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# City of Wixom, Michigan

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**Financial Report  
with Supplementary Information  
June 30, 2024**

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## **Independent Auditor's Report**

To the City Council  
City of Wixom, Michigan

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wixom, Michigan (the "City") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024 and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 12 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 GAAS 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.

To the City Council  
City of Wixom, Michigan

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

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

***Supplementary Information***

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



November 15, 2024

As management of the City of Wixom, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2024. Readers are advised to read this management's discussion and analysis in conjunction with the City's financial statements. These statements can be found in subsequent sections of this financial report.

### **Financial Highlights**

The following represents the most significant financial highlights for the year ended June 30, 2024:

- The City's governmental net position increased by approximately \$5.1 million. This change is composed of the following. Increases were recorded to the net investment in capital assets by \$2,839,291, opioid settlement by \$63,252, land acquisition by \$78,247, solid waste by \$2,121, building and development by \$40,387, special assessment maintenance by \$124,600, and unrestricted of \$2,220,052. Decreases were recorded to debt service of \$198,932, police forfeitures of \$19,452, and roads and bike paths of \$11,243.
- Total assets related to the City's governmental activities exceeded liabilities at June 30, 2024 by approximately \$48.8 million.
- Property tax revenue increased by \$729,003 for governmental activities resulting from a taxable value increase of \$84.6 million, of which approximately \$47.1 million is attributable to the DDA and Brownfield districts.
- The City increased its Combined General Fund fund balance by over \$2 million this year. This increase can be attributed to fluctuations in both revenue and expenditures, especially interest earnings, Local Community Stabilization Authority revenue, service revenue, and penalties on delinquent tax collections.
  - Revenue exceeded original budget expectations due to the following factors:
    - \$109,520 in interest and penalty on delinquent tax collection over the budgeted amount
    - \$456,000 in General Fund local community stabilization revenue over the estimate
    - \$419,357 in investment interest earnings over the budgeted amount
    - \$438,468 in additional building permits and fees over budget due to increased development
    - \$430,701 increase over estimate in all other revenue items
  - Lower expenditures from original budgeted amounts were due to the following factors:
    - \$68,602 remaining between the City Council, city manager, and economic development/assessing departments due to fluctuation in various accounts
    - \$38,041 in lower than estimated expenses in the senior center
    - \$186,387 decrease in the police department due to staff changes during the year and other fluctuations
    - \$51,265 in lesser expenditures in the fire department due to fluctuation in wages and other line items
    - \$62,913 in lower than estimated expenditures in the department of public works
    - \$25,210 less than budgeted in building maintenance
    - \$214,577 in higher than budgeted expenditures in construction and development services due mainly to the building official expense, which ties directly to higher permit fee revenue/activity
    - Various reduction in expenditures across all other departments

**Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**The City's Net Position**

Governmental activities include all activity other than the Water and Sewer funds, which are considered business-type activities because they involve exchanges and are intended to be self-supporting activities.

	Governmental Activities		
	2023	2024	Change
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 24,096,381	\$ 26,683,319	\$ 2,586,938
Receivables	3,107,640	4,330,375	1,222,735
Other assets	6,049,665	7,187,974	1,138,309
Capital assets	38,098,067	40,291,261	2,193,194
Total assets	71,351,753	78,492,929	7,141,176
<b>Deferred Outflows of Resources</b>	4,618,340	2,318,449	(2,299,891)
<b>Liabilities</b>			
Current liabilities	2,600,356	4,359,528	1,759,172
Noncurrent liabilities	28,921,151	26,918,426	(2,002,725)
Total liabilities	31,521,507	31,277,954	(243,553)
<b>Deferred Inflows of Resources</b>	805,800	752,316	(53,484)
<b>Net Position</b>			
Net investment in capital assets	35,910,876	38,750,167	2,839,291
Restricted	13,671,889	13,750,869	78,980
Unrestricted	(5,939,979)	(3,719,928)	2,220,051
Total net position	<u>\$ 43,642,786</u>	<u>\$ 48,781,108</u>	<u>\$ 5,138,322</u>

**Management's Discussion and Analysis (Continued)**

	Business-type Activities		
	2023	2024	Change
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 15,287,947	\$ 16,482,162	\$ 1,194,215
Receivables	2,680,834	2,285,461	(395,373)
Other assets	200,125	210,554	10,429
Capital assets	59,209,051	59,915,039	705,988
Total assets	77,377,957	78,893,216	1,515,259
<b>Liabilities</b>			
Current liabilities	1,847,324	704,799	(1,142,525)
Noncurrent liabilities	4,852,983	4,615,404	(237,579)
Total liabilities	6,700,307	5,320,203	(1,380,104)
<b>Net Position</b>			
Net investment in capital assets	54,487,784	55,431,351	943,567
Unrestricted	16,189,866	18,141,662	1,951,796
Total net position	<u>\$ 70,677,650</u>	<u>\$ 73,573,013</u>	<u>\$ 2,895,363</u>

The governmental net position increased by approximately 11.8 percent from a year ago from approximately \$43.6 million to \$48.8 million. The unrestricted net position deficit, the part of net position that can be used to finance day to day operations, improved during the year by approximately \$2.2 million.

The City's business-type activities consist of the water and sewer activities. The City provides water to residents through the wholesale purchase of water from the Great Lakes Water Authority and provides sewage treatment through a city owned wastewater treatment plant. The Water and Sewer funds are healthy, with a change in net position of approximately \$2.9 million.

**The City's Changes in Net Position**

The following tables show the current year's changes in net position compared to the prior year:

	Governmental Activities		
	2023	2024	Change
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 3,157,206	\$ 3,140,692	\$ (16,514)
Operating grants	2,456,188	2,411,810	(44,378)
Capital grants	375,423	571,636	196,213
General revenue:			
Property taxes	10,393,984	11,122,987	729,003
Intergovernmental	2,558,656	2,770,567	211,911
Investment earnings	733,136	1,397,506	664,370
Other revenue - Other miscellaneous income	1,236,882	924,178	(312,704)
Total revenue	20,911,475	22,339,376	1,427,901
<b>Expenses</b>			
General government	3,151,842	3,256,892	105,050
Public safety	5,258,783	5,897,453	638,670
Public works	4,390,382	4,878,811	488,429
Community and economic development	1,632,124	1,491,612	(140,512)
Recreation and culture	906,923	925,757	18,834
Debt service	798,847	750,529	(48,318)
Total expenses	16,138,901	17,201,054	1,062,153
<b>Transfers</b>	(1,097,000)	-	1,097,000
<b>Change in Net Position</b>	3,675,574	5,138,322	1,462,748
<b>Net Position - Beginning of year</b>	39,967,212	43,642,786	3,675,574
<b>Net Position - End of year</b>	<b>\$ 43,642,786</b>	<b>\$ 48,781,108</b>	<b>\$ 5,138,322</b>
	Business-type Activities		
	2023	2024	Change
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 7,789,488	\$ 9,317,141	\$ 1,527,653
Capital grants	3,450,002	1,162,669	(2,287,333)
General revenue:			
Taxes	1,445	880	(565)
Investment earnings	185,699	535,663	349,964
Other revenue	53,162	57,336	4,174
Total revenue	11,479,796	11,073,689	(406,107)
<b>Expenses</b>	7,836,235	8,178,326	342,091
<b>Transfers</b>	1,097,000	-	(1,097,000)
<b>Change in Net Position</b>	4,740,561	2,895,363	(1,845,198)
<b>Net Position - Beginning of year</b>	65,937,089	70,677,650	4,740,561
<b>Net Position - End of year</b>	<b>\$ 70,677,650</b>	<b>\$ 73,573,013</b>	<b>\$ 2,895,363</b>

The City's property tax revenue increased primarily due to new development and inflation on existing properties. Local Community Stabilization Authority general fund revenue increased by \$161,534 related to distributions of fees paid on personal property to the State. The City again reduced its usage of the special general operating millage by 0.5 mills, levying 3 mills for the 2023/2024 fiscal year as opposed to the voter-approved maximum of 3.5 mills. This millage collection was separately approved by voters in November 2012 and renewed in November 2016 and November 2020. Additionally, when it occurs, revenue collected over expenditures is allocated to budget stabilization to be utilized for future unforeseen expenses or to make needed capital improvements. The City continues to evaluate and implement cost-cutting measures and develop and implement a citywide, 10-year capital improvement plan.

Over several years, the City set its sewer rates lower than its cost to provide services. This was primarily due to the strong financial position of the Sewer Fund. During 2024, the City entered its 11th year of implementation of a financial master plan for the water and sewer system. This plan allows the City to evaluate and set future rates in line with its cost to provide services.

The fund financial statements provide detailed information about the most significant funds of the City. The City Council creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages. The City's major funds for 2024 include the General Fund, the Special Holding Agency Fund, the Capital Improvement Fund, and the Local Road Capital Improvement Fund. The General Fund pays for most of the City's governmental services. The most significant are public safety and general government. The General Fund ended the year with nearly \$1.55 million committed/nonspendable fund balance, \$5.71 million of unassigned fund balance, and \$3 million of assigned fund balance. The FY 2024/2025 budget has assigned \$3 million to capital projects.

The Special Assessment Fund accounts for the Tribute drain improvements in the Village Center area completed in 2006 and the related special assessment on property owners that is intended to fund a portion of those improvements. Fiscal year 2024 was the 11th year the City has been billing the annual assessments since the reinstatement of charges to properties. For fiscal year 2008 through fiscal year 2012, the City utilized unspent bond proceeds to make the annual bond payments.

***General Fund Budgetary Highlights***

Over the course of the year, the City amended the budget to address actual results during the year. The most significant changes were a revenue increase for state revenue sharing due to revised figures; an increase to local community stabilization revenue; an increase to building permits and fee revenue, along with the related building official expense increase; and an increase to contribution to wastewater to fund plant improvements.

***Capital Assets and Debt Administration***

At the end of 2024, the City had over \$100 million (net of depreciation) invested in a broad range of capital assets, including buildings, police equipment, fire equipment, and water and sewer lines. Major purchases included computer equipment, HVAC improvements, police vehicles, police equipment, police facility improvements, loader/backhoe, DPW and mowing equipment, dump truck, park improvements, fire gear, fire facility improvements, safety paths, and utility improvements. In addition, investments were allocated to roads within the City. In July 2019, wastewater capital improvement bonds were issued to cover costs of wastewater plant improvements, ending the year with a debt balance of approximately \$4.48 million. The remaining debt balance consists of approximately \$12.965 million for pension bonds, approximately \$4.765 million for health care bonds, and approximately \$1.34 million for DDA/VCA bonds. Additional information regarding capital assets and related debt is available in the notes to the financial statements.

***Economic Factors and Next Year's Budgets and Rates***

The City is home to a strong mix of residential, manufacturing, office, service, technology, and retail/recreational centers. This rich, diverse tax base allows the City to provide an attractive, stable environment for new investment and also reduces the impact of adverse economic cycles. A total of 43 percent of the 2024 tax roll is residential, including single-family and multifamily homes. The remaining 57 percent is nonresidential, composed of 46 percent commercial and industrial and 11 percent personal property.

The region, which includes the City and the surrounding area of Oakland County has more than 1.2 million residents and 42,000 businesses. More than 690,000 people work in Oakland County business establishments and government agencies, with 57 percent of global Fortune 500 companies having at least one business location in Oakland County. The county is home to more than 1,000 foreign-owned firms from some 40 countries, many located in the City of Wixom, Michigan. The City continues to attract businesses of national and international importance.

It is anticipated that future taxable values will continue to rise as new developments are constructed. The five-year budget plan is continually updated to reflect the most accurate projections and facilitate effective planning for future needs.

During fiscal year 2024, new construction, commercial and residential developments, buildouts, and full-scale commercial remodeling continued at a steady pace. This demonstrates that businesses and developers continue to have a high level of confidence in the City. Notable new construction projects during the fiscal year include the following:

- 741,923 square foot new industrial building A - Wixom Logistics Park (Phase I) - 10160 Assembly Park Dr. - (construction is complete, including tenant buildout)
- 133,554 square foot new industrial building B - Wixom Logistics Park (Phase I) - 10100 Assembly Park Dr. - (two tenants with signed leases; Wayfair and Nations Benefit will split the 133,000 sq./ft facility 80/20; building shell is complete; both tenant buildouts are complete)
- 307,747 square foot new industrial building C - Wixom Logistics Park (Phase II) - 10035 Assembly Park Dr. - (construction is complete, including tenant buildout)
- 257,307 square foot new industrial building D - Wixom Logistics Park (Phase II) - 29753 S. Wixom Rd. - (construction is complete; tenant buildout is under way)
- 2,393 square foot new restaurant - Chipotle Mexican Grill - 28703 S. Wixom Rd. - (construction complete)
- 33,280 square foot new warehouse building - Safe-T Storage - 47020 West Rd. - (building permit issued; construction is progressing)
- 27,232 square foot new industrial building - People Driven Technology - 49103 Alpha Dr. - (building permit issued; construction is ongoing)
- 10,080 square foot new commercial building - The Learning Center daycare - 1725 Wixom Rd. - (building permit issued; construction is close to completion)
- 20,000 square foot new warehouse facility - Schreiber Corporation - 29945 Beck Rd. - (construction complete)
- 36,420 square foot new industrial building - YUKEN America - 49178 Alpha Ct. - (construction complete)
- 48,660 square foot new four-story hotel (122 rooms) - Woodspring Hotel - 49850 Grand River Ave. - (construction complete)
- 34,960 square foot building addition (warehouse/storage) - Discraft - 51100 Grand River Ave. - (construction complete)
- 34,409 square foot new industrial building shell - West Rd. - (shell construction is complete; exterior site work to be completed once the tenant is determined; we have learned about a potential tenant coming soon)
- 356 square foot premanufactured structure - Biggby - 49900 Grand River Ave. - Meijer parking lot - (construction complete)
- 7,244 square foot building remodel - Wixom Motors - 29710 Wixom Road - Used car dealership full remodel of the existing former restaurant building - (buildout is complete)

- 5,000 square foot new metal storage building - First Baptist Church of Wixom - 620 Wixom Rd. - (construction has just started)
- Five single-family residential developments - Milana Estates; Cambridge Lane; Stonegate Village; Roma Ct; Maple Glen - (construction is underway)

In addition, the following construction projects are in the site plan submittal and review process:

- Wixom Logistics Park, aka Assembly Park - The first four buildings are complete and fully occupied, with Buildings C and D undergoing tenant buildouts. The final building, Building E, is not planned for immediate construction, and, according to the developer, this site will be marketed as an 80,000 square foot "Build-to-Suit" opportunity. Depending on interest, this final portion could proceed in the near future.
- The remaining 70 acres of the former Ford Property, which are primarily covered by wetlands and Ford's old cooling ponds, have been approved from draining by the State of Michigan and are in the process of being filled this spring. We anticipate working with the property owner to facilitate redevelopment through the existing Brownfield Redevelopment plan.
- The Burger King on S. Wixom Road received site plan approval to renovate the existing Burger King structure; provide a second drive-through lane; rehabilitate the parking area/sidewalks/concrete ramps/curbs and gutters; and construct a driveway north of Meijer Drive. The site is located at the southwest quadrant of the Wixom Road/Meijer Drive intersection.
- Signarama received site plan approval to construct a 18,144 square foot structure having two tenant spaces at the corner of Alpha Court and Alpha Drive.
- Leonardo's Marble and Granite received an extension to its site plan approval and has pulled building permits for construction of a 27,164 square foot office and showroom building; an 8,120 square foot workshop; two new parking lots; redevelopment of two existing buildings; and other site improvements on S. Wixom Road.
- People Driven Technologies received site plan approval to construct a 27,000 square foot, two-story office/warehouse building located at the end of the cul-de-sac on Alpha Court. Three parcels were combined to accommodate the proposed development.
- 49250 West Road, the 35,090 square foot speculative light industrial building, was sold in early 2024, and construction will be completed in the summer of 2024 by the new owner/occupant who intends to locate their manufacturing operation in that facility.

Many jobs were created and filled in the City as a result of the facilitated negotiations of several leases and property purchases within the City.

#### ***Requests for Further Information***

This financial report is intended to provide a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the finance department office at 49045 Pontiac Trail, Wixom, MI 48393. This report, city budgets, and other financial information are available on the City's website at [www.wixomgov.org](http://www.wixomgov.org).

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 26,683,319	\$ 16,482,162	\$ 43,165,481	\$ 1,025,884
Receivables - Net:				
Special assessments receivable	229,838	-	229,838	-
Customer receivables	-	2,413,130	2,413,130	-
Leases receivable	739,818	-	739,818	-
Other receivables	2,394,439	159,411	2,553,850	-
Due from other governments	412,987	-	412,987	-
Due from component units (Note 5)	266,213	-	266,213	-
Internal balances (Note 5)	287,080	(287,080)	-	-
Inventory	158,511	210,554	369,065	-
Prepaid expenses and other assets	264,129	-	264,129	-
Net OPEB asset (Note 10)	6,765,334	-	6,765,334	-
Capital assets: (Note 4)				
Assets not subject to depreciation	5,542,067	-	5,542,067	154,296
Assets subject to depreciation - Net	34,749,194	59,915,039	94,664,233	50,117
Total assets	78,492,929	78,893,216	157,386,145	1,230,297
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 9)	2,237,173	-	2,237,173	-
Deferred OPEB costs (Note 10)	81,276	-	81,276	-
Total deferred outflows of resources	2,318,449	-	2,318,449	-

Statement of Net Position (Continued)

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 2,711,557	\$ 683,324	\$ 3,394,881	\$ 4,908
Due to primary government (Note 5)	-	-	-	266,213
Due to others	150,141	-	150,141	-
Accrued liabilities and other	247,247	21,475	268,722	-
Unearned revenue	641,178	-	641,178	-
Refundable deposits	609,405	-	609,405	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	105,756	-	105,756	-
Current portion of bonds and contracts payable (Note 6)	1,601,094	242,579	1,843,673	-
Due in more than one year:				
Compensated absences (Note 6)	927,011	-	927,011	-
Other noncurrent liabilities	-	131,716	131,716	-
Net pension liability (Note 9)	6,614,565	-	6,614,565	-
Bonds and contracts payable - Net of current portion (Note 6)	17,670,000	4,241,109	21,911,109	-
<b>Total liabilities</b>	<b>31,277,954</b>	<b>5,320,203</b>	<b>36,598,157</b>	<b>271,121</b>
<b>Deferred Inflows of Resources</b>				
Deferred OPEB cost reductions (Note 10)	80,174	-	80,174	-
Deferred inflows from leases	672,142	-	672,142	-
<b>Total deferred inflows of resources</b>	<b>752,316</b>	<b>-</b>	<b>752,316</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	38,750,167	55,431,351	94,181,518	204,413
Restricted:				
Roads and bike paths	10,315,938	-	10,315,938	-
Debt service	250,054	-	250,054	-
Land acquisition	1,830,844	-	1,830,844	-
Police forfeitures	160,938	-	160,938	-
Solid waste	115,711	-	115,711	-
Building and development	824,543	-	824,543	-
Special assessment maintenance	124,600	-	124,600	-
Opioid settlement	128,241	-	128,241	-
Unrestricted	(3,719,928)	18,141,662	14,421,734	754,763
<b>Total net position</b>	<b>\$ 48,781,108</b>	<b>\$ 73,573,013</b>	<b>\$122,354,121</b>	<b>\$ 959,176</b>

Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenue			Primary Government		Total	Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 3,256,892	\$ 561,682	\$ 409,344	\$ -	\$ (2,285,866)	\$ -	\$ (2,285,866)	\$ -
Public safety	5,897,453	26,772	-	-	(5,870,681)	-	(5,870,681)	-
Public works	4,878,811	880,954	1,987,757	571,636	(1,438,464)	-	(1,438,464)	-
Community and economic development	1,491,612	1,480,083	14,709	-	3,180	-	3,180	-
Recreation and culture	925,757	191,201	-	-	(734,556)	-	(734,556)	-
Interest on long-term debt	750,529	-	-	-	(750,529)	-	(750,529)	-
Total governmental activities	17,201,054	3,140,692	2,411,810	571,636	(11,076,916)	-	(11,076,916)	-
Business-type activities:								
Water Fund	4,621,333	4,158,350	-	825,794	-	362,811	362,811	-
Sewer Fund	3,556,993	5,158,791	-	336,875	-	1,938,673	1,938,673	-
Total business-type activities	8,178,326	9,317,141	-	1,162,669	-	2,301,484	2,301,484	-
Total primary government	<u>\$ 25,379,380</u>	<u>\$ 12,457,833</u>	<u>\$ 2,411,810</u>	<u>\$ 1,734,305</u>	(11,076,916)	2,301,484	(8,775,432)	-
Component units:								
Downtown Development Authority	\$ 1,354,811	\$ -	\$ -	\$ -	-	-	-	(1,354,811)
Local Development Finance Authority	150,007	-	-	-	-	-	-	(150,007)
Total component units	<u>\$ 1,504,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	(1,504,818)
General revenue:								
Property taxes					11,122,987	880	11,123,867	1,326,380
Unrestricted state-shared revenue					2,770,567	-	2,770,567	-
Unrestricted investment income					1,397,506	535,663	1,933,169	50,080
Other miscellaneous income					924,178	57,336	981,514	17,801
Total general revenue					16,215,238	593,879	16,809,117	1,394,261
<b>Change in Net Position</b>					5,138,322	2,895,363	8,033,685	(110,557)
<b>Net Position - Beginning of year</b>					43,642,786	70,677,650	114,320,436	1,069,733
<b>Net Position - End of year</b>					<u>\$ 48,781,108</u>	<u>\$ 73,573,013</u>	<u>\$ 122,354,121</u>	<u>\$ 959,176</u>

Governmental Funds  
Balance Sheet

June 30, 2024

	Combined General Fund	Local Road Capital Improvement	Special Holding Agency Fund	Capital Improvement Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 3)	\$ 8,131,685	\$ 5,625,193	\$ 2,143,454	\$ 2,853,232	\$ 7,929,755	\$ 26,683,319
Receivables:						
Special assessments receivable	-	-	-	-	229,838	229,838
Leases receivable (Note 16)	739,818	-	-	-	-	739,818
Other receivables	2,237,297	38,431	-	18,450	100,261	2,394,439
Due from other governments	42,665	88,209	-	-	282,113	412,987
Due from component units (Note 5)	266,213	-	-	-	-	266,213
Due from other funds (Note 5)	941,724	-	-	348,732	810,319	2,100,775
Inventory	2,331	78,090	-	-	78,090	158,511
Prepaid expenses and other assets	246,714	-	-	-	17,415	264,129
<b>Total assets</b>	<b>\$ 12,608,447</b>	<b>\$ 5,829,923</b>	<b>\$ 2,143,454</b>	<b>\$ 3,220,414</b>	<b>\$ 9,447,791</b>	<b>\$ 33,250,029</b>
<b>Liabilities</b>						
Accounts payable	\$ 336,740	\$ 1,739,166	\$ 30,445	\$ 521,519	\$ 83,687	\$ 2,711,557
Due to other funds (Note 5)	1,159,051	440,901	117,019	-	96,724	1,813,695
Due to others	-	-	150,141	-	-	150,141
Accrued liabilities and other	122,111	-	-	-	-	122,111
Unearned revenue	32,836	-	417,850	171,992	18,500	641,178
Refundable deposits	-	-	609,405	-	-	609,405
<b>Total liabilities</b>	<b>1,650,738</b>	<b>2,180,067</b>	<b>1,324,860</b>	<b>693,511</b>	<b>198,911</b>	<b>6,048,087</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	19,479	-	-	-	377,534	397,013
Deferred inflows from leases	672,142	-	-	-	-	672,142
<b>Total deferred inflows of resources</b>	<b>691,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>377,534</b>	<b>1,069,155</b>

Governmental Funds  
Balance Sheet (Continued)

June 30, 2024

	Combined General Fund	Local Road Capital Improvement	Special Holding Agency Fund	Capital Improvement Fund	Nonmajor Funds	Total Governmental Funds
<b>Fund Balances</b>						
Nonspendable:						
Inventory	2,331	78,090	-	-	78,090	158,511
Prepays	196,795	-	-	-	17,415	214,210
Restricted:						
Roads	-	3,571,766	-	-	6,587,992	10,159,758
Debt service	-	-	-	-	40,471	40,471
Land acquisition	-	-	-	-	1,813,429	1,813,429
Police forfeiture	-	-	-	-	160,938	160,938
Solid waste	-	-	-	-	115,711	115,711
Development contracts	-	-	818,594	-	-	818,594
Opioid settlement	-	-	-	-	30,341	30,341
Committed:						
Cemetery	-	-	-	-	89,931	89,931
Budget stabilization	1,352,923	-	-	-	-	1,352,923
Assigned - Capital improvements	3,000,000	-	-	2,526,903	-	5,526,903
Unassigned	5,714,039	-	-	-	(62,972)	5,651,067
<b>Total fund balances</b>	<b>10,266,088</b>	<b>3,649,856</b>	<b>818,594</b>	<b>2,526,903</b>	<b>8,871,346</b>	<b>26,132,787</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 12,608,447</b>	<b>\$ 5,829,923</b>	<b>\$ 2,143,454</b>	<b>\$ 3,220,414</b>	<b>\$ 9,447,791</b>	<b>\$ 33,250,029</b>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

<b>Fund Balances Reported in Governmental Funds</b>	\$ 26,132,787
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	40,291,261
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	397,013
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(19,271,094)
Accrued interest is not due and payable in the current period and is not reported in the funds	(125,136)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,032,767)
Pension benefits	(4,377,392)
Retiree health care benefits	6,766,436
<b>Net Position of Governmental Activities</b>	<b><u>\$ 48,781,108</u></b>

Governmental Funds  
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	Combined General Fund	Formerly Major - Major Road Capital Improvement Fund	Local Road Capital Improvement Fund	Special Holding Agency Fund	Capital Improvement Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>							
Taxes	\$ 9,621,681	\$ -	\$ 1,098,553	\$ -	\$ -	\$ 286,398	\$ 11,006,632
Special assessments	-	-	-	-	-	226,171	226,171
Intergovernmental:							
Federal grants	-	-	-	-	-	14,709	14,709
State sources	2,819,066	-	550,166	7,477	-	1,325,077	4,701,786
Local grants and contributions	31,294	-	74,890	-	17,477	-	123,661
Charges for services	1,541,332	-	-	340,713	-	593,328	2,475,373
Fines and forfeitures	53,270	-	-	-	-	1,815	55,085
Licenses and permits	24,517	-	-	-	-	-	24,517
Interest and rentals:							
Investment earnings	573,358	-	271,452	1,199	139,324	412,173	1,397,506
Rental income	316,523	-	-	-	-	41,465	357,988
Other revenue	605,881	-	-	1,537	396,360	632,834	1,636,612
<b>Total revenue</b>	<b>15,586,922</b>	<b>-</b>	<b>1,995,061</b>	<b>350,926</b>	<b>553,161</b>	<b>3,533,970</b>	<b>22,020,040</b>
<b>Expenditures</b>							
Current services:							
General government	2,293,794	-	-	-	-	15,526	2,309,320
Public safety	6,285,872	-	-	12,912	-	22,047	6,320,831
Public works	855,917	-	3,024,352	-	-	1,079,144	4,959,413
Community and economic development	86,007	-	-	297,627	-	83,630	467,264
Recreation and culture	906,540	-	-	-	-	-	906,540
Capital outlay	-	-	-	-	2,005,390	569,658	2,575,048
Debt service	1,629,791	-	-	-	-	685,881	2,315,672
<b>Total expenditures</b>	<b>12,057,921</b>	<b>-</b>	<b>3,024,352</b>	<b>310,539</b>	<b>2,005,390</b>	<b>2,455,886</b>	<b>19,854,088</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>3,529,001</b>	<b>-</b>	<b>(1,029,291)</b>	<b>40,387</b>	<b>(1,452,229)</b>	<b>1,078,084</b>	<b>2,165,952</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in (Note 5)	-	-	-	-	1,327,845	-	1,327,845
Transfers out (Note 5)	(1,327,845)	-	-	-	-	-	(1,327,845)
Sale of capital assets	2,566	-	-	-	-	-	2,566
<b>Total other financing (uses) sources</b>	<b>(1,325,279)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,327,845</b>	<b>-</b>	<b>2,566</b>
<b>Net Change in Fund Balances</b>	<b>2,203,722</b>	<b>-</b>	<b>(1,029,291)</b>	<b>40,387</b>	<b>(124,384)</b>	<b>1,078,084</b>	<b>2,168,518</b>
<b>Fund Balances - Beginning of year, as previously reported</b>	<b>8,062,366</b>	<b>4,067,635</b>	<b>-</b>	<b>778,207</b>	<b>-</b>	<b>11,056,061</b>	<b>23,964,269</b>
<b>Change within financial reporting entity (Note 1)</b>	<b>-</b>	<b>(4,067,635)</b>	<b>4,679,147</b>	<b>-</b>	<b>2,651,287</b>	<b>(3,262,799)</b>	<b>-</b>
<b>Fund Balances - Beginning of year, as adjusted</b>	<b>8,062,366</b>	<b>-</b>	<b>4,679,147</b>	<b>778,207</b>	<b>2,651,287</b>	<b>7,793,262</b>	<b>23,964,269</b>
<b>Fund Balances - End of year</b>	<b>\$ 10,266,088</b>	<b>\$ -</b>	<b>\$ 3,649,856</b>	<b>\$ 818,594</b>	<b>\$ 2,526,903</b>	<b>\$ 8,871,346</b>	<b>\$ 26,132,787</b>

**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

**Year Ended June 30, 2024**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 2,168,518</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	5,635,472
Depreciation expense	(3,412,340)
Net book value of assets disposed of	(29,938)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(124,123)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,556,097
Interest expense is recognized in the government-wide statements as it accrues	9,046
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(664,410)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 5,138,322</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2024

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 3,984,077	\$ 12,498,085	\$ 16,482,162
Receivables:			
Customer receivables	1,360,151	1,052,979	2,413,130
Other receivables	122,120	37,291	159,411
Inventory	79,647	130,907	210,554
Total current assets	5,545,995	13,719,262	19,265,257
Noncurrent assets - Capital assets - Net	31,921,354	27,993,685	59,915,039
Total assets	37,467,349	41,712,947	79,180,296
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	558,984	124,340	683,324
Due to other funds (Note 5)	225,994	61,086	287,080
Accrued interest payable	-	21,475	21,475
Current portion of bonds and contracts payable (Note 6)	-	242,579	242,579
Total current liabilities	784,978	449,480	1,234,458
Noncurrent liabilities:			
Bonds and contracts payable - Net of current portion (Note 6)	-	4,241,109	4,241,109
Other noncurrent liabilities	-	131,716	131,716
Total noncurrent liabilities	-	4,372,825	4,372,825
Total liabilities	784,978	4,822,305	5,607,283
<b>Net Position</b>			
Net investment in capital assets	31,921,354	23,509,997	55,431,351
Unrestricted	4,761,017	13,380,645	18,141,662
Total net position	<b>\$ 36,682,371</b>	<b>\$ 36,890,642</b>	<b>\$ 73,573,013</b>

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Position**

**Year Ended June 30, 2024**

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Operating Revenue</b>			
Sale of water	\$ 2,641,252	\$ -	\$ 2,641,252
Sewage disposal charges	-	2,665,007	2,665,007
Interest and penalty charges	205,273	163,297	368,570
Other miscellaneous charges	1,311,825	529,377	1,841,202
Total operating revenue	4,158,350	3,357,681	7,516,031
<b>Operating Expenses</b>			
Cost of water	2,690,121	-	2,690,121
Cost of sewage treatment	-	1,066,269	1,066,269
Other operating and maintenance costs	886,937	111,063	998,000
Billing and administrative costs	211,898	281,860	493,758
Utilities	-	247,476	247,476
Other miscellaneous charges	-	52,480	52,480
Depreciation and amortization	832,377	1,663,370	2,495,747
Total operating expenses	4,621,333	3,422,518	8,043,851
<b>Operating Loss</b>	(462,983)	(64,837)	(527,820)
<b>Nonoperating Revenue (Expense)</b>			
Property tax revenue	880	-	880
Investment income	45,448	490,215	535,663
Interest expense	-	(134,475)	(134,475)
Project cost share revenue	-	1,801,110	1,801,110
Other nonoperating general revenue	53,730	3,606	57,336
Total nonoperating revenue	100,058	2,160,456	2,260,514
<b>(Loss) Income - Before capital contributions</b>	(362,925)	2,095,619	1,732,694
<b>Capital Contributions</b>			
Capital grants	247,176	-	247,176
Benefit fees	90,068	162,555	252,623
Lines donated by developers	488,550	174,320	662,870
Total capital contributions	825,794	336,875	1,162,669
<b>Change in Net Position</b>	462,869	2,432,494	2,895,363
<b>Net Position - Beginning of year</b>	36,219,502	34,458,148	70,677,650
<b>Net Position - End of year</b>	<b>\$ 36,682,371</b>	<b>\$ 36,890,642</b>	<b>\$ 73,573,013</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2024

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 4,237,385	\$ 3,381,667	\$ 7,619,052
Receipts from (payments on) interfund services and reimbursements	26,549	(227,955)	(201,406)
Payments to suppliers	(3,642,219)	(2,563,956)	(6,206,175)
Net cash and cash equivalents provided by operating activities	621,715	589,756	1,211,471
<b>Cash Flows from Capital and Related Financing Activities</b>			
Receipt of capital grants	247,176	-	247,176
Benefit fees	90,068	162,555	252,623
Property taxes restricted for capital items	880	-	880
Purchase of capital assets	(151,203)	(2,387,662)	(2,538,865)
Principal and interest paid on capital debt	-	(369,573)	(369,573)
Project cost share proceeds	-	1,801,110	1,801,110
Other fees	53,730	-	53,730
Net cash and cash equivalents provided by (used in) capital and related financing activities	240,651	(793,570)	(552,919)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	45,448	490,215	535,663
<b>Net Increase in Cash and Cash Equivalents</b>	907,814	286,401	1,194,215
<b>Cash and Cash Equivalents - Beginning of year</b>	3,076,263	12,211,684	15,287,947
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 3,984,077</b>	<b>\$ 12,498,085</b>	<b>\$ 16,482,162</b>
<b>Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities</b>			
Operating loss	\$ (462,983)	\$ (64,837)	\$ (527,820)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:			
Depreciation and amortization	832,377	1,663,370	2,495,747
Changes in assets and liabilities:			
Receivables	79,035	23,986	103,021
Due to and from other funds	238,447	53,905	292,352
Inventories	4,115	(14,544)	(10,429)
Accounts payable and escrows	(69,276)	(1,072,124)	(1,141,400)
Total adjustments	1,084,698	654,593	1,739,291
Net cash and cash equivalents provided by operating activities	<b>\$ 621,715</b>	<b>\$ 589,756</b>	<b>\$ 1,211,471</b>
<b>Significant Noncash Transactions - Donated capital assets</b>	\$ 488,550	\$ 174,320	\$ 662,870

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2024

	Custodial Fund - Tax Collection Fund	Other Postemployment Benefit Trust Fund	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 56,640	\$ -	\$ 56,640
Investments - Interest in pooled investments	-	20,596,922	20,596,922
Receivables	209,456	902	210,358
Total assets	266,096	20,597,824	20,863,920
<b>Liabilities</b>			
Accounts payable	-	766	766
Due to other governmental units	194,845	-	194,845
Due to primary government	63,338	1,723,037	1,786,375
Due to others	7,913	-	7,913
Total liabilities	266,096	1,723,803	1,989,899
<b>Net Position</b> - Restricted for postemployment benefits other than pension	<b>\$ -</b>	<b>\$ 18,874,021</b>	<b>\$ 18,874,021</b>

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

**Year Ended June 30, 2024**

	Custodial Fund - Tax Collection Fund	Other Postemployment Benefit Trust Fund	Total Fiduciary Funds
<b>Additions</b>			
Investment income	\$ -	\$ 1,880,220	\$ 1,880,220
Collections - Property tax collections for other taxing authorities	28,414,702	-	28,414,702
Contributions:			
Employer contributions	-	85,424	85,424
Employee contributions	-	11,024	11,024
Total contributions	-	96,448	96,448
Total additions	28,414,702	1,976,668	30,391,370
<b>Deductions</b>			
Benefit payments	-	625,389	625,389
Administrative expenses	-	1,045	1,045
Property tax disbursements to other taxing authorities	28,414,702	-	28,414,702
Total deductions	28,414,702	626,434	29,041,136
<b>Net Increase in Fiduciary Net Position</b>	-	1,350,234	1,350,234
<b>Net Position - Beginning of year</b>	-	17,523,787	17,523,787
<b>Net Position - End of year</b>	<b>\$ -</b>	<b>\$ 18,874,021</b>	<b>\$ 18,874,021</b>

Component Units  
Statement of Net Position

June 30, 2024

	Downtown Development Authority	Local Development Finance Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 734,342	\$ 291,542	\$ 1,025,884
Capital assets - Net	204,413	-	204,413
Total assets	938,755	291,542	1,230,297
<b>Liabilities</b>			
Accounts payable	4,754	154	4,908
Due to primary government	265,488	725	266,213
Total liabilities	270,242	879	271,121
<b>Net Position</b>			
Net investment in capital assets	204,413	-	204,413
Unrestricted	464,100	290,663	754,763
Total net position	<b>\$ 668,513</b>	<b>\$ 290,663</b>	<b>\$ 959,176</b>

Component Units  
Statement of Activities

Year Ended June 30, 2024

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Local Development Finance Authority	Total
<b>Functions/Programs</b>							
Downtown Development Authority	\$ 1,354,811	\$ -	\$ -	\$ -	\$ (1,354,811)	\$ -	\$ (1,354,811)
Local Development Finance Authority	150,007	-	-	-	-	(150,007)	(150,007)
Total	<u>\$ 1,504,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(1,354,811)	(150,007)	(1,504,818)
General revenue:							
Taxes					1,326,380	-	1,326,380
Investment income					28,219	21,861	50,080
Other miscellaneous income					17,801	-	17,801
Total general revenue					<u>1,372,400</u>	<u>21,861</u>	<u>1,394,261</u>
<b>Change in Net Position</b>					17,589	(128,146)	(110,557)
<b>Net Position - Beginning of year</b>					<u>650,924</u>	<u>418,809</u>	<u>1,069,733</u>
<b>Net Position - End of year</b>					<u>\$ 668,513</u>	<u>\$ 290,663</u>	<u>\$ 959,176</u>

**Note 1 - Significant Accounting Policies**

The following is a summary of the significant accounting policies used by the City of Wixom, Michigan (the "City"):

**Reporting Entity**

The City of Wixom, Michigan is governed by an elected seven-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City (see discussion below for description).

**Blended Component Units**

The Building Authority is governed by a board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

**Discretely Presented Component Units**

The component unit columns in the government-wide financial statements include the financial data of the City's other component units. They are reported in separate columns to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable for and is able to impose its will on the organizations. Financial statements are not issued separately for the component units.

**Downtown Development Authority**

The Downtown Development Authority (the "Authority" or the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is selected by the City Council. In addition, the Authority's development plans, and all modifications to the plans, are subject to approval by the City Council. The City maintains all accounting records for the DDA, whose primary source of funding is from tax increment financing revenue.

**Local Development Finance Authority**

The Local Development Finance Authority (the "LDFA") was created to improve the public infrastructure within the central business district of the City. This has included primarily the improvement or construction of roads, drains, and water and sewer transmission lines. The primary source of funding has been the capture of incremental tax revenue of the various taxing units (city, county, community college, and others); however, the LDFA is no longer capturing taxes. Even though the City is no longer capturing taxes, there are still unspent tax captures being used for current year LDFA expenses. The board is currently in the process of a comprehensive review of the LDFA's current plan. The LDFA's governing body, which consists of 11 individuals, is selected by the City Council or appointed by other governmental agencies.

**Fiduciary Component Unit**

The City Council governs an OPEB trust through the Municipal Employee's Retirement System of Michigan (MERS) Retiree Health Funding Vehicle (RHFV). Although legally separate from the City, it is reported as a fiduciary component unit because the City Council performs the duties related to the plan equivalent to a governing body and the plan imposes a financial burden on the City.

**Note 1 - Significant Accounting Policies (Continued)**

***Accounting and Reporting Principles***

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

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

***Fund Accounting***

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds include the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as major governmental funds:

- **General Fund** - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund. The General Fund also includes the Budget Stabilization Fund.

**Note 1 - Significant Accounting Policies (Continued)**

- **Local Road Capital Improvement Fund** - This fund was established to account for the payment for local road maintenance and repair. Financing is provided from Act 51 state distributions.
- **Special Holding Agency Fund** - This fund is used to account for the proceeds of earmarked revenue from financing activities requiring separate accounting because of legal or regulatory provisions. This fund records primarily building bonds and deposits held for temporary periods to be utilized for specific purposes.
- **Capital Improvement Fund** - This fund was established to account for the payment for local road maintenance and repair. Financing is provided from an elected millage and Act 51 state distributions.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The City reports the following funds as major enterprise funds:

- **Water Fund** - The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and retirement of revenue bonds. Financing is provided by user charges and a dedicated debt service millage.
- **Sewer Fund** - The Sewer Fund accounts for the operation and maintenance of the sewage disposal system, capital additions and improvements, and retirement of revenue bonds. Financing is provided by user charges.

**Fiduciary Funds**

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

- **Other Postemployment Benefit Trust Fund**, which accumulates resources for future retiree health care payments to retirees
- **Tax Collection Fund**, which collects taxes on behalf of various taxing authorities (State of Michigan; Oakland County, Michigan; community school district; and the various smaller authorities)

**Interfund Activity**

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

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

**Note 1 - Significant Accounting Policies (Continued)**

**Accounting Changes and Error Corrections**

**Changes to or within the Financial Reporting Entity**

*Change in Major Funds*

The Major Road Capital Improvement Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2024. The Local Road Capital Improvement Fund and Capital Improvement Fund were previously reported as nonmajor funds but are now reported as major funds for fiscal year 2024. The effects of this change in major funds are shown in the table at the end of this section.

**Adjustments to and Restatements of Beginning Balances**

During fiscal year 2024, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>June 30, 2023</u>		<u>June 30, 2023</u>
	As Previously Reported	Change in Major Funds	As Adjusted
Governmental funds:			
Major funds:			
Combined General Fund	\$ 8,062,366	\$ -	\$ 8,062,366
Major Road Capital Improvement Fund	4,067,635	(4,067,635)	-
Local Road Capital Improvement Fund	-	4,679,147	4,679,147
Special Holding Agency Fund	778,207	-	778,207
Capital Improvement Fund	-	2,651,287	2,651,287
Nonmajor funds	11,056,061	(3,262,799)	7,793,262
Total governmental funds	<u>\$ 23,964,269</u>	<u>\$ -</u>	<u>\$ 23,964,269</u>

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

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

**Note 1 - Significant Accounting Policies (Continued)**

***Specific Balances and Transactions***

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Inventories and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Roads and sidewalks	15-30
Water and sewer distribution systems	50-75
Water and sewer treatment facilities	40-50
Buildings and improvements	40-50
Vehicles	3-5
Office furnishing	5-7
Other tools and equipment	3-7
Drain improvements	50
Stormwater improvements	30
Park improvements	10-20

The LDFA contributed capital of \$149,110 to the City of Wixom, Michigan during the year ended June 30, 2024. The LDFA plan has expired; however, funds on hand that were previously captured from taxes are used in accordance with LDFA board designations.

**Note 1 - Significant Accounting Policies (Continued)**

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

**Unearned Revenue**

Unearned revenue consists of grant proceeds, which are not considered earned until they have been spent on eligible expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and OPEB.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to OPEB, leases, and unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: special assessments, miscellaneous revenue, and capital improvements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), 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.

**Note 1 - Significant Accounting Policies (Continued)**

**Fund Balance Flow Assumptions**

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

The City Council has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The City Council may, with a two-thirds vote, set aside General Fund surplus, up to a maximum of 15 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a two-thirds vote of the City Council, may only occur to correct a budget shortfall or in the case of a natural disaster. The fund balance at June 30, 2024 of the stabilization amount, which is reported in the General Fund, is \$1,352,923.

**Property Tax Revenue**

Property taxes are assessed as of December 31. The related property taxes become an enforceable lien on December 1 of the following year. The taxes are due on February 28, after which point they are added to the county tax rolls and penalties and interest are assessed.

The City's current year property tax revenue was levied and collectible on July 1, 2023 and is recognized as revenue in the year ended June 30, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

June 30, 2024

**Note 1 - Significant Accounting Policies (Continued)**

The 2023 taxable valuation of the City totaled \$968 million (a portion of which is abated and a portion of which is captured by the LDFA and DDA). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General Fund - Operating	10.4503 \$	9,005,829
Local Road Capital Improvement Fund - Capital	1.1357	978,326
Safety Path Road Program Fund - Capital	0.2961	255,053
DDA special millage	1.2766	8,174
Total		\$ 10,247,382

**Pension**

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, 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.

**Other Postemployment Benefit Costs**

The City offers health care benefits to retirees. The City records a net OPEB asset or liability for the difference between the total OPEB asset or liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences (Vacation and Sick Leave)**

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and compensatory time. Vacation pay is fully vested when earned, and sick pay is conditionally vested upon completion of certain number of years of service. Upon retirement, employees are paid accumulated vacation and 35 percent of unused sick days at their hourly rate as of their retirement date. A liability for these amounts is reported in governmental funds only for employee terminations or retirements as of year end. Compensated absences will be liquidated by the General Fund.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Note 1 - Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Leases**

The City is a lessor for noncancelable leases of a cell tower, water tower, and property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

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

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**Upcoming Accounting Pronouncements**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

June 30, 2024

**Note 1 - Significant Accounting Policies (Continued)**

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

**Note 2 - Stewardship, Compliance, and Accountability**

**Construction Code Fees**

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2000 is as follows:

Cumulative shortfall at July 1, 2023		\$	(555,926)
Current year permit revenue			1,147,393
Related expenses:			
Direct costs	\$	836,455	
Indirect costs		236,858	1,073,313
			<u>74,080</u>
Current year surplus			<u>74,080</u>
Cumulative shortfall at June 30, 2024		\$	<u>(481,846)</u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act (PA) 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

**Note 3 - Deposits and Investments (Continued)**

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits totaling \$11,655,342 (certificates of deposit and checking and savings accounts), of which \$10,080,450 was uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City had average maturities of investments as follows:

Investment	Fair Value	Weighted- average Maturity (Days)
<b>Primary Government</b>		
U.S. government agency securities	\$ 5,440,067	997
U.S. Treasury bonds	839,516	1268
Local government investment pool	4,095,344	218
Municipal bonds	2,002,225	513
Total	<u>\$ 12,377,152</u>	

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Local government investment pool	\$ 4,095,344	NR	NR
U.S. Treasury	839,516	AA+	S&P
U.S. government agency	248,673	NR	S&P
U.S. government agency	5,191,394	AA+	S&P
Municipal bonds	658,277	NR	NR
Municipal bonds	216,900	AA+	S&P
Municipal bonds	770,771	AA	S&P
Municipal bonds	264,757	AA-	S&P
Municipal bonds	91,520	AAA	S&P
Total	<u>\$ 12,377,152</u>		

**Note 3 - Deposits and Investments (Continued)**

**Concentration of Credit Risk**

The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in the Oakland County Local Government Investment Pool (the "LGIP") at 33 percent. The LGIP is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2a-7 fund with its net asset value maintained at \$1. The fair value of the position in the pool is the same as the value of the pool shares.

**Pooled Investments That Are 2a-7-like**

At year end, the City had investments in a government investment fund that is operated in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The fund is fully liquid for withdrawal at any time, and the price per share does not fluctuate with interest earned according to the amount and duration of the investment.

At June 30, 2024, the City had \$23,896,399 in such a fund at Comerica Bank (J Fund, which has an A1/P1/F1 rating). The Comerica J Fund is recorded at amortized cost. There is no limitation or restriction on participant withdrawals for the Comerica J Fund investment pool.

**Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The City has the following recurring fair value measurements as of June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Debt securities:				
U.S. Treasury securities	\$ 839,516	\$ -	\$ -	\$ 839,516
Agency bonds	5,440,067	-	-	5,440,067
Municipal bonds	-	2,002,225	-	2,002,225
	<u>\$ 6,279,583</u>	<u>\$ 2,002,225</u>	<u>\$ -</u>	<u>\$ 8,281,808</u>
Total investments by fair value level				

U.S. Treasury securities and agency securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of municipal bonds at June 30, 2024 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

**Note 3 - Deposits and Investments (Continued)**

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

**Investments in Entities that Calculate Net Asset Value per Share**

The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Other Postemployment Benefit Trust Fund holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 4,095,344	\$ -	No restrictions	None
MERS Total Market fund	20,596,922	-	N/A	N/A

The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

The MERS RHFV Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS RHFV Total Market Portfolio.

June 30, 2024

**Note 4 - Capital Assets**

Capital asset activity of the City's governmental and business-type activities and the component units was as follows:

**Governmental Activities**

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated - Land	\$ 5,542,067	\$ -	\$ -	\$ 5,542,067
Capital assets being depreciated:				
Roads and sidewalks	79,338,865	3,604,566	-	82,943,431
Buildings, drains, and improvements	25,948,654	1,132,779	(8,520)	27,072,913
Machinery and equipment	5,253,937	362,593	(70,024)	5,546,506
Vehicles	6,548,890	510,124	(103,780)	6,955,234
Furniture and fixtures	1,373,914	25,410	(21,783)	1,377,541
Subtotal	118,464,260	5,635,472	(204,107)	123,895,625
Accumulated depreciation:				
Roads and sidewalks	62,229,926	2,043,667	-	64,273,593
Buildings, drains, and improvements	13,699,756	725,718	(8,522)	14,416,952
Machinery and equipment	4,129,733	253,260	(67,597)	4,315,396
Vehicles	4,840,766	336,043	(76,269)	5,100,540
Furniture and fixtures	1,008,079	53,652	(21,781)	1,039,950
Subtotal	85,908,260	3,412,340	(174,169)	89,146,431
Net capital assets being depreciated	32,556,000	2,223,132	(29,938)	34,749,194
Net capital assets	\$ 38,098,067	\$ 2,223,132	\$ (29,938)	\$ 40,291,261

During the year ended June 30, 2024, the LDFA contributed capital in the amount of \$149,110 to the primary government.

June 30, 2024

**Note 4 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets being depreciated:				
Water and sewer lines	\$ 76,263,942	\$ 3,201,735	\$ -	\$ 79,465,677
Buildings and improvements	22,614,585	-	-	22,614,585
Machinery and equipment	1,670,169	-	-	1,670,169
Office furnishings	68,670	-	-	68,670
Information technology	100,295	-	-	100,295
Subtotal	100,717,661	3,201,735	-	103,919,396
Accumulated depreciation:				
Water and sewer lines	25,301,358	1,957,289	-	27,258,647
Buildings and improvements	14,429,415	527,586	-	14,957,001
Machinery and equipment	1,642,054	7,055	-	1,649,109
Office furnishings	68,670	-	-	68,670
Information technology	67,113	3,817	-	70,930
Subtotal	41,508,610	2,495,747	-	44,004,357
Net capital assets	<u>\$ 59,209,051</u>	<u>\$ 705,988</u>	<u>\$ -</u>	<u>\$ 59,915,039</u>

***Component Unit - Downtown Development Authority***

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated - Land	\$ 154,296	\$ -	\$ -	\$ 154,296
Capital assets being depreciated:				
Building, drains, and improvements	499,892	-	-	499,892
Other tools and equipment	60,913	-	-	60,913
Subtotal	560,805	-	-	560,805
Accumulated depreciation:				
Building, drains, and improvements	442,850	6,925	-	449,775
Other tools and equipment	60,913	-	-	60,913
Subtotal	503,763	6,925	-	510,688
Net capital assets being depreciated	57,042	(6,925)	-	50,117
Net capital assets	<u>\$ 211,338</u>	<u>\$ (6,925)</u>	<u>\$ -</u>	<u>\$ 204,413</u>

June 30, 2024

**Note 4 - Capital Assets (Continued)**

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

Governmental activities:		
General government		\$ 357,841
Public safety		436,784
Public works		2,303,241
Economic development		143,430
Recreation and culture		171,044
		<u>3,412,340</u>
Total governmental activities		<u>\$ 3,412,340</u>
Business-type activities:		
Water		\$ 832,377
Sewer		1,663,370
		<u>2,495,747</u>
Total business-type activities		<u>\$ 2,495,747</u>
Component unit activities		\$ 6,925

**Note 5 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Local Road Capital Improvement Fund	\$ 440,901
	Special Holding Agency Fund	117,019
	Nonmajor funds	96,724
	Sewer Fund	61,086
	Water Fund	225,994
		<u>941,724</u>
	Total General Fund	941,724
Nonmajor funds	General Fund	810,319
Capital Improvement Fund	General Fund	348,732
		<u>2,100,775</u>
	Total	<u>\$ 2,100,775</u>

The balance of amounts loaned to discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Local Development Finance Authority	\$ 265,488
	Downtown Development Authority	725
		<u>266,213</u>
	Total	<u>\$ 266,213</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Improvement Fund	\$ 1,327,845
		<u>1,327,845</u>

The General Fund transfer represents the movement of unrestricted resources into the funds where they will be spent.

June 30, 2024

**Note 6 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. The Special Assessment Tribute Drain Bonds are issued by Oakland County, Michigan.

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
DDA/VCA refunding bonds 2015	4.00%	\$300,000 - \$450,000	\$ 1,695,000	\$ -	\$ (400,000)	\$ 1,295,000	\$ 415,000
Bond premiums			92,191	-	(46,097)	46,094	46,094
General obligation pension bonds	2.55% - 4.15%	\$235,000 - \$1,375,000	13,560,000	-	(595,000)	12,965,000	615,000
General obligation health care bonds	2.55% - 4.13%	\$200,000 - \$485,000	5,080,000	-	(315,000)	4,765,000	325,000
Total other debt			20,427,191	-	(1,356,097)	19,071,094	1,401,094
Direct borrowings and direct placements	4.00% - 4.40%	\$200,000	400,000	-	(200,000)	200,000	200,000
Total bonds and contracts payable			20,827,191	-	(1,556,097)	19,271,094	1,601,094
Accumulated compensated absences			940,745	176,102	(84,080)	1,032,767	105,756
Total governmental activities long-term debt			<u>\$ 21,767,936</u>	<u>\$ 176,102</u>	<u>\$ (1,640,177)</u>	<u>\$ 20,303,861</u>	<u>\$ 1,706,850</u>

**Business-type Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:							
General obligation wastewater bonds	3.00%	\$205,000 - \$350,000	\$ 4,520,000	\$ -	\$ (225,000)	\$ 4,295,000	\$ 230,000
Bond premiums			201,267	-	(12,579)	188,688	12,579
Total business-type activities long-term debt			<u>\$ 4,721,267</u>	<u>\$ -</u>	<u>\$ (237,579)</u>	<u>\$ 4,483,688</u>	<u>\$ 242,579</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the resources and General Fund. That fund will finance the payment of those claims by charging the other funds based on management’s assessment of the relative insurance risk that should be assumed by individual funds.

**Note 6 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

Total interest expense for the year was approximately \$940,147. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				Total
	Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Principal	Interest	
2025	\$ 200,000	\$ 8,800	\$ 1,401,094	\$ 750,816	\$ 2,360,710
2026	-	-	1,505,000	693,926	2,198,926
2027	-	-	1,660,000	639,638	2,299,638
2028	-	-	1,255,000	578,078	1,833,078
2029	-	-	1,405,000	531,643	1,936,643
2030-2034	-	-	7,845,000	1,756,688	9,601,688
Thereafter	-	-	4,000,000	306,834	4,306,834
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 8,800</b>	<b>\$ 19,071,094</b>	<b>\$ 5,257,623</b>	<b>\$ 24,537,517</b>

  

Years Ending June 30	Business-type Activities				Total
	Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ -	\$ 242,579	\$ 128,850	\$ 371,429
2026	-	-	252,579	121,950	374,529
2027	-	-	257,579	114,750	372,329
2028	-	-	262,579	107,400	369,979
2029	-	-	272,579	99,900	372,479
2030-2034	-	-	1,482,896	377,550	1,860,446
Thereafter	-	-	1,712,897	151,500	1,864,397
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,483,688</b>	<b>\$ 1,101,900</b>	<b>\$ 5,585,588</b>

**Note 7 - Risk Management**

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

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority's State Pool program (the "Risk Authority") operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Risk Authority itself.

**Note 8 - Regional Authority Cooperative Ventures**

The City is a member of the Western Oakland County Cable Communication Authority (the “Cable Authority”), a cooperative venture of western Oakland County, Michigan communities. The City appoints one member to the Cable Authority's governing board, which then approves the annual budget. The Cable Authority receives a management fee from the cable television company and currently does not receive a subsidy from the City. Complete financial statements for the Cable Authority can be obtained from the administrative offices at 3978 Chanda Court, Highland, MI 48031.

The City is also a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the “Recycling Authority”). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan; the Village of Milford, Michigan; and the Charter Township of Milford. The City appoints one member to the Recycling Authority's governing board, which then approves the annual budget.

The Recycling Authority receives its operating revenue from member contributions and miscellaneous income. During the year, the City contributed approximately \$23,100 for its operations. Complete financial statements for the Recycling Authority can be obtained from the administrative offices at 2000 West Eight Mile, Southfield, MI 48375.

For both the Western Oakland County Cable Communication Authority and the Resource Recovery and Recycling Authority of Southwest Oakland County, the City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

**Note 9 - Pension Plan**

***Plan Description***

The City of Wixom, Michigan participates as one of two cost-sharing employers within an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan, which covers substantially all employees of the City. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917. The City has allowed the Wixom Public Library, a separate governmental entity, to also participate in the same plan (thus, the cost-sharing nature of this plan). The plan was closed to new employees on the following dates: June 30, 2006 for nonunion employees; August 12, 2014 for Department of Public Works Union employees; December 17, 2013 for Police Officers Union employees; June 10, 2013 for Clerical Union employees; and June 19, 2014 for Police Sergeant Union employees.

***Benefits Provided***

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Retirement benefits are calculated as 2.5 percent of the employee's final 3-year average salary times the employee's years of service, up to a maximum of 80 percent. Normal retirement age is 60, with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, noncompounding.

**Note 9 - Pension Plan (Continued)**

Benefit terms are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms**

At the December 31, 2023 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	72
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	13
	90
Total employees covered by MERS	90

**Contributions**

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

For the year ended June 30, 2024, the average active employee contribution rate ranged from 2.0 percent to 6.26 percent of annual pay, and the City's flat-rate contribution rate was \$22,498 per month of covered payroll.

**Net Pension Liability**

The net pension liability reported at June 30, 2024 was determined using a measure of the total pension liability and the pension net position as of December 31, 2023. The December 31, 2023 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at January 1, 2023</b>	\$ 45,029,258	\$ 37,651,766	\$ 7,377,492
Service cost	182,081	-	182,081
Interest	3,174,655	-	3,174,655
Differences between expected and actual experience	299,494	-	299,494
Changes in assumptions	351,697	-	351,697
Contributions - Employer	-	405,390	(405,390)
Contributions - Employee	-	51,917	(51,917)
Net investment income	-	4,181,909	(4,181,909)
Benefit payments, including refunds	(2,663,904)	(2,663,904)	-
Administrative expenses	-	(87,024)	87,024
	1,344,023	1,888,288	(544,265)
<b>Net changes</b>			
<b>Balance at December 31, 2023</b>	\$ 46,373,281	\$ 39,540,054	\$ 6,833,227

The plan's fiduciary net position represents 85.26 percent of the total pension liability.

**Note 9 - Pension Plan (Continued)**

At June 30, 2024, the City reported a liability of \$6,614,565 for its proportionate share of the net pension liability that is allocated along with the Wixom Public Library.

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

For the year ended June 30, 2024, the plan recognized pension expense of \$1,394,007. All pension costs are recognized in the governmental activities, and none are allocated to the business-type activities. This is because no employees have been specifically allocated to the enterprise funds; all DPW employees are charged to the General Fund, which provides services on behalf of the Major Road Capital Improvement Fund, Local Road Capital Improvement Fund, Water Fund, and Sewer Fund. The General Fund charges an administrative charge intended to cover some of the DPW costs.

At June 30, 2024, the plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,176,142	\$ -
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	134,988	-
Total	\$ 2,311,130	\$ -

At June 30, 2024, the City reported deferred outflows of \$2,237,173 for its proportionate share of deferred outflows that is allocated along with the Wixom Public Library.

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

Years Ending June 30	Amount
2025	\$ 354,442
2026	824,888
2027	1,303,872
2028	(307,060)
Total	\$ 2,176,142

***Actuarial Assumptions***

The total pension liability in the December 31, 2023 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (gross of investment expenses) of 7.18 percent, and the Pub-2010 mortality tables.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.18 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**Note 9 - Pension Plan (Continued)**

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2023, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Real assets	20.00	7.00

**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 7.18 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.18 percent) or 1 percentage point higher (8.18 percent) than the current rate:

	1 Percentage Point Decrease (6.18%)	Current Discount Rate (7.18%)	1 Percentage Point Increase (8.18%)
Net pension liability of the City	\$ 12,401,177	\$ 6,833,227	\$ 2,207,602

**Pension Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Note 10 - Other Postemployment Benefit Plan**

***Plan Description***

The City provides retiree health care benefits to eligible employees, spouses, and dependents. Currently, the plan has 55 members (including city and library employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). This is a cost-sharing multiple-employer plan, with two employers: the City and the Wixom Public Library. The benefits are provided under collective bargaining agreements or executive directives approved by the City Council. The plan does not issue separate stand-alone financial statements. Administrative costs are paid by the plan through employer contributions. The City has allowed the Wixom Public Library, a separate governmental entity, to also participate in this plan. The plan was closed to new employees on the following dates: June 30, 2006 for nonunion employees; August 12, 2014 for Department of Public Works Union employees; December 17, 2013 for Police Officers Union employees; June 10, 2013 for Clerical Union employees; and June 19, 2014 for Police Sergeant Union employees.

***Benefits Provided***

The OPEB plan provides health care benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and 90 percent of the cost of the benefits is covered by the plan.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Date of member count	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>19</u>
Total plan members	<u><u>55</u></u>

***Contributions***

The collective bargaining agreements require a contribution of 1 percent of payroll from employees. Retiree health care costs are recognized when paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown in the required supplementary information, the City has made contributions to advance-fund these benefits, as determined by the City Council through annual budget resolutions.

***Net OPEB Asset***

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2024 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2024 measurement date. The June 30, 2024 measurement date total OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, which used updating procedures to roll forward the estimated liability to June 30, 2024.

**Note 10 - Other Postemployment Benefit Plan (Continued)**

Changes in the net OPEB asset during the measurement year were as follows:

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at July 1, 2023</b>	\$ 11,708,224	\$ 17,523,787	\$ (5,815,563)
Service cost	83,623	-	83,623
Interest	796,190	-	796,190
Differences between expected and actual a experience	172,200	-	172,200
Contributions - Employer	-	211,822	(211,822)
Contributions - Employee	-	11,024	(11,024)
Net investment income	-	1,880,220	(1,880,220)
Benefit payments, including refunds	(751,787)	(751,787)	-
Miscellaneous other charges	-	(1,045)	1,045
<b>Net changes</b>	<b>300,226</b>	<b>1,350,234</b>	<b>(1,050,008)</b>
<b>Balance at June 30, 2024</b>	<b>\$ 12,008,450</b>	<b>\$ 18,874,021</b>	<b>\$ (6,865,571)</b>

The plan's fiduciary net position represents 157.17 percent of the total OPEB liability.

At June 30, 2024, the City reported an asset of \$6,765,334 for its proportionate share of the net OPEB asset that is allocated along with the Wixom Public Library.

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

For the year ended June 30, 2024, the plan recognized an OPEB recovery of \$(292,414).

At June 30, 2024, the plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 82,480	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	(81,362)
<b>Total</b>	<b>\$ 82,480</b>	<b>\$ (81,362)</b>

At June 30, 2024, the City reported deferred outflows of \$81,276 and deferred inflows of \$80,174 for its proportionate share of deferred outflows and deferred inflows that is allocated along with the Wixom Public Library.

Years Ending June 30	Amount
2025	\$ (128,739)
2026	421,617
2027	(157,339)
2028	(134,421)
<b>Total</b>	<b>\$ 1,118</b>

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3 percent; an investment rate of return (net of investment expenses) of 7 percent; and a health care cost trend rate of 7.50 percent for 2022, decreasing every year to an ultimate rate of 3.50 percent in year 10. Mortality rates were based on a version of the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement date.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2024 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.50 %
Global fixed income	2.00
Private investments	7.00

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following presents the net OPEB asset of the plan, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB asset of the plan	\$ 5,459,938	\$ 6,865,571	\$ 8,038,180

June 30, 2024

**Note 10 - Other Postemployment Benefit Plan (Continued)**

***Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB asset of the plan, calculated using the health care cost trend rate of 7.0 percent, as well as what the City's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Health Care Cost Trend Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB asset of the plan	\$ 8,272,478	\$ 6,865,571	\$ 5,174,905

***Assumption Changes***

For the year ended June 30, 2024 valuation, the change in assumption was caused by the retiree health care trend rate being reset to 7.50 percent.

***Investment Policy***

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Global equity	60.00 %
Global fixed income	20.00
Private investments	20.00

***Rate of Return***

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 11 - Other Postemployment Benefits - MERS Health Care Plan**

***Plan Description***

The City provides funding of retiree health care benefits to eligible employees and their dependents through the Municipal Employees' Retirement System Health Funding Vehicle. Nonunion employees hired after June 30, 2006; Department of Public Works Union employees hired after August 12, 2014; Police Officers Union employees hired after December 17, 2013; Police Sergeant Union employees hired after June 19, 2014; and Clerical Union employees hired after June 10, 2013 are eligible to use the balances of their accounts to fund medical insurance premiums and expenses upon retirement. Benefits depend solely on the amount contributed to the plan, plus investment earnings. Employees contribute 1.5 percent, and the City contributes 3.5 percent of gross wages. Employee contributions are immediately vested. Earnings and the employer match are fully vested after seven years of service.

During the year ended June 30, 2024, the City made contributions of \$129,781, and plan members contributed \$55,621 to the plan.

**Note 12 - Defined Contribution Pension Plan**

The City provides benefits to recently hired employees who are not eligible for the defined benefit plans through a defined contribution plan. Nonunion employees hired after June 30, 2006; Department of Public Works Union employees hired after August 12, 2014; Police Officers Union employees hired after December 17, 2013; Police Sergeant Union employees hired after June 19, 2014; and Clerical Union employees hired after June 10, 2013 are eligible to participate in the plan, which is administered by the Municipal Employees' Retirement System. Benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of hire. As established by various collective bargaining agreements, the employees are permitted to contribute up to 2 percent of their earnings. The City contributes 11 percent of employee earnings. Employee contributions are immediately vested. Employer match contributions are fully vested after seven years of service.

In accordance with these provisions, the City contributed \$389,159, and employees contributed \$70,756 for the year ended June 30, 2024.

**Note 13 - Deferred Compensation Plan**

The City offers an employee-only contributing deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent city employees, permits each employee to defer a portion of his or her salary until future years. The deferred compensation is not available for distribution to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan with VALIC or MERS; all property and rights purchased with those amounts; and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted for any other purpose. All provisions of the plan and trust are in conformance with Internal Revenue Code Section 457.

The plan's funds are excluded from the financial statements in conformance with the reporting and disclosure requirements in GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

**Note 14 - Brownfield Redevelopment Authority**

The Brownfield Redevelopment Authority was established pursuant to Public Act 381 of 1996 and is governed by the Oakland County Brownfield Redevelopment Authority. Upon completion of its purpose, the authority may be dissolved by resolution of the City Council. The City collects property tax revenue and remits it to the Oakland County Brownfield Redevelopment Authority. The Oakland County Brownfield Redevelopment Authority is responsible for the disbursement and accounting for all moneys received. The City collected and remitted \$2,177,023 in captured revenue for the Brownfield Redevelopment Authority during fiscal year 2024.

**Note 15 - Tax Abatements**

The City uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for 10 years for commercial rehabilitation district) for up to 12 years.

For the fiscal year ended June 30, 2024, the City abated \$72,622 of taxes under this program. There is a job shortfall provision to recapture a portion of taxes if the certificate holder fails to maintain the additional full-time jobs stated in the letter of agreement. In addition, if the taxpayer moves the facility operation outside of the City during the period of exemption, the certificate holder is liable for an additional percentage of taxes depending on the number of years the certificate holder had remained in the City. The abatement may be eliminated if taxes are not paid timely.

**Note 15 - Tax Abatements (Continued)**

Additionally, the Brownfield Redevelopment Authority, which is governed by Oakland County, Michigan (see Note 14), uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield's tax revenue is reduced. For the fiscal year ended June 30, 2024, the authority abated \$557,012 of taxes under this program. There are no provisions to recapture taxes.

City management has represented that there are no significant abatements made by other governments that reduce the City's tax revenue.

**Note 16 - Leases**

The City leases certain assets to various third parties. The assets leased include a cell tower, water tower, and property for use of an antenna tower. Payments are generally fixed monthly payments.

During the year ended June 30, 2024, the City recognized approximately \$128,000 in lease revenue related to its lessor agreements.

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## Required Supplementary Information

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Required Supplementary Information  
Budgetary Comparison Schedule - General Fund

**Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes	\$ 9,488,877	\$ 9,603,940	\$ 9,621,681	\$ 17,741
Intergovernmental:				
Federal grants	1,750	1,750	-	(1,750)
State sources	2,316,199	2,829,787	2,819,066	(10,721)
Local grants and contributions	14,925	31,293	31,294	1
Charges for services	1,042,376	1,559,193	1,541,332	(17,861)
Fines and forfeitures	68,000	53,836	53,270	(566)
Licenses and permits	55,000	30,000	24,517	(5,483)
Interest and rentals	375,761	528,982	828,123	299,141
Other revenue	552,969	592,450	605,881	13,431
<b>Total revenue</b>	<b>13,915,857</b>	<b>15,231,231</b>	<b>15,525,164</b>	<b>293,933</b>
<b>Expenditures</b>				
Current services:				
General government:				
Legislative	15,626	15,626	13,344	2,282
City manager	384,439	333,604	324,437	9,167
Financial administration	410,150	445,578	425,816	19,762
Information systems	185,405	186,407	165,741	20,666
Assessing	210,889	216,319	204,571	11,748
Board of review	1,646	1,646	722	924
Clerk	262,660	297,772	294,144	3,628
Buildings and grounds	127,904	139,904	102,694	37,210
Legal counsel and assistance	72,500	101,730	92,673	9,057
General operating	874,929	708,750	669,652	39,098
Public safety:				
Police/Sheriff	4,063,122	4,107,449	3,881,733	225,716
Fire	1,638,126	1,666,777	1,588,361	78,416
Building inspections and related	601,201	872,695	815,778	56,917
Public works	918,830	973,441	855,917	117,524
Community and economic development - Planning, zoning, and related	101,550	101,550	86,007	15,543
Recreation and culture:				
Parks and recreation	474,078	497,122	511,411	(14,289)
Cultural center	313,045	320,297	310,746	9,551
Senior citizen committee	107,424	89,092	84,383	4,709
Debt service:				
Principal	910,000	910,000	910,000	-
Interest and fiscal charges	719,790	719,791	719,791	-
<b>Total expenditures</b>	<b>12,393,314</b>	<b>12,705,550</b>	<b>12,057,921</b>	<b>647,629</b>
<b>Excess of Revenue Over Expenditures</b>	<b>1,522,543</b>	<b>2,525,681</b>	<b>3,467,243</b>	<b>941,562</b>
<b>Other Financing (Uses) Sources</b>				
Transfers out	(1,320,000)	(1,327,845)	(1,327,845)	-
Sale of capital assets	18,000	18,000	2,566	(15,434)
<b>Total other financing uses</b>	<b>(1,302,000)</b>	<b>(1,309,845)</b>	<b>(1,325,279)</b>	<b>(15,434)</b>
<b>Net Change in Fund Balance</b>	<b>220,543</b>	<b>1,215,836</b>	<b>2,141,964</b>	<b>926,128</b>
<b>Fund Balance - Beginning of year</b>	<b>6,771,201</b>	<b>6,771,201</b>	<b>6,771,201</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 6,991,744</b>	<b>\$ 7,987,037</b>	<b>\$ 8,913,165</b>	<b>\$ 926,128</b>

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 Local Road Capital Improvement Fund

**Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes - Property taxes	\$ 1,071,789	\$ 1,098,987	\$ 1,098,553	\$ (434)
Intergovernmental	584,433	622,223	625,056	2,833
Interest and rentals	80,000	220,000	271,452	51,452
Total revenue	1,736,222	1,941,210	1,995,061	53,851
<b>Expenditures</b> - Current services - Public works	2,514,829	2,725,857	3,024,352	(298,495)
<b>Net Change in Fund Balance</b>	(778,607)	(784,647)	(1,029,291)	(244,644)
<b>Fund Balance</b> - Beginning of year	4,679,147	4,679,147	4,679,147	-
<b>Fund Balance</b> - End of year	<u>\$ 3,900,540</u>	<u>\$ 3,894,500</u>	<u>\$ 3,649,856</u>	<u>\$ (244,644)</u>

**City of Wixom, Michigan**

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)  
 Special Holding Agency Fund

**Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Intergovernmental	\$ 4,165	\$ 7,478	\$ 7,477	\$ (1)
Charges for services	305,500	340,896	340,713	(183)
Interest and rentals	49,550	105,000	1,199	(103,801)
Other revenue	300	1,443	1,537	94
Total revenue	359,515	454,817	350,926	(103,891)
<b>Expenditures</b>				
Current services:				
Public safety	4,465	12,625	12,912	(287)
Community and economic development	303,000	353,000	297,627	55,373
Total expenditures	307,465	365,625	310,539	55,086
<b>Net Change in Fund Balance</b>	52,050	89,192	40,387	(48,805)
<b>Fund Balance - Beginning of year</b>	778,207	778,207	778,207	-
<b>Fund Balance - End of year</b>	<b>\$ 830,257</b>	<b>\$ 867,399</b>	<b>\$ 818,594</b>	<b>\$ (48,805)</b>

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)  
 Capital Improvement Fund

**Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Intergovernmental	\$ 170,000	\$ 189,468	\$ 17,477	\$ (171,991)
Interest and rentals	60,000	102,000	139,324	37,324
Other revenue	553,989	387,376	396,360	8,984
Total revenue	783,989	678,844	553,161	(125,683)
<b>Expenditures</b>				
Current services - Recreation and culture	3,000	3,000	-	3,000
Capital outlay	3,316,700	3,806,945	2,005,390	1,801,555
Total expenditures	3,319,700	3,809,945	2,005,390	1,804,555
<b>Excess of Expenditures Over Revenue</b>	(2,535,711)	(3,131,101)	(1,452,229)	1,678,872
<b>Other Financing Sources - Transfers in</b>	1,320,000	1,327,845	1,327,845	-
<b>Net Change in Fund Balance</b>	(1,215,711)	(1,803,256)	(124,384)	1,678,872
<b>Fund Balance - Beginning of year</b>	2,651,287	2,651,287	2,651,287	-
<b>Fund Balance - End of year</b>	<b>\$ 1,435,576</b>	<b>\$ 848,031</b>	<b>\$ 2,526,903</b>	<b>\$ 1,678,872</b>

Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)  
 Cost Sharing Plan

	<b>Last Ten Plan Years</b>									
	<b>Plan Years Ended December 31</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	96.80000 %	96.96000 %	96.97000 %	96.97000 %	98.92473 %	98.93617 %	96.17633 %	96.69933 %	98.94750 %	98.94737 %
City's proportionate share of the net pension liability (asset)	\$ 6,614,565	\$ 7,153,215	\$ (698,674)	\$ 214,024	\$ 1,267,153	\$ 2,960,159	\$13,884,065	\$14,974,219	\$15,257,723	\$11,516,991
City's covered payroll	\$ 1,060,088	\$ 1,480,189	\$ 1,531,769	\$ 1,552,123	\$ 1,489,420	\$ 1,802,784	\$ 1,975,451	\$ 2,061,173	\$ 2,185,701	\$ 2,394,251
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	623.96 %	483.26 %	(45.61)%	13.79 %	85.08 %	164.20 %	702.83 %	726.49 %	698.39 %	481.03 %
Plan fiduciary net position as a percentage of total pension liability	85.26 %	83.62 %	101.64 %	99.46 %	96.73 %	91.74 %	58.62 %	54.23 %	52.35 %	60.36 %

Required Supplementary Information  
 Schedule of Pension Contributions  
 Cost Sharing Plan

Last Ten Plan Years  
 Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 405,390	\$ 465,748	\$ 346,650	\$ 257,010	\$ 221,969	\$ 1,568,052	\$ 1,269,089	\$ 1,039,531	\$ 962,726	\$ 833,137
Contributions in relation to the contractually required contribution	405,390	465,748	346,650	257,010	2,422,726	16,281,743	1,269,089	1,039,531	962,726	833,137
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,200,757</b>	<b>\$ 14,713,691</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's Covered Payroll</b>	<b>\$ 1,060,088</b>	<b>\$ 1,480,189</b>	<b>\$ 1,531,769</b>	<b>\$ 1,552,123</b>	<b>\$ 1,489,420</b>	<b>\$ 1,802,784</b>	<b>\$ 1,975,451</b>	<b>\$ 2,061,173</b>	<b>\$ 2,185,701</b>	<b>\$ 2,394,251</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>38.24 %</b>	<b>31.47 %</b>	<b>22.63 %</b>	<b>16.56 %</b>	<b>162.66 %</b>	<b>903.14 %</b>	<b>64.24 %</b>	<b>50.43 %</b>	<b>44.05 %</b>	<b>34.80 %</b>

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	6.93 percent (net of administrative and investment expenses)
Retirement age	60-70 years of age with 6 or more years of service
Mortality	Pub-2010 Mortality tables using scale MP-2019
Other information	None

Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net OPEB Asset  
 Cost Sharing Plan

	<b>Last Seven Plan Years</b>						
	<b>Plan Years Ended June 30</b>						
	2024	2023	2022	2021	2020	2019	2018
City's proportion of the net OPEB asset	98.54000 %	98.33000 %	98.33000 %	98.33000 %	97.74080 %	97.27054 %	97.86439 %
City's proportionate share of the net OPEB asset \$	(6,765,334) \$	(5,718,444) \$	(5,172,326) \$	(7,424,418) \$	(2,471,188) \$	(2,933,290) \$	5,366,179
City's covered-employee payroll \$	1,102,374 \$	1,671,046 \$	1,638,336 \$	1,512,455 \$	1,621,591 \$	1,858,200 \$	2,145,023
City's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	(613.71)%	(342.21)%	(315.71)%	(490.89)%	(152.39)%	(157.86)%	250.17 %
Plan fiduciary net position as a percentage of total OPEB liability	157.17 %	149.67 %	146.06 %	167.00 %	120.53 %	125.34 %	60.73 %

## City of Wixom, Michigan

### Required Supplementary Information Schedule of OPEB Contributions Cost Sharing Plan

**Last Ten Fiscal Years  
Years Ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,395	\$ 722,604	\$ 563,990	\$ 569,089	\$ 537,268
Contributions in relation to the contractually required contribution	211,822	184,704	189,858	213,171	187,524	6,635,633	829,505	792,941	925,989	1,313,642
<b>Contribution Excess</b>	<b>\$ 211,822</b>	<b>\$ 184,704</b>	<b>\$ 189,858</b>	<b>\$ 213,171</b>	<b>\$ 187,524</b>	<b>\$ 5,933,238</b>	<b>\$ 106,901</b>	<b>\$ 228,951</b>	<b>\$ 356,900</b>	<b>\$ 776,374</b>
<b>City's Covered-employee Payroll</b>	\$ 1,102,374	\$ 1,671,046	\$ 1,638,336	\$ 1,512,455	\$ 1,621,591	\$ 1,858,200	\$ 2,145,023	\$ 2,441,102	\$ 2,441,102	\$ 2,441,102
<b>Contributions as a Percentage of Covered-employee Payroll</b>	19.22 %	11.05 %	11.59 %	14.09 %	11.56 %	357.10 %	38.67 %	32.48 %	37.93 %	53.81 %

Required Supplementary Information  
Schedule of OPEB Investment Returns

Years Ended June 30

	2023	2022	2021	2020
Annual money-weighted rate of return - Net of investment expense	10.28 %	7.47 %	(8.23)%	28.12 %

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. At the first City Council meeting in April, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Financial plans for all other funds are also submitted at this time. Budget sessions and public hearings are conducted by the City Council to review the proposed city manager's budget/financial plans and to obtain taxpayer comments. If required, a Truth in Taxation public hearing is held at the second City Council meeting in May. The budget must be formally adopted no later than the second City Council meeting in May when the budget is legally enacted through passage of a City Council resolution.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. All other funds' budgets have been adopted on an aggregate basis by function or department.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Formal budgetary integration is employed as a management control device during the year for all funds at a line-item level. Administrative control is maintained through the establishment of more detailed line-item budgets. Budget transfers between budgetary categories, functions, or from fund balance are periodically approved by the City Council. Supplemental appropriations for additional expenditures, which require an appropriation of available fund balance, must be approved by the City Council. Appropriations for operations lapse at year end. Appropriations for continuing projects are incorporated in the budget of the ensuing year.

Department heads with city manager approval may make transfers of appropriations annually within a department up to an aggregate of \$20,000. The City closely monitors spending by reviewing monthly budget reports and, if necessary, will perform periodic budget amendments to reflect significant changes in the budget. In addition, the city manager informs the City Council of any changes in the financial plan for the capital project funds, debt service funds, and enterprise funds.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. During the year, the budget was amended in a legally permissible manner. Budgets have been prepared on a basis consistent with generally accepted accounting principles (GAAP).

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Total Other Financing Uses</u>
Amounts per operating statement	\$ 15,586,922	\$ 12,057,921	\$ (1,325,279)
Budget Stabilization Fund revenue	(61,758)	-	-
Amounts per budget statement	<u>\$ 15,525,164</u>	<u>\$ 12,057,921</u>	<u>\$ (1,325,279)</u>

**June 30, 2024**

During the year, the City of Wixom, Michigan incurred expenditures that were in excess of the amounts budgeted due to unforeseen expenses, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Recreation and culture - Parks and recreation	\$ 497,122	\$ 511,411	\$ (14,289)
Local Road Capital Improvement Fund - Current services - Public works	2,725,857	3,024,352	(298,495)
Special Holding Agency Fund - Current services - Public safety	12,625	12,912	(287)

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## Other Supplementary Information

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# City of Wixom, Michigan

	Special Revenue Fund					
	Community Development Fund	Opioid Settlement Fund	Major Road Capital Improvement Fund	Formerly Nonmajor - Local Road Capital Improvement Fund	Land Acquisition Fund	Safety Path Road Program
<b>Assets</b>						
Cash and investments	\$ -	\$ -	\$ 4,263,866	\$ -	\$ 1,833,983	\$ 1,526,549
Receivables:						
Special assessments receivable	-	-	-	-	-	-
Other receivables	-	97,900	-	-	-	2,361
Due from other governments	68,921	-	213,192	-	-	-
Due from other funds	-	30,341	622,143	-	-	-
Inventory	-	-	78,090	-	-	-
Prepaid expenses and other assets	-	-	-	-	17,415	-
<b>Total assets</b>	<b>\$ 68,921</b>	<b>\$ 128,241</b>	<b>\$ 5,177,291</b>	<b>\$ -</b>	<b>\$ 1,851,398</b>	<b>\$ 1,528,910</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 27,893	\$ -	\$ -	\$ 10,382
Due to other funds	62,972	-	-	-	20,554	714
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>62,972</b>	<b>-</b>	<b>27,893</b>	<b>-</b>	<b>20,554</b>	<b>11,096</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	68,921	97,900	-	-	-	1,130
<b>Total liabilities and deferred inflows of resources</b>	<b>131,893</b>	<b>97,900</b>	<b>27,893</b>	<b>-</b>	<b>20,554</b>	<b>12,226</b>
<b>Fund Balances</b>						
Nonspendable	-	-	78,090	-	17,415	-
Restricted:						
Roads	-	-	5,071,308	-	-	1,516,684
Debt service	-	-	-	-	-	-
Land acquisition	-	-	-	-	1,813,429	-
Police forfeiture	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
Opioid settlement	-	30,341	-	-	-	-
Committed - Cemetery	-	-	-	-	-	-
Unassigned	(62,972)	-	-	-	-	-
<b>Total fund balances</b>	<b>(62,972)</b>	<b>30,341</b>	<b>5,149,398</b>	<b>-</b>	<b>1,830,844</b>	<b>1,516,684</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 68,921</b>	<b>\$ 128,241</b>	<b>\$ 5,177,291</b>	<b>\$ -</b>	<b>\$ 1,851,398</b>	<b>\$ 1,528,910</b>

Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2024

Special Revenue Fund				Debt Service Fund	Capital Project Fund	
Solid Waste Collection	Forfeiture Funds	Cemetery Fund	Special Assessment Fund	DDA/VCA Development Bonds	Formerly Nonmajor - Capital Improvement Fund	Total
\$ 164,968	\$ 15,567	\$ 79,126	\$ 23,892	\$ 21,804	\$ -	\$ 7,929,755
-	-	-	229,838	-	-	229,838
-	-	-	-	-	-	100,261
-	-	-	-	-	-	282,113
-	145,371	10,944	-	1,520	-	810,319
-	-	-	-	-	-	78,090
-	-	-	-	-	-	17,415
<b>\$ 164,968</b>	<b>\$ 160,938</b>	<b>\$ 90,070</b>	<b>\$ 253,730</b>	<b>\$ 23,324</b>	<b>\$ -</b>	<b>\$ 9,447,791</b>
\$ 45,273	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ 83,687
3,984	-	-	8,500	-	-	96,724
-	-	-	18,500	-	-	18,500
49,257	-	139	27,000	-	-	198,911
-	-	-	209,583	-	-	377,534
49,257	-	139	236,583	-	-	576,445
-	-	-	-	-	-	95,505
-	-	-	-	-	-	6,587,992
-	-	-	17,147	23,324	-	40,471
-	-	-	-	-	-	1,813,429
-	160,938	-	-	-	-	160,938
115,711	-	-	-	-	-	115,711
-	-	-	-	-	-	30,341
-	-	89,931	-	-	-	89,931
-	-	-	-	-	-	(62,972)
115,711	160,938	89,931	17,147	23,324	-	8,871,346
<b>\$ 164,968</b>	<b>\$ 160,938</b>	<b>\$ 90,070</b>	<b>\$ 253,730</b>	<b>\$ 23,324</b>	<b>\$ -</b>	<b>\$ 9,447,791</b>

# City of Wixom, Michigan

	Special Revenue Funds					
	Community Development Fund	Opioid Settlement Fund	Major Road Capital Improvement Fund	Formerly Nonmajor - Local Road Capital Improvement Fund	Land Acquisition Fund	Safety Path Road Program Fund
<b>Revenue</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,398
Special assessments	-	-	-	-	-	-
Intergovernmental:						
Federal grants	14,709	-	-	-	-	-
State sources	-	-	1,325,077	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rentals:						
Investment earnings	-	-	208,273	-	91,887	83,719
Rental income	-	-	-	-	-	41,465
Other revenue	-	17,586	13,093	-	-	131,111
<b>Total revenue</b>	<b>14,709</b>	<b>17,586</b>	<b>1,546,443</b>	<b>-</b>	<b>91,887</b>	<b>542,693</b>
<b>Expenditures</b>						
Current services:						
General government	-	-	-	-	13,640	-
Public safety	-	-	-	-	-	-
Public works	-	-	464,680	-	-	-
Community and economic development	83,630	-	-	-	-	-
Capital outlay	-	-	-	-	-	569,658
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>83,630</b>	<b>-</b>	<b>464,680</b>	<b>-</b>	<b>13,640</b>	<b>569,658</b>
<b>Net Change in Fund Balances</b>	<b>(68,921)</b>	<b>17,586</b>	<b>1,081,763</b>	<b>-</b>	<b>78,247</b>	<b>(26,965)</b>
<b>Fund Balances - Beginning of year</b>	<b>5,949</b>	<b>12,755</b>	<b>4,067,635</b>	<b>-</b>	<b>1,752,597</b>	<b>1,543,649</b>
<b>Fund Balances - End of year</b>	<b>\$ (62,972)</b>	<b>\$ 30,341</b>	<b>\$ 5,149,398</b>	<b>\$ -</b>	<b>\$ 1,830,844</b>	<b>\$ 1,516,684</b>

Other Supplementary Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

**Year Ended June 30, 2024**

Special Revenue Funds					Debt Service Fund	Capital Project Fund	
Solid Waste Collection Fund	Forfeiture Funds	Cemetery Fund	Special Assessment Fund	Total Special Revenue Funds	DDA/VCA Development Bonds Fund	Formerly Nonmajor - Capital Improvement Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 286,398	\$ -	\$ -	\$ 286,398
-	-	-	226,171	226,171	-	-	226,171
-	-	-	-	14,709	-	-	14,709
-	-	-	-	1,325,077	-	-	1,325,077
578,888	-	14,440	-	593,328	-	-	593,328
-	1,815	-	-	1,815	-	-	1,815
21,987	780	3,981	1,546	412,173	-	-	412,173
-	-	-	-	41,465	-	-	41,465
1,456	-	-	-	163,246	469,588	-	632,834
602,331	2,595	18,421	227,717	3,064,382	469,588	-	3,533,970
-	-	380	753	14,773	753	-	15,526
-	22,047	-	-	22,047	-	-	22,047
600,210	-	5,404	8,850	1,079,144	-	-	1,079,144
-	-	-	-	83,630	-	-	83,630
-	-	-	-	569,658	-	-	569,658
-	-	-	200,000	200,000	400,000	-	600,000
-	-	-	17,500	17,500	68,381	-	85,881
600,210	22,047	5,784	227,103	1,986,752	469,134	-	2,455,886
2,121	(19,452)	12,637	614	1,077,630	454	-	1,078,084
113,590	180,390	77,294	16,533	7,770,392	22,870	-	7,793,262
<b>\$ 115,711</b>	<b>\$ 160,938</b>	<b>\$ 89,931</b>	<b>\$ 17,147</b>	<b>\$ 8,848,022</b>	<b>\$ 23,324</b>	<b>\$ -</b>	<b>\$ 8,871,346</b>