

*City of Wayland*  
*Allegan County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended June 30, 2024*

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	<i>Page</i>
<b>INDEPENDENT AUDITOR'S REPORT</b>	3 - 5
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	6 - 12
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net position	13
Statement of activities	14
Fund financial statements:	
Balance sheet - governmental funds	15
Statement of revenues, expenditures, and changes in fund balances - governmental funds	16 - 17
Statement of net position - proprietary funds	18
Statement of revenues, expenses, and changes in net position - proprietary funds	19
Statement of cash flows - proprietary funds	20 - 21
Statement of fiduciary net position - custodial fund	22
Statement of changes in fiduciary net position - custodial fund	23
Notes to financial statements	24 - 39
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	40 - 41
Major Street Fund	42
Local Street Fund	43
Schedule of changes in the City's net pension liability and related ratios	44
Schedule of City pension contributions	45
<b>SUPPLEMENTARY INFORMATION</b>	
Combining balance sheet - nonmajor governmental funds	46
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	47
Balance sheet - Downtown Development Authority	48
Statement of revenues, expenditures, and change in fund balance - Downtown Development Authority	49
Budgetary comparison schedule - Downtown Development Authority	50
Schedules of debt retirement and annual interest requirements	51 - 52
<b>OTHER INFORMATION</b>	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure (Unaudited)	53 - 61

## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Wayland, Michigan

### **Opinions**

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

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

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

**Supplementary information**

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

*Siegfried Crandall P.C.*

November 14, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Wayland's (the City) financial performance provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The City's total net position increased by \$1,994,194 as a result of this year's activities. Net position of the governmental activities increased by \$1,378,384, and net position of the business-type activities increased by \$615,810.
- Of the \$18,965,265 total net position reported, \$6,585,792 (35 percent) is available to be used at the Council's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,744,054, which represents 49 percent of the actual total General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

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

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

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

A comparative analysis of the government-wide financial statements for 2024 and 2023 is also presented.

### **Government-wide financial statements**

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

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

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

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

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

### **Fund financial statements**

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

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

The City has three types of funds:

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net position**

Total net position at the end of the fiscal year was \$18,965,265. Of this total, \$10,466,850 represents a net investment in capital assets and \$1,912,623 is restricted for various purposes. Consequently, unrestricted net position was \$6,585,792, or 35 percent of the total.

*Condensed financial information  
Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 6,633,861	\$ 5,523,555	\$ 5,523,679	\$ 4,658,605	\$ 12,157,540	\$ 10,182,160
Capital assets	<u>8,201,357</u>	<u>6,690,891</u>	<u>3,965,388</u>	<u>4,187,475</u>	<u>12,166,745</u>	<u>10,878,366</u>
Total assets	<u>14,835,218</u>	<u>12,214,446</u>	<u>9,489,067</u>	<u>8,846,080</u>	<u>24,324,285</u>	<u>21,060,526</u>
Deferred outflows of resources	<u>490,478</u>	<u>777,087</u>	<u>171,116</u>	<u>212,952</u>	<u>661,594</u>	<u>990,039</u>
Long-term debt	<u>1,400,952</u>	<u>262,227</u>	<u>298,943</u>	<u>363,002</u>	<u>1,699,895</u>	<u>625,229</u>
Current and other liabilities	<u>2,778,723</u>	<u>3,471,087</u>	<u>830,568</u>	<u>960,240</u>	<u>3,609,291</u>	<u>4,431,327</u>
Total liabilities	<u>4,179,675</u>	<u>3,733,314</u>	<u>1,129,511</u>	<u>1,323,242</u>	<u>5,309,186</u>	<u>5,056,556</u>
Deferred inflows of resources	<u>527,423</u>	<u>18,005</u>	<u>184,005</u>	<u>4,933</u>	<u>711,428</u>	<u>22,938</u>
Net position:						
Net investment in capital assets	<u>6,800,405</u>	<u>6,428,664</u>	<u>3,666,445</u>	<u>3,824,473</u>	<u>10,466,850</u>	<u>10,253,137</u>
Restricted	<u>1,912,623</u>	<u>1,559,068</u>	<u>-</u>	<u>-</u>	<u>1,912,623</u>	<u>1,559,068</u>
Unrestricted	<u>1,905,570</u>	<u>1,252,482</u>	<u>4,680,222</u>	<u>3,906,384</u>	<u>6,585,792</u>	<u>5,158,866</u>
Total net position	<u>\$ 10,618,598</u>	<u>\$ 9,240,214</u>	<u>\$ 8,346,667</u>	<u>\$ 7,730,857</u>	<u>\$ 18,965,265</u>	<u>\$ 16,971,071</u>

**Changes in net position**

The City's total revenues for the current fiscal year were \$7,672,709, compared to \$8,539,883 in the prior year. Charges for services account for 38 percent of the revenues, while 28 percent of the City's revenues come from property taxes. Only 7 percent of the total revenues came from state shared revenue.

The total cost of the City's programs, covering a wide range of services, totaled \$5,678,515, compared to \$5,424,132 in the prior year. The provision of utility services accounted for approximately 28 percent of the total costs. Public safety expenses account for 34 percent of the City's total expenses in the current year, while public works expenses represent 21 percent.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed financial information  
Changes in net position

	Governmental activities		Business-type activities		Totals	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 798,115	\$ 748,623	\$ 2,117,713	\$ 1,940,371	\$ 2,915,828	\$ 2,688,994
Grants and contributions:						
Operating	901,006	791,553	-	-	901,006	791,553
Capital	688,231	1,012,586	127,331	1,306,944	815,562	2,319,530
General revenues:						
Property taxes	2,165,808	1,959,302	-	-	2,165,808	1,959,302
State shared revenue	562,718	550,026	-	-	562,718	550,026
Marijuana taxes	118,173	-	-	-	118,173	-
Local community stabilization	61,037	94,256	-	-	61,037	94,256
Franchise fees	34,425	37,849	16,218	2,444	50,643	40,293
Unrestricted interest income	55,373	28,710	-	-	55,373	28,710
Insurance recoveries	11,137	67,219	-	-	11,137	67,219
Gain on sale of capital asset	15,424	-	-	-	15,424	-
Total revenues	<u>5,411,447</u>	<u>5,290,124</u>	<u>2,261,262</u>	<u>3,249,759</u>	<u>7,672,709</u>	<u>8,539,883</u>
Expenses:						
General government	774,830	804,303	-	-	774,830	804,303
Public safety	1,957,914	1,929,873	-	-	1,957,914	1,929,873
Public works	1,196,789	1,254,554	-	-	1,196,789	1,254,554
Community and economic development	18,808	30,455	-	-	18,808	30,455
Health and welfare	33,764	29,211	-	-	33,764	29,211
Recreation and culture	11,602	13,098	-	-	11,602	13,098
Interest	84,356	9,159	-	-	84,356	9,159
Sewer	-	-	770,850	722,460	770,850	722,460
Water	-	-	829,602	631,019	829,602	631,019
Total expenses	<u>4,078,063</u>	<u>4,070,653</u>	<u>1,600,452</u>	<u>1,353,479</u>	<u>5,678,515</u>	<u>5,424,132</u>
Transfers	<u>45,000</u>	<u>70,000</u>	<u>(45,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>\$ 1,378,384</u>	<u>\$ 1,289,471</u>	<u>\$ 615,810</u>	<u>\$ 1,826,280</u>	<u>\$ 1,994,194</u>	<u>\$ 3,115,751</u>
Net position, end of year	<u>\$ 10,618,598</u>	<u>\$ 9,240,214</u>	<u>\$ 8,346,667</u>	<u>\$ 7,730,857</u>	<u>\$ 18,965,265</u>	<u>\$ 16,971,071</u>

**Governmental activities**

Governmental activities increased the City's net position by \$1,378,384, in the current year, compared to a \$1,289,471 increase in the prior year. The increase in net position was higher in the current year as revenues increased by \$121,323, while expenses only increased by \$7,410, and transfers from the business-type activities decreased by \$25,000.

While the increase in total revenues was minimal, capital contributions decreased by \$324,355, related to contributions toward the purchase of a fire truck in the prior year. The decrease in capital contributions was offset by a \$206,506 increase in property taxes, as taxable values continue to increase, and \$118,173 in marijuana taxes, which were collected for the first time. Total expenses were virtually unchanged compared to the prior year.

The total cost of governmental activities this year was \$4,078,063. After subtracting the direct charges to those who directly benefited from the programs (\$798,115), operating grants (\$901,006), and capital grants (\$688,231), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$1,690,711.

**Business-type activities**

Business-type activities increased the City's net position by \$615,810 compared to an increase of \$1,826,280 in the prior year. The increase in net position was much higher in the prior year due to substantial capital contributions relating to utility connection fees.

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

**Governmental funds**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,746,730, an increase of \$805,204 in comparison to the prior year. Of the total fund balances, \$1,744,054 (37 percent) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable related to prepaids (\$77,552), assigned for budget stabilization (\$893,786) and capital projects (\$120,816), or restricted (\$1,910,522) to indicate that it is not available for new spending. The restrictions relate to public works (\$1,865,279), recreation and culture (\$40,759) and public safety (\$4,484).

The General Fund is the primary operating fund of the City. At the end of the fiscal year, its fund balance was \$2,717,775, an increase of \$330,523. Fund balance increased as revenues (\$4,012,702) exceeded expenditures (\$3,575,143) and net other financing uses (\$107,036) in the current year.

The Major Street Fund experienced an increase in fund balance of \$233,543, as bond proceeds (\$1,300,000) and the fund's revenues (\$460,252) exceeded expenditures (\$1,526,709) during the current year. The fund balance at the end of the fiscal year was \$1,325,463, which is restricted for future street preservation costs of the City's major streets.

The Local Street Fund experienced an increase in fund balance of \$38,583, as the fund's revenues (\$146,519) exceeded expenditures (\$107,936) during the current year. The fund balance at the end of the fiscal year was \$301,895, which is restricted for future street preservation costs of the City's local streets.

**Proprietary funds**

The Sewer Fund experienced an increase in net position of \$522,298 in the current year, primarily because user fees have been set so the fund is covering its costs. Total net position was \$5,354,104 at year end, of which \$2,911,015 is unrestricted.

The Water Fund experienced an increase in net position of \$93,512 in the current year, primarily because user fees have been set so the fund is covering its costs. Total net position is \$2,992,563 at year end, of which \$1,769,207 is unrestricted.

**General Fund budgetary highlights**

The City amended the General Fund budget during the year to account for previously unanticipated revenues and expenditures and to reallocate appropriations among activities. Total budgeted revenues were increased by \$329,649, primarily due to a \$120,000 increase in licenses and permits revenues which were higher than expected. Expenditures were increased by \$240,244, primarily related to a \$140,244 increase in general government expenditures, due to higher personnel costs.

Total actual revenues were \$30,624 more than budgeted. Total actual expenditures were \$279,551 less than the amounts appropriated, primarily because public safety expenditures were \$107,263 less than budgeted, as police and fire department expenditures were less than planned.

These variances, along with a \$97,126 negative variance associated with net other financing sources, resulted in a \$213,049 positive budget variance with a \$330,523 increase in fund balance compared to a budgeted increase of \$117,474.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$12,166,745 (net of accumulated depreciation). This investment includes a broad range of assets, including land, buildings, street infrastructure, police and fire equipment, and sewer and water facilities. The increase in the City's net investment in capital assets for the current fiscal year was \$1,288,379 as additions (\$1,997,662) exceeded depreciation provisions (\$709,283) in the current year.

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

- Street improvements, in progress at year-end, were made at a cost of \$1,869,746
- Purchase of a police vehicle at a cost of \$55,982

The Downtown Development Authority (a discretely presented component unit) reported capital assets of \$371,471, as of year-end, which represents a decrease of \$23,578 due to the current year depreciation provision. The Authority purchased no capital assets during the current fiscal year.

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

**Debt**

At the end of the fiscal year, the City had total long-term debt outstanding in the amount of \$1,699,895, which represents a net increase of \$1,074,666. Debt was increased through the issuance of bonds, in the amount of \$1,300,000, and reduced by \$225,334, related to timely principal payments.

Other long-term liabilities, totaling \$191,440, represent accrued compensated absences. The City also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$2,765,390.

The Downtown Development Authority (a discretely presented component unit) reported long-term debt outstanding of \$325,105, as of year-end, which represents a decrease of \$285,235. No new debt was issued.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's 2025 fiscal year budget does not anticipate significant changes in the amounts or composition of its major revenue sources. The City has budgeted expenditures for the upcoming year at amounts sufficient to support its ongoing programs and activities, while maintaining the current levels of its resources.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

Kate Balfourt, Finance Director  
City of Wayland  
103 South Main Street  
Wayland, MI 49348

Phone: (269) 792-2265

## **BASIC FINANCIAL STATEMENTS**

## STATEMENT OF NET POSITION

June 30, 2024

	Primary government			Component unit
	Governmental activities	Business-type activities	Totals	Downtown Development Authority
<b>ASSETS</b>				
Current assets:				
Cash	\$ 5,516,305	\$ 5,117,160	\$ 10,633,465	\$ 238,154
Receivables	1,039,296	393,469	1,432,765	-
Prepaid expenses	78,260	13,050	91,310	817
Total current assets	6,633,861	5,523,679	12,157,540	238,971
Noncurrent assets:				
Capital assets not being depreciated	2,005,630	319,730	2,325,360	-
Depreciable capital assets, net of depreciation	6,195,727	3,645,658	9,841,385	371,471
Total noncurrent assets	8,201,357	3,965,388	12,166,745	371,471
Total assets	14,835,218	9,489,067	24,324,285	610,442
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension amounts	490,478	171,116	661,594	-
<b>LIABILITIES</b>				
Current liabilities:				
Payables	341,242	58,719	399,961	125,032
Unearned revenue	252,500	-	252,500	-
Current portion of bonds payable	167,703	72,956	240,659	79,341
Total current liabilities	761,445	131,675	893,120	204,373
Noncurrent liabilities:				
Compensated absences	134,837	56,603	191,440	3,642
Net pension liability	2,050,144	715,246	2,765,390	-
Bonds payable	1,233,249	225,987	1,459,236	245,764
Total noncurrent liabilities	3,418,230	997,836	4,416,066	249,406
Total liabilities	4,179,675	1,129,511	5,309,186	453,779
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension amounts	527,423	184,005	711,428	-
<b>NET POSITION</b>				
Net investment in capital assets	6,800,405	3,666,445	10,466,850	46,366
Restricted for:				
Public safety	4,484	-	4,484	-
Public works	1,867,380	-	1,867,380	-
Recreation and culture	40,759	-	40,759	-
Unrestricted	1,905,570	4,680,222	6,585,792	110,297
Total net position	\$ 10,618,598	\$ 8,346,667	\$ 18,965,265	\$ 156,663

See notes to financial statements

**STATEMENT OF ACTIVITIES**

Year ended June 30, 2024

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position			Component unit Downtown Development Authority
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Totals	
					Governmental activities	Business-type activities		
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 774,830	\$ 134,110	\$ 77,033	\$ -	\$ (563,687)		\$ (563,687)	
Public safety	1,957,914	660,045	73,548	-	(1,224,321)		(1,224,321)	
Public works	1,196,789	2,160	750,425	688,231	244,027		244,027	
Community and economic development	18,808	1,800	-	-	(17,008)		(17,008)	
Health and welfare	33,764	-	-	-	(33,764)		(33,764)	
Recreation and culture	11,602	-	-	-	(11,602)		(11,602)	
Interest and issuance costs on long-term debt	84,356	-	-	-	(84,356)		(84,356)	
Total governmental activities	<u>4,078,063</u>	<u>798,115</u>	<u>901,006</u>	<u>688,231</u>	<u>(1,690,711)</u>		<u>(1,690,711)</u>	
Business-type activities:								
Sewer	770,850	1,236,910	-	71,723		\$ 537,783	537,783	
Water	829,602	880,803	-	55,608		106,809	106,809	
Total business-type activities	<u>1,600,452</u>	<u>2,117,713</u>	<u>-</u>	<u>127,331</u>	<u>-</u>	<u>644,592</u>	<u>644,592</u>	
Total primary government	<u>\$ 5,678,515</u>	<u>\$ 2,915,828</u>	<u>\$ 901,006</u>	<u>\$ 815,562</u>	<u>(1,690,711)</u>	<u>644,592</u>	<u>(1,046,119)</u>	
<b>Component unit:</b>								
Downtown Development Authority	<u>\$ 465,205</u>	<u>\$ -</u>	<u>\$ 139,419</u>	<u>\$ -</u>				<u>\$ (325,786)</u>
General revenues:								
Property taxes					2,165,808	-	2,165,808	379,814
State shared revenue					562,718	-	562,718	-
Marijuana tax					118,173	-	118,173	-
Local community stabilization revenue					61,037	-	61,037	-
Franchise fees					34,425	-	34,425	-
Unrestricted interest income					55,373	16,218	71,591	5,525
Gain on sale of capital assets					15,424	-	15,424	-
Insurance recoveries					11,137	-	11,137	-
Transfers					45,000	(45,000)	-	-
Total general revenues and transfers					<u>3,069,095</u>	<u>(28,782)</u>	<u>3,040,313</u>	<u>385,339</u>
Changes in net position					1,378,384	615,810	1,994,194	59,553
Net position - beginning					<u>9,240,214</u>	<u>7,730,857</u>	<u>16,971,071</u>	<u>97,110</u>
Net position - ending					<u>\$ 10,618,598</u>	<u>\$ 8,346,667</u>	<u>\$ 18,965,265</u>	<u>\$ 156,663</u>

See notes to financial statements

**BALANCE SHEET - governmental funds**

June 30, 2024

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 2,453,993	\$ 1,263,724	\$ 531,960	\$ 407,867	\$ 4,657,544
Receivables	942,393	73,542	23,361	-	1,039,296
Prepaid expenditures	<u>75,451</u>	<u>792</u>	<u>827</u>	<u>482</u>	<u>77,552</u>
Total assets	<u>\$ 3,471,837</u>	<u>\$ 1,338,058</u>	<u>\$ 556,148</u>	<u>\$ 408,349</u>	<u>\$ 5,774,392</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 308,710	\$ 12,595	\$ 4,253	\$ 6,752	\$ 332,310
Unearned grant revenue	<u>2,500</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>252,500</u>
Total liabilities	<u>311,210</u>	<u>12,595</u>	<u>254,253</u>	<u>6,752</u>	<u>584,810</u>
Deferred inflows of resources:					
Unavailable cost reimbursement	<u>442,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,852</u>
Fund balances:					
Nonspendable - prepaids	75,451	792	827	482	77,552
Restricted for:					
Public safety	4,484	-	-	-	4,484
Public works	-	1,324,671	301,068	239,540	1,865,279
Recreation and culture	-	-	-	40,759	40,759
Assigned:					
Budget stabilization	893,786	-	-	-	893,786
Capital projects	-	-	-	120,816	120,816
Unassigned	<u>1,744,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,744,054</u>
Total fund balances	<u>2,717,775</u>	<u>1,325,463</u>	<u>301,895</u>	<u>401,597</u>	<u>4,746,730</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,471,837</u>	<u>\$ 1,338,058</u>	<u>\$ 556,148</u>	<u>\$ 408,349</u>	<u>\$ 5,774,392</u>
Reconciliation of the balance sheet to the statement of net position:					
Total fund balance - total governmental funds					\$ 4,746,730
Amounts reported for <i>governmental activities</i> in the statement of net position (page 13) are different because:					
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.					
					7,619,916
Certain receivables are not available to pay for the current period's expenditures and, therefore, are presented as deferred inflows of resources in the funds.					
					442,852
Deferred outflows of resources, related to the pension plan, relate to future years and are not reported in the funds.					
					483,786
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.					
					(134,837)
Interest payable, related to long-term debt, is not due and payable in the current period and, therefore, is not reported in the funds.					
					(4,300)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.					
					(1,400,952)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.					
					(2,022,171)
Deferred inflows of resources, related to the pension plan, relate to future years and are not reported in the funds.					
					(520,227)
The internal service fund is used by management to charge costs of equipment to individual funds. The assets and liabilities of the internal service fund are included in <i>governmental activities</i> in the statement of net position.					
					<u>1,407,801</u>
Net position of <i>governmental activities</i>					<u>\$ 10,618,598</u>

See notes to financial statements

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

## BALANCES - governmental funds

Year ended June 30, 2024

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Property taxes	\$ 2,219,982	\$ -	\$ -	\$ -	\$ 2,219,982
Licenses and permits	223,763	-	-	-	223,763
Federal grant	51,000	-	-	-	51,000
State grants	764,476	458,708	145,705	18,803	1,387,692
Contribution from local unit	-	-	-	127,209	127,209
Charges for services	588,482	-	-	-	588,482
Fines and forfeitures	2,773	-	-	-	2,773
Interest and rentals	60,046	1,544	814	3,127	65,531
Other	102,180	-	-	90	102,270
	<u>4,012,702</u>	<u>460,252</u>	<u>146,519</u>	<u>149,229</u>	<u>4,768,702</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
General government	746,430	-	-	-	746,430
Public safety	1,911,051	-	-	-	1,911,051
Public works	736,576	1,284,678	107,936	64,847	2,194,037
Community and economic development	18,808	-	-	-	18,808
Health and welfare	33,764	-	-	-	33,764
Debt service:					
Principal	-	161,275	-	-	161,275
Interest and fees	-	49,221	-	-	49,221
Bond issuance costs	-	31,535	-	-	31,535
Capital outlay	128,514	-	-	-	128,514
	<u>3,575,143</u>	<u>1,526,709</u>	<u>107,936</u>	<u>64,847</u>	<u>5,274,635</u>
Total expenditures					
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>437,559</u>	<u>(1,066,457)</u>	<u>38,583</u>	<u>84,382</u>	<u>(505,933)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	1,300,000	-	-	1,300,000
Insurance recoveries	11,137	-	-	-	11,137
Transfers in	-	-	-	118,173	118,173
Transfers out	(118,173)	-	-	-	(118,173)
	<u>(107,036)</u>	<u>1,300,000</u>	<u>-</u>	<u>118,173</u>	<u>1,311,137</u>
Net other financing sources (uses)					
<b>NET CHANGES IN FUND BALANCES</b>	330,523	233,543	38,583	202,555	805,204
<b>FUND BALANCES - BEGINNING</b>	<u>2,387,252</u>	<u>1,091,920</u>	<u>263,312</u>	<u>199,042</u>	<u>3,941,526</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,717,775</u>	<u>\$ 1,325,463</u>	<u>\$ 301,895</u>	<u>\$ 401,597</u>	<u>\$ 4,746,730</u>

See notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds (Continued)**

Year ended June 30, 2024

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

Net change in fund balance - total governmental funds (page 16)	\$ 805,204
Amounts reported for <i>governmental activities</i> in the statement of activities (page 14) are different because:	
Capital assets:	
Capital asset acquisitions	1,997,662
Provision for depreciation	(413,164)
Long-term debt:	
Principal payments	161,275
Proceeds from debt issuance	(1,300,000)
Changes in other assets and liabilities:	
Net decrease in deferred inflows	(74,052)
Net increase in compensated absences	(33,719)
Net increase in interest payable	(3,600)
Net (increase) decrease in net pension liability	956,722
Changes in deferred outflows and inflows of resources:	
Net change in deferred outflows of resources related to pension	(280,714)
Net change in deferred inflows of resources related to pension	(502,514)
Certain changes in net position of the internal service fund are reported with <i>governmental activities</i> in the statement of activities.	<u>65,284</u>
Change in net position of <i>governmental activities</i>	<u><u>\$ 1,378,384</u></u>

**STATEMENT OF NET POSITION - proprietary funds**

June 30, 2024

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>ASSETS</b>				
Current assets:				
Cash	\$ 3,090,008	\$ 2,027,152	\$ 5,117,160	\$ 858,761
Receivables	228,279	165,190	393,469	-
Prepaid expenses	6,285	6,765	13,050	708
Total current assets	<u>3,324,572</u>	<u>2,199,107</u>	<u>5,523,679</u>	<u>859,469</u>
Noncurrent assets:				
Land and construction in progress	275,730	44,000	319,730	-
Depreciable capital assets, net of depreciation	<u>2,277,010</u>	<u>1,368,648</u>	<u>3,645,658</u>	<u>581,441</u>
Total noncurrent assets	<u>2,552,740</u>	<u>1,412,648</u>	<u>3,965,388</u>	<u>581,441</u>
Total assets	<u>5,877,312</u>	<u>3,611,755</u>	<u>9,489,067</u>	<u>1,440,910</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension amounts	<u>83,811</u>	<u>87,305</u>	<u>171,116</u>	<u>6,692</u>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	28,621	30,098	58,719	4,632
Current portion of bonds payable	<u>26,760</u>	<u>46,196</u>	<u>72,956</u>	<u>-</u>
Total current liabilities	<u>55,381</u>	<u>76,294</u>	<u>131,675</u>	<u>4,632</u>
Noncurrent liabilities:				
Compensated absences	28,301	28,302	56,603	-
Net pension liability	350,322	364,924	715,246	27,973
Bonds payable	<u>82,891</u>	<u>143,096</u>	<u>225,987</u>	<u>-</u>
Total noncurrent liabilities	<u>461,514</u>	<u>536,322</u>	<u>997,836</u>	<u>27,973</u>
Total liabilities	<u>516,895</u>	<u>612,616</u>	<u>1,129,511</u>	<u>32,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension amounts	<u>90,124</u>	<u>93,881</u>	<u>184,005</u>	<u>7,196</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,443,089	1,223,356	3,666,445	581,441
Unrestricted	<u>2,911,015</u>	<u>1,769,207</u>	<u>4,680,222</u>	<u>826,360</u>
Total net position	<u>\$ 5,354,104</u>	<u>\$ 2,992,563</u>	<u>8,346,667</u>	<u>\$ 1,407,801</u>

See notes to financial statements

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

Year ended June 30, 2024

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,236,910	\$ 880,803	\$ 2,117,713	\$ 168,872
<b>OPERATING EXPENSES</b>				
Sewer	635,298	-	635,298	-
Water	-	732,258	732,258	-
Cost of interfund services provided	-	-	-	91,985
Depreciation	131,564	90,523	222,087	74,032
Total operating expenses	766,862	822,781	1,589,643	166,017
<b>OPERATING INCOME (LOSS)</b>	470,048	58,022	528,070	2,855
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain on sales of capital assets	-	-	-	15,424
Interest income	9,515	6,703	16,218	2,005
Interest expense and fees	(3,988)	(6,821)	(10,809)	-
Net nonoperating revenues (expenses)	5,527	(118)	5,409	17,429
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	475,575	57,904	533,479	20,284
<b>CAPITAL CONTRIBUTIONS - Connection fees</b>	71,723	55,608	127,331	-
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	547,298	113,512	660,810	20,284
<b>TRANSFERS</b>	(25,000)	(20,000)	(45,000)	45,000
<b>CHANGES IN NET POSITION</b>	522,298	93,512	615,810	65,284
<b>NET POSITION - BEGINNING</b>	4,831,806	2,899,051	7,730,857	1,342,517
<b>NET POSITION - ENDING</b>	\$ 5,354,104	\$ 2,992,563	\$ 8,346,667	\$ 1,407,801

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds**

Year ended June 30, 2024

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,220,025	\$ 891,861	\$ 2,111,886	\$ -
Receipts from interfund services provided	-	-	-	168,872
Payments to vendors and suppliers	(402,764)	(465,118)	(867,882)	(86,784)
Payments to employees	(164,577)	(204,050)	(368,627)	(12,546)
Payments for interfund services used	(20,310)	(32,361)	(52,671)	-
Net cash provided by (used in) operating activities	<u>632,374</u>	<u>190,332</u>	<u>822,706</u>	<u>69,542</u>
<b>CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES</b>				
Interfund transfers	<u>(25,000)</u>	<u>(20,000)</u>	<u>(45,000)</u>	<u>45,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	71,723	55,608	127,331	-
Proceeds from sales of capital assets	-	-	-	15,424
Principal payments on capital debt	(23,496)	(40,563)	(64,059)	-
Interest payments on capital debt	(4,034)	(6,965)	(10,999)	-
Net cash provided by (used in) capital and related financing activities	<u>44,193</u>	<u>8,080</u>	<u>52,273</u>	<u>15,424</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>9,515</u>	<u>6,703</u>	<u>16,218</u>	<u>2,005</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	661,082	185,115	846,197	131,971
<b>CASH - BEGINNING</b>	<u>2,428,926</u>	<u>1,842,037</u>	<u>4,270,963</u>	<u>726,790</u>
<b>CASH - ENDING</b>	<u>\$ 3,090,008</u>	<u>\$ 2,027,152</u>	<u>\$ 5,117,160</u>	<u>\$ 858,761</u>

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds (Continued)**

Year ended June 30, 2024

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 470,048	\$ 58,022	\$ 528,070	\$ 2,855
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	131,564	90,523	222,087	74,032
Changes in assets and liabilities:				
Receivables	(16,885)	11,058	(5,827)	-
Prepays	(6,285)	(6,765)	(13,050)	(708)
Deferred outflows - pension	21,822	20,014	41,836	5,895
Payables	5,839	(20,544)	(14,705)	1,637
Compensated absences	(127)	(126)	(253)	-
Pension liability	(61,279)	(53,245)	(114,524)	(21,073)
Deferred inflows - pension	87,677	91,395	179,072	6,904
 Net cash provided by (used in) operating activities	 <u>\$ 632,374</u>	 <u>\$ 190,332</u>	 <u>\$ 822,706</u>	 <u>\$ 69,542</u>

**STATEMENT OF FIDUCIARY NET POSITION - Custodial Fund**

June 30, 2024

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - Custodial Fund**

Year ended June 30, 2024

	<u>Tax Collection</u>
<b>ADDITIONS</b>	
Property tax collections for other governments	\$ 5,771,615
<b>DEDUCTIONS</b>	
Payments of property taxes to other governments	<u>5,771,615</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u>\$ -</u>

See notes to financial statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*Reporting entity:*

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

*Discretely presented component unit:*

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

*Government-wide and fund financial statements:*

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

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

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

*Measurement focus, basis of accounting and financial statement presentation:*

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Primary government:</i>					
General	General government	Elections	\$ 112,708	\$ 118,260	\$ 5,552
Major Street	Public works	Routine maintenance	118,175	153,505	35,330
<i>Component unit:</i>					
Downtown Development Authority	Public works		381,731	464,310	82,579

**NOTE 3 - CASH**

Cash as of June 30, 2024, is classified in the accompanying financial statements as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total primary government</u>	<u>Custodial fund</u>	<u>Component unit</u>	<u>Totals</u>
Deposits	\$ 5,516,030	\$ 5,117,160	\$ 10,633,190	\$ -	\$ 238,154	\$ 10,871,344
Cash on hand	275	-	275	-	-	275
	<u>\$ 5,516,305</u>	<u>\$ 5,117,160</u>	<u>\$ 10,633,465</u>	<u>\$ -</u>	<u>\$ 238,154</u>	<u>\$ 10,871,619</u>

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

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the City will not be able to recover its deposits. The City’s investment policy does not specifically address custodial credit risk for deposits. At June 30, 2024, \$9,840,248 of the City’s bank balances of \$10,916,652 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City maintains individual and pooled cash accounts for all of its funds and its component unit. Due to the use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and its component unit.

**NOTE 4 - RECEIVABLES**

Receivables as of June 30, 2024, for the City’s individual major funds and nonmajor funds, in the aggregate, all of which are due within one year and are considered fully collectible, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>PILOT</u>	<u>Totals</u>
Governmental:				
General	\$ 732,116	\$ 150,358	\$ 59,919	\$ 942,393
Major Street	-	73,542	-	73,542
Local Street	-	23,361	-	23,361
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total governmental	<u>\$ 732,116</u>	<u>\$ 247,261</u>	<u>\$ 59,919</u>	<u>\$ 1,039,296</u>
Proprietary:				
Sewer	\$ 228,279	-	-	\$ 228,279
Water	165,190	-	-	165,190
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total proprietary	<u>\$ 393,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,469</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 891,312	\$ -	\$ -	\$ 891,312
Construction in progress	<u>1,300,079</u>	<u>31,094</u>	<u>(216,855)</u>	<u>1,114,318</u>
Total capital assets not being depreciated	<u>2,191,391</u>	<u>31,094</u>	<u>(216,855)</u>	<u>2,005,630</u>
Capital assets being depreciated:				
Buildings	1,020,502	-	-	1,020,502
Improvements	1,049,057	47,611	-	1,096,668
Equipment	1,348,869	24,323	(33,746)	1,339,446
Vehicles	3,242,351	55,982	(65,620)	3,232,713
Infrastructure	<u>18,328,840</u>	<u>2,055,507</u>	<u>-</u>	<u>20,384,347</u>
Subtotal	<u>24,989,619</u>	<u>2,183,423</u>	<u>(99,366)</u>	<u>27,073,676</u>
Less accumulated depreciation for:				
Buildings	(657,086)	(18,607)	-	(675,693)
Improvements	(528,595)	(211,812)	-	(740,407)
Equipment	(1,060,877)	(64,553)	33,746	(1,091,684)
Vehicles	(2,638,870)	(67,307)	65,620	(2,640,557)
Infrastructure	<u>(15,604,691)</u>	<u>(124,917)</u>	<u>-</u>	<u>(15,729,608)</u>
Subtotal	<u>(20,490,119)</u>	<u>(487,196)</u>	<u>99,366</u>	<u>(20,877,949)</u>
Total capital assets being depreciated, net	<u>4,499,500</u>	<u>1,696,227</u>	<u>-</u>	<u>6,195,727</u>
Governmental activities capital assets, net	<u>\$ 6,690,891</u>	<u>\$ 1,727,321</u>	<u>\$ (216,855)</u>	<u>\$ 8,201,357</u>

## NOTE 5 - CAPITAL ASSETS (Continued)

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 319,730	\$ -	\$ -	\$ 319,730
Capital assets being depreciated:				
Sewer system	6,222,575	-	-	6,222,575
Water system	3,445,909	-	-	3,445,909
Subtotal	<u>9,668,484</u>	<u>-</u>	<u>-</u>	<u>9,668,484</u>
Less accumulated depreciation for:				
Sewer system	(3,814,001)	(131,564)	-	(3,945,565)
Water system	(1,986,738)	(90,523)	-	(2,077,261)
Subtotal	<u>(5,800,739)</u>	<u>(222,087)</u>	<u>-</u>	<u>(6,022,826)</u>
Total capital assets being depreciated, net	<u>3,867,745</u>	<u>(222,087)</u>	<u>-</u>	<u>3,645,658</u>
Business-type activities capital assets, net	<u>\$ 4,187,475</u>	<u>\$ (222,087)</u>	<u>\$ -</u>	<u>\$ 3,965,388</u>
Component unit - Downtown Development Authority:				
Capital assets being depreciated -				
Infrastructure	\$ 526,708	\$ 37,903	\$ -	\$ 564,611
Less accumulated depreciation for -				
Infrastructure	<u>(169,562)</u>	<u>(23,578)</u>	<u>-</u>	<u>(193,140)</u>
Component unit capital assets, net	<u>\$ 357,146</u>	<u>\$ 14,325</u>	<u>\$ -</u>	<u>\$ 371,471</u>

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

Governmental activities:	
General government	\$ 57,536
Public safety	48,218
Public works	295,808
Recreation and culture	11,602
Internal Service Fund	<u>74,032</u>
Total governmental activities	<u>\$ 487,196</u>

**NOTE 6 - PAYABLES**

Payables as of June 30, 2024, for the City’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Payroll</u>	<u>Interest</u>	<u>Totals</u>
<i>Primary government:</i>					
Governmental:					
General	\$ 179,891	\$ 45,986	\$ 82,833	\$ -	\$ 308,710
Major Street	11,965	-	630	-	12,595
Local Street	3,844	-	409	-	4,253
Nonmajor	<u>6,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,752</u>
Total governmental	<u>\$ 202,452</u>	<u>\$ 45,986</u>	<u>\$ 83,872</u>	<u>\$ -</u>	<u>\$ 332,310</u>
Proprietary:					
Enterprise:					
Sewer	\$ 25,254	\$ -	\$ 2,813	\$ 554	\$ 28,621
Water	<u>25,627</u>	<u>-</u>	<u>3,515</u>	<u>956</u>	<u>30,098</u>
Total enterprise	50,881	-	6,328	1,510	58,719
Internal service	<u>4,410</u>	<u>-</u>	<u>222</u>	<u>-</u>	<u>4,632</u>
Total proprietary funds	<u>\$ 55,291</u>	<u>\$ -</u>	<u>\$ 6,550</u>	<u>\$ 1,510</u>	<u>\$ 63,351</u>
<i>Component unit:</i>					
Downtown Development Authority	<u>\$ 98,308</u>	<u>\$ 23,024</u>	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ 123,432</u>

**NOTE 7 - LONG-TERM LIABILITIES**

Long-term liabilities at June 30, 2024, are comprised of the following:

<i>Primary government:</i>	
Governmental activities:	
Bonds:	
\$1,905,000 2018 Refunding bonds; payable in annual installments ranging from \$160,000 to \$215,000, plus interest at 3.03%; final payment due June 2028	\$ 215,952
\$1,300,000 2023 CIP Bonds; payable in annual installments ranging from \$115,000 to \$155,000, plus interest at 3.81%; final payment due June 2033	<u>1,185,000</u>
Total bonds	1,400,952
Compensated absences	<u>134,837</u>
Total governmental activities long-term liabilities	<u>\$ 1,535,789</u>

**NOTE 7 - LONG-TERM LIABILITIES (Continued)**

*Primary government (continued):*

Business-type activities:

Bonds:

\$1,905,000 2018 Refunding bonds; payable in annual installments ranging from \$160,000 to \$215,000, plus interest at 3.03%; final payment due June 2028 \$ 298,943

Compensated absences 56,603

Total business-type activities long-term liabilities \$ 355,546

*Component unit - Downtown Development Authority:*

\$1,905,000 2018 Refunding bonds; payable in annual installments ranging from \$160,000 to \$215,000, plus interest at 3.03%; final payment due June 2028 \$ 325,105

Compensated absences 3,642

Total component unit activities long-term obligations \$ 328,747

Long-term liability activity for the year ended June 30, 2024, was as follows:

	<u>Beginning balance</u>	<u>Net change</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
<i>Primary government:</i>						
Governmental activities:						
2018 Refunding bonds	\$ 262,227	\$ -	\$ -	\$ (46,275)	\$ 215,952	\$ 52,703
2023 CIP bonds	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>(115,000)</u>	<u>1,185,000</u>	<u>115,000</u>
	262,227	-	1,300,000	(161,275)	1,400,952	167,703
Compensated absences	<u>101,118</u>	<u>33,719</u>	<u>-</u>	<u>-</u>	<u>134,837</u>	<u>-</u>
Total governmental activities	<u>\$ 363,345</u>	<u>\$ 33,719</u>	<u>\$ 1,300,000</u>	<u>\$ (161,275)</u>	<u>\$ 1,535,789</u>	<u>\$ 167,703</u>

NOTE 7 - LONG-TERM LIABILITIES (Continued)

	<u>Beginning balance</u>	<u>Net change</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
<i>Primary government (continued):</i>						
<i>Business-type activities:</i>						
2018 Refunding bonds	\$ 363,002	\$ -	\$ -	\$ (64,059)	\$ 298,943	\$ 72,956
Compensated absences	56,856	(253)	-	-	56,603	-
Total business-type activities	<u>\$ 419,858</u>	<u>\$ (253)</u>	<u>\$ -</u>	<u>\$ (64,059)</u>	<u>\$ 355,546</u>	<u>\$ 72,956</u>
<i>Component unit - Downtown</i>						
<i>Development Authority:</i>						
2018 Refunding bonds	\$ 394,771	\$ -	\$ -	\$ (69,666)	\$ 325,105	\$ 79,341
2016 Installment purchase agreement	215,569	-	-	(215,569)	-	-
Total bonds and note	\$ 610,340	\$ -	\$ -	\$ (285,235)	\$ 325,105	\$ 79,341
Compensated absences	1,116	2,526	-	-	3,642	-
Total component unit	<u>\$ 611,456</u>	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ (285,235)</u>	<u>\$ 328,747</u>	<u>\$ 79,341</u>

Debt service requirements at June 30, 2024, excluding compensated absences, were as follows:

<u>Year ended June 30:</u>	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Component unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 167,703	\$ 51,691	\$ 72,956	\$ 9,058	\$ 79,341	\$ 9,851
2026	171,417	45,715	71,177	6,848	77,406	7,447
2027	176,559	39,585	78,294	4,691	85,147	5,102
2028	180,273	33,297	76,516	2,319	83,211	2,522
2029	130,000	26,860	-	-	-	-
2030-2033	575,000	56,006	-	-	-	-
Totals	<u>\$ 1,400,952</u>	<u>\$ 253,154</u>	<u>\$ 298,943</u>	<u>\$ 22,916</u>	<u>\$ 325,105</u>	<u>\$ 24,922</u>

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

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

*Plan description:*

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

*Benefits provided:*

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

*Employees covered by benefit terms:*

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

Active employees	24
Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	<u>8</u>
Total	<u>60</u>

*Contributions:*

The City is required to contribute amounts at least equal to an actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Covered employees are not required to contribute to the plan. For the fiscal year ended June 30, 2024, the City contributed \$513,120 to the plan, while employees made no contributions.

*Net pension liability:*

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

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

*Actuarial assumptions:*

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.00%	In the long term
Investment rate of return	6.93%	Net of investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the actuarial experience studies covering 2014-2018 and dated 2020.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>	<u>Expected money-weighted rate of return</u>
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses			<u>0.18%</u>
Investment rate of return			<u>7.18%</u>

*Discount rate:*

The discount rate used to measure the total pension liability is 7.18% for 2023. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

*Changes in the net pension liability:*

	<i>Increase (decrease)</i>		
	<i>Total pension liability</i>	<i>Plan fiduciary net position</i>	<i>Net pension liability</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2022	\$ 10,270,807	\$ 6,413,098	\$ 3,857,709
Changes for the year:			
Service cost	214,932	-	214,932
Interest	731,292	-	731,292
Difference between expected and actual experience	(949,417)	-	(949,417)
Changes in assumptions	79,382	-	79,382
Employer contributions	-	474,459	(474,459)
Net investment income	-	709,071	(709,071)
Benefit payments, including refunds	(582,980)	(582,980)	-
Administrative expenses	-	(15,022)	15,022
Net changes	(506,791)	585,528	(1,092,319)
Balances at December 31, 2023	\$ 9,764,016	\$ 6,998,626	\$ 2,765,390

*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%, as well as what the City’s net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate.

	<i>1% decrease (6.18%)</i>	<i>Current rate (7.18%)</i>	<i>1% increase (8.18%)</i>
City's net pension liability	\$ 4,025,335	\$ 2,765,390	\$ 1,724,614

*Pension plan fiduciary net position:*

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

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

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

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$437,735. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources, related to the pension plan, from the following sources:

<u>Source</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between projected and actual earnings	\$ 339,412	\$ -
Differences between expected and actual experience	-	711,428
Differences in assumptions	<u>59,537</u>	<u>-</u>
	398,949	711,428
Contributions made subsequent to the measurement date	<u>262,645</u>	<u>-</u>
Totals	<u>\$ 661,594</u>	<u>\$ 711,428</u>

The amount reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date, in the amount of \$262,645, will be recognized as a reduction in the net pension liability in fiscal year 2025.

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

<u>Year ended</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
2025	\$ 80,579	\$ 236,719
2026	141,473	237,354
2027	226,617	237,355
2028	<u>(49,720)</u>	<u>-</u>
	<u>\$ 398,949</u>	<u>\$ 711,428</u>

**NOTE 9 - PROPERTY TAX REVENUE**

The 2023 taxable valuation of the City approximated \$146,714,000 on which ad valorem taxes levied consisted of 16.3607 mills for operating purposes, raising approximately \$2,400,000 for operating purposes. This amount is reduced by a \$252,000 tax capture for the component unit and the net amount of \$2,148,000 is recognized in the fund financial statements as property tax revenue.

**NOTE 10 - INTERFUND TRANSFERS**

For the year ended June 30, 2024, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Nonmajor	\$ 118,173	General	\$ 118,173
		Sewer	25,000
		Water	<u>20,000</u>
Motor Vehicle Pool	<u>45,000</u>		<u>45,000</u>
Totals	<u>\$ 163,173</u>		<u>\$ 163,173</u>

The transfer out of the General Fund set aside money to be used for capital acquisitions in the future. The transfers to the Motor Vehicle Pool Fund support future capital asset acquisitions of that fund.

**NOTE 11 - RESTRICTED NET POSITION**

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$1,912,623. Of this amount, \$1,867,380 is restricted by enabling legislation for public works expenditures.

**NOTE 12 - CONSTRUCTION CODE ACT**

A summary of construction code enforcement transactions for the year ended June 30, 2024, is as follows:

Revenues	\$ 162,422
Expenses	<u>162,422</u>
Deficiency of revenues over expenses	<u>\$ -</u>

**NOTE 13 - SUBSEQUENT EVENT**

After June 30, 2024, the City issued Capital Improvement Bonds (Limited Tax General Obligation), in the amount of \$2,910,000, for water mains and street improvements within the City.

**NOTE 14 - RISK MANAGEMENT**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended June 30, 2024

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 2,160,988	\$ 2,160,988	\$ 2,219,982	\$ 58,994
Licenses and permits	121,150	241,150	223,763	(17,387)
Federal grants	-	-	51,000	51,000
State grants	615,160	733,333	764,476	31,143
Charges for services	618,465	658,941	588,482	(70,459)
Fines and forfeitures	1,450	1,450	2,773	1,323
Interest and rentals	12,901	12,901	60,046	47,145
Other	122,315	173,315	102,180	(71,135)
Total revenues	<u>3,652,429</u>	<u>3,982,078</u>	<u>4,012,702</u>	<u>30,624</u>
<b>EXPENDITURES</b>				
General government:				
Legislative - City Council	25,000	25,000	18,270	6,730
Administration	455,025	570,236	556,124	14,112
Elections	87,675	112,708	118,260	(5,552)
Building maintenance	55,000	55,000	12,327	42,673
Assessor	57,275	57,275	41,449	15,826
Total general government	<u>679,975</u>	<u>820,219</u>	<u>746,430</u>	<u>73,789</u>
Public safety:				
Police department	1,002,825	1,002,825	978,103	24,722
Fire department	840,489	840,489	770,526	69,963
Code inspections	75,000	175,000	162,422	12,578
Total public safety	<u>1,918,314</u>	<u>2,018,314</u>	<u>1,911,051</u>	<u>107,263</u>
Public works - Public works department	<u>765,250</u>	<u>765,250</u>	<u>736,576</u>	<u>28,674</u>

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development:				
Planning	\$ 36,450	\$ 36,450	\$ 13,742	\$ 22,708
Community promotion	<u>6,000</u>	<u>6,000</u>	<u>5,066</u>	<u>934</u>
Total community and economic development	<u>42,450</u>	<u>42,450</u>	<u>18,808</u>	<u>23,642</u>
Health and welfare - ambulance service	<u>45,000</u>	<u>45,000</u>	<u>33,764</u>	<u>11,236</u>
Capital outlay	<u>163,461</u>	<u>163,461</u>	<u>128,514</u>	<u>34,947</u>
Total expenditures	<u>3,614,450</u>	<u>3,854,694</u>	<u>3,575,143</u>	<u>279,551</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>37,979</u>	<u>127,384</u>	<u>437,559</u>	<u>310,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	1,000	88,263	11,137	(77,126)
Transfers in	20,000	20,000	-	(20,000)
Transfers out	<u>-</u>	<u>(118,173)</u>	<u>(118,173)</u>	<u>-</u>
Net other financing sources (uses)	<u>21,000</u>	<u>(9,910)</u>	<u>(107,036)</u>	<u>(97,126)</u>
<b>NET CHANGES IN FUND BALANCES</b>	58,979	117,474	330,523	213,049
<b>FUND BALANCES - BEGINNING</b>	<u>2,387,252</u>	<u>2,387,252</u>	<u>2,387,252</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,446,231</u>	<u>\$ 2,504,726</u>	<u>\$ 2,717,775</u>	<u>\$ 213,049</u>

**BUDGETARY COMPARISON SCHEDULE - Major Street Fund**

Year ended June 30, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
State grants	\$ 427,000	\$ 427,000	\$ 458,708	\$ 31,708
Interest	-	-	1,544	1,544
Total revenues	<u>427,000</u>	<u>427,000</u>	<u>460,252</u>	<u>33,252</u>
<b>EXPENDITURES</b>				
Public works:				
Street preservation	80,000	1,280,000	1,054,204	225,796
Routine maintenance	118,175	118,175	153,505	(35,330)
Winter maintenance	75,350	75,350	49,326	26,024
Administration	31,500	31,500	27,643	3,857
Total public works	<u>305,025</u>	<u>1,505,025</u>	<u>1,284,678</u>	<u>220,347</u>
Debt service:				
Principal	48,000	163,000	161,275	1,725
Interest and fees	8,500	49,775	49,221	554
Bond issuance costs	-	31,535	31,535	-
Total expenditures	<u>361,525</u>	<u>1,749,335</u>	<u>1,526,709</u>	<u>222,626</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>65,475</u>	<u>(1,322,335)</u>	<u>(1,066,457)</u>	<u>255,878</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds proceeds	-	1,300,000	1,300,000	-
Transfer out - Local street	-	(156,275)	-	156,275
Total other financing sources (uses)	<u>-</u>	<u>1,143,725</u>	<u>1,300,000</u>	<u>156,275</u>
<b>NET CHANGES IN FUND BALANCES</b>	65,475	(178,610)	233,543	412,153
<b>FUND BALANCES - BEGINNING</b>	<u>1,091,920</u>	<u>1,091,920</u>	<u>1,091,920</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,157,395</u>	<u>\$ 913,310</u>	<u>\$ 1,325,463</u>	<u>\$ 412,153</u>

City of Wayland

**BUDGETARY COMPARISON SCHEDULE - Local Street Fund**

Year ended June 30, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
State grants	\$ 133,000	\$ 133,000	\$ 145,705	\$ 12,705
Interest	-	-	814	814
Total revenues	<u>133,000</u>	<u>133,000</u>	<u>146,519</u>	<u>13,519</u>
<b>EXPENDITURES</b>				
Public works:				
Routine maintenance	55,150	86,244	83,055	3,189
Winter maintenance	52,700	52,700	16,150	36,550
Administration	<u>25,150</u>	<u>25,150</u>	<u>8,731</u>	<u>16,419</u>
Total public works	<u>133,000</u>	<u>164,094</u>	<u>107,936</u>	<u>56,158</u>
Total expenditures	<u>133,000</u>	<u>164,094</u>	<u>107,936</u>	<u>56,158</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(31,094)	38,583	69,677
<b>FUND BALANCES - BEGINNING</b>	<u>263,312</u>	<u>263,312</u>	<u>263,312</u>	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 263,312</u>	<u>\$ 232,218</u>	<u>\$ 301,895</u>	<u>\$ 69,677</u>

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

Year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability:									
Service cost	214,932	\$ 186,128	\$ 186,819	\$ 172,931	\$ 163,643	\$ 165,739	\$ 142,998	\$ 126,283	\$ 128,419
Interest	731,292	706,716	727,004	679,017	649,625	619,133	598,688	567,685	535,576
Differences between expected and actual experience	(949,417)	1,905	(72,622)	2,592	181,919	65,308	(48,632)	88,748	(13,600)
Changes in assumptions	79,382	-	536,229	289,834	307,581	-	-	-	285,094
Benefit payments, including refunds	(582,980)	(557,361)	(530,743)	(509,076)	(477,496)	(458,481)	(439,234)	(367,835)	(292,537)
Benefit change	-	-	(651,074)	-	-	-	-	-	-
Net change in total pension liability	(506,791)	337,388	195,613	635,298	825,272	391,699	253,820	414,881	642,952
Total pension liability, beginning of year	<u>10,270,807</u>	<u>9,933,419</u>	<u>9,737,806</u>	<u>9,102,508</u>	<u>8,277,236</u>	<u>7,885,537</u>	<u>7,631,717</u>	<u>7,216,836</u>	<u>6,573,884</u>
Total pension liability, end of year	<u>9,764,016</u>	<u>10,270,807</u>	<u>9,933,419</u>	<u>9,737,806</u>	<u>9,102,508</u>	<u>8,277,236</u>	<u>7,885,537</u>	<u>7,631,717</u>	<u>7,216,836</u>
Plan fiduciary net position:									
Contributions - employer	474,459	424,437	419,466	373,185	342,200	322,223	241,647	227,562	232,825
Net investment income (loss)	709,071	(757,295)	916,753	748,829	722,312	(222,111)	685,024	549,068	(75,698)
Benefit payments, including refunds	(582,980)	(557,361)	(530,743)	(509,076)	(477,496)	(458,481)	(439,234)	(367,835)	(292,537)
Administrative expenses	(15,022)	(13,464)	(10,516)	(11,843)	(12,445)	(11,045)	(10,855)	(10,833)	(10,985)
Net change in plan fiduciary net position	585,528	(903,683)	794,960	601,095	574,571	(369,414)	476,582	397,962	(146,395)
Plan fiduciary net position, beginning of year	<u>6,413,098</u>	<u>7,316,781</u>	<u>6,521,821</u>	<u>5,920,726</u>	<u>5,346,155</u>	<u>5,715,569</u>	<u>5,238,987</u>	<u>4,841,025</u>	<u>4,987,420</u>
Plan fiduciary net position, end of year	<u>6,998,626</u>	<u>6,413,098</u>	<u>7,316,781</u>	<u>6,521,821</u>	<u>5,920,726</u>	<u>5,346,155</u>	<u>5,715,569</u>	<u>5,238,987</u>	<u>4,841,025</u>
City's net pension liability, end of year	<u>\$ 2,765,390</u>	<u>\$ 3,857,709</u>	<u>\$ 2,616,638</u>	<u>\$ 3,215,985</u>	<u>\$ 3,181,782</u>	<u>\$ 2,931,081</u>	<u>\$ 2,169,968</u>	<u>\$ 2,392,730</u>	<u>\$ 2,375,811</u>
Plan fiduciary net position as a percent of total pension liability	71.68%	62.44%	73.66%	66.97%	65.04%	64.59%	72.48%	68.65%	67.08%
Covered payroll	\$ 1,523,839	\$ 1,305,842	\$ 1,212,030	\$ 1,189,531	\$ 1,079,580	\$ 1,079,594	\$ 968,904	\$ 868,041	\$ 890,475
City's net pension liability as a percentage of covered payroll	181%	295%	216%	270%	295%	271%	224%	276%	267%

**SCHEDULE OF CITY PENSION CONTRIBUTIONS**

Last Ten Fiscal Years Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 474,459	\$ 424,437	\$ 424,490	\$ 405,135	\$ 342,278	\$ 340,396	\$ 285,277	\$ 227,562	\$ 292,537	\$ 245,804
Contributions in relation to the actuarially determined contributions	<u>474,459</u>	<u>424,437</u>	<u>424,490</u>	<u>405,135</u>	<u>342,278</u>	<u>340,396</u>	<u>285,277</u>	<u>227,562</u>	<u>292,537</u>	<u>245,804</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,523,839</u>	<u>\$ 1,305,842</u>	<u>\$ 1,212,030</u>	<u>\$ 1,189,531</u>	<u>\$ 1,079,580</u>	<u>\$ 1,079,594</u>	<u>\$ 968,904</u>	<u>\$ 868,041</u>	<u>\$ 890,475</u>	<u>\$ 1,030,137</u>
Contributions as a percentage of covered payroll	31.14%	32.50%	35.02%	34.06%	31.53%	29.44%	26.22%	32.85%	23.86%	20.21%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of pay, open
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.93%, net of investment and administrative expenses, including inflation
Retirement age	Normal retirement age is 60 years
Mortality	Pub-2010 Mortality tables

**SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET - nonmajor governmental funds**

June 30, 2024

	<u>Special revenue funds</u>		<u>Capital project fund</u>	<u>Totals</u>
	<u>Community Building and Park Improvement</u>	<u>Special Road</u>	<u>Capital Projects</u>	
<b>ASSETS</b>				
Cash	\$ 40,759	\$ 246,292	\$ 120,816	\$ 407,867
Prepaid expenses	<u>-</u>	<u>482</u>	<u>-</u>	<u>482</u>
Total assets	<u>\$ 40,759</u>	<u>\$ 246,774</u>	<u>\$ 120,816</u>	<u>\$ 408,349</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities - Payables	<u>\$ -</u>	<u>\$ 6,752</u>	<u>\$ -</u>	<u>\$ 6,752</u>
Fund balances:				
Restricted for:				
Public works	-	240,022	-	240,022
Recreation and culture	40,759	-	-	40,759
Assigned for capital acquisitions	<u>-</u>	<u>-</u>	<u>120,816</u>	<u>120,816</u>
Total fund balances	<u>40,759</u>	<u>240,022</u>	<u>120,816</u>	<u>401,597</u>
Total liabilities and fund balances	<u>\$ 40,759</u>	<u>\$ 246,774</u>	<u>\$ 120,816</u>	<u>\$ 408,349</u>

*City of Wayland*

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

*Year ended June 30, 2024*

	<i>Special revenue funds</i>		<i>Capital project fund</i>	<i>Totals</i>
	<i>Community Building and Park Improvement</i>	<i>Special Road</i>	<i>Capital Projects</i>	
<b>REVENUES</b>				
State grant	\$ -	\$ 18,803	\$ -	\$ 18,803
Contribution from local unit	-	127,209	-	127,209
Interest	102	382	2,643	3,127
Other	90	-	-	90
<b>Total revenues</b>	<b>192</b>	<b>146,394</b>	<b>2,643</b>	<b>149,229</b>
<b>EXPENDITURES</b>				
Current:				
Public works	-	64,847	-	64,847
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>192</b>	<b>81,547</b>	<b>2,643</b>	<b>84,382</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	118,173	118,173
<b>NET CHANGES IN FUND BALANCES</b>	<b>192</b>	<b>81,547</b>	<b>120,816</b>	<b>202,555</b>
<b>FUND BALANCES - BEGINNING</b>	<b>40,567</b>	<b>158,475</b>	<b>-</b>	<b>199,042</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 40,759</b>	<b>\$ 240,022</b>	<b>\$ 120,816</b>	<b>\$ 401,597</b>

**BALANCE SHEET - Downtown Development Authority**

June 30, 2024

**ASSETS**

Cash	\$ 238,154
Prepays	<u>817</u>
Total assets	<u><u>\$ 238,971</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities:	
Payables	\$ 123,432
Fund balance:	
Assigned for public works	<u>115,539</u>
Total liabilities and fund balance	<u><u>\$ 238,971</u></u>
Total fund balance	\$ 115,539

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

Capital assets are not financial resources and, therefore, are not reported in the fund.	371,471
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund.	(3,642)
Interest payable is not due and payable in the current period and, therefore, is not reported in the fund.	(1,600)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the fund.	<u>(325,105)</u>
Net position of the <i>component unit</i>	<u><u>\$ 156,663</u></u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND**

**BALANCE - Downtown Development Authority**

Year ended June 30, 2024

**REVENUES**

Tax increment financing	\$ 379,814
State grant	25,000
Interest income	5,525
Other	<u>114,419</u>
Total revenues	<u>524,758</u>

**EXPENDITURES**

Current - public works	464,310
Debt service:	
Principal	285,235
Interest	<u>17,794</u>
Total expenditures	<u>767,339</u>

**NET CHANGE IN FUND BALANCE** (242,581)

**FUND BALANCE - BEGINNING** 358,120

**FUND BALANCE - ENDING** \$ 115,539

Net change in fund balance \$ (242,581)

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

Capital assets:

Add acquisitions	37,903
Less provision for depreciation	(23,578)

Long-term debt - principal payments 285,235

Changes in other liabilities:

Change in compensated absences	(2,526)
Decrease in interest payable	<u>5,100</u>

Change in net position of *component unit* \$ 59,553

**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority**

Year ended June 30, 2024

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Tax increment financing	\$ 373,500	\$ 392,818	\$ 379,814	\$ (13,004)
State grants	1,000	1,000	25,000	24,000
Interest income	-	-	5,525	5,525
Other	<u>15,000</u>	<u>32,760</u>	<u>114,419</u>	<u>81,659</u>
Total revenues	<u>389,500</u>	<u>426,578</u>	<u>524,758</u>	<u>98,180</u>
<b>EXPENDITURES</b>				
Public works	259,416	381,731	464,310	(82,579)
Debt service:				
Principal	121,601	287,313	285,235	2,078
Interest	<u>22,816</u>	<u>22,816</u>	<u>17,794</u>	<u>5,022</u>
Total expenditures	<u>403,833</u>	<u>691,860</u>	<u>767,339</u>	<u>(75,479)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(14,333)	(265,282)	(242,581)	22,701
<b>FUND BALANCES - BEGINNING</b>	<u>358,120</u>	<u>358,120</u>	<u>358,120</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 343,787</u>	<u>\$ 92,838</u>	<u>\$ 115,539</u>	<u>\$ 22,701</u>

**City of Wayland**

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

June 30, 2024

<u>Fiscal period</u>	<u>Interest requirements</u>		<u>Maturity date</u>	<u>Principal</u>	<u>Total requirements</u>
	<u>December 1</u>	<u>June 1</u>			
2025	\$ 12,726	\$ 12,726	6/1/25	\$ 205,000	\$ 227,346
2026	9,621	9,621	6/1/26	200,000	216,211
2027	6,591	6,591	6/1/27	220,000	229,847
2028	<u>3,257</u>	<u>3,257</u>	6/1/28	<u>215,000</u>	<u>218,257</u>
	<u>\$ 32,195</u>	<u>\$ 32,195</u>		<u>\$ 840,000</u>	<u>\$ 891,661</u>
			<u>Interest</u>	<u>Principal</u>	<u>Totals</u>
Allocation by activity:					
Governmental activities			\$ 13,279	\$ 215,952	\$ 229,231
Business-type activities			18,386	298,942	317,328
Component unit (DDA)			<u>19,996</u>	<u>325,106</u>	<u>345,102</u>
			<u>\$ 51,661</u>	<u>\$ 840,000</u>	<u>\$ 891,661</u>

*City of Wayland*

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$1,300,000 2023 CAPITAL IMPROVEMENT BONDS (LIMITED TAX GENERAL OBLIGATION)**

*June 30, 2024*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>December 1</i>	<i>June 1</i>			
2025	\$ 22,574	\$ 22,574	6/1/25	\$ 115,000	\$ 160,148
2026	20,384	20,384	6/1/26	120,000	160,768
2027	18,097	18,097	6/1/27	120,000	156,194
2028	15,812	15,812	6/1/28	125,000	156,624
2029	13,430	13,430	6/1/29	130,000	156,860
2030	10,954	10,954	6/1/30	135,000	156,908
2031	8,382	8,382	6/1/31	140,000	156,764
2032	5,715	5,715	6/1/32	145,000	156,430
2033	2,953	2,953	6/1/33	155,000	160,906
	<u>\$ 118,301</u>	<u>\$ 118,301</u>		<u>\$ 1,185,000</u>	<u>\$ 1,421,602</u>

**SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 CONTINUING DISCLOSURE (*UNAUDITED*)**

**City of Wayland  
County of Allegan, State of Michigan**

**Continuing Disclosure Undertaking  
Financial Information and Operating Data**

**Base CUSIP: 944225**

**Taxable Value**

Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 of the Public Acts of Michigan of 1974, as amended (“Act 198”).

**City of Wayland  
Total Taxable Value  
Fiscal Years Ended or Ending June 30, 2021 – 2025**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year End June 30	Ad Valorem Taxable Value	Percent Increase over Prior Year
2023	2024	2025	\$ 160,167,649	8.79%
2022	2023	2024	147,228,967	10.10%
2021	2022	2023	133,717,219	3.97%
2020	2021	2022	128,608,083	4.21%
2019	2020	2021	123,412,026	7.22%
Per Capita .....				\$36,212.45

*Source: City of Wayland*

Excluding the Equivalent Taxable Value of property granted tax abatement under Act 198, a breakdown of the City’s Total Taxable Value by use and class for the fiscal years ended or ending June 30, 2021, through June 30, 2025, is shown below.

**City of Wayland  
Total Taxable Value by Use and Class  
Fiscal Years Ended or Ending June 30, 2021 – 2025**

**Taxable Value Breakdown by Use**

	2021	2022	2023	2024	2025
Residential	\$ 59,646,753	\$ 61,996,154	\$ 65,989,385	\$ 72,209,521	\$ 84,203,727
Commercial	46,006,028	46,365,404	47,262,943	50,632,497	53,104,886
Industrial	8,299,567	8,241,575	7,911,891	8,056,049	7,539,636
Developmental	40,628	-	-	-	-
Utility	9,419,050	12,004,950	12,553,000	16,330,900	15,319,400
<b>Total</b>	<b>\$ 123,412,026</b>	<b>\$ 128,608,083</b>	<b>\$ 133,717,219</b>	<b>\$ 147,228,967</b>	<b>\$ 160,167,649</b>

**Taxable Value Breakdown by Class**

	2021	2022	2023	2024	2025
Real	\$ 109,115,426	\$ 110,735,683	\$ 116,379,519	\$ 124,746,167	\$ 139,826,949
Personal	14,296,600	17,872,400	17,337,700	22,482,800	20,340,700
<b>Total</b>	<b>\$ 123,412,026</b>	<b>\$ 128,608,083</b>	<b>\$ 133,717,219</b>	<b>\$ 147,228,967</b>	<b>\$ 160,167,649</b>

*Source: City of Wayland*

**City of Wayland**  
**Percent of Total Taxable Value by Use and Class**  
**Fiscal Years Ended or Ending June 30, 2021 – 2025**

**Taxable Value Breakdown by Use**

	2021	2022	2023	2024	2025
Residential	48.33%	48.21%	49.35%	49.05%	52.57%
Commercial	37.28%	36.05%	35.35%	34.39%	33.16%
Industrial	6.73%	6.41%	5.92%	5.47%	4.71%
Developmental	0.03%	0.00%	0.00%	0.00%	0.00%
Utility	7.63%	9.33%	9.39%	11.09%	9.56%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Taxable Value Breakdown by Class**

	2021	2022	2023	2024	2025
Real	88.42%	86.10%	87.03%	84.73%	87.30%
Personal	11.58%	13.90%	12.97%	15.27%	12.70%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

*Source: City of Wayland*

**State Equalized Valuation**

Aside from its use in determining Taxable Value for the purpose of levying Ad Valorem Taxes, SEV is important because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad Valorem SEV does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198.

**City of Wayland**  
**Total State Equalized Valuation**  
**Fiscal Years Ended or Ending June 30, 2021 – 2025**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year End June 30	Ad Valorem SEV	Percent Increase over Prior Year
2023	2024	2025	\$ 205,170,200	13.47%
2022	2023	2024	180,811,383	12.54%
2021	2022	2023	160,660,421	6.63%
2020	2021	2022	150,677,615	4.58%
2019	2020	2021	144,080,455	7.82%
Per Capita .....				\$46,387.11

*Source: City of Wayland*

The following tables show a breakdown of the City’s total SEV by use and class by dollars and percentages for the fiscal years ended June 30, 2021, through June 30, 2025.

**City of Wayland**  
**Total SEV by Use and Class**  
**Fiscal Years Ended June 30, 2021 – 2025**

State Equalized Value Breakdown by Use

	2021	2022	2023	2024	2025
Residential	\$ 76,233,555	\$ 80,421,337	\$ 88,796,004	\$ 101,007,651	\$ 116,624,100
Commercial	49,434,150	49,419,578	50,855,117	53,761,032	63,938,100
Industrial	8,910,200	8,831,750	8,456,300	9,711,800	9,288,600
Developmental	83,500	-	-	-	-
Utility	9,419,050	12,004,950	12,553,000	16,330,900	15,319,400
<b>Total</b>	<b>\$ 144,080,455</b>	<b>\$ 150,677,615</b>	<b>\$ 160,660,421</b>	<b>\$ 180,811,383</b>	<b>\$ 205,170,200</b>

State Equalized Value Breakdown by Class

	2021	2022	2023	2024	2025
Real	\$ 129,783,855	\$ 132,805,215	\$ 143,322,721	\$ 158,328,583	\$ 184,829,500
Personal	14,296,600	17,872,400	17,337,700	22,482,800	20,340,700
<b>Total</b>	<b>\$ 144,080,455</b>	<b>\$ 150,677,615</b>	<b>\$ 160,660,421</b>	<b>\$ 180,811,383</b>	<b>\$ 205,170,200</b>

Source: City of Wayland

**City of Wayland**  
**Percent of Total SEV by Use and Class**  
**Fiscal Years Ended or Ending June 30, 2021 – 2025**

State Equalized Value Breakdown by Use

	2021	2022	2023	2024	2025
Residential	52.91%	53.37%	55.27%	55.86%	56.84%
Commercial	34.31%	32.80%	31.65%	29.73%	31.16%
Industrial	6.18%	5.86%	5.26%	5.37%	4.53%
Developmental	0.06%	0.00%	0.00%	0.00%	0.00%
Utility	6.54%	7.97%	7.81%	9.03%	7.47%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

State Equalized Value Breakdown by Class

	2021	2022	2023	2024	2025
Real	90.08%	88.14%	89.21%	87.57%	90.09%
Personal	9.92%	11.86%	10.79%	12.43%	9.91%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: City of Wayland

**Property Tax Rates**

The City’s property tax rates for the fiscal year ending June 30, 2025, are shown below.

<u>Purpose</u>	<u>Authorized</u>	<u>Permanently Reduced by Headlee</u>	<u>Maximum Allowable Millage Rate</u>	<u>Expiration Date of Levy</u>
City Operating	20.0000	16.3607	16.3607	N/A

*Source: City of Wayland*

**City of Wayland  
Principal Residence (1) and Non-Principal Residence Property Tax Rates by Governmental Unit  
Fiscal Years Ended or Ending June 30, 2021 – 2025**

<u>Category</u>	<u>Fiscal Year Ended or Ending</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>City Operating</u>	<u>16.3607</u>	<u>16.3607</u>	<u>16.3607</u>	<u>16.3607</u>	<u>16.3607</u>
<u>City Total</u>	<u>16.3607</u>	<u>16.3607</u>	<u>16.3607</u>	<u>16.3607</u>	<u>16.3607</u>
<u>Wayland Union School District</u>					
<u>State Education Tax <sup>(2)</sup></u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>
<u>Operating</u>	<u>9.0000</u>	<u>9.0000</u>	<u>9.0000</u>	<u>9.0000</u>	<u>9.0000</u>
<u>Debt</u>	<u>4.2000</u>	<u>4.2000</u>	<u>4.2000</u>	<u>4.2000</u>	<u>4.2000</u>
<u>Total Non-Principal Residence</u>	<u>19.2000</u>	<u>19.2000</u>	<u>19.2000</u>	<u>19.2000</u>	<u>19.2000</u>
<u>Total Principal Residence <sup>(1)</sup></u>	<u>10.2000</u>	<u>10.2000</u>	<u>10.2000</u>	<u>10.2000</u>	<u>10.2000</u>
<u>County of Allegan</u>	<u>6.0216</u>	<u>6.2341</u>	<u>7.4477</u>	<u>7.3842</u>	<u>6.9902</u>
<u>Allegan ISD</u>	<u>0.0000</u>	<u>4.9405</u>	<u>4.9051</u>	<u>4.8564</u>	<u>4.8142</u>
<u>Total Mills - Non Principal Residence</u>	<u>41.5823</u>	<u>46.7353</u>	<u>47.9135</u>	<u>47.8013</u>	<u>47.3651</u>
<u>Total Mills - Principal Residence</u>	<u>32.5823</u>	<u>37.7353</u>	<u>38.9135</u>	<u>38.8013</u>	<u>38.3651</u>

<sup>(1)</sup> Principal residence means a dwelling or unit in a multiple-unit dwelling subject to Ad Valorem Taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal residence includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the principal residence includes only 5 acres adjacent and contiguous to the home of the owner. Principal residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-principal residence is property not included in the above definition.

<sup>(2)</sup> Industrial Personal Property is exempt from the State Education Tax (SET) and up to 18 mills of the school operating millage. Commercial personal property is exempt from up to 12 mills of the school operating millage.

*Source: City of Wayland*

**Property Tax Collections**

**City of Wayland  
Property Tax Collections  
Fiscal Years Ended or Ending June 2021 – 2025**

Levy Year	Ended or Ending June 30,	Total Tax Levy	Collections to March 1st of the Following Year	
			Dollar Amount	Percent
2024*	2025	\$ 2,611,111	2,554,624	97.84%
2023	2024	2,400,345	2,388,004	99.49%
2022	2023	2,186,233	2,173,653	99.42%
2021	2022	2,103,931	2,083,158	99.01%
2020	2021	2,016,686	1,994,005	98.88%

\* Collections for 2024 collected as of November 15, 2024.

Source: City of Wayland

**Profiles of the Ten Largest Taxpayers**

The top ten taxpayers in the City and their Taxable Value for the City’s fiscal year ending June 30, 2025, are shown in the table below.

**City of Wayland  
Ten Largest Taxpayers  
Fiscal Year Ending June 30, 2025**

10 Largest Taxpayers	Industry	FY 2025 Taxable Valuation
Bay Valley Foods LLC	Food Production	\$ 7,076,377
Cole MT Wayland MI LLC	Corporate Trust	3,096,366
Windsor Foods Village	Mobile Home Park	3,063,815
Priority Properties LLC	Apartments	2,354,914
Main Street Wayland LLC	Volunteer Organization	1,625,496
R and N Management Co.	Property Management	1,408,262
BGR Land LLC	RV Dealership	1,257,416
Consumers Energy	Utilities	1,211,500
Laurel Realty Properties	Real Estate	1,182,937
United Bank of Michigan	Bank	1,054,472
		<b>\$ 23,331,555</b>
Top Ten % of FY 2025 Taxable Valuation.....		14.57%

Source: City of Wayland

## STATE SHARED REVENUES

The following table sets forth the annual revenue sharing payments and other moneys received by the City for the fiscal years ended June 30, 2020, through June 30, 2024, as well as anticipated payments for fiscal year 2025.

### City of Wayland Revenue Sharing Payments Fiscal Years Ended or Ending June 30, 2020 - 2025

	2020	2021	2022	2023	2024	2025*
Constitutional	\$ 361,813	\$ 376,099	\$ 445,086	\$ 487,332	\$479,160	\$477,000
CVTRS	66,234	55,860	68,157	71,798	74,301	78,409
Supplemental	551	-	-	-	-	-
CLFRF	-	-	-	-	357	2,264
Public Safety	-	-	-	-	1,195	1,496
<b>Total State Shared Revenues</b>	<b>\$ 428,598</b>	<b>\$ 431,959</b>	<b>\$ 513,243</b>	<b>\$ 559,130</b>	<b>\$ 555,013</b>	<b>\$ 559,169</b>

\*Preliminary, subject to change.

Source: Michigan Department of Treasury

### Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of November 5, 2024.

### City of Wayland Legal Debt Margin Calculation as of November 5, 2024

2024 State Equalized Value (SEV)	\$ 205,170,200	
Plus: Half Assessed Value Equivalent of Act 198 Property	-	
Plus: for Revenue Sharing <sup>(1)</sup>	34,175,188	
Plus: LCSA/PPT <sup>(2)</sup>	1,975,492	
Equivalent Valuation for Debt Margin Purposes	<u>\$ 241,320,881</u>	
Legal Debt Limit - 10% of SEV <sup>(3)</sup>		\$ 24,132,088
Total Bonded Debt Outstanding	\$ 4,935,000	
Less: Exempt Debt	<u>-</u>	
Net Amount Subject to Legal Debt Limit		<u>\$ 4,935,000</u>
LEGAL DEBT MARGIN AVAILABLE		<u>\$ 19,197,088</u>

<sup>(1)</sup> Constitutional and CVTRS State Revenue Sharing payments divided by the City's operating millage rate.

<sup>(2)</sup> The Local Community Stabilization Authority ("LCSA") was established to administer distribution of the replacement of personal property tax revenues lost by local government. Eligible reimbursements for LCSA equals Total Reimbursement less Total Qualified Loss Reimbursement divided by the City's eligible millage.

<sup>(3)</sup> 10% of City's Equivalent Valuation for debt margin purposes.

Source: City of Wayland

**Debt Statement**

The following table reflects a breakdown of the City’s direct and overlapping debt as of November 5, 2024

**City of Wayland  
Debt Statement  
as of November 5, 2024**

**DIRECT DEBT**

<u>Dated</u>	<u>Series</u>	<u>Total</u>	<u>Self-</u>	<u>Net Direct</u>
October 9, 2018	LTGO Refunding	\$ 840,000	\$ -	\$ 840,000
August 1, 2023	LTGO Capital Improvement	1,185,000	-	1,185,000
September 12, 2024	LTGO Capital Improvement	2,910,000	-	2,910,000
<b>TOTAL DIRECT DEBT</b>		<u>\$ 4,935,000</u>	<u>\$ -</u>	<u>\$ 4,935,000</u>

**OVERLAPPING DEBT**

School District	\$ 9,474,527
County	430,684
Intermediate School District	33,820
<b>TOTAL OVERLAPPING DEBT</b>	<u>\$ 9,939,031</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$ 14,874,031</u>

*Source: City of Wayland and the Municipal Advisory Council of Michigan*

**City of Wayland**  
**Direct and Overlapping Debt Statistics**  
**Levy Year 2024**  
*as of November 5, 2024.*

Estimated City Population	4,423
2024 Taxable Value	\$ 160,167,649
2024 State Equalized Value (SEV)	205,170,200
2024 True Cash Value (TCV)	410,340,400
Per Capita 2024 Taxable Value	\$ 36,212.45
Per Capita 2024 State Equalized Value	46,387.11
Per Capita 2024 True Cash Value	92,774.23
Per Capita Total Direct Debt	\$ 1,115.76
Per Capita Total Direct and Overlapping Debt	3,362.88
Percent of Total Direct Debt of 2024 Taxable Value	3.08%
Percent of Total Direct and Overlapping Debt of 2024 Taxable Value	9.29%
Percent of Total Direct Debt of 2024 SEV	2.41%
Percent of Total Direct and Overlapping Debt of 2024 SEV	7.25%
Percent of Total Direct Debt of 2024 TCV	1.20%
Percent of Total Direct and Overlapping Debt of 2024 TCV	3.62%

*Source: City of Wayland and the Municipal Advisory Council of Michigan*

**RETIREMENT PLANS**

*Please see Note 8 – Defined Benefit Pension Plan of the June 30, 2024 Financial Statements.*

**Defined Benefit Plan**

*Plan Description*

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

*Benefits Provided*

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

Employees covered by benefit terms:

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

Active employees	24
Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	<u>8</u>
Total	<u>60</u>

*Contributions*

The City is required to contribute amounts at least equal to an actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Covered employees are not required to contribute to the plan. For the fiscal year ended June 30, 2024, the City contributed \$513,120 to the plan, while employees made no contributions.

*Net Pension Liability*

Changes in the net pension liability:

	<i>Increase (decrease)</i>		
	<i>Total pension liability</i>	<i>Plan fiduciary net position</i>	<i>Net pension liability</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2022	\$ 10,270,807	\$ 6,413,098	\$ 3,857,709
Changes for the year:			
Service cost	214,932	-	214,932
Interest	731,292	-	731,292
Difference between expected and actual experience	(949,417)	-	(949,417)
Changes in assumptions	79,382	-	79,382
Employer contributions	-	474,459	(474,459)
Net investment income	-	709,071	(709,071)
Benefit payments, including refunds	(582,980)	(582,980)	-
Administrative expenses	-	(15,022)	15,022
Net changes	<u>(506,791)</u>	<u>585,528</u>	<u>(1,092,319)</u>
Balances at December 31, 2023	<u>\$ 9,764,016</u>	<u>\$ 6,998,626</u>	<u>\$ 2,765,390</u>