

City of Wayland
Allegan County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2025

	<i>Page</i>
INDEPENDENT AUDITOR'S REPORT	3 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6 - 12
BASIC FINANCIAL STATEMENTS	
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
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	40 - 42
Major Street Fund	43
Local Street Fund	44
Schedule of changes in the City's net pension liability and related ratios	45
Schedule of City pension contributions	46
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	47
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	48
Balance sheet - Downtown Development Authority	49
Statement of revenues, expenditures, and change in fund balance - Downtown Development Authority	50
Budgetary comparison schedule - Downtown Development Authority	51
Schedules of debt retirement and annual interest requirements	52- 54
OTHER INFORMATION	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure (Unaudited)	55 - 63

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, 2025, 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, 2025, 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.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, the City adopted GASB Statement No. 101, *Compensated Absences*, during the current fiscal year. Our opinions are not modified with respect to this matter.

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.

October 17, 2025

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, 2025. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$2,043,010 as a result of this year's activities. Net position of the governmental activities increased by \$1,176,144, and net position of the business-type activities increased by \$866,866.
- Of the \$21,008,275 total net position reported, \$7,671,169 (37 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 \$1,647,055, which represents 40 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 2025 and 2024 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 \$21,008,275. Of this total, \$10,779,719 represents a net investment in capital assets and \$2,557,387 is restricted for various purposes. Consequently, unrestricted net position was \$7,671,169, or 37 percent of the total.

*Condensed financial information
Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 7,439,034	\$ 6,633,861	\$ 6,027,193	\$ 5,523,679	\$ 13,466,227	\$ 12,157,540
Capital assets	<u>10,458,533</u>	<u>8,201,357</u>	<u>4,856,099</u>	<u>3,965,388</u>	<u>15,314,632</u>	<u>12,166,745</u>
Total assets	<u>17,897,567</u>	<u>14,835,218</u>	<u>10,883,292</u>	<u>9,489,067</u>	<u>28,780,859</u>	<u>24,324,285</u>
Deferred outflows of resources	<u>418,197</u>	<u>490,478</u>	<u>200,696</u>	<u>171,116</u>	<u>618,893</u>	<u>661,594</u>
Long-term debt	<u>3,745,134</u>	<u>1,400,952</u>	<u>789,779</u>	<u>298,943</u>	<u>4,534,913</u>	<u>1,699,895</u>
Current and other liabilities	<u>2,480,425</u>	<u>2,778,723</u>	<u>932,518</u>	<u>830,568</u>	<u>3,412,943</u>	<u>3,609,291</u>
Total liabilities	<u>6,225,559</u>	<u>4,179,675</u>	<u>1,722,297</u>	<u>1,129,511</u>	<u>7,947,856</u>	<u>5,309,186</u>
Deferred inflows of resources	<u>295,463</u>	<u>527,423</u>	<u>148,158</u>	<u>184,005</u>	<u>443,621</u>	<u>711,428</u>
Net position:						
Net investment in capital assets	<u>6,713,399</u>	<u>6,800,405</u>	<u>4,066,320</u>	<u>3,666,445</u>	<u>10,779,719</u>	<u>10,466,850</u>
Restricted	<u>2,557,387</u>	<u>1,912,623</u>	<u>-</u>	<u>-</u>	<u>2,557,387</u>	<u>1,912,623</u>
Unrestricted	<u>2,523,956</u>	<u>1,905,570</u>	<u>5,147,213</u>	<u>4,680,222</u>	<u>7,671,169</u>	<u>6,585,792</u>
Total net position	<u>\$ 11,794,742</u>	<u>\$ 10,618,598</u>	<u>\$ 9,213,533</u>	<u>\$ 8,346,667</u>	<u>\$ 21,008,275</u>	<u>\$ 18,965,265</u>

Changes in net position

The City's total revenues for the current fiscal year were \$8,086,702, compared to \$7,672,709 in the prior year. Charges for services account for 39 percent of the revenues, while 29 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 \$6,043,692, compared to \$5,678,515 in the prior year. The provision of utility services accounted for approximately 28 percent of the total costs. Public safety expenses account for 32 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	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 829,249	\$ 798,115	\$ 2,322,898	\$ 2,117,713	\$ 3,152,147	\$ 2,915,828
Grants and contributions:						
Operating	848,383	901,006	-	-	848,383	901,006
Capital	250,000	688,231	18,889	127,331	268,889	815,562
General revenues:						
Property taxes	2,339,238	2,165,808	-	-	2,339,238	2,165,808
State shared revenue	562,995	562,718	-	-	562,995	562,718
Marijuana taxes	232,915	118,173	-	-	232,915	118,173
Local community stabilization	95,950	61,037	-	-	95,950	61,037
Franchise fees	30,857	34,425	195,752	16,218	226,609	50,643
Unrestricted interest income	261,292	55,373	-	-	261,292	55,373
Insurance recoveries	-	11,137	-	-	-	11,137
Gain on sale of capital asset	98,284	15,424	-	-	98,284	15,424
Total revenues	<u>5,549,163</u>	<u>5,411,447</u>	<u>2,537,539</u>	<u>2,261,262</u>	<u>8,086,702</u>	<u>7,672,709</u>
Expenses:						
General government	850,843	774,830	-	-	850,843	774,830
Public safety	1,939,945	1,957,914	-	-	1,939,945	1,957,914
Public works	1,259,898	1,196,789	-	-	1,259,898	1,196,789
Community and economic development	48,487	18,808	-	-	48,487	18,808
Health and welfare	33,713	33,764	-	-	33,713	33,764
Recreation and culture	45,125	11,602	-	-	45,125	11,602
Interest	195,008	84,356	-	-	195,008	84,356
Sewer	-	-	754,043	770,850	754,043	770,850
Water	-	-	916,630	829,602	916,630	829,602
Total expenses	<u>4,373,019</u>	<u>4,078,063</u>	<u>1,670,673</u>	<u>1,600,452</u>	<u>6,043,692</u>	<u>5,678,515</u>
Transfers	-	45,000	-	(45,000)	-	-
Changes in net position	<u>\$ 1,176,144</u>	<u>\$ 1,378,384</u>	<u>\$ 866,866</u>	<u>\$ 615,810</u>	<u>\$ 2,043,010</u>	<u>\$ 1,994,194</u>
Net position, end of year	<u>\$ 11,794,742</u>	<u>\$ 10,618,598</u>	<u>\$ 9,213,533</u>	<u>\$ 8,346,667</u>	<u>\$ 21,008,275</u>	<u>\$ 18,965,265</u>

Governmental activities

Governmental activities increased the City's net position by \$1,176,144, in the current year, compared to a \$1,378,384 increase in the prior year. The increase in net position was lower in the current year as expenses increased by \$294,956, and transfers from the business-type activities decreased by \$45,000, while revenues only increased by \$137,716.

While total revenues increased, capital contributions decreased by \$438,231, related to contributions toward the purchase of a fire truck in the prior year. The decrease in capital contributions was offset by a \$173,430 increase in property taxes, as taxable values continue to increase, a \$114,742 increase in marijuana taxes, and an increase in interest income of \$205,919, due to a change in investment strategy. Total expenses were higher compared to the prior year due to increases in operational costs and debt service expenses.

The total cost of governmental activities this year was \$4,373,019. After subtracting the direct charges to those who directly benefited from the programs (\$829,249), operating grants (\$848,383), and capital grants (\$250,000), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$2,445,387.

Business-type activities

Business-type activities increased the City's net position by \$866,866 compared to an increase of \$615,810 in the prior year. The increase in net position was higher in the current year due to increase in rates for utility charges.

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 \$6,126,519, an increase of \$1,379,789 in comparison to the prior year. Of the total fund balances, \$1,647,055 (27 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 (\$103,408), assigned for budget stabilization (\$1,028,788) and capital projects (\$791,563), or restricted (\$2,555,705) to indicate that it is not available for new spending. The restrictions relate to public works (\$2,510,652), recreation and culture (\$41,050) and public safety (\$4,003).

The General Fund is the primary operating fund of the City. At the end of the fiscal year, its fund balance was \$2,781,572, an increase of \$63,797. Fund balance increased as revenues (\$4,739,326) exceeded expenditures (\$4,103,153) and net other financing uses (\$572,376) in the current year.

The Major Street Fund experienced an increase in fund balance of \$190,294, as bond proceeds (\$778,902) and the fund's revenues (\$530,476) exceeded expenditures (\$1,119,084) during the current year. The fund balance at the end of the fiscal year was \$1,515,757, 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 \$356,220, as bond proceeds (\$1,744,683) and the fund's revenues (\$415,458) exceeded expenditures (\$1,803,921) during the current year. The fund balance at the end of the fiscal year was \$658,115, 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 \$792,028 in the current year because user fees have been set so the fund is covering its costs. Total net position was \$6,146,132 at year end, of which \$3,679,507 is unrestricted.

The Water Fund experienced an increase in net position of \$74,838 in the current year because user fees have been set so the fund is covering its costs. Total net position is \$3,067,401 at year end, of which \$1,467,706 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 \$940,916, primarily due to a \$496,311 increase in charges for services, which were higher than expected. Expenditures were increased by \$518,235, primarily due to a \$159,410 increase in general government expenditures, related to higher personnel costs, and a \$155,905 increase in capital outlay expenditures.

Total actual revenues were \$79,695 less than budgeted. Total actual expenditures were \$390,138 less than the amounts appropriated, primarily because public safety expenditures were \$168,251 less than budgeted, as police and fire department expenditures were less than planned.

These variances, along with a \$52,643 positive variance associated with net other financing sources, resulted in a \$363,086 positive budget variance with a \$63,797 increase in fund balance compared to a budgeted decrease of \$299,289.

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, 2025, amounts to \$15,314,632 (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 \$3,147,887 as additions (\$4,050,916) exceeded depreciation provisions (\$903,029) in the current year.

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

- Street improvements were made at a cost of \$2,347,655
- Water utility improvements were made at a cost of \$961,939
- Equipment purchases amounted to \$227,758
- Park improvements were made at a cost of \$141,149
- Purchase of a police vehicle for \$69,152

The Downtown Development Authority (a discretely presented component unit) reported capital assets of \$361,354, as of year-end, which represents a decrease of \$10,117 as the depreciation provision (\$28,101) exceeded additions (\$17,984) in the current 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 \$4,369,235, which represents a net increase of \$2,669,340. Debt was increased through the issuance of bonds, in the amount of \$2,910,000, and reduced by \$240,660, related to timely principal payments.

Other long-term liabilities, totaling \$237,595, represent accrued compensated absences. The City also recognized a net pension liability, associated with its defined benefit pension plan, in the amount of \$2,689,447.

The Downtown Development Authority (a discretely presented component unit) reported long-term debt outstanding of \$245,764, as of year-end, which represents a decrease of \$79,341. 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 2026 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, 2025

	Primary government			Component unit
	Governmental activities	Business-type activities	Totals	Downtown Development Authority
ASSETS				
Current assets:				
Cash	\$ 5,651,868	\$ 3,438,587	\$ 9,090,455	\$ 210,751
Investments	1,363,740	2,135,118	3,498,858	-
Receivables	318,417	437,472	755,889	21,670
Prepaid expenses	105,009	16,016	121,025	3,623
Total current assets	7,439,034	6,027,193	13,466,227	236,044
Noncurrent assets:				
Capital assets not being depreciated	899,451	319,730	1,219,181	-
Depreciable capital assets, net of depreciation	9,559,082	4,536,369	14,095,451	361,354
Total noncurrent assets	10,458,533	4,856,099	15,314,632	361,354
Total assets	17,897,567	10,883,292	28,780,859	597,398
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension amounts	418,197	200,696	618,893	-
LIABILITIES				
Current liabilities:				
Payables	402,863	75,538	478,401	40,473
Unearned revenue	7,500	-	7,500	-
Compensated absences	115,000	38,000	153,000	5,000
Current portion of bonds payable	244,920	87,674	332,594	77,406
Total current liabilities	770,283	201,212	971,495	122,879
Noncurrent liabilities:				
Compensated absences	71,787	12,808	84,595	1,891
Net pension liability	1,883,275	806,172	2,689,447	-
Bonds payable	3,500,214	702,105	4,202,319	168,358
Total noncurrent liabilities	5,455,276	1,521,085	6,976,361	170,249
Total liabilities	6,225,559	1,722,297	7,947,856	293,128
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	295,463	148,158	443,621	-
NET POSITION				
Net investment in capital assets	6,713,399	4,066,320	10,779,719	115,590
Restricted for:				
Public safety	4,003	-	4,003	-
Public works	2,512,334	-	2,512,334	-
Recreation and culture	41,050	-	41,050	-
Unrestricted	2,523,956	5,147,213	7,671,169	188,680
Total net position	\$ 11,794,742	\$ 9,213,533	\$ 21,008,275	\$ 304,270

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended June 30, 2025

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position			Component unit
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Downtown Development Authority	
					Governmental activities	Business-type activities		Totals
Primary government:								
Governmental activities:								
General government	\$ 850,843	\$ 105,197	\$ 38,878	\$ -	\$ (706,768)		\$ (706,768)	
Public safety	1,939,945	717,128	12,758	-	(1,210,059)		(1,210,059)	
Public works	1,259,898	4,824	796,747	250,000	(208,327)		(208,327)	
Community and economic development	48,487	2,100	-	-	(46,387)		(46,387)	
Health and welfare	33,713	-	-	-	(33,713)		(33,713)	
Recreation and culture	45,125	-	-	-	(45,125)		(45,125)	
Interest and issuance costs on long-term debt	195,008	-	-	-	(195,008)		(195,008)	
Total governmental activities	<u>4,373,019</u>	<u>829,249</u>	<u>848,383</u>	<u>250,000</u>	<u>(2,445,387)</u>		<u>(2,445,387)</u>	
Business-type activities:								
Sewer	754,043	1,407,821	-	8,370		\$ 662,148	662,148	
Water	916,630	915,077	-	10,519		8,966	8,966	
Total business-type activities	<u>1,670,673</u>	<u>2,322,898</u>	<u>-</u>	<u>18,889</u>	<u>-</u>	<u>671,114</u>	<u>671,114</u>	
Total primary government	<u>\$ 6,043,692</u>	<u>\$ 3,152,147</u>	<u>\$ 848,383</u>	<u>\$ 268,889</u>	<u>(2,445,387)</u>	<u>671,114</u>	<u>(1,774,273)</u>	
Component unit:								
Downtown Development Authority	<u>\$ 364,016</u>	<u>\$ 48,173</u>	<u>\$ 21,670</u>	<u>\$ -</u>				<u>\$ (294,173)</u>
General revenues:								
Property taxes					2,339,238	-	2,339,238	435,570
State shared revenue					562,995	-	562,995	-
Marijuana tax					232,915	-	232,915	-
Local community stabilization revenue					95,950	-	95,950	-
Franchise fees					30,857	-	30,857	-
Unrestricted interest income					261,292	195,752	457,044	6,210
Gain on sales of capital assets					98,284	-	98,284	-
Total general revenues and transfers					<u>3,621,531</u>	<u>195,752</u>	<u>3,817,283</u>	<u>441,780</u>
Changes in net position					1,176,144	866,866	2,043,010	147,607
Net position - beginning					<u>10,618,598</u>	<u>8,346,667</u>	<u>18,965,265</u>	<u>156,663</u>
Net position - ending					<u>\$ 11,794,742</u>	<u>\$ 9,213,533</u>	<u>\$ 21,008,275</u>	<u>\$ 304,270</u>

See notes to financial statements

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 2,228,561	\$ 1,119,235	\$ 346,276	\$ 1,021,767	\$ 4,715,839
Investments	548,439	350,842	315,805	148,654	1,363,740
Receivables	208,874	77,838	24,325	1,046	312,083
Prepaid expenditures	101,726	777	489	416	103,408
Total assets	<u>\$ 3,087,600</u>	<u>\$ 1,548,692</u>	<u>\$ 686,895</u>	<u>\$ 1,171,883</u>	<u>\$ 6,495,070</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 298,528	\$ 32,935	\$ 28,780	\$ 808	\$ 361,051
Unearned grant revenue	7,500	-	-	-	7,500
Total liabilities	<u>306,028</u>	<u>32,935</u>	<u>28,780</u>	<u>808</u>	<u>368,551</u>
Fund balances:					
Nonspendable - prepaids	101,726	777	489	416	103,408
Restricted for:					
Public safety	4,003	-	-	-	4,003
Public works	-	1,514,980	657,626	338,046	2,510,652
Recreation and culture	-	-	-	41,050	41,050
Assigned:					
Budget stabilization	1,028,788	-	-	-	1,028,788
Capital projects	-	-	-	791,563	791,563
Unassigned	1,647,055	-	-	-	1,647,055
Total fund balances	<u>2,781,572</u>	<u>1,515,757</u>	<u>658,115</u>	<u>1,171,075</u>	<u>6,126,519</u>
Total liabilities and fund balances	<u>\$ 3,087,600</u>	<u>\$ 1,548,692</u>	<u>\$ 686,895</u>	<u>\$ 1,171,883</u>	<u>\$ 6,495,070</u>
Reconciliation of the balance sheet to the statement of net position:					
Total fund balance - total governmental funds					\$ 6,126,519
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.					
					9,889,386
Deferred outflows of resources, related to the pension plan, relate to future years and are not reported in the funds.					
					412,612
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.					
					(186,787)
Interest payable, related to long-term debt, is not due and payable in the current period and, therefore, is not reported in the funds.					
					(31,500)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.					
					(3,745,134)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.					
					(1,860,840)
Deferred inflows of resources, related to the pension plan, relate to future years and are not reported in the funds.					
					(291,340)
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>1,481,826</u>
Net position of <i>governmental activities</i>					<u>\$ 11,794,742</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended June 30, 2025

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES					
Property taxes	\$ 2,398,134	\$ -	\$ -	\$ -	\$ 2,398,134
Licenses and permits	239,302	-	-	-	239,302
Federal grant	2,000	-	-	-	2,000
State grants	891,988	480,141	402,604	21,078	1,795,811
Contribution from local unit	-	-	-	137,924	137,924
Charges for services	963,048	-	-	-	963,048
Fines and forfeitures	755	-	-	-	755
Interest and rentals	137,397	50,335	12,854	33,496	234,082
Other	106,702	-	-	745	107,447
	<u>4,739,326</u>	<u>530,476</u>	<u>415,458</u>	<u>193,243</u>	<u>5,878,503</u>
Total revenues					
EXPENDITURES					
Current:					
General government	888,107	-	-	-	888,107
Public safety	1,999,506	-	-	-	1,999,506
Public works	852,140	860,162	1,715,632	66,491	3,494,425
Community and economic development	48,487	-	-	-	48,487
Health and welfare	33,713	-	-	-	33,713
Debt service:					
Principal	-	167,703	-	-	167,703
Interest and fees	-	70,738	42,541	-	113,279
Bond issuance costs	-	20,481	45,748	-	66,229
Capital outlay	281,200	-	-	-	281,200
	<u>4,103,153</u>	<u>1,119,084</u>	<u>1,803,921</u>	<u>66,491</u>	<u>7,092,649</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>636,173</u>	<u>(588,608)</u>	<u>(1,388,463)</u>	<u>126,752</u>	<u>(1,214,146)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	778,902	1,744,683	-	2,523,585
Transfers in	70,350	-	-	642,726	713,076
Transfers out	(642,726)	-	-	-	(642,726)
	<u>(572,376)</u>	<u>778,902</u>	<u>1,744,683</u>	<u>642,726</u>	<u>2,593,935</u>
Net other financing sources (uses)					
NET CHANGES IN FUND BALANCES	63,797	190,294	356,220	769,478	1,379,789
FUND BALANCES - BEGINNING	<u>2,717,775</u>	<u>1,325,463</u>	<u>301,895</u>	<u>401,597</u>	<u>4,746,730</u>
FUND BALANCES - ENDING	<u>\$ 2,781,572</u>	<u>\$ 1,515,757</u>	<u>\$ 658,115</u>	<u>\$ 1,171,075</u>	<u>\$ 6,126,519</u>

See notes to financial statements

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

Year ended June 30, 2025

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)	\$ 1,379,789
Amounts reported for <i>governmental activities</i> in the statement of activities (page 14) are different because:	
Capital assets:	
Capital asset acquisitions	2,833,529
Provision for depreciation	(564,059)
Long-term debt:	
Principal payments	167,703
Proceeds from debt issuance	(2,511,885)
Changes in other assets and liabilities:	
Net increase in compensated absences	(51,950)
Net increase in interest payable	(27,200)
Net decrease in net pension liability	161,331
Changes in deferred outflows and inflows of resources:	
Net decrease in deferred public safety charges	(442,852)
Net change in deferred outflows of resources related to pension	(71,174)
Net change in deferred inflows of resources related to pension	228,887
Certain changes in net position of the internal service fund are reported with <i>governmental activities</i> in the statement of activities.	<u>74,025</u>
Change in net position of <i>governmental activities</i>	<u><u>\$ 1,176,144</u></u>

STATEMENT OF NET POSITION - *proprietary funds*

June 30, 2025

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
ASSETS				
Current assets:				
Cash	\$ 2,769,309	\$ 669,278	\$ 3,438,587	\$ 936,029
Investments	1,061,923	1,073,195	2,135,118	-
Receivables	264,674	172,798	437,472	6,334
Prepaid expenses	7,136	8,880	16,016	1,601
Total current assets	<u>4,103,042</u>	<u>1,924,151</u>	<u>6,027,193</u>	<u>943,964</u>
Noncurrent assets:				
Land and construction in progress	275,730	44,000	319,730	-
Depreciable capital assets, net of depreciation	<u>2,273,785</u>	<u>2,262,584</u>	<u>4,536,369</u>	<u>569,147</u>
Total noncurrent assets	<u>2,549,515</u>	<u>2,306,584</u>	<u>4,856,099</u>	<u>569,147</u>
Total assets	<u>6,652,557</u>	<u>4,230,735</u>	<u>10,883,292</u>	<u>1,513,111</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension amounts	<u>94,764</u>	<u>105,932</u>	<u>200,696</u>	<u>5,585</u>
LIABILITIES				
Current liabilities:				
Payables	42,282	33,256	75,538	10,312
Compensated absences	19,000	19,000	38,000	-
Current portion of bonds payable	<u>26,107</u>	<u>61,567</u>	<u>87,674</u>	<u>-</u>
Total current liabilities	<u>87,389</u>	<u>113,823</u>	<u>201,212</u>	<u>10,312</u>
Noncurrent liabilities:				
Compensated absences	6,404	6,404	12,808	-
Net pension liability	380,656	425,516	806,172	22,435
Bonds payable	<u>56,783</u>	<u>645,322</u>	<u>702,105</u>	<u>-</u>
Total noncurrent liabilities	<u>443,843</u>	<u>1,077,242</u>	<u>1,521,085</u>	<u>22,435</u>
Total liabilities	<u>531,232</u>	<u>1,191,065</u>	<u>1,722,297</u>	<u>32,747</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	<u>69,957</u>	<u>78,201</u>	<u>148,158</u>	<u>4,123</u>
NET POSITION				
Net investment in capital assets	2,466,625	1,599,695	4,066,320	569,147
Unrestricted	<u>3,679,507</u>	<u>1,467,706</u>	<u>5,147,213</u>	<u>912,679</u>
Total net position	<u>\$ 6,146,132</u>	<u>\$ 3,067,401</u>	<u>9,213,533</u>	<u>\$ 1,481,826</u>

See notes to financial statements

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

Year ended June 30, 2025

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
OPERATING REVENUES				
Charges for services	\$ 1,407,821	\$ 915,077	\$ 2,322,898	\$ 198,152
OPERATING EXPENSES				
Sewer	615,086	-	615,086	-
Water	-	747,383	747,383	-
Cost of interfund services provided	-	-	-	96,157
Depreciation	135,979	131,859	267,838	71,132
Total operating expenses	751,065	879,242	1,630,307	167,289
OPERATING INCOME (LOSS)	656,756	35,835	692,591	30,863
NONOPERATING REVENUES (EXPENSES)				
Private grant	-	-	-	5,000
Gain on sales of capital assets	-	-	-	78,576
Interest income	129,880	65,872	195,752	29,936
Interest expense and fees	(2,978)	(37,388)	(40,366)	-
Net nonoperating revenues (expenses)	126,902	28,484	155,386	113,512
INCOME (LOSS) BEFORE CONTRIBUTIONS	783,658	64,319	847,977	144,375
CAPITAL CONTRIBUTIONS - Connection fees	8,370	10,519	18,889	-
INCOME (LOSS) BEFORE TRANSFERS	792,028	74,838	866,866	144,375
TRANSFERS	-	-	-	(70,350)
CHANGES IN NET POSITION	792,028	74,838	866,866	74,025
NET POSITION - BEGINNING	5,354,104	2,992,563	8,346,667	1,407,801
NET POSITION - ENDING	\$ 6,146,132	\$ 3,067,401	\$ 9,213,533	\$ 1,481,826

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended June 30, 2025

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,371,426	\$ 907,469	\$ 2,278,895	\$ -
Receipts from interfund services provided	-	-	-	198,152
Payments to vendors and suppliers	(390,786)	(417,144)	(807,930)	(65,097)
Payments to employees	(199,936)	(273,150)	(473,086)	(33,777)
Payments for interfund services used	(14,892)	(38,274)	(53,166)	-
Net cash provided by (used in) operating activities	<u>765,812</u>	<u>178,901</u>	<u>944,713</u>	<u>99,278</u>
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES				
Interfund transfers	-	-	-	(70,350)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Loan proceeds	-	566,421	566,421	-
Capital contributions	8,370	10,519	18,889	-
Proceeds from sales of capital assets	-	-	-	78,576
Acquisition of capital assets	(132,754)	(1,025,795)	(1,158,549)	(58,838)
Payments for bond issuance costs	-	(14,852)	(14,852)	-
Principal payments on capital debt	(26,761)	(46,196)	(72,957)	-
Interest payments on capital debt	(3,323)	(19,549)	(22,872)	-
Net cash provided by (used in) capital and related financing activities	<u>(154,468)</u>	<u>(529,452)</u>	<u>(683,920)</u>	<u>19,738</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	129,880	65,872	195,752	28,602
Purchase of investments	(1,061,923)	(1,073,195)	(2,135,118)	-
Net cash provided by (used in) investing activities	<u>(932,043)</u>	<u>(1,007,323)</u>	<u>(1,939,366)</u>	<u>28,602</u>
NET INCREASE (DECREASE) IN CASH	(320,699)	(1,357,874)	(1,678,573)	77,268
CASH - BEGINNING	<u>3,090,008</u>	<u>2,027,152</u>	<u>5,117,160</u>	<u>858,761</u>
CASH - ENDING	<u>\$ 2,769,309</u>	<u>\$ 669,278</u>	<u>\$ 3,438,587</u>	<u>\$ 936,029</u>

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended June 30, 2025

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 656,756	\$ 35,835	\$ 692,591	\$ 30,863
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	135,979	131,859	267,838	71,132
Changes in assets and liabilities:				
Receivables	(36,395)	(7,608)	(44,003)	-
Prepays	(851)	(2,115)	(2,966)	(893)
Deferred outflows - pension	(10,953)	(18,627)	(29,580)	1,107
Payables	14,006	(2,457)	11,549	5,680
Compensated absences	(2,897)	(2,898)	(5,795)	-
Pension liability	30,334	60,592	90,926	(5,538)
Deferred inflows - pension	(20,167)	(15,680)	(35,847)	(3,073)
 Net cash provided by (used in) operating activities	 \$ 765,812	 \$ 178,901	 \$ 944,713	 \$ 99,278

STATEMENT OF FIDUCIARY NET POSITION - Custodial Fund

June 30, 2025

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - Custodial Fund

Year ended June 30, 2025

	<u>Tax Collection</u>
ADDITIONS	
Property tax collections for other governments	\$ 6,103,599
DEDUCTIONS	
Payments of property taxes to other governments	<u>6,103,599</u>
CHANGE IN FIDUCIARY NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<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 and investments - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, with changes in value recognized in the operating statement of the fund holding the investments. Pooled interest income is allocated proportionately to all funds.

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. 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, if any.

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 August 1, 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. No reportable budgetary violations occurred during the current fiscal year.

NOTE 3 - CASH AND INVESTMENTS

Cash as of June 30, 2025, 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	\$ 5,651,558	\$ 3,438,587	\$ 9,090,145	\$ -	\$ 210,751	\$ 9,300,896
Cash on hand	<u>310</u>	<u>-</u>	<u>310</u>	<u>-</u>	<u>-</u>	<u>310</u>
	5,651,868	3,438,587	9,090,455	-	210,751	9,301,206
Investments	<u>1,363,740</u>	<u>2,135,118</u>	<u>3,498,858</u>	<u>-</u>	<u>-</u>	<u>3,498,858</u>
	<u>\$ 7,015,608</u>	<u>\$ 5,573,705</u>	<u>\$ 12,589,313</u>	<u>\$ -</u>	<u>\$ 210,751</u>	<u>\$ 12,800,064</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, 2025, \$8,143,110 of the City’s bank balances of \$9,328,662 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.

Investments - State statutes and the City’s investment policy authorize the City to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers’ acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act. The City’s investment policy does not address credit risk or interest rate risk for investments.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments in entities that calculate net asset value per share - The City holds shares in an investment pool where the fair value of the investment is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient. At March 31, 2025, the fair value, unfunded commitments, and redemption rules of these investments are as follows:

	<u>Michigan CLASS</u>	
	Primary	
	<u>government</u>	
Fair value at June 30, 2025	\$	3,498,858
Unfunded commitments		none
Redemption frequency		n/a
Notice period		none

The Michigan CLASS investment Pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasury agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. The Pool purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

NOTE 4 - RECEIVABLES

Receivables as of June 30, 2025, 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	\$ 47,231	\$ 97,296	\$ 64,347	\$ 208,874
Major Street	-	77,838	-	77,838
Local Street	-	24,325	-	24,325
Nonmajor	<u>1,046</u>	<u>-</u>	<u>-</u>	<u>1,046</u>
Total governmental	<u>\$ 48,277</u>	<u>\$ 199,459</u>	<u>\$ 64,347</u>	<u>\$ 312,083</u>
Proprietary:				
Sewer	\$ 264,674	\$ -	\$ -	\$ 264,674
Water	<u>172,798</u>	<u>-</u>	<u>-</u>	<u>172,798</u>
Total proprietary	<u>\$ 437,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,472</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, 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>1,114,318</u>	<u>8,139</u>	<u>(1,114,318)</u>	<u>8,139</u>
Total capital assets not being depreciated	<u>2,005,630</u>	<u>8,139</u>	<u>(1,114,318)</u>	<u>899,451</u>
Capital assets being depreciated:				
Buildings	1,020,502	33,817	-	1,054,319
Improvements	1,096,668	141,149	(76,839)	1,160,978
Equipment	1,339,446	241,456	(163,784)	1,417,118
Vehicles	3,232,713	1,203,376	(709,131)	3,726,958
Infrastructure	<u>20,384,347</u>	<u>2,378,748</u>	<u>-</u>	<u>22,763,095</u>
Subtotal	<u>27,073,676</u>	<u>3,998,546</u>	<u>(949,754)</u>	<u>30,122,468</u>
Less accumulated depreciation for:				
Buildings	(675,693)	(18,665)	-	(694,358)
Improvements	(740,407)	(205,196)	76,839	(868,764)
Equipment	(1,091,684)	(78,246)	163,784	(1,006,146)
Vehicles	(2,640,557)	(151,717)	709,131	(2,083,143)
Infrastructure	<u>(15,729,608)</u>	<u>(181,367)</u>	<u>-</u>	<u>(15,910,975)</u>
Subtotal	<u>(20,877,949)</u>	<u>(635,191)</u>	<u>949,754</u>	<u>(20,563,386)</u>
Total capital assets being depreciated, net	<u>6,195,727</u>	<u>3,363,355</u>	<u>-</u>	<u>9,559,082</u>
Governmental activities capital assets, net	<u>\$ 8,201,357</u>	<u>\$ 3,371,494</u>	<u>\$ (1,114,318)</u>	<u>\$ 10,458,533</u>

NOTE 5 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 319,730	\$ -	\$ -	\$ 319,730
Capital assets being depreciated:				
Sewer system	6,222,575	132,754	-	6,355,329
Water system	3,445,909	1,025,795	-	4,471,704
Subtotal	<u>9,668,484</u>	<u>1,158,549</u>	<u>-</u>	<u>10,827,033</u>
Less accumulated depreciation for:				
Sewer system	(3,945,565)	(135,979)	-	(4,081,544)
Water system	(2,077,261)	(131,859)	-	(2,209,120)
Subtotal	<u>(6,022,826)</u>	<u>(267,838)</u>	<u>-</u>	<u>(6,290,664)</u>
Total capital assets being depreciated, net	<u>3,645,658</u>	<u>890,711</u>	<u>-</u>	<u>4,536,369</u>
Business-type activities capital assets, net	<u>\$ 3,965,388</u>	<u>\$ 890,711</u>	<u>\$ -</u>	<u>\$ 4,856,099</u>
Component unit - Downtown Development Authority:				
Capital assets being depreciated -				
Infrastructure	\$ 564,611	\$ 17,984	\$ -	\$ 582,595
Less accumulated depreciation for -				
Infrastructure	<u>(193,140)</u>	<u>(28,101)</u>	<u>-</u>	<u>(221,241)</u>
Component unit capital assets, net	<u>\$ 371,471</u>	<u>\$ (10,117)</u>	<u>\$ -</u>	<u>\$ 361,354</u>

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

Governmental activities:	
General government	\$ 28,203
Public safety	67,687
Public works	423,044
Recreation and culture	45,125
Internal Service Fund	<u>71,132</u>
Total governmental activities	<u>\$ 635,191</u>

NOTE 6 - PAYABLES

Payables as of June 30, 2025, 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	\$ 198,100	\$ 49,382	\$ 51,046	\$ -	\$ 298,528
Major Street	32,318	-	617	-	32,935
Local Street	28,270	-	510	-	28,780
Nonmajor	<u>324</u>	<u>-</u>	<u>484</u>	<u>-</u>	<u>808</u>
Total governmental	<u>\$ 259,012</u>	<u>\$ 49,382</u>	<u>\$ 52,657</u>	<u>\$ -</u>	<u>\$ 361,051</u>
Proprietary:					
Enterprise:					
Sewer	\$ 37,247	\$ -	\$ 4,826	\$ 209	\$ 42,282
Water	<u>18,813</u>	<u>-</u>	<u>7,872</u>	<u>6,571</u>	<u>33,256</u>
Total enterprise	56,060	-	12,698	6,780	75,538
Internal service	<u>9,821</u>	<u>-</u>	<u>491</u>	<u>-</u>	<u>10,312</u>
Total proprietary funds	<u>\$ 65,881</u>	<u>\$ -</u>	<u>\$ 13,189</u>	<u>\$ 6,780</u>	<u>\$ 85,850</u>
<i>Component unit:</i>					
Downtown Development Authority	<u>\$ 36,722</u>	<u>\$ -</u>	<u>\$ 3,151</u>	<u>\$ -</u>	<u>\$ 39,873</u>

NOTE 7 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2025, are comprised of the following:

Primary government:

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 \$ 163,249

\$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 1,070,000

\$2,910,000 2024 CIP bonds; payable in annual installments ranging from \$90,000 to \$215,000, plus interest at 3.85%; final payment due October 2045 2,376,597

Unamortized premiums 135,288

Total bonds 3,745,134

Compensated absences 186,787

Total governmental activities long-term liabilities \$ 3,931,921

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 \$ 225,986

\$2,910,000 2024 CIP bonds; payable in annual installments ranging from \$90,000 to \$215,000, plus interest at 3.85%; final payment due October 2045 533,403

Unamortized premiums 30,390

Total bonds 789,779

Compensated absences 50,808

Total business-type activities long-term liabilities \$ 840,587

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 \$ 245,764

Compensated absences 6,891

Total component unit activities long-term obligations \$ 252,655

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended June 30, 2025, 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	\$ 215,952	\$ -	\$ -	\$ (52,703)	\$ 163,249	\$ 51,417
2023 CIP bonds	1,185,000	-	-	(115,000)	1,070,000	120,000
2024 CIP bonds	-	-	2,376,597	-	2,376,597	73,503
Subtotal	1,400,952	-	2,376,597	(167,703)	3,609,846	244,920
Unamortized premiums	-	-	146,988	(11,700)	135,288	-
Total bonds	1,400,952	-	2,523,585	(179,403)	3,745,134	244,920
Compensated absences	134,837	51,950	-	-	186,787	115,000
Total governmental activities	<u>\$ 1,535,789</u>	<u>\$ 51,950</u>	<u>\$ 2,523,585</u>	<u>\$ (179,403)</u>	<u>\$ 3,931,921</u>	<u>\$ 359,920</u>
	<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>Business-type activities:</i>						
2018 Refunding bonds	\$ 298,943	\$ -	\$ -	\$ (72,957)	\$ 225,986	\$ 71,177
2024 CIP bonds	-	-	533,403	-	533,403	16,497
Subtotal	298,943	-	533,403	(72,957)	759,389	87,674
Unamortized premiums	-	-	33,018	(2,628)	30,390	-
Total bonds	298,943	-	566,421	(75,585)	789,779	87,674
Compensated absences	56,603	(5,795)	-	-	50,808	38,000
Total business-type activities	<u>\$ 355,546</u>	<u>\$ (5,795)</u>	<u>\$ 566,421</u>	<u>\$ (75,585)</u>	<u>\$ 840,587</u>	<u>\$ 125,674</u>
<i>Component unit - Downtown Development Authority:</i>						
2018 Refunding bonds	\$ 325,105	\$ -	\$ -	\$ (79,341)	\$ 245,764	\$ 77,406
Compensated absences	3,642	3,249	-	-	6,891	5,000
Total component unit	<u>\$ 328,747</u>	<u>\$ 3,249</u>	<u>\$ -</u>	<u>\$ (79,341)</u>	<u>\$ 252,655</u>	<u>\$ 82,406</u>

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Debt service requirements at June 30, 2025, excluding compensated absences, were as follows:

Year ended June 30:	Governmental activities		Business-type activities		Component unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 244,920	\$ 154,540	\$ 87,674	\$ 31,273	\$ 77,406	\$ 7,448
2027	250,062	144,735	94,791	28,291	85,147	5,102
2028	261,943	134,569	94,845	25,046	83,211	2,520
2029	211,670	124,047	18,330	21,813	-	-
2030	220,754	114,910	19,247	20,873	-	-
2031-2035	950,437	426,623	114,562	88,099		
2036-2040	653,360	248,277	146,640	55,723		
2041-2045	816,700	84,285	183,300	18,916	-	-
Totals	<u>\$ 3,609,846</u>	<u>\$ 1,431,986</u>	<u>\$ 759,389</u>	<u>\$ 290,034</u>	<u>\$ 245,764</u>	<u>\$ 15,070</u>

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan description:

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

Benefits provided:

The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries and covers the City’s full-time employees. Retirement benefits for eligible employees are calculated as 2.00% 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, 2024, measurement date, the following employees were covered by the benefit terms:

Active employees	25
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	<u>8</u>
Total	<u>62</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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, 2025, the City contributed \$610,321 to the plan, while employees made no contributions.

Net pension liability:

The City's net pension liability reported at June 30, 2025, was determined using a measurement of the total pension liability and the pension net position as of December 31, 2024. The total pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2024, 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, 2024, 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%	7.00%	2.70%
Global fixed income	20.00%	4.66%	0.43%
Private investments	20.00%	9.00%	1.30%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses			<u>0.25%</u>
Investment rate of return			<u>7.18%</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate:

The discount rate used to measure the total pension liability is 7.18% for 2024. 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.

Changes in the net pension liability:

	<i>Increase (decrease)</i>		
	<i>Total pension liability (a)</i>	<i>Plan fiduciary net position (b)</i>	<i>Net pension liability (a) - (b)</i>
Balances at December 31, 2023	\$ 9,764,016	\$ 6,998,626	\$ 2,765,390
Changes for the year:			
Service cost	254,244	-	254,244
Interest	690,173	-	690,173
Difference between expected and actual experience	71,519	-	71,519
Changes in assumptions	(26,072)	-	(26,072)
Employer contributions	-	559,766	(559,766)
Net investment income	-	521,619	(521,619)
Benefit payments, including refunds	(557,385)	(557,385)	-
Administrative expenses	-	(15,578)	15,578
Net changes	432,479	508,422	(75,943)
Balances at December 31, 2024	\$ 10,196,495	\$ 7,507,048	\$ 2,689,447

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	\$ 3,993,938	\$ 2,689,447	\$ 1,608,996

Pension plan fiduciary net position:

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

For the fiscal year ended June 30, 2025, the City recognized pension expense of \$309,272. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources, related to the pension plan, from the following sources:

<i>Source</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Differences between projected and actual earnings	\$ 263,004	\$ -
Differences between expected and actual experience	16,526	437,596
Differences in assumptions	<u>26,164</u>	<u>6,025</u>
	305,694	443,621
Contributions made subsequent to the measurement date	<u>313,199</u>	<u>-</u>
Totals	<u>\$ 618,893</u>	<u>\$ 443,621</u>

The amount reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date, in the amount of \$313,199, will be recognized as a reduction in the net pension liability in fiscal year 2026.

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

<i>Year ended</i>	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
2026	\$ 129,191	\$ 217,628
2027	216,181	219,475
2028	(35,759)	6,518
2029	<u>(3,919)</u>	<u>-</u>
	<u>\$ 305,694</u>	<u>\$ 443,621</u>

NOTE 9 - PROPERTY TAX REVENUE

The 2024 taxable valuation of the City approximated \$159,632,000 on which ad valorem taxes levied consisted of 16.3607 mills for operating purposes, raising approximately \$2,612,000 for operating purposes. This amount is reduced by a \$288,000 tax capture for the component unit and the net amount of \$2,324,000 is recognized in the fund financial statements as property tax revenue.

NOTE 10 - RESTRICTED NET POSITION

In the government-wide statement of net position, the governmental activities report restricted net position in the amount of \$2,557,387. Of this amount, \$2,512,334 is restricted by enabling legislation for public works expenditures.

NOTE 11 - INTERFUND TRANSFERS

For the year ended June 30, 2025, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Nonmajor	\$ 642,726	General	\$ 642,726
General	<u>70,350</u>	Motor Vehicle Pool	<u>70,350</u>
Totals	<u>\$ 713,076</u>		<u>\$ 713,076</u>

The transfer out of the General Fund set aside money to be used for capital acquisitions in the future. The transfer from the Motor Vehicle Pool Fund to the General Fund represents proceeds from sale of assets, as the General Fund originally purchased the assets.

NOTE 12 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended June 30, 2025, is as follows:

Revenues	\$ 168,580
Expenses	<u>179,468</u>
Deficiency of revenues over expenses	<u>\$ (10,888)</u>

NOTE 13 - RISK MANAGEMENT

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

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB Statement No. 101 replaces GASB 16, *Accounting for Compensated Absences*. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. These changes were incorporated in the City's 2025 financial statements and had no material effect on the beginning net position of the governmental activities.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. This statement is effective for fiscal years ending June 30, 2026, and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; and budgetary comparison information.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2025

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Property taxes:				
Operating levy	\$ 2,331,653	\$ 2,331,653	\$ 2,322,390	\$ (9,263)
Administration fee	50,000	50,000	58,896	8,896
Other	1,700	15,700	16,848	1,148
Total property taxes	<u>2,383,353</u>	<u>2,397,353</u>	<u>2,398,134</u>	<u>781</u>
Licenses and permits:				
Inspections	150,750	190,750	181,410	(9,340)
Franchise fees	34,000	34,000	30,856	(3,144)
Other	20,300	20,300	27,036	6,736
Total licenses and permits	<u>205,050</u>	<u>245,050</u>	<u>239,302</u>	<u>(5,748)</u>
Federal grant	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
State grants:				
State shared revenue	554,378	554,378	562,995	8,617
Marijuana tax	-	232,900	232,915	15
Local community stabilization	50,000	95,900	95,950	50
Other	300	-	128	128
Total state grants	<u>604,678</u>	<u>883,178</u>	<u>891,988</u>	<u>8,810</u>
Charges for services:				
Public safety services	605,723	1,087,259	935,204	(152,055)
Other	3,050	17,825	27,844	10,019
Total charges for services	<u>608,773</u>	<u>1,105,084</u>	<u>963,048</u>	<u>(142,036)</u>
Fines and forfeitures	<u>1,500</u>	<u>1,500</u>	<u>755</u>	<u>(745)</u>
Interest and rentals:				
Interest	30,000	120,000	134,670	14,670
Royalties and rentals	4,501	4,501	2,727	(1,774)
Total interest and rentals	<u>34,501</u>	<u>124,501</u>	<u>137,397</u>	<u>12,896</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2025

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES (Continued)				
Other:				
Contributions and donations	\$ 38,000	\$ 38,000	\$ 52,576	\$ 14,576
Other	<u>2,250</u>	<u>24,355</u>	<u>54,126</u>	<u>29,771</u>
Total other	<u>40,250</u>	<u>62,355</u>	<u>106,702</u>	<u>44,347</u>
Total revenues	<u>3,878,105</u>	<u>4,819,021</u>	<u>4,739,326</u>	<u>(79,695)</u>
EXPENDITURES				
General government:				
Legislative - City Council	25,000	25,000	17,380	7,620
Administration	599,767	745,017	647,314	97,703
Elections	137,387	137,387	104,381	33,006
Building maintenance	75,000	89,160	79,149	10,011
Assessor	<u>57,696</u>	<u>57,696</u>	<u>39,883</u>	<u>17,813</u>
Total general government	<u>894,850</u>	<u>1,054,260</u>	<u>888,107</u>	<u>166,153</u>
Public safety:				
Police department	1,165,996	1,156,096	1,088,116	67,980
Fire department	813,786	821,661	731,922	89,739
Code inspections	<u>150,000</u>	<u>190,000</u>	<u>179,468</u>	<u>10,532</u>
Total public safety	<u>2,129,782</u>	<u>2,167,757</u>	<u>1,999,506</u>	<u>168,251</u>
Public works - Public works department	<u>717,524</u>	<u>858,719</u>	<u>852,140</u>	<u>6,579</u>
Community and economic development:				
Planning	36,450	60,200	44,447	15,753
Community promotion	<u>6,000</u>	<u>6,000</u>	<u>4,040</u>	<u>1,960</u>
Total community and economic development	<u>42,450</u>	<u>66,200</u>	<u>48,487</u>	<u>17,713</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2025

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance service	\$ 45,000	\$ 45,000	\$ 33,713	\$ 11,287
Capital outlay	145,450	301,355	281,200	20,155
Total expenditures	<u>3,975,056</u>	<u>4,493,291</u>	<u>4,103,153</u>	<u>390,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(96,951)</u>	<u>325,730</u>	<u>636,173</u>	<u>310,443</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	70,350	50,350
Transfers out	<u>-</u>	<u>(645,019)</u>	<u>(642,726)</u>	<u>2,293</u>
Net other financing sources (uses)	<u>20,000</u>	<u>(625,019)</u>	<u>(572,376)</u>	<u>52,643</u>
NET CHANGES IN FUND BALANCES	(76,951)	(299,289)	63,797	363,086
FUND BALANCES - BEGINNING	<u>2,717,775</u>	<u>2,717,775</u>	<u>2,717,775</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,640,824</u>	<u>\$ 2,418,486</u>	<u>\$ 2,781,572</u>	<u>\$ 363,086</u>

BUDGETARY COMPARISON SCHEDULE - Major Street Fund

Year ended June 30, 2025

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
State grants	\$ 450,000	\$ 450,000	\$ 480,141	\$ 30,141
Interest	500	45,500	50,335	4,835
Total revenues	<u>450,500</u>	<u>495,500</u>	<u>530,476</u>	<u>34,976</u>
EXPENDITURES				
Public works:				
Street preservation	-	760,000	726,667	33,333
Routine maintenance	129,600	104,600	67,164	37,436
Winter maintenance	64,345	71,145	60,508	10,637
Administration	4,980	4,980	5,823	(843)
Total public works	<u>198,925</u>	<u>940,725</u>	<u>860,162</u>	<u>80,563</u>
Debt service:				
Principal	52,703	167,703	167,703	-
Interest and fees	5,745	70,975	70,738	237
Bond issuance costs	-	20,482	20,481	1
Total expenditures	<u>257,373</u>	<u>1,199,885</u>	<u>1,119,084</u>	<u>80,801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>193,127</u>	<u>(704,385)</u>	<u>(588,608)</u>	<u>115,777</u>
OTHER FINANCING SOURCES (USES)				
Bonds proceeds	-	770,000	778,902	8,902
Transfer out - Municipal streets	(160,150)	-	-	-
Total other financing sources (uses)	<u>(160,150)</u>	<u>770,000</u>	<u>778,902</u>	<u>8,902</u>
NET CHANGES IN FUND BALANCES	32,977	65,615	190,294	124,679
FUND BALANCES - BEGINNING	<u>1,325,463</u>	<u>1,325,463</u>	<u>1,325,463</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,358,440</u>	<u>\$ 1,391,078</u>	<u>\$ 1,515,757</u>	<u>\$ 124,679</u>

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended June 30, 2025

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
State grants	\$ 390,000	\$ 640,000	\$ 402,604	\$ (237,396)
Interest	-	-	12,854	12,854
Total revenues	<u>390,000</u>	<u>640,000</u>	<u>415,458</u>	<u>(224,542)</u>
EXPENDITURES				
Public works:				
Street preservation	-	1,715,000	1,621,828	93,172
Routine maintenance	60,652	60,652	51,338	9,314
Winter maintenance	45,326	45,326	35,536	9,790
Administration	7,947	7,947	6,930	1,017
Total public works	<u>113,925</u>	<u>1,828,925</u>	<u>1,715,632</u>	<u>113,293</u>
Debt service:				
Interest and fees	-	43,000	42,541	459
Bond issuance costs	-	45,750	45,748	2
Total expenditures	<u>113,925</u>	<u>1,917,675</u>	<u>1,803,921</u>	<u>113,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>276,075</u>	<u>(1,277,675)</u>	<u>(1,388,463)</u>	<u>(110,788)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	1,755,000	1,744,683	(10,317)
Transfer out - Municipal streets	(250,000)	-	-	-
Total other financing sources	<u>(250,000)</u>	<u>1,755,000</u>	<u>1,744,683</u>	<u>(10,317)</u>
NET CHANGES IN FUND BALANCES	26,075	477,325	356,220	(121,105)
FUND BALANCES - BEGINNING	<u>301,895</u>	<u>301,895</u>	<u>301,895</u>	-
FUND BALANCES - ENDING	<u>\$ 327,970</u>	<u>\$ 779,220</u>	<u>\$ 658,115</u>	<u>\$ (121,105)</u>

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

Year ended June 30, 2025

	<u>2025</u>	<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	\$ 254,244	\$ 214,932	\$ 186,128	\$ 186,819	\$ 172,931	\$ 163,643	\$ 165,739	\$ 142,998	\$ 126,283	\$ 128,419
Interest	690,173	731,292	706,716	727,004	679,017	649,625	619,133	598,688	567,685	535,576
Differences between expected and actual experience	71,519	(949,417)	1,905	(72,622)	2,592	181,919	65,308	(48,632)	88,748	(13,600)
Changes in assumptions	(26,072)	79,382	-	536,229	289,834	307,581	-	-	-	285,094
Benefit payments, including refunds	(557,385)	(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	432,479	(506,791)	337,388	195,613	635,298	825,272	391,699	253,820	414,881	642,952
Total pension liability, beginning of year	9,764,016	10,270,807	9,933,419	9,737,806	9,102,508	8,277,236	7,885,537	7,631,717	7,216,836	6,573,884
Total pension liability, end of year	10,196,495	9,764,016	10,270,807	9,933,419	9,737,806	9,102,508	8,277,236	7,885,537	7,631,717	7,216,836
Plan fiduciary net position:										
Contributions - employer	559,766	474,459	424,437	419,466	373,185	342,200	322,223	241,647	227,562	232,825
Net investment income (loss)	521,619	709,071	(757,295)	916,753	748,829	722,312	(222,111)	685,024	549,068	(75,698)
Benefit payments, including refunds	(557,385)	(582,980)	(557,361)	(530,743)	(509,076)	(477,496)	(458,481)	(439,234)	(367,835)	(292,537)
Administrative expenses	(15,578)	(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	508,422	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	6,998,626	6,413,098	7,316,781	6,521,821	5,920,726	5,346,155	5,715,569	5,238,987	4,841,025	4,987,420
Plan fiduciary net position, end of year	7,507,048	6,998,626	6,413,098	7,316,781	6,521,821	5,920,726	5,346,155	5,715,569	5,238,987	4,841,025
City's net pension liability, end of year	<u>\$ 2,689,447</u>	<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	73.62%	71.68%	62.44%	73.66%	66.97%	65.04%	64.59%	72.48%	68.65%	67.08%
Covered payroll	\$ 1,704,725	\$ 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	158%	181%	295%	216%	270%	295%	271%	224%	276%	267%

SCHEDULE OF CITY PENSION CONTRIBUTIONS

Last Ten Fiscal Years Ended June 30

	<u>2025</u>	<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>
Actuarially determined contributions	\$ 559,767	\$ 474,459	\$ 424,437	\$ 424,490	\$ 405,135	\$ 342,278	\$ 340,396	\$ 285,277	\$ 227,562	\$ 292,537
Contributions in relation to the actuarially determined contributions	<u>559,767</u>	<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>
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>\$ 1,704,725</u>	<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>
Contributions as a percentage of covered payroll	32.84%	31.14%	32.50%	35.02%	34.06%	31.53%	29.44%	26.22%	32.85%	23.86%

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, 2025

	<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>	
ASSETS				
Cash	\$ -	\$ 338,854	\$ 682,913	\$ 1,021,767
Investments	41,050	-	107,604	148,654
Receivables	-	-	1,046	1,046
Prepaid expenses	-	416	-	416
	<u>-</u>	<u>416</u>	<u>-</u>	<u>416</u>
Total assets	<u>\$ 41,050</u>	<u>\$ 339,270</u>	<u>\$ 791,563</u>	<u>\$ 1,171,883</u>
LIABILITIES AND FUND BALANCES				
Liabilities - Payables	\$ -	\$ 808	\$ -	\$ 808
	<u>-</u>	<u>808</u>	<u>-</u>	<u>808</u>
Fund balances:				
Restricted for:				
Public works	-	338,462	-	338,462
Recreation and culture	41,050	-	-	41,050
Assigned for capital acquisitions	-	-	791,563	791,563
	<u>-</u>	<u>-</u>	<u>791,563</u>	<u>791,563</u>
Total fund balances	<u>41,050</u>	<u>338,462</u>	<u>791,563</u>	<u>1,171,075</u>
Total liabilities and fund balances	<u>\$ 41,050</u>	<u>\$ 339,270</u>	<u>\$ 791,563</u>	<u>\$ 1,171,883</u>

City of Wayland

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

Year ended June 30, 2025

	<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>	
REVENUES				
State grant	\$ -	\$ 21,078	\$ -	\$ 21,078
Contribution from local unit	-	137,924	-	137,924
Interest	291	5,184	28,021	33,496
Other	-	745	-	745
Total revenues	291	164,931	28,021	193,243
EXPENDITURES				
Current:				
Public works	-	66,491	-	66,491
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	291	98,440	28,021	126,752
OTHER FINANCING SOURCES				
Transfers in	-	-	642,726	642,726
NET CHANGES IN FUND BALANCES	291	98,440	670,747	769,478
FUND BALANCES - BEGINNING	40,759	240,022	120,816	401,597
FUND BALANCES - ENDING	\$ 41,050	\$ 338,462	\$ 791,563	\$ 1,171,075

BALANCE SHEET - Downtown Development Authority

June 30, 2025

ASSETS

Cash	\$ 210,751
Receivables	21,670
Prepays	<u>3,623</u>
Total assets	<u>\$ 236,044</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Payables	\$ 39,873
----------	-----------

Fund balance:

Assigned for public works	<u>196,171</u>
---------------------------	----------------

Total liabilities and fund balance	<u>\$ 236,044</u>
------------------------------------	-------------------

Total fund balance	\$ 196,171
--------------------	------------

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. 361,354

Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund. (6,891)

Interest payable is not due and payable in the current period and, therefore, is not reported in the fund. (600)

Long-term debt is not due and payable in the current period and, therefore, is not reported in the fund. (245,764)

Net position of the <i>component unit</i>	<u>\$ 304,270</u>
---	-------------------

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND

BALANCE - Downtown Development Authority

Year ended June 30, 2025

REVENUES

Tax increment financing	\$ 435,570
State grant	21,670
Interest income	6,210
Other	<u>48,173</u>
Total revenues	<u>511,623</u>

EXPENDITURES

Current - public works	341,799
Debt service:	
Principal	79,341
Interest	<u>9,851</u>
Total expenditures	<u>430,991</u>

NET CHANGE IN FUND BALANCE

80,632

FUND BALANCE - BEGINNING

115,539

FUND BALANCE - ENDING

\$ 196,171

Net change in fund balance \$ 80,632

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

Capital assets:

Add acquisitions	17,984
Less provision for depreciation	(28,101)

Long-term debt - principal payments 79,341

Changes in other liabilities:

Increase in compensated absences	(3,249)
Decrease in interest payable	<u>1,000</u>

Change in net position of *component unit* \$ 147,607

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority

Year ended June 30, 2025

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Tax increment financing	\$ 435,555	\$ 435,555	\$ 435,570	\$ 15
State grants	30,000	-	21,670	21,670
Interest income	3,123	3,123	6,210	3,087
Other	33,200	33,200	48,173	14,973
Total revenues	<u>501,878</u>	<u>471,878</u>	<u>511,623</u>	<u>39,745</u>
EXPENDITURES				
Public works	328,881	349,581	341,799	7,782
Debt service:				
Principal	79,342	79,342	79,341	1
Interest	8,649	8,649	9,851	(1,202)
Total expenditures	<u>416,872</u>	<u>437,572</u>	<u>430,991</u>	<u>6,581</u>
NET CHANGES IN FUND BALANCES	85,006	34,306	80,632	46,326
FUND BALANCES - BEGINNING	<u>115,539</u>	<u>115,539</u>	<u>115,539</u>	-
FUND BALANCES - ENDING	<u>\$ 200,545</u>	<u>\$ 149,845</u>	<u>\$ 196,171</u>	<u>\$ 46,326</u>

City of Wayland

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

June 30, 2025

<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>			
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>3,256</u>	<u>3,256</u>	6/1/28	<u>215,000</u>	<u>218,257</u>
	<u>\$ 19,468</u>	<u>\$ 19,468</u>		<u>\$ 635,000</u>	<u>\$ 664,315</u>
			<u>Interest</u>	<u>Principal</u>	<u>Totals</u>
Allocation by activity:					
Governmental activities			\$ 10,010	\$ 163,250	\$ 173,260
Business-type activities			13,856	225,986	239,842
Component unit (DDA)			<u>15,070</u>	<u>245,764</u>	<u>260,834</u>
			<u>\$ 38,936</u>	<u>\$ 635,000</u>	<u>\$ 673,936</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, 2025

<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>			
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>\$ 95,727</u>	<u>\$ 95,727</u>		<u>\$ 1,070,000</u>	<u>\$ 1,261,454</u>

City of Wayland

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$2,910,000 2024 CAPITAL IMPROVEMENT BONDS (LIMITED TAX GENERAL OBLIGATION)**

June 30, 2025

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2026	\$ 67,750	\$ 65,500	10/1/25	\$ 90,000	\$ 223,250
2027	65,500	63,250	10/1/26	90,000	218,750
2028	63,250	60,750	10/1/27	100,000	224,000
2029	60,750	58,250	10/1/28	100,000	219,000
2030	58,250	55,625	10/1/29	105,000	218,875
2031	55,625	52,750	10/1/30	115,000	223,375
2032	52,750	49,750	10/1/31	120,000	222,500
2033	49,750	46,625	10/1/32	125,000	221,375
2034	46,625	43,375	10/1/33	130,000	220,000
2035	43,375	40,000	10/1/34	135,000	218,375
2036	40,000	36,375	10/1/35	145,000	221,375
2037	36,375	32,625	10/1/36	150,000	219,000
2038	32,625	28,625	10/1/37	160,000	221,250
2039	28,625	24,375	10/1/38	170,000	223,000
2040	24,375	20,000	10/1/39	175,000	219,375
2041	20,000	16,300	10/1/40	185,000	221,300
2042	16,300	12,500	10/1/41	190,000	218,800
2043	12,500	8,500	10/1/42	200,000	221,000
2044	8,500	4,300	10/1/43	210,000	222,800
2045	4,300	-	10/1/44	215,000	219,300
	<u>\$ 787,225</u>	<u>\$ 719,475</u>		<u>\$ 2,910,000</u>	<u>\$ 4,416,700</u>

	<i>Interest</i>	<i>Principal</i>	<i>Totals</i>
Allocation by activity:			
Governmental activities	\$ 1,230,522	\$ 2,376,597	\$ 3,607,119
Business-type activities	<u>276,178</u>	<u>533,403</u>	<u>809,581</u>
	<u>\$ 1,506,700</u>	<u>\$ 2,910,000</u>	<u>\$ 4,416,700</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, 2022 – 2026**

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
2024	2025	2026	\$ 172,126,836	16.91%
2023	2024	2025	160,167,649	19.78%
2022	2023	2024	147,228,967	10.10%
2021	2022	2023	133,717,219	3.97%
2020	2021	2022	128,608,083	4.21%
Per Capita				\$38,098.02

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, 2022, through June 30, 2026, is shown below.

**City of Wayland
Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2022 – 2026**

Taxable Value Breakdown by Use

	2022	2023	2024	2025	2026
Residential	\$ 61,996,154	\$ 65,989,385	\$ 72,209,521	\$ 84,203,727	\$ 91,036,282
Commercial	46,365,404	47,262,943	50,632,497	53,104,886	54,246,671
Industrial	8,241,575	7,911,891	8,056,049	7,539,636	9,064,283
Developmental	-	-	-	-	-
Utility	12,004,950	12,553,000	16,330,900	15,319,400	17,779,600
Total	\$ 128,608,083	\$ 133,717,219	\$ 147,228,967	\$ 160,167,649	\$ 172,126,836

Taxable Value Breakdown by Class

	2022	2023	2024	2025	2026
Real	\$ 110,735,683	\$ 116,379,519	\$ 124,746,167	\$ 139,826,949	\$ 148,775,336
Personal	17,872,400	17,337,700	22,482,800	20,340,700	23,351,500
Total	\$ 128,608,083	\$ 133,717,219	\$ 147,228,967	\$ 160,167,649	\$ 172,126,836

Source: City of Wayland

City of Wayland
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2022 – 2026

Taxable Value Breakdown by Use

	2022	2023	2024	2025	2026
Residential	48.21%	49.35%	49.05%	52.57%	52.89%
Commercial	36.05%	35.35%	34.39%	33.16%	31.52%
Industrial	6.41%	5.92%	5.47%	4.71%	5.27%
Developmental	0.00%	0.00%	0.00%	0.00%	0.00%
Utility	9.33%	9.39%	11.09%	9.56%	10.33%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Taxable Value Breakdown by Class

	2022	2023	2024	2025	2026
Real	86.10%	87.03%	84.73%	87.30%	86.43%
Personal	13.90%	12.97%	15.27%	12.70%	13.57%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City of Wayland

STATE EQUALIZED VALUE

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, 2022 – 2026

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
2024	2025	2026	\$ 224,341,200	24.07%
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%
Per Capita			\$49,654.98	

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, 2022, through June 30, 2026.

City of Wayland
Total SEV by Use and Class
Fiscal Years Ended June 30, 2022 – 2026

State Equalized Value Breakdown

	2022	2023	2024	2025	2026
Residential	\$ 80,421,337	\$ 88,796,004	\$ 101,007,651	\$ 116,624,100	\$ 131,030,200
Commercial	49,419,578	50,855,117	53,761,032	63,938,100	63,331,800
Industrial	8,831,750	8,456,300	9,711,800	9,288,600	12,199,600
Developmental	-	-	-	-	-
Utility	12,004,950	12,553,000	16,330,900	15,319,400	17,779,600
Total	\$ 150,677,615	\$ 160,660,421	\$ 180,811,383	\$ 205,170,200	\$ 224,341,200

State Equalized Value Breakdown

	2022	2023	2024	2025	2026
Real	\$ 132,805,215	\$ 143,322,721	\$ 158,328,583	\$ 184,829,500	\$ 200,989,700
Personal	17,872,400	17,337,700	22,482,800	20,340,700	23,351,500
Total	\$ 150,677,615	\$ 160,660,421	\$ 180,811,383	\$ 205,170,200	\$ 224,341,200

Source: City of Wayland

City of Wayland
Percent of Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2022 – 2026

State Equalized Value Breakdown

	2022	2023	2024	2025	2026
Residential	53.37%	55.27%	55.86%	56.84%	58.41%
Commercial	32.80%	31.65%	29.73%	31.16%	28.23%
Industrial	5.86%	5.26%	5.37%	4.53%	5.44%
Developmental	0.00%	0.00%	0.00%	0.00%	0.00%
Utility	7.97%	7.81%	9.03%	7.47%	7.93%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

State Equalized Value Breakdown

	2022	2023	2024	2025	2026
Real	88.14%	89.21%	87.57%	90.09%	89.59%
Personal	11.86%	10.79%	12.43%	9.91%	10.41%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City of Wayland

PROPERTY TAX RATES

The City's property tax rates for the fiscal year ending June 30, 2026, 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, 2022 – 2026

<u>Category</u>	<u>Fiscal Year Ended or Ending,</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City Operating	16.3607	16.3607	16.3607	16.3607	16.3607
City Total	16.3607	16.3607	16.3607	16.3607	16.3607
<u>Wayland Union School District</u>					
State Education Tax ⁽²⁾	6.0000	6.0000	6.0000	6.0000	6.0000
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	8.4000	8.4000	8.4000	8.4000	8.4000
Total Non-Principal Residence	32.4000	32.4000	32.4000	32.4000	32.4000
Total Principal Residence ⁽¹⁾	14.4000	14.4000	14.4000	14.4000	14.4000
County of Allegan	6.3161	6.9483	6.9630	6.9902	6.9663
Allegan ISD	4.9405	4.9051	4.8564	4.8142	4.7571
Henika District Library	1.3554	1.3511	1.3511	1.3506	1.3499
Total Mills - Non Principal Residence	61.3727	61.9652	61.9312	61.9157	61.8340
Total Mills - Principal Residence	43.3727	43.9652	43.9312	43.9157	43.8340

⁽¹⁾ 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.

⁽²⁾ 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 2022 – 2026**

Levy Year	Ended or Ending June 30,	Total Tax Levy	Collections to March 1st of the Following Year	
			Dollar Amount	Percent
2025*	2026	\$ 2,801,273	2,770,132	* 98.89%
2024	2025	2,611,111	2,565,550	98.26%
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%

* Collections for 2025 collected as of October 22, 2025.
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, 2026, are shown in the table below.

**City of Wayland
Ten Largest Taxpayers
Fiscal Year Ending June 30, 2026**

<u>10 Largest Taxpayers</u>	<u>Industry</u>	<u>FY 2026 Taxable Valuation</u>
Michigan Electric Transmission	Utilities	\$ 14,896,874
Chambers Corners LLC	Retail Mall	3,537,971
MRCC Properties Holding Company	Education	3,395,600
Keystone Cooperative Inc	Agricultural Equipment	3,714,258
BGR Land LLC	RV Dealership	2,906,271
Windsor Woods Village	Mobile Home Park	2,759,700
Consumers Energy	Utilities	2,430,200
Maas Wayland LLC	Retirement Home	2,291,073
Priority Properties LLC	Apartment Complex	2,192,900
Bay Valley Foods LLC	Food Production	2,081,387
		\$ 40,206,234
Top Ten % of FY 2026 Taxable Valuation.....		23.36%

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, 2022, through June 30, 2025, as well as anticipated payments for fiscal year 2026.

**City of Wayland
Revenue Sharing Payments
Fiscal Years Ended or Ending June 30, 2021 - 2026**

	2022	2023	2024	2025	2026*
Constitutional	\$ 455,484	\$ 477,545	\$486,254	\$477,990	\$486,845
CVTRS	68,378	72,481	74,669	76,823	79,896
Supplemental	-	-	-	\$8,182	8,120
CLFRF	-	-	359	0	0
Public Safety	-	-	1,436	0	0
Total State Shared Revenues	\$ 523,862	\$ 550,026	\$ 562,718	\$ 562,995	\$ 574,861

*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 October 2, 2025.

**City of Wayland
Legal Debt Margin Calculation
as of October 2, 2025**

LEGAL DEBT MARGIN CALCULATION		
2025 State Equalized Value (SEV)	\$ 224,341,200	
Plus: Half Assessed Value Equivalent of Act 198 Proper	-	
Plus: for Revenue Sharing ⁽¹⁾	34,411,425	
Plus: LCSA/PPT ⁽²⁾	2,918,878	
Equivalent Valuation for Debt Margin Purposes	<u>\$ 261,671,503</u>	
Legal Debt Limit - 10% of SEV ⁽³⁾		\$ 26,167,150
Total Bonded Debt Outstanding	\$ 4,525,000	
Less: Exempt Debt	-	
Net Amount Subject to Legal Debt Limit	<u>\$ 4,525,000</u>	
LEGAL DEBT MARGIN AVAILABLE		<u>\$ 21,642,150</u>

⁽¹⁾ Constitutional and CVTRS State Revenue Sharing payments divided by the City’s operating millage rate.
⁽²⁾ 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.
⁽³⁾ 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 October 2, 2025

DIRECT DEBT

Dated	Series	Total	Self-Supporting	Net Direct
October 9, 2018	LTGO Refunding	\$635,000	\$ -	\$ 635,000
August 1, 2023	LTGO Capital Improvement	\$1,070,000	-	1,070,000
September 12, 2024	LTGO Capital Improvement	2,820,000	-	2,820,000
TOTAL DIRECT DEBT		\$ 4,525,000	\$ -	\$ 4,525,000

OVERLAPPING DEBT

School District	\$ 8,555,570
County	413,020
Intermediate School District	22,610
TOTAL OVERLAPPING DEBT	\$ 8,991,200
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 13,516,200

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

City of Wayland Direct and Overlapping Debt Statistics Levy Year 2024 as of October 2, 2025

Estimated City Population	4,518
2025 Taxable Value	\$ 172,126,836
2025 State Equalized Value (SEV)	224,341,200
2025 True Cash Value (TCV)	448,682,400
Per Capita 2025 Taxable Value	\$ 38,098.02
Per Capita 2025 State Equalized Value	49,654.98
Per Capita 2025 True Cash Value	99,309.96
Per Capita Total Direct Debt	\$ 1,001.55
Per Capita Total Direct and Overlapping Debt	2,991.63
Percent of Total Direct Debt of 2025 Taxable Value	2.63%
Percent of Total Direct and Overlapping Debt of 2024 Taxable Value	7.85%
Percent of Total Direct Debt of 2025 SEV	2.02%
Percent of Total Direct and Overlapping Debt of 2025 SEV	6.02%
Percent of Total Direct Debt of 2025 TCV	1.01%
Percent of Total Direct and Overlapping Debt of 2025 TCV	3.01%

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

RETIREMENT PLANS

Please see also Note 8 – Defined Benefit Pension Plan of the June 30, 2025 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.

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 2.00% 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, 2024, measurement date, the following employees were covered by the benefit terms:

Active employees	25
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	<u>8</u>
Total	<u>62</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, 2025, the City contributed \$610,321 to the plan, while employees made no contributions.

Net Pension Liability

Changes in the net pension liability:

	Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2023	\$ 9,764,016	\$ 6,998,626	\$ 2,765,390
Changes for the year:			
Service Cost	254,244		254,244
Interest	690,173		690,173
Difference between expected and actual experience	71,519		71,519
Benefit change	-		-
Change in Assumptions	(26,072)		(26,072)
Employer contributions		559,766	(559,766)
Net investment income		521,619	(521,619)
Benefit payments, including refunds	(557,385)	(557,385)	-
Administrative expenses		(15,578)	15,578
Other changes	-	-	-
Net changes	<u>432,479</u>	<u>508,422</u>	<u>(75,943)</u>
Balances at December 31, 2024	<u>\$ 10,196,495</u>	<u>\$ 7,507,048</u>	<u>\$ 2,689,447</u>