fund balances, \$1,318,064 (33 percent) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable related to prepaids (\$38,545), assigned for budget stabilization (\$1,025,869), or restricted (\$1,559,048) to indicate that it is not available for new spending. The restrictions relate to public works (\$1,513,707), recreation and culture (\$40,567) and public safety (\$4,774).

The General Fund is the primary operating fund of the City. At the end of the fiscal year, its fund balance was \$2,387,252, a decrease of \$74,251. Fund balance decreased as revenues (\$3,982,007) and net other financing sources (\$47,219) were less than expenditures (\$4,103,477) in the current year. Capital expenditures amounted to \$1,127,085, which included a \$1,083,224 deposit on a fire truck.

The Major Street Fund experienced an increase in fund balance of \$43,535, as the fund's revenues exceeded expenditures during the current year. The fund balance at the end of the fiscal year was \$1,091,920, which is restricted for future street preservation costs of the City's major streets.

The Local Street Fund experienced an increase in fund balance of \$40,826, as the fund's revenues exceeded expenditures during the current year. The fund balance at the end of the fiscal year was \$263,312, which is restricted for future street preservation costs of the City's local streets.

The ARPA Fund, a special revenue fund, has a fund balance of \$-0- at year end. The fund did not incur any expenditures; therefore, no revenue was recognized during the year.

Proprietary funds

The Sewer Fund experienced an increase in net position of \$1,067,034 in the current year, primarily because the fund recognized \$747,610 in connection fees. Due to an increase in user fees, charges for services exceeded operating expenses so that the fund generated operating income of \$357,468. Total net position was \$4,831,806 at year end, of which \$2,280,649 is unrestricted.

The Water Fund experienced an increase in net position of \$759,246 in the current year, primarily because the fund recognized \$559,334 in connection fees. In the current year, charges for services exceeded operating expenses so that the fund generated operating income of \$241,689. Total net position is \$2,899,051 at year end, of which \$1,625,735 is unrestricted.

General Fund budgetary highlights

The City amended the General Fund budget during the year to account for previously unanticipated revenues and expenditures and to reallocate appropriations among activities. Total budgeted revenues were increased by \$146,920, primarily due to a \$120,000 increase in licenses and permits that were higher than expected. Expenditures were increased by \$1,230,395, primarily related to a \$1,082,443 increase in capital outlay expenditures that included a substantial deposit related to the purchase of a fire truck.

Total actual revenues were \$735,904 more than budgeted, primarily because federal and state grant revenues were more than budgeted by \$393,000 and 209,103, respectively, as federal ARPA funds were recognized, and state distributions exceeded expectations.

Total actual expenditures were \$186,369 less than the amounts appropriated, primarily because public safety expenditures were \$104,663 less than budgeted, as fire department expenditures were \$134,916 lower than planned.

These variances, along with a \$57,219 positive variance associated with net other financing sources, resulted in a \$979,492 positive budget variance with a \$74,251 decrease in fund balance compared to a budgeted decrease of \$1,053,743.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$10,878,366 (net of accumulated depreciation). This investment includes a broad range of assets, including land, buildings, street infrastructure, police and fire equipment, and sewer and water facilities. The increase in the City's net investment in capital assets for the current fiscal year was \$718,206 as additions (\$1,421,363) exceeded depreciation provisions in the current year.

The major capital asset events during the fiscal year included the following:

- Deposit of \$1,083,224 on a Pumper Tanker truck
- Street improvements, in progress at year-end, were made at a cost of \$216,855
- Purchase of a police vehicle at a cost of \$51,819
- Sewer system improvements are made at a cost of \$69,465

The Downtown Development Authority (a discretely presented component unit) reported capital assets of \$357,146, as of year-end, which represents a decrease of \$23,262 due to the current year depreciation provision. The Authority purchased no capital assets during the current fiscal year.

More detailed information about the City's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the fiscal year, the City had total long-term debt outstanding in the amount of \$625,229, which represents a decrease of \$113,399 that relates to timely principal payments. The City issued no new debt during the year.

Other long-term liabilities, totaling \$157,974, represent accrued compensated absences. The City also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$3,857,709.

The Downtown Development Authority (a discretely presented component unit) reported long-term debt outstanding of \$610,340, as of year-end, which represents a decrease of \$121,356 related to principal payments. No new debt was issued.

More detailed information about the City's long-term liabilities is presented in Note 7 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's 2024 fiscal year budget does not anticipate significant changes in the amounts or composition of its major revenue sources. The City has budgeted expenditures for the upcoming year at amounts sufficient to support its ongoing programs and activities, while maintaining the current levels of its resources.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Cheri Parrish, Finance Director
City of Wayland
103 South Main Street
Wayland, MI 49348

Phone: (269) 792-2265

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2023

| | Primary government | | | Component unit |
|---|-------------------------|--------------------------|---------------|--------------------------------|
| | Governmental activities | Business-type activities | Totals | Downtown Development Authority |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 4,602,141 | \$ 4,270,963 | \$ 8,873,104 | \$ 437,950 |
| Receivables | 882,869 | 387,642 | 1,270,511 | - |
| Prepaid expenses | 38,545 | - | 38,545 | - |
| Total current assets | 5,523,555 | 4,658,605 | 10,182,160 | 437,950 |
| Noncurrent assets: | | | | |
| Capital assets not being depreciated | 2,191,391 | 319,730 | 2,511,121 | - |
| Depreciable capital assets, net of depreciation | 4,499,500 | 3,867,745 | 8,367,245 | 357,146 |
| Total noncurrent assets | 6,690,891 | 4,187,475 | 10,878,366 | 357,146 |
| Total assets | 12,214,446 | 8,846,080 | 21,060,526 | 795,096 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred pension amounts | 777,087 | 212,952 | 990,039 | - |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Payables | 291,030 | 73,614 | 364,644 | 16,576 |
| Unearned revenue | 51,000 | - | 51,000 | 69,954 |
| Current portion of bonds and notes payable | 46,276 | 64,059 | 110,335 | 120,615 |
| Total current liabilities | 388,306 | 137,673 | 525,979 | 207,145 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 101,118 | 56,856 | 157,974 | 1,116 |
| Net pension liability | 3,027,939 | 829,770 | 3,857,709 | - |
| Bonds and notes payable | 215,951 | 298,943 | 514,894 | 489,725 |
| Total noncurrent liabilities | 3,345,008 | 1,185,569 | 4,530,577 | 490,841 |
| Total liabilities | 3,733,314 | 1,323,242 | 5,056,556 | 697,986 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred pension amounts | 18,005 | 4,933 | 22,938 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 6,428,664 | 3,824,473 | 10,253,137 | 194,591 |
| Restricted for: | | | | |
| Public safety | 4,774 | - | 4,774 | - |
| Public works | 1,513,707 | - | 1,513,707 | - |
| Recreation and culture | 40,587 | - | 40,587 | - |
| Unrestricted (deficit) | 1,252,482 | 3,906,384 | 5,158,866 | (97,481) |
| Total net position | \$ 9,240,214 | \$ 7,730,857 | \$ 16,971,071 | \$ 97,110 |

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

| Functions/Programs | | | | | Net (expenses) revenues and changes in net position | | | Component |
|---------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|--------------------------------|
| | Program revenues | | | | Primary government | | | unit |
| | Expenses | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities | Business-type activities | Totals | Downtown Development Authority |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 804,303 | \$ 138,437 | \$ 35,693 | \$ - | \$ (630,173) | | \$ (630,173) | |
| Public safety | 1,929,873 | 600,550 | 33,286 | 1,012,586 | (283,451) | | (283,451) | |
| Public works | 1,254,554 | 2,736 | 722,574 | - | (529,244) | | (529,244) | |
| Community and economic development | 30,455 | 6,900 | - | - | (23,555) | | (23,555) | |
| Health and welfare | 29,211 | - | - | - | (29,211) | | (29,211) | |
| Recreation and culture | 13,098 | - | - | - | (13,098) | | (13,098) | |
| Interest on long-term debt | 9,159 | - | - | - | (9,159) | | (9,159) | |
| | | | | | | | | |
| Total governmental activities | 4,070,653 | 748,623 | 791,553 | 1,012,586 | (1,517,891) | | (1,517,891) | |
| Business-type activities: | | | | | | | | |
| Sewer | 722,460 | 1,075,426 | - | 747,610 | | \$ 1,100,576 | 1,100,576 | |
| Water | 631,019 | 864,945 | - | 559,334 | | 793,260 | 793,260 | |
| | | | | | | | | |
| Total business-type activities | 1,353,479 | 1,940,371 | - | 1,306,944 | - | 1,893,836 | 1,893,836 | |
| | | | | | | | | |
| Total primary government | \$ 5,424,132 | \$ 2,688,994 | \$ 791,553 | \$ 2,319,530 | (1,517,891) | 1,893,836 | 375,945 | |
| Component unit: | | | | | | | | |
| Downtown Development Authority | \$ 342,935 | \$ - | \$ 114,259 | \$ - | | | | \$ (228,676) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 1,959,302 | - | 1,959,302 | 366,716 |
| State shared revenue | | | | | 550,026 | - | 550,026 | - |
| Local community stabilization revenue | | | | | 94,256 | - | 94,256 | - |
| Franchise fees | | | | | 37,849 | - | 37,849 | - |
| Unrestricted interest income | | | | | 28,710 | 2,444 | 31,154 | 1,618 |
| Insurance recoveries | | | | | 67,219 | - | 67,219 | - |
| Transfers | | | | | 70,000 | (70,000) | - | - |
| | | | | | | | | |
| Total general revenues and transfers | | | | | 2,807,362 | (67,556) | 2,739,806 | 368,334 |
| | | | | | | | | |
| Changes in net position | | | | | 1,289,471 | 1,826,280 | 3,115,751 | 139,658 |
| | | | | | | | | |
| Net position (deficit) - beginning | | | | | 7,950,743 | 5,904,577 | 13,855,320 | (42,548) |
| | | | | | | | | |
| Net position - ending | | | | | \$ 9,240,214 | \$ 7,730,857 | \$ 16,971,071 | \$ 97,110 |

See notes to financial statements

BALANCE SHEET - governmental funds

June 30, 2023

| | <i>General</i> | <i>Major Street</i> | <i>Local Street</i> | <i>ARPA</i> | <i>Nonmajor governmental funds</i> | <i>Total governmental funds</i> |
|--|---------------------|-------------------------|-------------------------|------------------|--|---|
| ASSETS | | | | | | |
| Cash | \$ 2,260,960 | \$ 1,107,093 | \$ 241,261 | \$ 51,000 | \$ 215,037 | \$ 3,875,351 |
| Receivables | 783,261 | 75,944 | 23,664 | - | - | 882,869 |
| Prepaid expenditures | 38,545 | - | - | - | - | 38,545 |
| Total assets | <u>\$ 3,082,766</u> | <u>\$ 1,183,037</u> | <u>\$ 264,925</u> | <u>\$ 51,000</u> | <u>\$ 215,037</u> | <u>\$ 4,796,765</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Payables | \$ 178,610 | \$ 91,117 | \$ 1,613 | \$ - | \$ 15,995 | \$ 287,335 |
| Unearned federal grant revenue | - | - | - | 51,000 | - | 51,000 |
| Total liabilities | <u>178,610</u> | <u>91,117</u> | <u>1,613</u> | <u>51,000</u> | <u>15,995</u> | <u>338,335</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable capital contribution | 497,767 | - | - | - | - | 497,767 |
| Unavailable cost reimbursement | 19,137 | - | - | - | - | 19,137 |
| Total deferred inflows of resources | <u>516,904</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>516,904</u> |
| Fund balances: | | | | | | |
| Nonspendable - prepaids | 38,545 | - | - | - | - | 38,545 |
| Restricted for: | | | | | | |
| Public safety | 4,774 | - | - | - | - | 4,774 |
| Public works | - | 1,091,920 | 263,312 | - | 158,475 | 1,513,707 |
| Recreation and culture | - | - | - | - | 40,567 | 40,567 |
| Assigned for stabilization | 1,025,869 | - | - | - | - | 1,025,869 |
| Unassigned | 1,318,064 | - | - | - | - | 1,318,064 |
| Total fund balances | <u>2,387,252</u> | <u>1,091,920</u> | <u>263,312</u> | <u>-</u> | <u>199,042</u> | <u>3,941,526</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,082,766</u> | <u>\$ 1,183,037</u> | <u>\$ 264,925</u> | <u>\$ 51,000</u> | <u>\$ 215,037</u> | <u>\$ 4,796,765</u> |
| Reconciliation of the balance sheet to the statement of net position: | | | | | | |
| Total fund balance - total governmental funds | | | | | | \$ 3,941,526 |
| Amounts reported for <i>governmental activities</i> in the statement of net position (page 13) are different because: | | | | | | |
| Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds. | | | | | | |
| | | | | | | 6,035,418 |
| Certain receivables are not available to pay for the current period's expenditures and, therefore, are presented as deferred inflows of resources in the funds. | | | | | | |
| | | | | | | 516,904 |
| Deferred outflows of resources, related to the pension plan, relate to future years and are not reported in the funds. | | | | | | |
| | | | | | | 764,500 |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | | |
| | | | | | | (101,118) |
| Interest payable, related to long-term debt, is not due and payable in the current period and, therefore, is not reported in the funds. | | | | | | |
| | | | | | | (700) |
| Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds. | | | | | | |
| | | | | | | (262,227) |
| The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. | | | | | | |
| | | | | | | (2,978,893) |
| Deferred inflows of resources, related to the pension plan, relate to future years and are not reported in the funds. | | | | | | |
| | | | | | | (17,713) |
| The internal service fund is used by management to charge costs of equipment to individual funds. The assets and liabilities of the internal service fund are included in <i>governmental activities</i> in the statement of net position. | | | | | | |
| | | | | | | <u>1,342,517</u> |
| Net position of <i>governmental activities</i> | | | | | | <u>\$ 9,240,214</u> |

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended June 30, 2023

| | <i>General</i> | <i>Major Street</i> | <i>Local Street</i> | <i>ARPA</i> | <i>Nonmajor governmental funds</i> | <i>Total governmental funds</i> |
|--|---------------------|-------------------------|-------------------------|-------------|--|---|
| REVENUES | | | | | | |
| Property taxes | \$ 2,014,966 | \$ - | \$ - | \$ - | \$ - | \$ 2,014,966 |
| Licenses and permits | 232,485 | - | - | - | - | 232,485 |
| Federal grant | 393,000 | - | - | - | - | 393,000 |
| State grants | 644,710 | 447,799 | 139,448 | - | 19,630 | 1,251,587 |
| Contribution from local unit | - | - | - | - | 115,697 | 115,697 |
| Charges for services | 563,615 | - | - | - | - | 563,615 |
| Fines and forfeitures | 1,919 | - | - | - | - | 1,919 |
| Interest and rentals | 49,538 | 500 | 300 | - | 148 | 50,486 |
| Other | 81,774 | - | - | - | 472 | 82,246 |
| Total revenues | <u>3,982,007</u> | <u>448,299</u> | <u>139,748</u> | <u>-</u> | <u>135,947</u> | <u>4,706,001</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 678,341 | - | - | - | - | 678,341 |
| Public safety | 1,697,439 | - | - | - | - | 1,697,439 |
| Public works | 540,946 | 347,944 | 98,922 | - | 124,735 | 1,112,547 |
| Community and economic development | 30,455 | - | - | - | - | 30,455 |
| Health and welfare | 29,211 | - | - | - | - | 29,211 |
| Debt service: | | | | | | |
| Principal | - | 47,561 | - | - | - | 47,561 |
| Interest and fees | - | 9,259 | - | - | - | 9,259 |
| Capital outlay | <u>1,127,085</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,127,085</u> |
| Total expenditures | <u>4,103,477</u> | <u>404,764</u> | <u>98,922</u> | <u>-</u> | <u>124,735</u> | <u>4,731,898</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(121,470)</u> | <u>43,535</u> | <u>40,826</u> | <u>-</u> | <u>11,212</u> | <u>(25,897)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Insurance recoveries | 67,219 | - | - | - | - | 67,219 |
| Transfers in | 20,000 | - | - | - | - | 20,000 |
| Transfers out | <u>(40,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(40,000)</u> |
| Net other financing sources (uses) | <u>47,219</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>47,219</u> |
| NET CHANGES IN FUND BALANCES | <u>(74,251)</u> | <u>43,535</u> | <u>40,826</u> | | <u>11,212</u> | <u>21,322</u> |
| FUND BALANCES - BEGINNING | <u>2,461,503</u> | <u>1,048,385</u> | <u>222,486</u> | <u>-</u> | <u>187,830</u> | <u>3,920,204</u> |
| FUND BALANCES - ENDING | <u>\$ 2,387,252</u> | <u>\$ 1,091,920</u> | <u>\$ 263,312</u> | <u>\$ -</u> | <u>\$ 199,042</u> | <u>\$ 3,941,526</u> |

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - *governmental funds* (Continued)

Year ended June 30, 2023

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 16) \$ 21,322

Amounts reported for *governmental activities* in the statement of activities (page 14) are different because:

Capital assets:

| | |
|----------------------------|-----------|
| Capital asset acquisitions | 1,351,898 |
| Provision for depreciation | (403,923) |

| | |
|-------------------------------------|--------|
| Long-term debt - Principal payments | 47,561 |
|-------------------------------------|--------|

Changes in other assets and liabilities:

| | |
|--|-------------|
| Net increase in deferred inflows | 516,904 |
| Net increase in compensated absences | (722) |
| Net decrease in interest payable | 100 |
| Net (increase) decrease in net pension liability | (1,001,365) |

Changes in deferred outflows and inflows of resources:

| | |
|---|-----------|
| Net change in deferred outflows of resources related to pension | (190,149) |
| Net change in deferred inflows of resources related to pension | 861,548 |

Certain changes in net position of the internal service fund are reported with *governmental activities* in the statement of activities.

86,297

| | |
|--|--------------|
| Change in net position of <i>governmental activities</i> | \$ 1,289,471 |
|--|--------------|

STATEMENT OF NET POSITION - proprietary funds

June 30, 2023

| | <i>Business-type activities</i> | | | <i>Governmental activities</i> |
|---|---------------------------------|--------------|---------------|--------------------------------|
| | <i>Enterprise funds</i> | | | <i>Internal service</i> |
| | <i>Sewer</i> | <i>Water</i> | <i>Totals</i> | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$ 2,428,926 | \$ 1,842,037 | \$ 4,270,963 | \$ 726,790 |
| Receivables | 211,394 | 176,248 | 387,642 | - |
| Total current assets | 2,640,320 | 2,018,285 | 4,658,605 | 726,790 |
| Noncurrent assets: | | | | |
| Land and construction in progress | 275,730 | 44,000 | 319,730 | - |
| Depreciable capital assets, net of depreciation | 2,408,574 | 1,459,171 | 3,867,745 | 655,473 |
| Total noncurrent assets | 2,684,304 | 1,503,171 | 4,187,475 | 655,473 |
| Total assets | 5,324,624 | 3,521,456 | 8,846,080 | 1,382,263 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred pension amounts | 105,633 | 107,319 | 212,952 | 12,587 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Payables | 22,828 | 50,786 | 73,614 | 2,995 |
| Current portion of bonds payable | 23,702 | 40,357 | 64,059 | - |
| Total current liabilities | 46,530 | 91,143 | 137,673 | 2,995 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 28,428 | 28,428 | 56,856 | - |
| Net pension liability | 411,601 | 418,169 | 829,770 | 49,046 |
| Bonds payable | 109,445 | 189,498 | 298,943 | - |
| Total noncurrent liabilities | 549,474 | 636,095 | 1,185,569 | 49,046 |
| Total liabilities | 596,004 | 727,238 | 1,323,242 | 52,041 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred pension amounts | 2,447 | 2,486 | 4,933 | 292 |
| NET POSITION | | | | |
| Net investment in capital assets | 2,551,157 | 1,273,316 | 3,824,473 | 655,473 |
| Unrestricted | 2,280,649 | 1,625,735 | 3,906,384 | 687,044 |
| Total net position | \$ 4,831,806 | \$ 2,899,051 | 7,730,857 | \$ 1,342,517 |

See notes to financial statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - *proprietary funds*

Year ended June 30, 2023

| | <i>Business-type activities</i> | | | <i>Governmental activities</i> |
|--|---------------------------------|--------------|---------------|--------------------------------|
| | <i>Enterprise funds</i> | | | <i>Internal service</i> |
| | <i>Sewer</i> | <i>Water</i> | <i>Totals</i> | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,075,426 | \$ 864,945 | \$ 1,940,371 | \$ 160,295 |
| OPERATING EXPENSES | | | | |
| Sewer | 587,262 | - | 587,262 | - |
| Water | - | 531,931 | 531,931 | - |
| Cost of interfund services provided | - | - | - | 86,785 |
| Depreciation | 130,696 | 91,325 | 222,021 | 77,213 |
| Total operating expenses | 717,958 | 623,256 | 1,341,214 | 163,998 |
| OPERATING INCOME (LOSS) | 357,468 | 241,689 | 599,157 | (3,703) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 1,458 | 986 | 2,444 | - |
| Interest expense and fees | (4,502) | (7,763) | (12,265) | - |
| Net nonoperating revenues (expenses) | (3,044) | (6,777) | (9,821) | - |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | 354,424 | 234,912 | 589,336 | (3,703) |
| CAPITAL CONTRIBUTIONS - Connection fees | 747,610 | 559,334 | 1,306,944 | - |
| INCOME (LOSS) BEFORE TRANSFERS | 1,102,034 | 794,246 | 1,896,280 | (3,703) |
| TRANSFERS | (35,000) | (35,000) | (70,000) | 90,000 |
| CHANGES IN NET POSITION | 1,067,034 | 759,246 | 1,826,280 | 86,297 |
| NET POSITION - BEGINNING | 3,764,772 | 2,139,805 | 5,904,577 | 1,256,220 |
| NET POSITION - ENDING | \$ 4,831,806 | \$ 2,899,051 | \$ 7,730,857 | \$ 1,342,517 |

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended June 30, 2023

| | <i>Business-type activities</i> | | | <i>Governmental activities</i> |
|---|---------------------------------|---------------------|---------------------|--------------------------------|
| | <i>Enterprise funds</i> | | | <i>Internal service</i> |
| | <i>Sewer</i> | <i>Water</i> | <i>Totals</i> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 1,016,945 | \$ 855,125 | \$ 1,872,070 | \$ - |
| Receipts from interfund services provided | - | - | - | 160,295 |
| Payments to vendors and suppliers | (403,225) | (285,298) | (688,523) | (84,636) |
| Payments to employees | (150,908) | (189,795) | (340,703) | (9,801) |
| Payments for interfund services used | (19,001) | (20,504) | (39,505) | - |
| Net cash provided by (used in) operating activities | <u>443,811</u> | <u>359,528</u> | <u>803,339</u> | <u>65,858</u> |
| CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES | | | | |
| Interfund transfers | <u>(35,000)</u> | <u>(35,000)</u> | <u>(70,000)</u> | <u>90,000</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital contributions | 747,610 | 559,334 | 1,306,944 | - |
| Acquisition of capital assets | (69,465) | - | (69,465) | - |
| Principal payments on capital debt | (24,149) | (41,689) | (65,838) | - |
| Interest payments on capital debt | <u>(4,702)</u> | <u>(8,163)</u> | <u>(12,865)</u> | <u>-</u> |
| Net cash provided by (used in) capital and related financing activities | <u>649,294</u> | <u>509,482</u> | <u>1,158,776</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | <u>1,458</u> | <u>986</u> | <u>2,444</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | <u>1,059,563</u> | <u>834,996</u> | <u>1,894,559</u> | <u>155,858</u> |
| CASH - BEGINNING | <u>1,369,363</u> | <u>1,007,041</u> | <u>2,376,404</u> | <u>570,932</u> |
| CASH - ENDING | <u>\$ 2,428,926</u> | <u>\$ 1,842,037</u> | <u>\$ 4,270,963</u> | <u>\$ 726,790</u> |

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended June 30, 2023

| | <i>Business-type activities</i> | | | <i>Governmental activities</i> |
|--|---------------------------------|-------------------|-------------------|--------------------------------|
| | <i>Enterprise funds</i> | | | <i>Internal service</i> |
| | <i>Sewer</i> | <i>Water</i> | <i>Totals</i> | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 357,468 | \$ 241,689 | \$ 599,157 | \$ (3,703) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 130,696 | 91,325 | 222,021 | 77,213 |
| Changes in assets and liabilities: | | | | |
| Receivables | (58,481) | (9,820) | (68,301) | - |
| Deferred outflows - pension | (32,194) | (27,546) | (59,740) | (3,839) |
| Payables | (12,554) | 28,776 | 16,222 | (11,200) |
| Compensated absences | (2,985) | (2,985) | (5,970) | - |
| Pension liability | 121,804 | 103,376 | 225,180 | 14,526 |
| Deferred inflows - pension | (59,943) | (65,287) | (125,230) | (7,139) |
| Net cash provided by (used in) operating activities | <u>\$ 443,811</u> | <u>\$ 359,528</u> | <u>\$ 803,339</u> | <u>\$ 65,858</u> |

See notes to financial statements

STATEMENT OF FIDUCIARY NET POSITION - Custodial Fund

June 30, 2023

| | <u><i>Tax Collection</i></u> |
|--|----------------------------------|
| ASSETS | |
| Cash | \$ - |
| LIABILITIES | |
| Due to other governments | <u>-</u> |
| NET POSITION | |
| Restricted for individuals and other governments | <u><u>\$ -</u></u> |

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - Custodial Fund

Year ended June 30, 2023

| | <u>Tax Collection</u> |
|---|----------------------------------|
| ADDITIONS | |
| Property tax collections for other governments | \$ 5,280,805 |
| DEDUCTIONS | |
| Payments of property taxes to other governments | <u>5,280,805</u> |
| CHANGE IN FIDUCIARY NET POSITION | - |
| NET POSITION - BEGINNING | <u>-</u> |
| NET POSITION - ENDING | <u><u>\$ -</u></u> |

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Wayland, Michigan (the City), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present the City (the primary government), located in Allegan County, and its component unit described below, for which the City is financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

Discretely presented component unit:

Wayland Downtown Development Authority - The Downtown Development Authority (the Authority) was established, pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district. The Authority is fiscally dependent on the City because the City Council appoints the Authority's governing body and approves its budget. The City is also obligated to provide some of its tax revenues to the Authority, through tax increment financing, which represents a financial burden on the City. Fiscal dependence and the financial burden relationship make the City financially accountable for the Authority and require the City to report it in the City's financial statements. Separate financial statements of the Authority have not been issued as management believes these financial statements, including disclosures, contain complete information to constitute a fair presentation of the component unit.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement focus, basis of accounting and financial statement presentation:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation (continued):

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

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Major Street Fund, a special revenue fund, accounts for state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the City's major streets.

The Local Street Fund, a special revenue fund, accounts for state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the City's local streets.

The ARPA Fund, a special revenue fund, is used to account for the restricted resources provided by the American Rescue Plan Act.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the operation of the City's sanitary sewer collection system and wastewater treatment facilities.

The Water Fund accounts for the operation of the City's water mains, pumping, and storage facilities.

Additionally, the City reports the following fund types:

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

The City reports a custodial fund, the Tax Collection Fund, which accounts for assets held by the City in a fiduciary capacity for other governments.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Measurement focus, basis of accounting and financial statement presentation (continued):*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity:

Cash - Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the City considers all receivables to be fully collectible. No allowance for uncollectible accounts has been recorded, as the City considers all receivables to be fully collectible.

Capital assets - Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., streets and sidewalks), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The City has elected to account for infrastructure assets prospectively, beginning July 1, 2003.

Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|---------------|
| Buildings and improvements | 10 - 50 years |
| Streets | 15 - 20 years |
| Sewer and water systems | 50 years |
| Equipment | 3 - 20 years |

Deferred outflows of resources - The statement of net position and the proprietary funds statement of net position include a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The related expense will not be recognized until a future event occurs. The City has one item that is included in this category: deferred amounts relating to the defined benefit pension plan. The deferred amounts relating to the pension plan are discussed in Note 8. No deferred outflows of resources affect the governmental funds financial statements.

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

Compensated absences - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the City. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity (continued):

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

Deferred inflows of resources - The statement of net position and the proprietary funds statement of net position include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in equity that applies to a future period. The related revenues will not be recognized until a future event occurs. The City has one item that is included in this category: deferred amounts relating to the defined benefit pension plan. The deferred amounts relating to the pension plan are discussed in Note 8. No deferred outflows of resources affect the governmental funds financial statements.

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The City reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of deferred outflows of resources related to those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the City's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the City.

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

Fund equity - In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form (prepaids). Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The City Council retains the authority to assign fund balance as to purpose. Unassigned fund balance is the residual classification for the General Fund. When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use the restricted fund balance first, followed by assigned fund balance and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on or before September 15, at which time the bill becomes delinquent and penalties and interest may be assessed by the City. Property tax revenue is recognized in the year for which taxes have been levied and become available. The City's levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the City's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the City Council is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth reportable budget variances:

| <u>Fund</u> | <u>Function</u> | <u>Activity</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------|--------------------|---------------------|-------------------------|---------------|-----------------|
| <i>Primary government:</i> | | | | | |
| General | General government | Administration | \$ 516,170 | \$ 524,154 | \$ 7,984 |
| | Public safety | Police Department | 1,051,652 | 1,053,975 | 2,323 |
| | Public safety | Code inspections | 125,000 | 152,930 | 27,930 |
| | Health and welfare | Ambulance | 25,906 | 29,211 | 3,305 |
| Major Street | Public works | Routine maintenance | 116,555 | 189,393 | 72,838 |
| <i>Component unit:</i> | | | | | |
| Downtown Development | | | | | |
| Authority | Public works | | 293,323 | 299,807 | 6,484 |
| | Debt service | Principal | 120,201 | 121,356 | 1,155 |

NOTE 3 - CASH

Cash as of June 30, 2023, is classified in the accompanying financial statements as follows:

| | <u>Governmental activities</u> | <u>Business- type activities</u> | <u>Total primary government</u> | <u>Custodial fund</u> | <u>Component unit</u> | <u>Totals</u> |
|--------------|------------------------------------|--|---|---------------------------|---------------------------|---------------------|
| Deposits | \$ 4,601,916 | \$ 4,270,913 | \$ 8,872,829 | \$ - | \$ 437,950 | \$ 9,310,779 |
| Cash on hand | 225 | 50 | 275 | - | - | 275 |
| | <u>\$ 4,602,141</u> | <u>\$ 4,270,963</u> | <u>\$ 8,873,104</u> | <u>\$ -</u> | <u>\$ 437,950</u> | <u>\$ 9,311,054</u> |

NOTE 3 - CASH (continued)

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the City's investment policy authorize the City to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan. The City's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the City will not be able to recover its deposits. The City's investment policy does not specifically address custodial credit risk for deposits. At June 30, 2023, \$7,821,310 of the City's bank balances of \$9,304,925 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City maintains individual and pooled cash accounts for all of its funds and its component unit. Due to the use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and its component unit.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2023, for the City's individual major funds and nonmajor funds, in the aggregate, all of which are due within one year and are considered fully collectible, were as follows:

| <i>Fund</i> | <i>Accounts</i> | <i>Inter- governmental</i> | <i>PILOT</i> | <i>Totals</i> |
|--------------------|-------------------|--------------------------------|------------------|-------------------|
| Governmental: | | | | |
| General | \$ 114,469 | \$ 613,299 | \$ 55,493 | \$ 783,261 |
| Major Street | - | 75,944 | - | 75,944 |
| Local Street | - | 23,664 | - | 23,664 |
| Total governmental | <u>\$ 114,469</u> | <u>\$ 712,907</u> | <u>\$ 55,493</u> | <u>\$ 882,869</u> |
| Proprietary: | | | | |
| Sewer | \$ 211,394 | \$ - | \$ - | \$ 211,394 |
| Water | 176,248 | - | - | 176,248 |
| Total proprietary | <u>\$ 387,642</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 387,642</u> |

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

| | <i>Beginning balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending balance</i> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 891,312 | \$ - | \$ - | \$ 891,312 |
| Construction in progress | - | 1,300,079 | - | 1,300,079 |
| Total capital assets not being depreciated | 891,312 | 1,300,079 | - | 2,191,391 |
| Capital assets being depreciated: | | | | |
| Buildings | 1,020,502 | - | - | 1,020,502 |
| Improvements | 1,049,057 | - | - | 1,049,057 |
| Equipment | 1,348,869 | - | - | 1,348,869 |
| Vehicles | 3,190,532 | 51,819 | - | 3,242,351 |
| Infrastructure | 18,328,840 | - | - | 18,328,840 |
| Subtotal | 24,937,800 | 51,819 | - | 24,989,619 |
| Less accumulated depreciation for: | | | | |
| Buildings | (638,123) | (18,963) | - | (657,086) |
| Improvements | (498,389) | (30,206) | - | (528,595) |
| Equipment | (989,465) | (71,412) | - | (1,060,877) |
| Vehicles | (2,561,558) | (77,312) | - | (2,638,870) |
| Infrastructure | (15,321,448) | (283,243) | - | (15,604,691) |
| Subtotal | (20,008,983) | (481,136) | - | (20,490,119) |
| Total capital assets being depreciated, net | 4,928,817 | (429,317) | - | 4,499,500 |
| Governmental activities capital assets, net | \$ 5,820,129 | \$ 870,762 | \$ - | \$ 6,690,891 |

NOTE 5 - CAPITAL ASSETS (Continued)

| | <i>Beginning balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending balance</i> |
|--|------------------------------|------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 319,730 | \$ - | \$ - | \$ 319,730 |
| Capital assets being depreciated: | | | | |
| Sewer system | 6,153,110 | 69,465 | - | 6,222,575 |
| Water system | 3,445,909 | - | - | 3,445,909 |
| Subtotal | 9,599,019 | 69,465 | - | 9,668,484 |
| Less accumulated depreciation for: | | | | |
| Sewer system | (3,683,305) | (130,696) | - | (3,814,001) |
| Water system | (1,895,413) | (91,325) | - | (1,986,738) |
| Subtotal | (5,578,718) | (222,021) | - | (5,800,739) |
| Total capital assets being depreciated, net | 4,020,301 | (152,556) | - | 3,867,745 |
| Business-type activities capital assets, net | \$ 4,340,031 | \$ (152,556) | \$ - | \$ 4,187,475 |
| Component unit - Downtown Development Authority: | | | | |
| Capital assets being depreciated - | | | | |
| Infrastructure | \$ 526,708 | \$ - | \$ - | \$ 526,708 |
| Less accumulated depreciation for - | | | | |
| Infrastructure | (146,300) | - | (23,262) | (169,562) |
| Component unit capital assets, net | \$ 380,408 | \$ - | \$ (23,262) | \$ 357,146 |

Depreciation expense was charged to governmental functions of the City as follows:

| | |
|-------------------------------|------------|
| Governmental activities: | |
| General government | \$ 63,891 |
| Public safety | 55,531 |
| Public works | 271,403 |
| Recreation and culture | 13,098 |
| Internal Service Fund | 77,213 |
| Total governmental activities | \$ 481,136 |

NOTE 6 - PAYABLES

Payables as of June 30, 2023, for the City's individual major funds and nonmajor funds, in the aggregate, were as follows:

| <u>Fund</u> | <u>Accounts</u> | <u>Inter- governmental</u> | <u>Payroll</u> | <u>Interest</u> | <u>Totals</u> |
|--------------------------------|-------------------|--------------------------------|------------------|-----------------|-------------------|
| <i>Primary government:</i> | | | | | |
| Governmental: | | | | | |
| General | \$ 66,677 | \$ 42,587 | \$ 69,346 | \$ - | \$ 178,610 |
| Major Street | 55,054 | 35,699 | 364 | - | 91,117 |
| Local Street | 1,310 | - | 303 | - | 1,613 |
| Nonmajor | 15,624 | - | 371 | - | 15,995 |
| Total governmental | <u>\$ 138,665</u> | <u>\$ 78,286</u> | <u>\$ 70,384</u> | <u>\$ -</u> | <u>\$ 287,335</u> |
| Proprietary: | | | | | |
| Enterprise: | | | | | |
| Sewer | \$ 19,966 | \$ - | \$ 2,262 | \$ 600 | \$ 22,828 |
| Water | 46,761 | - | 2,925 | 1,100 | 50,786 |
| Total enterprise | 66,727 | - | 5,187 | 1,700 | 73,614 |
| Internal service | 2,877 | - | 118 | - | 2,995 |
| Total proprietary funds | <u>\$ 69,604</u> | <u>\$ -</u> | <u>\$ 5,305</u> | <u>\$ 1,700</u> | <u>\$ 76,609</u> |
| <i>Component unit:</i> | | | | | |
| Downtown Development Authority | <u>\$ 8,677</u> | <u>\$ -</u> | <u>\$ 1,199</u> | <u>\$ -</u> | <u>\$ 9,876</u> |

NOTE 7 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2023, are comprised of the following:

| | |
|---|-------------------|
| <i>Primary government:</i> | |
| Governmental activities: | |
| Bonds: | |
| \$1,905,000 2018 Refunding bonds; payable in annual installments ranging from \$160,000 to \$215,000, plus interest at 3.03%; final payment due June 2028 | \$ 262,227 |
| Compensated absences | <u>101,118</u> |
| Total governmental activities long-term liabilities | <u>\$ 363,345</u> |

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Primary government (continued):

Business-type activities:

Bonds:

\$1,905,000 2018 Refunding bonds; payable in annual installments ranging from \$160,000 to \$215,000, plus interest at 3.03%; final payment due June 2028 \$ 363,002

Compensated absences 56,856

Total business-type activities long-term liabilities \$ 419,858

Component unit - Downtown Development Authority:

\$1,905,000 2018 Refunding bonds; payable in annual installments ranging from \$160,000 to \$215,000, plus interest at 3.03%; final payment due June 2028 \$ 394,771

\$493,750 2016 Installment purchase agreement; payable in annual installments ranging from \$44,251 to \$54,779, plus interest at 2.4%; final payment due November 2026 215,569

Total component unit long-term liabilities \$ 610,340

Long-term liability activity for the year ended June 30, 2023, was as follows:

| | <i>Beginning balance</i> | <i>Additions</i> | <i>Reductions</i> | <i>Ending balance</i> | <i>Amounts due within one year</i> |
|-------------------------------|------------------------------|------------------|---------------------|---------------------------|--|
| <i>Primary government:</i> | | | | | |
| Governmental activities: | | | | | |
| 2018 Refunding bonds | \$ 309,788 | \$ - | \$ (47,561) | \$ 262,227 | \$ 46,276 |
| Compensated absences | <u>100,396</u> | <u>81,813</u> | <u>(81,091)</u> | <u>101,118</u> | <u>-</u> |
| Total governmental activities | <u>\$ 410,184</u> | <u>\$ 81,813</u> | <u>\$ (128,652)</u> | <u>\$ 363,345</u> | <u>\$ 46,276</u> |

NOTE 7 - LONG-TERM LIABILITIES (Continued)

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending balance</u> | <u>Amounts due within one year</u> |
|---|------------------------------|------------------|---------------------|---------------------------|--|
| <i>Primary government (continued):</i> | | | | | |
| Business-type activities: | | | | | |
| 2018 Refunding bonds | \$ 428,840 | \$ - | \$ (65,838) | \$ 363,002 | \$ 64,059 |
| Compensated absences | 62,826 | 44,260 | (50,230) | 56,856 | - |
| Total business-type activities | <u>\$ 491,666</u> | <u>\$ 44,260</u> | <u>\$ (116,068)</u> | <u>\$ 419,858</u> | <u>\$ 64,059</u> |
| <i>Component unit - Downtown Development Authority:</i> | | | | | |
| 2018 Refunding bonds | \$ 466,370 | \$ - | \$ (71,599) | \$ 394,771 | \$ 69,665 |
| 2016 Installment purchase agreement | 265,326 | - | (49,757) | 215,569 | 50,950 |
| Total bonds and note | <u>\$ 731,696</u> | <u>\$ -</u> | <u>\$ (121,356)</u> | <u>\$ 610,340</u> | <u>\$ 120,615</u> |

Debt service requirements at June 30, 2023, excluding compensated absences, were as follows:

| <i>Year ended</i> | <u><i>Governmental activities</i></u> | | <u><i>Business-type activities</i></u> | | <u><i>Component unit</i></u> | |
|-------------------|---------------------------------------|------------------------|--|------------------------|------------------------------|------------------------|
| <i>June 30:</i> | <u><i>Principal</i></u> | <u><i>Interest</i></u> | <u><i>Principal</i></u> | <u><i>Interest</i></u> | <u><i>Principal</i></u> | <u><i>Interest</i></u> |
| 2024 | \$ 46,276 | \$ 7,244 | \$ 64,059 | \$ 10,028 | \$ 120,615 | \$ 16,080 |
| 2025 | 52,703 | 5,745 | 72,956 | 7,953 | 131,514 | 12,600 |
| 2026 | 51,417 | 4,168 | 71,177 | 5,769 | 130,831 | 8,973 |
| 2027 | 56,559 | 2,532 | 78,294 | 3,504 | 139,855 | 5,226 |
| 2028 | 55,272 | 837 | 76,516 | 1,159 | 87,525 | 1,365 |
| Totals | <u>\$ 262,227</u> | <u>\$ 20,526</u> | <u>\$ 363,002</u> | <u>\$ 28,413</u> | <u>\$ 610,340</u> | <u>\$ 44,244</u> |

All debt is secured by the full faith and credit of the City and considered to be direct borrowing or direct placement debt.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan description:
The City participates in the Municipal Employees’ Retirement System of Michigan (MERS). MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member retirement board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits provided:
The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries and covers the City’s full-time employees. Retirement benefits for eligible employees are calculated as 2.50% of the employee’s three-year final average compensation, times the employee’s years of service, with a maximum of 80% of final average compensation. Normal retirement age is 60 with early retirement at a reduced benefit at age 50, with 25 years of service, or age 55, with 15 years of service. Deferred retirement benefits vest after six years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Covered employees are not required to contribute to the plan. Benefit terms, within the parameters of MERS, are established and amended by the authority of the City Council.

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

| | |
|--|-----------|
| Active employees | 20 |
| Inactive employees or beneficiaries currently receiving benefits | 31 |
| Inactive employees entitled to but not yet receiving benefits | <u>8</u> |
| Total | <u>59</u> |

Contributions:
The City is required to contribute amounts at least equal to an actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Covered employees are not required to contribute to the plan. For the fiscal year ended June 30, 2023, the City contributed \$440,477 to the plan, while employees made no contributions.

Net pension liability:
The City’s net pension liability reported at June 30, 2023, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2022. The total pension liability was determined by an annual actuarial valuation as of that date.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)*Actuarial assumptions:*

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

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

Mortality rates were based on a 50 percent male, 50 percent female blend of the Pub-2010 fully generational MP-2019 scale.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the actuarial experience studies covering 2014-2018 and dated 2020.

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

| <i>Asset class</i> | <i>Target allocation</i> | <i>Long-term expected real rate of return</i> | <i>Expected money-weighted rate of return</i> |
|---------------------------|--------------------------|---|---|
| Global equity | 60.00% | 4.50% | 2.70% |
| Global fixed income | 20.00% | 2.00% | 0.40% |
| Private investments | <u>20.00%</u> | 7.00% | 1.40% |
| | <u>100.00%</u> | | |
| Inflation | | | 2.50% |
| Administrative expenses | | | <u>0.25%</u> |
| Investment rate of return | | | <u>7.25%</u> |

Discount rate:

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)*Changes in the net pension liability:*

| | <i>Increase (decrease)</i> | | |
|---|--------------------------------|------------------------------------|------------------------------|
| | <i>Total pension liability</i> | <i>Plan fiduciary net position</i> | <i>Net pension liability</i> |
| | <i>(a)</i> | <i>(b)</i> | <i>(a) - (b)</i> |
| Balances at December 31, 2021 | \$ 9,933,419 | \$ 7,316,781 | \$ 2,616,638 |
| Changes for the year: | | | |
| Service cost | 186,128 | - | 186,128 |
| Interest | 706,716 | - | 706,716 |
| Difference between expected and actual experience | 1,905 | - | 1,905 |
| Employer contributions | - | 424,437 | (424,437) |
| Net investment income | - | (757,295) | 757,295 |
| Benefit payments, including refunds | (557,361) | (557,361) | - |
| Administrative expenses | - | (13,464) | 13,464 |
| Net changes | 337,388 | (903,683) | 1,241,071 |
| Balances at December 31, 2022 | \$ 10,270,807 | \$ 6,413,098 | \$ 3,857,709 |

Sensitivity of the net pension liability to changes in the discount rate:

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

| | <i>1% Decrease</i> | <i>Current Rate</i> | <i>1% Increase</i> |
|------------------------------|--------------------|---------------------|--------------------|
| | <i>(6.25%)</i> | <i>(7.25%)</i> | <i>(8.25%)</i> |
| City's net pension liability | \$ 5,144,524 | \$ 3,857,709 | \$ 2,792,384 |

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report, which can be found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due. Benefit payments are recognized as expenses when due and payable in accordance with benefit terms.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension expense and deferred outflows of resources related to the pension plan:

For the fiscal year ended June 30, 2023, the City recognized pension expense of \$813,151. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources, related to the pension plan, from the following sources:

| <i>Source</i> | <i>Deferred outflows of resources</i> | <i>Deferred inflows of resources</i> |
|---|---|--|
| Differences between projected and actual earnings | \$ 587,311 | \$ - |
| Differences between expected and actual experience | - | 22,938 |
| Differences in assumptions | <u>178,743</u> | <u>-</u> |
| | 766,054 | 22,938 |
| Contributions made subsequent to the measurement date | <u>223,985</u> | <u>-</u> |
| Totals | <u>\$ 990,039</u> | <u>\$ 22,938</u> |

The amount reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date, in the amount of \$223,985, will be recognized as a reduction in the net pension liability in fiscal year 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to the pension plan, will be recognized in pension expense as follows:

| <i>Year ended</i> | <i>Deferred outflows of resources</i> | <i>Deferred inflows of resources</i> |
|-----------------------|---|--|
| 2024 | \$ 227,762 | \$ 22,938 |
| 2025 | 110,454 | - |
| 2026 | 171,347 | - |
| 2027 | <u>256,491</u> | <u>-</u> |
| | <u>\$ 766,054</u> | <u>\$ 22,938</u> |

NOTE 9 - PROPERTY TAX REVENUE

The 2022 taxable valuation of the City approximated \$133,627,000 on which ad valorem taxes levied consisted of 16.3607 mills for operating purposes, raising approximately \$2,186,000 for operating purposes. This amount is reduced by a \$243,000 tax capture for the component unit and the net amount of \$1,943,000 is recognized in the fund financial statements as property tax revenue.

NOTE 10 - INTERFUND TRANSFERS

For the year ended June 30, 2023, interfund transfers consisted of the following:

| <u>Fund</u> | <u>Transfers in</u> | <u>Fund</u> | <u>Transfers out</u> |
|--------------------|---------------------|-------------|----------------------|
| | | General | \$ 20,000 |
| | | Sewer | 35,000 |
| | | Water | <u>35,000</u> |
| Motor Vehicle Pool | <u>\$ 90,000</u> | | <u>\$ 90,000</u> |

The transfers to the Motor Vehicle Pool Fund support future capital asset acquisitions of that fund.

NOTE 11 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$1,559,068. Of this amount, \$1,513,707 is restricted by enabling legislation for public works expenditures.

NOTE 12 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended June 30, 2023, is as follows:

| | |
|--------------------------------------|----------------|
| Revenues | \$ 152,920 |
| Expenses | <u>152,920</u> |
| Deficiency of revenues over expenses | <u>\$ -</u> |

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee health and medical claims. The risks of loss arising from general liability, building contents, workers' compensation, employee medical, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|--|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,961,254 | \$ 1,961,254 | \$ 2,014,966 | \$ 53,712 |
| Licenses and permits | 81,331 | 201,331 | 232,485 | 31,154 |
| Federal grants | - | - | 393,000 | 393,000 |
| State grants | 435,607 | 435,607 | 644,710 | 209,103 |
| Charges for services | 437,011 | 437,011 | 563,615 | 126,604 |
| Fines and forfeitures | 1,490 | 1,490 | 1,919 | 429 |
| Interest and rentals | 15,525 | 15,525 | 49,538 | 34,013 |
| Other | 166,965 | 193,885 | 81,774 | (112,111) |
| Total revenues | <u>3,099,183</u> | <u>3,246,103</u> | <u>3,982,007</u> | <u>735,904</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Legislative - City Council | 16,000 | 16,000 | 11,375 | 4,625 |
| Administration | 516,170 | 516,170 | 524,154 | (7,984) |
| Elections | 94,925 | 94,925 | 91,117 | 3,808 |
| Building maintenance | 60,000 | 15,000 | 8,127 | 6,873 |
| Assessor | 57,800 | 57,800 | 43,568 | 14,232 |
| Total general government | <u>744,895</u> | <u>699,895</u> | <u>678,341</u> | <u>21,554</u> |
| Public safety: | | | | |
| Police department | 963,450 | 1,051,652 | 1,053,975 | (2,323) |
| Fire department | 622,700 | 625,450 | 490,534 | 134,916 |
| Code inspections | 25,000 | 125,000 | 152,930 | (27,930) |
| Total public safety | <u>1,611,150</u> | <u>1,802,102</u> | <u>1,697,439</u> | <u>104,663</u> |
| Public works - Public works department | <u>566,100</u> | <u>586,100</u> | <u>540,946</u> | <u>45,154</u> |

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|--|----------------------------|-------------------------|---------------------|---|
| EXPENDITURES (Continued) | | | | |
| Community and economic development: | | | | |
| Planning | \$ 56,800 | \$ 38,800 | \$ 25,284 | \$ 13,516 |
| Community promotion | 6,000 | 6,000 | 5,171 | 829 |
| Total community and economic development | 62,800 | 44,800 | 30,455 | 14,345 |
| Health and welfare - ambulance service | 25,906 | 25,906 | 29,211 | (3,305) |
| Capital outlay | 48,600 | 1,131,043 | 1,127,085 | 3,958 |
| Total expenditures | 3,059,451 | 4,289,846 | 4,103,477 | 186,369 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 39,732 | (1,043,743) | (121,470) | 922,273 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries | 10,000 | 10,000 | 67,219 | 57,219 |
| Transfers in | 20,000 | 20,000 | 20,000 | - |
| Transfers out | (40,000) | (40,000) | (40,000) | - |
| Net other financing sources (uses) | (10,000) | (10,000) | 47,219 | 57,219 |
| NET CHANGES IN FUND BALANCES | 29,732 | (1,053,743) | (74,251) | 979,492 |
| FUND BALANCES - BEGINNING | 2,461,503 | 2,461,503 | 2,461,503 | - |
| FUND BALANCES - ENDING | <u>\$ 2,491,235</u> | <u>\$ 1,407,760</u> | <u>\$ 2,387,252</u> | <u>\$ 979,492</u> |

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended June 30, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| State grants | \$ 418,000 | \$ 418,000 | \$ 447,799 | \$ 29,799 |
| Interest | - | - | 500 | 500 |
| Total revenues | 418,000 | 418,000 | 448,299 | 30,299 |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Street preservation | - | 250,000 | 80,292 | 169,708 |
| Routine maintenance | 116,555 | 116,555 | 189,393 | (72,838) |
| Winter maintenance | 67,350 | 67,350 | 51,948 | 15,402 |
| Administration | 29,000 | 29,000 | 26,311 | 2,689 |
| Total public works | 212,905 | 462,905 | 347,944 | 114,961 |
| Debt service: | | | | |
| Principal | 47,600 | 47,600 | 47,561 | 39 |
| Interest and fees | 9,500 | 9,500 | 9,259 | 241 |
| Total expenditures | 270,005 | 520,005 | 404,764 | 115,241 |
| NET CHANGES IN FUND BALANCES | 147,995 | (102,005) | 43,535 | 145,540 |
| FUND BALANCES - BEGINNING | 1,048,385 | 1,048,385 | 1,048,385 | - |
| FUND BALANCES - ENDING | <u>\$ 1,196,380</u> | <u>\$ 946,380</u> | <u>\$ 1,091,920</u> | <u>\$ 145,540</u> |

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended June 30, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| State grants | \$ 133,000 | \$ 133,000 | \$ 139,448 | \$ 6,448 |
| Interest | - | - | 300 | 300 |
| Total revenues | <u>133,000</u> | <u>133,000</u> | <u>139,748</u> | <u>6,748</u> |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Street preservation | 15,000 | 17,500 | 12,847 | 4,653 |
| Routine maintenance | 52,810 | 59,800 | 40,059 | 19,741 |
| Winter maintenance | 52,340 | 42,850 | 37,234 | 5,616 |
| Administration | <u>12,850</u> | <u>12,850</u> | <u>8,782</u> | <u>4,068</u> |
| Total public works | <u>133,000</u> | <u>133,000</u> | <u>98,922</u> | <u>34,078</u> |
| NET CHANGES IN FUND BALANCES | - | - | 40,826 | 40,826 |
| FUND BALANCES - BEGINNING | <u>222,486</u> | <u>222,486</u> | <u>222,486</u> | - |
| FUND BALANCES - ENDING | <u>\$ 222,486</u> | <u>\$ 222,486</u> | <u>\$ 263,312</u> | <u>\$ 40,826</u> |

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

Year ended June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability: | | | | | | | | |
| Service cost | \$ 186,128 | \$ 186,819 | \$ 172,931 | \$ 163,643 | \$ 165,739 | \$ 142,998 | \$ 126,283 | \$ 128,419 |
| Interest | 706,716 | 727,004 | 679,017 | 649,625 | 619,133 | 598,688 | 567,685 | 535,576 |
| Differences between expected and actual experience | 1,905 | (72,622) | 2,592 | 181,919 | 65,308 | (48,632) | 88,748 | (13,600) |
| Changes in assumptions | - | 536,229 | 289,834 | 307,581 | - | - | - | 285,094 |
| Benefit payments, including refunds | (557,361) | (530,743) | (509,076) | (477,496) | (458,481) | (439,234) | (367,835) | (292,537) |
| Benefit change | - | (651,074) | - | - | - | - | - | - |
| Net change in total pension liability | 337,388 | 195,613 | 635,298 | 825,272 | 391,699 | 253,820 | 414,881 | 642,952 |
| Total pension liability, beginning of year | <u>9,933,419</u> | <u>9,737,806</u> | <u>9,102,508</u> | <u>8,277,236</u> | <u>7,885,537</u> | <u>7,631,717</u> | <u>7,216,836</u> | <u>6,573,884</u> |
| Total pension liability, end of year | <u>10,270,807</u> | <u>9,933,419</u> | <u>9,737,806</u> | <u>9,102,508</u> | <u>8,277,236</u> | <u>7,885,537</u> | <u>7,631,717</u> | <u>7,216,836</u> |
| Plan fiduciary net position: | | | | | | | | |
| Contributions - employer | 424,437 | 419,466 | 373,185 | 342,200 | 322,223 | 241,647 | 227,562 | 232,825 |
| Net investment income (loss) | (757,295) | 916,753 | 748,829 | 722,312 | (222,111) | 685,024 | 549,068 | (75,698) |
| Benefit payments, including refunds | (557,361) | (530,743) | (509,076) | (477,496) | (458,481) | (439,234) | (367,835) | (292,537) |
| Administrative expenses | (13,464) | (10,516) | (11,843) | (12,445) | (11,045) | (10,855) | (10,833) | (10,985) |
| Net change in plan fiduciary net position | (903,683) | 794,960 | 601,095 | 574,571 | (369,414) | 476,582 | 397,962 | (146,395) |
| Plan fiduciary net position, beginning of year | <u>7,316,781</u> | <u>6,521,821</u> | <u>5,920,726</u> | <u>5,346,155</u> | <u>5,715,569</u> | <u>5,238,987</u> | <u>4,841,025</u> | <u>4,987,420</u> |
| Plan fiduciary net position, end of year | <u>6,413,098</u> | <u>7,316,781</u> | <u>6,521,821</u> | <u>5,920,726</u> | <u>5,346,155</u> | <u>5,715,569</u> | <u>5,238,987</u> | <u>4,841,025</u> |
| City's net pension liability, end of year | <u>\$ 3,857,709</u> | <u>\$ 2,616,638</u> | <u>\$ 3,215,985</u> | <u>\$ 3,181,782</u> | <u>\$ 2,931,081</u> | <u>\$ 2,169,968</u> | <u>\$ 2,392,730</u> | <u>\$ 2,375,811</u> |
| Plan fiduciary net position as a percent of total pension liability | 62.44% | 73.66% | 66.97% | 65.04% | 64.59% | 72.48% | 68.65% | 67.08% |
| Covered payroll | \$ 1,305,842 | \$ 1,212,030 | \$ 1,189,531 | \$ 1,079,580 | \$ 1,079,594 | \$ 968,904 | \$ 868,041 | \$ 890,475 |
| City's net pension liability as a percentage of covered payroll | 295% | 216% | 270% | 295% | 271% | 224% | 276% | 267% |

Note: This schedule is being built prospectively after the implementation of GASB 68 in fiscal year 2015. Ultimately, ten years of data will be presented.

SCHEDULE OF CITY PENSION CONTRIBUTIONS

Last Ten Fiscal Years Ended June 30

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 424,437 | \$ 424,490 | \$ 405,135 | \$ 342,278 | \$ 340,396 | \$ 285,277 | \$ 227,562 | \$ 292,537 | \$ 245,804 | \$ 205,592 |
| Contributions in relation to the actuarially determined contributions | <u>424,437</u> | <u>424,490</u> | <u>405,135</u> | <u>342,278</u> | <u>340,396</u> | <u>285,277</u> | <u>227,562</u> | <u>292,537</u> | <u>245,804</u> | <u>205,592</u> |
| Contribution deficiency | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 1,305,842</u> | <u>\$ 1,212,030</u> | <u>\$ 1,189,531</u> | <u>\$ 1,079,580</u> | <u>\$ 1,079,594</u> | <u>\$ 968,904</u> | <u>\$ 868,041</u> | <u>\$ 890,475</u> | <u>\$ 1,030,137</u> | <u>\$ 1,017,295</u> |
| Contributions as a percentage of covered payroll | 32.50% | 35.02% | 34.06% | 31.53% | 29.44% | 26.22% | 32.85% | 23.86% | 20.21% | 18.87% |

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age - normal |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 16 years |
| Asset valuation method | five-year smoothed market |
| Inflation | 2.50% long-term wage inflation |
| Salary increases | 3.00% |
| Investment rate of return | 7.00%, net of investment and administrative expenses, including inflation |
| Retirement age | Normal retirement age is 60 years |
| Mortality | 50% Female/50% Male blend of the Pub-2010 fully generational mortality table with scale MP-2019 |

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

June 30, 2023

| | <i>Special revenue funds</i> | | |
|--------------------------------------|--|-------------------------|---------------|
| | <i>Community Building and Park Improvement</i> | <i>Special Road</i> | <i>Totals</i> |
| ASSETS | | | |
| Cash | \$ 40,567 | \$ 174,470 | \$ 215,037 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities - Payables | \$ - | \$ 15,995 | \$ 15,995 |
| Fund balances: | | | |
| Restricted for: | | | |
| Public works | - | 158,475 | 158,475 |
| Recreation and culture | 40,567 | - | 40,567 |
| Total fund balances | 40,567 | 158,475 | 199,042 |
| Total liabilities and fund balances | \$ 40,567 | \$ 174,470 | \$ 215,037 |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended June 30, 2023

| | <i>Special revenue funds</i> | | |
|--|--|-------------------------|---------------|
| | <i>Community Building and Park Improvement</i> | <i>Special Road</i> | <i>Totals</i> |
| REVENUES | | | |
| State grant | \$ - | \$ 19,630 | \$ 19,630 |
| Contribution from local unit | - | 115,697 | 115,697 |
| Interest | 148 | - | 148 |
| Other | - | 472 | 472 |
| | | | |
| Total revenues | 148 | 135,799 | 135,947 |
| EXPENDITURES | | | |
| Current: | | | |
| Public works | - | 124,735 | 124,735 |
| | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 148 | 11,064 | 11,212 |
| | | | |
| FUND BALANCES - BEGINNING | 40,419 | 147,411 | 187,830 |
| | | | |
| FUND BALANCES - ENDING | \$ 40,567 | \$ 158,475 | \$ 199,042 |

BALANCE SHEET - Downtown Development Authority

June 30, 2023

ASSETS

| | |
|------|------------|
| Cash | \$ 437,950 |
|------|------------|

LIABILITIES AND FUND BALANCE

Liabilities:

| | |
|----------|----------|
| Payables | \$ 9,876 |
|----------|----------|

| | |
|------------------|--------|
| Unearned revenue | 69,954 |
|------------------|--------|

| | |
|-------------------|--------|
| Total liabilities | 79,830 |
|-------------------|--------|

| | |
|--|---------|
| Fund balance - assigned for public works | 358,120 |
|--|---------|

| | |
|------------------------------------|------------|
| Total liabilities and fund balance | \$ 437,950 |
|------------------------------------|------------|

| | |
|--------------------|------------|
| Total fund balance | \$ 358,120 |
|--------------------|------------|

Amounts reported for the *component unit* in the statement of net position (page 13) are different because:

| | |
|--|---------|
| Capital assets are not financial resources and, therefore, are not reported in the fund. | 357,146 |
|--|---------|

| | |
|--|---------|
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund. | (1,116) |
|--|---------|

| | |
|--|---------|
| Interest payable is not due and payable in the current period and, therefore, is not reported in the fund. | (6,700) |
|--|---------|

| | |
|--|-----------|
| Long-term debt is not due and payable in the current period and, therefore, is not reported in the fund. | (610,340) |
|--|-----------|

| | |
|---|-----------|
| Net position of the <i>component unit</i> | \$ 97,110 |
|---|-----------|

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - Downtown Development Authority**

Year ended June 30, 2023

REVENUES

| | |
|-------------------------|----------------|
| Tax increment financing | \$ 366,716 |
| State grant | 25,000 |
| Interest income | 1,618 |
| Other | <u>89,259</u> |
| Total revenues | <u>482,593</u> |

EXPENDITURES

| | |
|------------------------|----------------|
| Current - public works | 299,807 |
| Debt service: | |
| Principal | 121,356 |
| Interest | <u>20,250</u> |
| Total expenditures | <u>441,413</u> |

NET CHANGE IN FUND BALANCE

41,180

FUND BALANCE - BEGINNING316,940**FUND BALANCE - ENDING**\$ 358,120

| | |
|----------------------------|-----------|
| Net change in fund balance | \$ 41,180 |
|----------------------------|-----------|

Amounts reported for the *component unit* in the statement of activities
(page 14) are different because:

| | |
|---|-------------------|
| Capital assets - provision for depreciation | (23,262) |
| Long-term debt - principal payments | 121,356 |
| Changes in other liabilities: | |
| Change in compensated absences | (1,116) |
| Decrease in interest payable | <u>1,500</u> |
| Change in net position of <i>component unit</i> | <u>\$ 139,658</u> |

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended June 30, 2023

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|-------------------------------------|-----------------------------------|--------------------------------|----------------------|--|
| REVENUES | | | | |
| Tax increment financing | \$ 345,435 | \$ 345,435 | \$ 366,716 | \$ 21,281 |
| State grants | - | 25,000 | 25,000 | - |
| Interest income | 200 | 200 | 1,618 | 1,418 |
| Other | 19,000 | 144,128 | 89,259 | (54,869) |
| Total revenues | 364,635 | 514,763 | 482,593 | (32,170) |
| EXPENDITURES | | | | |
| Public works | 220,618 | 293,323 | 299,807 | (6,484) |
| Debt service: | | | | |
| Principal | 120,201 | 120,201 | 121,356 | (1,155) |
| Interest | 22,816 | 22,816 | 20,250 | 2,566 |
| Total expenditures | 363,635 | 436,340 | 441,413 | (5,073) |
| NET CHANGES IN FUND BALANCES | 1,000 | 78,423 | 41,180 | (37,243) |
| FUND BALANCES - BEGINNING | 316,940 | 316,940 | 316,940 | - |
| FUND BALANCES - ENDING | <u>\$ 317,940</u> | <u>\$ 395,363</u> | <u>\$ 358,120</u> | <u>\$ (37,243)</u> |

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$1,825,000 2018 REFUNDING BONDS**

June 30, 2023

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|------------------|--------------------------|---------------------|-------------------------------|
| | <i>December 1</i> | <i>June 1</i> | | | |
| 2024 | \$ 15,453 | \$ 12,726 | 6/1/24 | \$ 180,000 | \$ 208,179 |
| 2025 | 12,726 | 9,620 | 6/1/25 | 205,000 | 227,346 |
| 2026 | 9,621 | 6,590 | 6/1/26 | 200,000 | 216,211 |
| 2027 | 6,591 | 3,256 | 6/1/27 | 220,000 | 229,847 |
| 2028 | 3,257 | - | 6/1/28 | 215,000 | 218,257 |
| 2029 | - | - | 6/1/29 | - | - |
| | <u>\$ 47,648</u> | <u>\$ 32,192</u> | | <u>\$ 1,020,000</u> | <u>\$ 1,099,840</u> |
| | | | <i>Interest</i> | <i>Principal</i> | <i>Totals</i> |
| Allocation by activity: | | | | | |
| Governmental activities | | | \$ 20,526 | \$ 262,227 | \$ 282,753 |
| Business-type activities | | | 28,414 | 363,002 | 391,416 |
| Component unit (DDA) | | | 30,900 | 394,771 | 425,671 |
| | | | <u>\$ 79,840</u> | <u>\$ 1,020,000</u> | <u>\$ 1,099,840</u> |

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$493,750 2016 INSTALLMENT PURCHASE AGREEMENT**

June 30, 2023

| <i><u>Fiscal period</u></i> | <i><u>Interest</u></i> | <i><u>Principal</u></i> | <i><u>Total requirements</u></i> |
|---------------------------------|------------------------|-------------------------|--------------------------------------|
| 2024 | \$ 5,174 | \$ 50,950 | \$ 56,124 |
| 2025 | 3,951 | 52,173 | 56,124 |
| 2026 | 2,699 | 53,425 | 56,125 |
| 2027 | 1,415 | 54,708 | 60,538 |
| 2028 | 104 | 4,313 | 4,417 |
| | <u>\$ 13,343</u> | <u>\$ 215,569</u> | <u>\$ 233,328</u> |