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# City of Wixom, Michigan

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**Financial Report  
with Supplemental Information  
June 30, 2020**

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## **Independent Auditor's Report**

To the City Council  
City of Wixom, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wixom, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Wixom, Michigan's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wixom, Michigan as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Wixom, Michigan

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General Fund budgetary comparison schedule, and the pension and OPEB system schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wixom, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 7, 2020

As management of the City of Wixom, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2020. Readers are advised to read this management's discussion and analysis in conjunction with the City's financial statements. These statements can be found in subsequent sections of this financial report.

### ***Financial Highlights***

The following represents the most significant financial highlights for the year ended June 30, 2020:

- The City's governmental net position increased \$718,128.
- Total assets related to the City's governmental activities exceeded liabilities at June 30, 2020 by \$31,275,557.
- Property tax revenue decreased \$37,839 for governmental activities. The loss of personal property tax revenue, as a result of the 2014 election, which reduced or eliminated personal property taxes for certain businesses in Michigan, continues to be offset by a reimbursement from the Local Community Stabilization Authority. These funds are reflected in intergovernmental revenue.
- The City decreased its General Fund fund balance by \$2,725,327 this year. This decrease can be attributed to a budgeted and planned contribution to the Major Road Capital Improvement Fund to contribute towards improvements to Beck and West Roads and to the Capital Improvement Fund for the Wixom Habitat boardwalk project. There was also an increase in revenue received for personal property tax replacement funds from the Local Community Stabilization Authority. The City continues to maintain a Budget Stabilization Fund in preparation for negative unforeseen events and/or to address needed capital improvements.

### ***Using This Annual Report***

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

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

### ***The City's Net Position***

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

Management's Discussion and Analysis (Continued)

	Governmental Activities		
	2019	2020	Change
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 17,809,374	\$ 16,042,315	\$ (1,767,059)
Receivables	2,280,829	2,569,299	288,470
Other assets	3,784,135	2,713,033	(1,071,102)
Capital assets	37,715,564	38,182,633	467,069
Total assets	61,589,902	59,507,280	(2,082,622)
<b>Deferred Outflows of Resources</b>	3,018,016	1,334,910	(1,683,106)
<b>Liabilities</b>			
Current liabilities	2,659,476	1,734,019	(925,457)
Noncurrent liabilities	29,674,626	26,922,729	(2,751,897)
Total liabilities	32,334,102	28,656,748	(3,677,354)
<b>Deferred Inflows of Resources</b>	1,716,387	909,885	(806,502)
<b>Net Position</b>			
Net investment in capital assets	33,243,985	34,252,151	1,008,166
Restricted	7,899,218	9,684,469	1,785,251
Unrestricted	(10,585,774)	(12,661,063)	(2,075,289)
Total net position	<b>\$ 30,557,429</b>	<b>\$ 31,275,557</b>	<b>\$ 718,128</b>

	Business-type Activities		
	2019	2020	Change
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 9,332,539	\$ 13,789,403	\$ 4,456,864
Receivables	2,053,956	2,222,572	168,616
Other assets	89,614	84,063	(5,551)
Capital assets	53,310,864	54,415,703	1,104,839
Total assets	64,786,973	70,511,741	5,724,768
<b>Liabilities</b>			
Current liabilities	838,833	1,570,908	732,075
Noncurrent liabilities	1,643,428	5,947,097	4,303,669
Total liabilities	2,482,261	7,518,005	5,035,744
<b>Net Position</b>			
Net investment in capital assets	52,219,896	51,743,814	(476,082)
Unrestricted	10,084,816	11,249,922	1,165,106
Total net position	<b>\$ 62,304,712</b>	<b>\$ 62,993,736</b>	<b>\$ 689,024</b>

The governmental net position increased approximately 2.4 percent from a year ago - from \$30.6 million to \$31.3 million. The unrestricted net position deficit, the part of net position that can be used to finance day-to-day operations, increased by approximately \$2.1 million. This is directly attributable to the addition of capital assets in excess of annual depreciation.

The City's business-type activities consist of the water and sewer activities. The City provides water to residents through the wholesale purchase of water from the Great Lakes Water Authority and provides sewage treatment through a city-owned wastewater treatment plant. The Water and Sewer funds are healthy, with a change in net position of approximately \$690,000.

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

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

	Governmental Activities		
	2019	2020	Change
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 2,958,283	\$ 2,299,438	\$ (658,845)
Operating grants	1,514,892	2,240,827	725,935
Capital grants	684,788	352,525	(332,263)
General revenue:			
Property taxes	9,135,848	9,098,009	(37,839)
Intergovernmental	1,873,384	1,976,902	103,518
Investment earnings	446,708	379,205	(67,503)
Other revenue:			
Sale of capital assets	42,874	-	(42,874)
Other miscellaneous income	411,161	724,112	312,951
Total revenue	17,067,938	17,071,018	3,080
<b>Expenses</b>			
General government	4,057,970	4,052,542	(5,428)
Public safety	4,153,513	4,734,185	580,672
Public works	4,501,880	5,105,364	603,484
Community and economic development	1,472,892	1,085,433	(387,459)
Recreation and culture	634,135	466,211	(167,924)
Debt service	869,724	920,513	50,789
Total expenses	15,690,114	16,364,248	674,134
<b>Transfers</b>	49,444	-	(49,444)
<b>Special and Extraordinary Items</b>	341,023	11,358	(329,665)
<b>Change in Net Position</b>	1,768,291	718,128	(1,050,163)
<b>Net Position - Beginning of year</b>	28,789,138	30,557,429	1,768,291
<b>Net Position - End of year</b>	<b>\$ 30,557,429</b>	<b>\$ 31,275,557</b>	<b>\$ 718,128</b>

Management's Discussion and Analysis (Continued)

	Business-type Activities		
	2019	2020	Change
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 5,745,687	\$ 6,367,459	\$ 621,772
Operating grants	128,234	138,427	10,193
Capital grants	1,710,552	323,068	(1,387,484)
General revenue:			
Taxes	1,091,136	940,160	(150,976)
Investment earnings	188,831	245,416	56,585
Other revenue	51,546	53,837	2,291
Total revenue	8,915,986	8,068,367	(847,619)
<b>Expenses</b>	6,644,411	7,379,343	734,932
<b>Change in Net Position</b>	2,271,575	689,024	(1,582,551)
<b>Net Position - Beginning of year</b>	60,033,137	62,304,712	2,271,575
<b>Net Position - End of year</b>	<u>\$ 62,304,712</u>	<u>\$ 62,993,736</u>	<u>\$ 689,024</u>

The City's property tax revenue increased primarily due to new development and inflation on existing properties. state-shared revenue decreased by \$11,482 due to decreased sales tax revenue during the COVID-19 pandemic. Local Community Stabilization Authority revenue increased by \$115,000 due to the continued phase-out of a portion of personal property taxes offset by an increase to state revenue sharing. The City reduced its usage of the special general operating millage by 0.5 mills, levying 3 mills in the 2019/2020 fiscal year. This millage collection was separately approved by voters in November 2012 and renewed in November 2016 for up to 3.5 mills. Additionally, when it occurs, revenue collected over expenditures is allocated to budget stabilization to be utilized for future unforeseen expenses or to make needed capital improvements. The City continues to evaluate and implement cost-cutting measures and develop and implement a city-wide, 10-year capital improvement plan.

Over several years, the City set its sewer rates lower than its cost to provide services. This was primarily due to the strong financial position of the Sewer Fund. During 2020, the City entered its seventh year of implementation of a financial master plan for the water and sewer system. This plan will allow the City to evaluate and set its future rates in line with its cost to provide services.

The fund financial statements provide detailed information about the most significant funds of the City. The City Council creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages. The City's major funds for 2020 include the General Fund, Capital Improvement Fund, and Special Assessment Fund. The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenditures of approximately \$5.3 million in 2020, and general government, which incurred expenditures of approximately \$2.7 million. The General Fund ended the year with approximately \$3.4 million of unassigned fund balance.

The Special Assessment Fund accounts for the Tribute drain improvements in the Village Center area completed in 2006 and the related special assessment on property owners that is intended to fund a portion of those improvements. Fiscal year 2020 was the seventh year the City has been billing the annual assessments since the reinstatement of charges to properties. For fiscal year 2008 through fiscal year 2012, the City utilized unspent bond proceeds to make the annual bond payments.

**General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to address actual results during the year. The most significant changes were a \$2.2 million increase to fund the City's unfunded pension liability. Local Community Stabilization Fund revenue appropriations were increased by \$442,876 to account for reimbursements from the State of Michigan to offset decreases in personal property taxes collected at the local level and an increase to building permit fees revenue of \$138,400. Total expenditures overall were approximately \$1.1 million below the amended budget.



### **Capital Assets and Debt Administration**

At the end of 2020, the City had \$93 million (net of depreciation) invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. Major purchases included playground equipment, rescue vehicle, jaws of life, police and fire equipment, computer equipment, hook-lift truck with wing-plow for the DPW, police vehicles, parking lot construction, safety path improvements, and utility system improvements. In addition, significant investments were allocated to roads within the City. The final bond payments were made during the fiscal year on the installation of the city water system that occurred 20 years ago. In July 2019, wastewater capital improvement bonds were issued to cover costs of wastewater plant improvements, ending the year with a balance of approximately \$5.2 million. The remaining debt balance consists of \$14.9 million for pension bonds and \$6.0 million for health care bonds and \$3.0 million for DDA/VCA bonds. Additional information regarding capital assets and related debt is available in the notes to the financial statements.

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

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. While the COVID-19 pandemic could have an adverse effect on the City's operations over time, no impairments were recorded as of the statement of net position/balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. There is an expectation that various city revenue items could be reduced in fiscal year 2021. The City is currently evaluating the impact of COVID-19, but the extent of the impact cannot be reasonably estimated at this time. Allocations of federal funds provided through the State of Michigan and Oakland County, Michigan to provide reimbursement for public safety payroll expenditures will assist in offsetting other losses, and other expenditures related to COVID-19 were also reimbursed by these programs.

The City is home to a strong mix of residential, manufacturing, office, service, technology, and retail/recreational centers. This rich, diverse tax base allows the City to provide an attractive, stable environment for new investment and also reduces the impact of adverse economic cycles. A total of 43 percent of the 2019 tax roll is residential, including single-family and multifamily homes. The remaining 57 percent is nonresidential, composed of 42 percent commercial and industrial and 15 percent personal property. The City is approximately 83 percent developed.

The region, which includes the City of Wixom, Michigan and the surrounding area of Oakland County, Michigan, has 14.57 percent of all people employed in Michigan. More than 737,000 people work in Oakland County, Michigan's business establishments and government agencies, with 57 percent of global Fortune 500 companies having at least one business location in Oakland County, Michigan. The City continues to attract businesses of national and international importance.

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

During fiscal year 2020, new construction, commercial and residential developments, build-outs, and full-scale commercial remodeling continued at a steady pace. This is strong, real world evidence of the high level of confidence that businesses and developers have in the City. The VCA Anthem at Tribute development by Robertson Homes LLC continued throughout the fiscal year, contributing to additional single-family residential homes and condominium units. This project will support additional future development within the downtown. Other notable new construction projects during the fiscal year include the following:

- 30,497 square foot - My Place Hotel (Alpha Drive)
- 64,226 square foot hotel - Springhill Suites (Alpha Drive)
- 3,859 square foot building - Motor City Car Wash (Alpha Drive)
- 28,045 square foot industrial building - Hallmark addition (Pontiac Trail)

- 84,440 square foot tenant build-out - Bluewater Technology Group, Inc. - (Beck Road)
- 34,000 square foot industrial building - Grand Steel building addition (Pontiac Trail)
- 15,003 square foot building - Shoot Point Blank Range & Gun shop (West 12 Mile Road)
- Three residential developments - Milana Estates; Cambridge Lane; Stonegate Village (Pontiac Trail.; Wixom Road and Charms Road)

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

- Approximately 40,000 square foot new building for YUKEN America - Three parcels are being combined to accommodate the build (Alpha Court)
- Two new buildings to be constructed in two phases on Anthony Drive Phase I includes a 37,500 square foot new building for a fire suppression manufacturer (Underwood Fire Protection) with a proposed future addition of 10,500 square feet to this building. Phase II includes a 140,000 square foot new building (warehouse); tenant unknown (Anthony Drive)
- New building for Leonardo's Marble Tile & Granite showroom and warehouse. They will be demolishing the existing building (Wixom Road)

Many jobs were created and filled in the City as a result of the facilitated negotiations of several leases and property purchases within the City. The City currently has property vacancy rates of less than 1 percent industrial and less than 3 percent commercial.

***Requests for Further Information***

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

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 16,042,315	\$ 11,072,287	\$ 27,114,602	\$ 521,226
Receivables - Net	2,339,306	2,451,778	4,791,084	-
Due from component units	787	-	787	-
Due from primary government	-	-	-	32,951
Internal balances (Note 5)	229,206	(229,206)	-	-
Inventory	80,010	84,063	164,073	-
Prepaid expenses and other assets	161,835	-	161,835	-
Restricted cash	-	2,717,116	2,717,116	-
Net OPEB asset (Note 10)	2,471,188	-	2,471,188	-
Capital assets: (Note 4)				
Assets not subject to depreciation	4,707,374	-	4,707,374	154,296
Assets subject to depreciation - Net	33,475,259	54,415,703	87,890,962	78,227
<b>Total assets</b>	<b>59,507,280</b>	<b>70,511,741</b>	<b>130,019,021</b>	<b>786,700</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 9)	412,083	-	412,083	-
Deferred OPEB costs (Note 10)	922,827	-	922,827	-
<b>Total deferred outflows of resources</b>	<b>1,334,910</b>	<b>-</b>	<b>1,334,910</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	863,843	1,545,158	2,409,001	2,362
Due to component units	32,951	-	32,951	-
Due to primary government	-	-	-	787
Refundable deposits, bonds, etc.	172	-	172	-
Accrued liabilities and other	364,559	25,750	390,309	-
Unearned revenue	472,494	-	472,494	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	97,026	-	97,026	-
Current portion of bonds and contracts payable (Note 6)	1,196,097	217,579	1,413,676	-
Due in more than one year:				
Compensated absences (Note 6)	808,068	-	808,068	-
Other noncurrent liabilities	-	558,092	558,092	-
Net pension liability (Note 9)	1,267,153	-	1,267,153	-
Bonds and contracts payable - Net of current portion (Note 6)	23,554,385	5,171,426	28,725,811	-
<b>Total liabilities</b>	<b>28,656,748</b>	<b>7,518,005</b>	<b>36,174,753</b>	<b>3,149</b>
<b>Deferred Inflows of Resources - Deferred OPEB cost reductions (Note 10)</b>	<b>909,885</b>	<b>-</b>	<b>909,885</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	34,252,151	51,743,814	85,995,965	232,523
Restricted:				
Roads and bike paths	6,080,812	-	6,080,812	-
Debt service	974,897	-	974,897	-
Land acquisition	1,524,769	-	1,524,769	-
Police forfeitures	205,838	-	205,838	-
Solid waste	88,487	-	88,487	-
Building and development	809,666	-	809,666	-
Unrestricted	(12,661,063)	11,249,922	(1,411,141)	551,028
<b>Total net position</b>	<b>\$ 31,275,557</b>	<b>\$ 62,993,736</b>	<b>\$ 94,269,293</b>	<b>\$ 783,551</b>

Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenue			Primary Government		Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
Primary government:								
Governmental activities:								
General government	\$ 4,052,542	\$ 528,862	\$ 831,295	\$ -	\$ (2,692,385)	\$ -	\$ (2,692,385)	\$ -
Public safety	4,734,185	13,991	10,520	-	(4,709,674)	-	(4,709,674)	-
Public works	5,105,364	892,388	1,305,676	352,525	(2,554,775)	-	(2,554,775)	-
Community and economic development	1,085,433	757,778	88,621	-	(239,034)	-	(239,034)	-
Recreation and culture	466,211	106,419	4,715	-	(355,077)	-	(355,077)	-
Interest on long-term debt	920,513	-	-	-	(920,513)	-	(920,513)	-
Total governmental activities	16,364,248	2,299,438	2,240,827	352,525	(11,471,458)	-	(11,471,458)	-
Business-type activities:								
Water Enterprise Fund	4,092,116	3,657,281	138,427	81,788	-	(214,620)	(214,620)	-
Sewer Enterprise Fund	3,287,227	2,710,178	-	241,280	-	(335,769)	(335,769)	-
Total business-type activities	7,379,343	6,367,459	138,427	323,068	-	(550,389)	(550,389)	-
Total primary government	<u>\$ 23,743,591</u>	<u>\$ 8,666,897</u>	<u>\$ 2,379,254</u>	<u>\$ 675,593</u>	(11,471,458)	(550,389)	(12,021,847)	-
Component units:								
Downtown Development Authority	\$ 749,871	\$ -	\$ -	\$ -	-	-	-	(749,871)
Local Development Finance Authority	12,144	-	-	-	-	-	-	(12,144)
Total component units	<u>\$ 762,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	(762,015)
General revenue:								
Property taxes					9,098,009	940,160	10,038,169	721,837
Unrestricted state-shared revenue					1,976,902	-	1,976,902	-
Unrestricted investment income					379,205	245,416	624,621	16,132
Gain on sale of capital assets					-	3,837	3,837	-
Other miscellaneous income					724,112	50,000	774,112	16,994
Total general revenue					12,178,228	1,239,413	13,417,641	754,963
Special items					11,358	-	11,358	-
<b>Change in Net Position</b>					718,128	689,024	1,407,152	(7,052)
<b>Net Position - Beginning of year</b>					30,557,429	62,304,712	92,862,141	790,603
<b>Net Position - End of year</b>					<u>\$ 31,275,557</u>	<u>\$ 62,993,736</u>	<u>\$ 94,269,293</u>	<u>\$ 783,551</u>

Governmental Funds  
Balance Sheet

June 30, 2020

	Combined General Fund	Special Assessment Fund	Capital Improvement Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 3)	\$ 4,644,280	\$ 23,414	\$ 2,530,414	\$ 8,844,207	\$ 16,042,315
Receivables	1,012,668	989,498	128,843	208,297	2,339,306
Due from component units	787	-	-	-	787
Due from other funds (Note 5)	510,022	-	6,174	795,985	1,312,181
Inventory	2,028	-	-	77,982	80,010
Prepaid expenses and other assets	161,835	-	-	-	161,835
<b>Total assets</b>	<b>\$ 6,331,620</b>	<b>\$ 1,012,912</b>	<b>\$ 2,665,431</b>	<b>\$ 9,926,471</b>	<b>\$ 19,936,434</b>
<b>Liabilities</b>					
Accounts payable	\$ 186,736	\$ -	\$ 40,204	\$ 636,903	\$ 863,843
Due to component units	32,951	-	-	-	32,951
Due to other funds (Note 5)	1,020,263	7,213	-	55,499	1,082,975
Refundable deposits, bonds, etc.	-	-	-	172	172
Accrued liabilities and other	205,301	-	-	-	205,301
Unearned revenue	29,175	52,500	-	390,819	472,494
<b>Total liabilities</b>	<b>1,474,426</b>	<b>59,713</b>	<b>40,204</b>	<b>1,083,393</b>	<b>2,657,736</b>
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue	23,676	936,998	3,110	-	963,784
<b>Fund Balances</b>					
Nonspendable:					
Inventory	2,028	-	-	77,982	80,010
Prepays	109,516	-	-	-	109,516
Restricted:					
Roads	-	-	-	6,002,830	6,002,830
Debt service	-	16,201	-	21,698	37,899
Land acquisition	-	-	-	1,524,769	1,524,769
Police forfeiture	-	-	-	205,838	205,838
Solid waste	-	-	-	88,487	88,487
Development contracts	-	-	-	803,718	803,718
Community development	-	-	-	5,948	5,948
Committed:					
Cemetery	-	-	-	111,808	111,808
Budgetary stabilization	1,325,379	-	-	-	1,325,379
Assigned - Capital improvements	-	-	2,622,117	-	2,622,117
Unassigned	3,396,595	-	-	-	3,396,595
<b>Total fund balances</b>	<b>4,833,518</b>	<b>16,201</b>	<b>2,622,117</b>	<b>8,843,078</b>	<b>16,314,914</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,331,620</b>	<b>\$ 1,012,912</b>	<b>\$ 2,665,431</b>	<b>\$ 9,926,471</b>	<b>\$ 19,936,434</b>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

<b>Fund Balances Reported in Governmental Funds</b>	\$ 16,314,914
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	38,182,633
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	963,784
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(24,750,482)
Accrued interest is not due and payable in the current period and is not reported in the funds	(159,258)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(905,094)
Pension benefits	(855,070)
Retiree health care benefits	2,484,130
<b>Net Position of Governmental Activities</b>	<b><u>\$ 31,275,557</u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	Combined General Fund	Special Assessment Fund	Capital Improvement Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Taxes	\$ 7,907,035	\$ -	\$ -	\$ 1,162,319	\$ 9,069,354
Special assessments	-	230,454	-	-	230,454
Intergovernmental:					
Federal grants	7,473	-	-	88,621	96,094
State sources	1,985,055	-	-	1,259,842	3,244,897
Local grants and contributions	-	-	1,000	28,655	29,655
Charges for services	884,962	-	-	756,299	1,641,261
Fines and forfeitures	51,558	-	-	-	51,558
Licenses and permits	49,352	-	-	-	49,352
Interest and rentals:					
Investment earnings	183,865	265	74,953	120,122	379,205
Rental income	258,756	-	-	-	258,756
Other revenue	617,513	-	899,013	465,136	1,981,662
<b>Total revenue</b>	<b>11,945,569</b>	<b>230,719</b>	<b>974,966</b>	<b>3,880,994</b>	<b>17,032,248</b>
<b>Expenditures</b>					
Current services:					
General government	2,671,255	664	-	10,604	2,682,523
Public safety	5,308,907	-	-	6,385	5,315,292
Public works	1,173,446	8,925	-	2,716,292	3,898,663
Community and economic development	106,269	-	-	288,534	394,803
Recreation and culture	578,338	-	-	-	578,338
Capital outlay	-	-	2,624,406	301,185	2,925,591
Debt service	1,422,149	221,853	-	444,354	2,088,356
<b>Total expenditures</b>	<b>11,260,364</b>	<b>231,442</b>	<b>2,624,406</b>	<b>3,767,354</b>	<b>17,883,566</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>685,205</b>	<b>(723)</b>	<b>(1,649,440)</b>	<b>113,640</b>	<b>(851,318)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 5)	-	-	1,565,000	1,851,000	3,416,000
Transfers out (Note 5)	(3,416,000)	-	-	-	(3,416,000)
Sale of capital assets	5,468	-	-	-	5,468
<b>Total other financing (uses) sources</b>	<b>(3,410,532)</b>	<b>-</b>	<b>1,565,000</b>	<b>1,851,000</b>	<b>5,468</b>
<b>Net Change in Fund Balances</b>	<b>(2,725,327)</b>	<b>(723)</b>	<b>(84,440)</b>	<b>1,964,640</b>	<b>(845,850)</b>
<b>Fund Balances - Beginning of year</b>	<b>7,558,845</b>	<b>16,924</b>	<b>2,706,557</b>	<b>6,878,438</b>	<b>17,160,764</b>
<b>Fund Balances - End of year</b>	<b>\$ 4,833,518</b>	<b>\$ 16,201</b>	<b>\$ 2,622,117</b>	<b>\$ 8,843,078</b>	<b>\$ 16,314,914</b>

Governmental Funds

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

Year Ended June 30, 2020

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ (845,850)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	3,934,150
Depreciation expense	(3,440,761)
Net book value of assets disposed of	(26,320)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(323,028)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,161,097
Interest expense is recognized in the government-wide statements as it accrues	6,746
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	252,094
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 718,128</b>



Proprietary Funds  
Statement of Net Position

June 30, 2020

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 906,770	\$ 10,165,517	\$ 11,072,287
Receivables:			
Customer receivables	1,281,020	975,877	2,256,897
Other receivables	73,720	121,161	194,881
Due from other funds (Note 5)	218,104	-	218,104
Inventory	34,389	49,674	84,063
Restricted cash	-	2,717,116	2,717,116
Total current assets	2,514,003	14,029,345	16,543,348
Noncurrent assets - Capital assets	32,399,442	22,016,261	54,415,703
Total assets	34,913,445	36,045,606	70,959,051
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	629,727	915,431	1,545,158
Due to other funds (Note 5)	-	447,310	447,310
Accrued interest payable	-	25,750	25,750
Current portion of bonds and contracts payable (Note 6)	-	217,579	217,579
Total current liabilities	629,727	1,606,070	2,235,797
Noncurrent liabilities:			
Bonds and contracts payable - Net of current portion (Note 6)	-	5,171,426	5,171,426
Other noncurrent liabilities	-	558,092	558,092
Total noncurrent liabilities	-	5,729,518	5,729,518
Total liabilities	629,727	7,335,588	7,965,315
<b>Net Position</b>			
Net investment in capital assets	32,399,442	19,344,372	51,743,814
Unrestricted	1,884,276	9,365,646	11,249,922
Total net position	<u>\$ 34,283,718</u>	<u>\$ 28,710,018</u>	<u>\$ 62,993,736</u>

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

Year Ended June 30, 2020

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Operating Revenue</b>			
Sale of water	\$ 2,503,481	\$ -	\$ 2,503,481
Sewage disposal charges	-	2,245,310	2,245,310
Interest and penalty charges	162,973	143,547	306,520
Other miscellaneous charges	990,827	321,321	1,312,148
Total operating revenue	3,657,281	2,710,178	6,367,459
<b>Operating Expenses</b>			
Cost of water	2,514,998	-	2,514,998
Cost of sewage treatment	-	1,255,343	1,255,343
Other operating and maintenance costs	585,486	188,523	774,009
Billing and administrative cost	180,900	226,413	407,313
Utilities	-	221,105	221,105
Other miscellaneous charges	-	50,324	50,324
Depreciation and amortization	801,162	1,087,509	1,888,671
Total operating expenses	4,082,546	3,029,217	7,111,763
<b>Operating Loss</b>	(425,265)	(319,039)	(744,304)
<b>Nonoperating Revenue (Expense)</b>			
Property tax revenue	940,160	-	940,160
Investment income	21,655	223,761	245,416
Interest expense	(9,570)	(153,406)	(162,976)
Other nonoperating expenses	-	(104,604)	(104,604)
Gain on sale of assets	-	3,837	3,837
Operating grants	138,427	-	138,427
Other nonoperating general revenue	50,000	-	50,000
Total nonoperating revenue (expense)	1,140,672	(30,412)	1,110,260
<b>Income (Loss) - Before capital contributions</b>	715,407	(349,451)	365,956
<b>Capital Contributions</b>			
Benefit fees	8,128	241,280	249,408
Lines donated by developers	73,660	-	73,660
Total capital contributions	81,788	241,280	323,068
<b>Change in Net Position</b>	797,195	(108,171)	689,024
<b>Net Position - Beginning of year</b>	33,486,523	28,818,189	62,304,712
<b>Net Position - End of year</b>	<b>\$ 34,283,718</b>	<b>\$ 28,710,018</b>	<b>\$ 62,993,736</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2020

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 3,480,778	\$ 2,454,080	\$ 5,934,858
(Payments on) receipts from interfund services and reimbursements	(272,486)	100,210	(172,276)
Payments to suppliers	(3,119,222)	(971,667)	(4,090,889)
Other receipts	28,948	-	28,948
Net cash and cash equivalents provided by operating activities	118,018	1,582,623	1,700,641
<b>Cash Flows Provided by Noncapital Financing Activities -</b> Operating grants and subsidies	138,427	-	138,427
<b>Cash Flows from Capital and Related Financing Activities</b>			
Issuance of bonds	-	5,375,000	5,375,000
Benefit fees	8,128	241,280	249,408
Proceeds from sale of capital assets	-	27,036	27,036
Property taxes restricted for capital items	940,160	-	940,160
Purchase of capital assets	(272,056)	(2,683,572)	(2,955,628)
Principal and interest paid on capital debt	(1,107,920)	(340,077)	(1,447,997)
Bond issuance expenses	-	(104,604)	(104,604)
Premium on bond issuance	-	239,005	239,005
Other fees	50,000	-	50,000
Net cash and cash equivalents (used in) provided by capital and related financing activities	(381,688)	2,754,068	2,372,380
<b>Cash Flows Provided by Investing Activities -</b> Interest received on investments	21,655	223,761	245,416
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(103,588)	4,560,452	4,456,864
<b>Cash and Cash Equivalents -</b> Beginning of year	1,010,358	8,322,181	9,332,539
<b>Cash and Cash Equivalents -</b> End of year	<u>\$ 906,770</u>	<u>\$ 12,882,633</u>	<u>\$ 13,789,403</u>
<b>Classification of Cash and Cash Equivalents</b>			
Cash and Investments	\$ 906,770	\$ 10,165,517	\$ 11,072,287
Restricted cash	-	2,717,116	2,717,116
Total cash and cash equivalents	<u>\$ 906,770</u>	<u>\$ 12,882,633</u>	<u>\$ 13,789,403</u>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2020

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (425,265)	\$ (319,039)	\$ (744,304)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	801,162	1,087,509	1,888,671
Changes in assets and liabilities:			
Receivables	(147,555)	(256,098)	(403,653)
Due to and from other funds	(91,586)	326,623	235,037
Inventories	6,126	(575)	5,551
Accounts payable and escrows	(24,864)	744,203	719,339
Total adjustments	<u>543,283</u>	<u>1,901,662</u>	<u>2,444,945</u>
Net cash and cash equivalents provided by operating activities	<u><b>\$ 118,018</b></u>	<u><b>\$ 1,582,623</b></u>	<u><b>\$ 1,700,641</b></u>
<b>Significant Noncash Transactions - Donated capital assets</b>	\$ 73,660	\$ -	\$ 73,660

Fiduciary Fund  
Statement of Fiduciary Assets and Liabilities - Agency Fund

June 30, 2020

**Assets**

Cash and cash equivalents	\$ 779,266
Receivables	<u>82,725</u>
Total assets	<u><b>\$ 861,991</b></u>

**Liabilities**

Due to other governmental units	\$ 175,457
Refundable deposits, bonds, etc.	<u>686,534</u>
Total liabilities	<u><b>\$ 861,991</b></u>

**Component Units  
Statement of Net Position**

**June 30, 2020**

	Downtown Development Authority	Local Development Finance Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 14,083	\$ 507,143	\$ 521,226
Due from primary government	32,951	-	32,951
Capital assets - Net	232,523	-	232,523
Total assets	279,557	507,143	786,700
<b>Liabilities</b>			
Accounts payable	2,362	-	2,362
Due to primary government	-	787	787
Total liabilities	2,362	787	3,149
<b>Net Position</b>			
Net investment in capital assets	232,523	-	232,523
Unrestricted	44,672	506,356	551,028
Total net position	<b>\$ 277,195</b>	<b>\$ 506,356</b>	<b>\$ 783,551</b>

**City of Wixom, Michigan**

**Component Units  
Statement of Activities**

**Year Ended June 30, 2020**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Local Development Finance Authority	Total
<b>Functions/Programs</b>							
Downtown Development Authority	\$ 749,871	\$ -	\$ -	\$ -	\$ (749,871)	\$ -	\$ (749,871)
Local Development Finance Authority	12,144	-	-	-	-	(12,144)	(12,144)
<b>Total</b>	<b>\$ 762,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(749,871)</b>	<b>(12,144)</b>	<b>(762,015)</b>
General revenue:							
Property taxes					721,837	-	721,837
Investment income					801	15,331	16,132
Other miscellaneous income					16,994	-	16,994
Total general revenue					739,632	15,331	754,963
<b>Change in Net Position</b>					(10,239)	3,187	(7,052)
<b>Net Position - Beginning of year</b>					287,434	503,169	790,603
<b>Net Position - End of year</b>					<b>\$ 277,195</b>	<b>\$ 506,356</b>	<b>\$ 783,551</b>

**Note 1 - Significant Accounting Policies**

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

***Reporting Entity***

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

**Blended Component Units**

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

**Discretely Presented Component Units**

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

***Downtown Development Authority***

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

***Local Development Finance Authority***

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

***Accounting and Reporting Principles***

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



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

***Report Presentation***

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

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

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

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

***Fund Accounting***

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

**Governmental Funds**

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

- **General Fund** - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund. The General Fund also includes the Budget Stabilization Fund.
- **Special Assessment Fund** - This fund was established to account for the payment of annual principal and interest on bonds for the construction and improvement of the tribute drain. These annual requirements are met from annual special assessments to specific property owners.
- **Capital Improvement Fund** - This fund was established to record bond proceeds or other revenue specifically designated for acquiring new buildings, equipment, and technology upgrades and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

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

**Proprietary Funds**

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

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

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. The City has an agency fund that accounts for assets held by the City. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

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

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

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

***Specific Balances and Transactions***

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Restricted cash is earmarked for capital improvements from unspent bond proceeds.

**Inventories and Prepaid Items**

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

**Capital Assets**

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

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

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Roads and sidewalks	15-30
Water and sewer distribution systems	50-75
Water and sewer treatment facilities	40-50
Buildings and improvements	40-50
Vehicles	3-5
Office furnishings	5-7
Other tools and equipment	3-7
Drain improvements	50
Stormwater improvements	30

The LDFA contributed capital of \$11,358 to the City of Wixom, Michigan during the year ended June 30, 2020. The LDFA plan has expired; however, funds on hand that were previously captured from taxes are used in accordance with LDFA board designations.

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

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

The City reports deferred outflows related to pension and OPEB.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows related to OPEB, as well as unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: special assessments, miscellaneous revenue, and capital improvements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

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

**Net Position Flow Assumption**

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

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

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

The City Council has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The City Council may, with a two-thirds vote, set aside General Fund surplus, up to a maximum of 15 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a two-thirds vote of the City Council, may only occur to correct a budget shortfall or in the case of a natural disaster. The fund balance at June 30, 2020 of the stabilization amount, which is reported in the General Fund, is \$1,325,379.

**Property Tax Revenue**

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

The City's 2019 property tax revenue was levied and collectible on July 1, 2019 and is recognized as revenue in the year ended June 30, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

June 30, 2020

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

The 2019 taxable valuation of the City totaled \$746.9 million (a portion of which is abated and a portion of which is captured by the LDFA and DDA). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General Fund - Operating	10.5097 \$	7,507,000
Local Road Capital Improvement Fund - Capital	1.1449	818,000
Safety Path Road Program Fund - Capital	.2986	213,000
Water Fund - Debt	1.2500	937,000
DDA special millage	1.3640	9,000
Total		<u>\$ 9,484,000</u>

**Pension**

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefit Costs**

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

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

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

**Proprietary Funds Operating Classification**

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



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

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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

**Construction Code Fees**

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

Cumulative shortfall at July 1, 2019	\$ (841,973)
Current year permit revenue	578,529
Less related direct costs	<u>553,948</u>
Current year surplus	<u>24,581</u>
Cumulative shortfall June 30, 2020	<u><u>\$ (817,392)</u></u>

**Note 3 - Deposits and Investments**

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

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

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

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$5,833,039 of bank deposits (certificates of deposit and checking and savings accounts), of which \$4,333,039 was uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk**

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



June 30, 2020

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

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

Investment	Fair Value	Weighted- average Maturity (Days)
<b>Primary Government</b>		
U.S. government agency securities	\$ 2,161,262	1203
Local government investment pool	3,990,630	334
FNMA mortgage	385,754	133
FHLMC mortgage	18,669	519
Municipal bonds	<u>3,455,060</u>	752
Total	<u>\$ 10,011,375</u>	

Investment	Fair Value	Weighted- average Maturity (Days)
<b>Component Units</b>		
U.S. government agency securities	\$ 139,145	1203
FNMA mortgage	24,835	133
FHLMC mortgage	1,202	519
Municipal bonds	<u>222,442</u>	752
Total	<u>\$ 387,624</u>	

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Local government investment pool	\$ 3,990,630	NR	N/A
U.S. government agency	1,769,410	AA+	S&P
U.S. government agency	391,852	AAA	S&P
FHLMC mortgage	18,669	AA+	S&P
FNMA mortgage	385,754	AA+	S&P
Municipal bond	1,986,909	AA	S&P
Municipal bond	313,234	AA+	S&P
Municipal bond	<u>1,154,917</u>	NR	N/A
Total	<u>\$ 10,011,375</u>		

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

Investment	Fair Value	Rating	Rating Organization
<b>Component Units</b>			
U.S. government agency	\$ 113,917	AA+	S&P
U.S. government agency	25,228	AAA	S&P
FHLMC mortgage	1,202	AA+	S&P
FNMA mortgage	24,835	AA+	S&P
Municipal bond	127,920	AA	S&P
Municipal bond	20,166	AA+	S&P
Municipal bond	74,356	NR	N/A
Total	<u>\$ 387,624</u>		

**Concentration of Credit Risk**

The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in the Oakland County Local Government Investment Pool (the "LGIP") at 32 percent. The LGIP is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)(7) fund with its net asset value maintained at \$1. The fair value of the position in the pool is the same as the value of the pool shares.

**Pooled Investments that Are 2a7-like**

At year end, the City had investments in a government investment fund that is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The fund is fully liquid for withdrawal at any time, and the price per share does not fluctuate with interest earned according to the amount and duration of the investment.

At June 30, 2020, the City had \$15,905,695 in such a fund at Comerica Bank (J Fund, which has an A1/P1/F1 rating). The Comerica J Fund is recorded at amortized cost. There is no limitation or restriction on participant withdrawals for the Comerica J Fund investment pool.

**Fair Value Measurements**

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

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

June 30, 2020

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

The City has the following recurring fair value measurements as of June 30, 2020:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Debt securities:				
Residential mortgage-backed securities	\$ 430,460	\$ -	\$ -	\$ 430,460
Agency bonds	2,300,407	-	-	2,300,407
Municipal bonds	-	3,677,502	-	3,677,502
Total investments by fair value level	<u>\$ 2,730,867</u>	<u>\$ 3,677,502</u>	<u>\$ -</u>	<u>\$ 6,408,369</u>

Residential mortgage-backed securities and agency securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of municipal bonds at June 30, 2020 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

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

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

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

At June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 3,990,630	\$ -	No restrictions	None

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

June 30, 2020

**Note 4 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated - Land	\$ 4,698,574	\$ 8,800	\$ -	\$ 4,707,374
Capital assets being depreciated:				
Roads and sidewalks	71,059,981	1,787,237	-	72,847,218
Buildings, drains, and improvements	24,029,854	893,474	(20,000)	24,903,328
Machinery and equipment	4,281,068	250,116	(27,841)	4,503,343
Vehicles	5,278,562	850,491	(211,765)	5,917,288
Furniture and fixtures	1,023,260	144,032	(1,929)	1,165,363
Subtotal	105,672,725	3,925,350	(261,535)	109,336,540
Accumulated depreciation:				
Roads and sidewalks	53,875,412	2,108,499	-	55,983,911
Buildings, drains, and improvements	10,933,089	668,070	(20,000)	11,581,159
Machinery and equipment	3,312,527	246,416	(27,421)	3,531,522
Vehicles	3,690,445	384,370	(185,865)	3,888,950
Furniture and fixtures	844,262	33,406	(1,929)	875,739
Subtotal	72,655,735	3,440,761	(235,215)	75,861,281
Net capital assets being depreciated	33,016,990	484,589	(26,320)	33,475,259
Net capital assets	<u>\$ 37,715,564</u>	<u>\$ 493,389</u>	<u>\$ (26,320)</u>	<u>\$ 38,182,633</u>

During the year ended June 30, 2020, the LDFA contributed capital in the amount of \$11,358 to the primary government.

**Business-type Activities**

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets being depreciated:				
Water and sewer lines	\$ 62,064,422	\$ 3,029,288	\$ -	\$ 65,093,710
Buildings and improvements	22,637,785	-	(23,200)	22,614,585
Machinery and equipment	1,670,169	-	-	1,670,169
Office furnishings	68,670	-	-	68,670
Information technology	62,693	-	-	62,693
Subtotal	86,503,739	3,029,288	(23,200)	89,509,827
Accumulated depreciation:				
Water and sewer lines	19,150,301	1,360,658	-	20,510,959
Buildings and improvements	12,317,280	536,792	(9,280)	12,844,792
Machinery and equipment	1,595,442	13,079	-	1,608,521
Office furnishings	68,670	-	-	68,670
Information technology	61,182	-	-	61,182
Subtotal	33,192,875	1,910,529	(9,280)	35,094,124
Net capital assets	<u>\$ 53,310,864</u>	<u>\$ 1,118,759</u>	<u>\$ (13,920)</u>	<u>\$ 54,415,703</u>

June 30, 2020

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

**Component Unit - Downton Development Authority**

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated - Land	\$ 154,296	\$ -	\$ -	\$ 154,296
Capital assets being depreciated:				
Land improvements	499,892	-	-	499,892
Other tools and equipment	60,913	-	-	60,913
Subtotal	560,805	-	-	560,805
Accumulated depreciation:				
Land improvements	414,289	7,376	-	421,665
Other tools and equipment	60,913	-	-	60,913
Subtotal	475,202	7,376	-	482,578
Net capital assets being depreciated	85,603	(7,376)	-	78,227
Net capital assets	<u>\$ 239,899</u>	<u>\$ (7,376)</u>	<u>\$ -</u>	<u>\$ 232,523</u>

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

Governmental activities:	
General government	\$ 376,242
Public safety	224,635
Public works	2,366,165
Economic development	143,923
Recreation and culture	94,581
Total governmental activities	<u>\$ 3,205,546</u>
Business-type activities:	
Water	\$ 801,161
Sewer	1,100,088
Total business-type activities	<u>\$ 1,901,249</u>

**Construction Commitments**

The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Street projects	\$ 953,040	\$ 976,823
Safety path projects	200,739	14,304
Sewer projects	2,444,312	855,688
Water projects	261,199	9,505
Capital improvement projects	368,909	18,911
Total	<u>\$ 4,228,199</u>	<u>\$ 1,875,231</u>

June 30, 2020

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Local Road Capital Improvement Fund	\$ 19,520
	Safety Path Road Program Fund	35,758
	Sewer Fund	447,310
	Special Assessment Fund	7,213
	Solid Waste Collection Fund	221
	General Fund	510,022
Capital Improvement Fund	General Fund	6,174
Nonmajor funds	General Fund	795,985
Water Fund	General Fund	218,104
	Total	<u>\$ 1,530,285</u>

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Local Development Finance Authority	\$ 787
Downtown Development Authority	General Fund	32,951

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Improvement Fund	\$ 1,565,000
	Major Road Capital Improvement Fund	1,851,000
	General Fund	<u>\$ 3,416,000</u>

The General Fund transfers represented the use of unrestricted resources into the funds where they will be spent.

**Note 6 - Long-term Debt**

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

June 30, 2020

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

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
DDA/VCA refunding bonds 2015	4.00%	\$300,000 - \$450,000	\$ 3,090,000	\$ -	\$ (320,000)	\$ 2,770,000	\$ 340,000
Bond premiums			276,579	-	(46,097)	230,482	46,097
General obligation pension bonds	2.55% - 4.15%	\$235,000 - \$1,375,000	15,195,000	-	(340,000)	14,855,000	350,000
General obligation healthcare bonds	2.55% - 4.13%	\$200,000 - \$485,000	6,245,000	-	(280,000)	5,965,000	285,000
Total other debt			24,806,579	-	(986,097)	23,820,482	1,021,097
Direct borrowings and direct placements -							
Contractual obligation with Oakland County, Michigan - Special assessment bonds	4.0% - 4.40%	\$150,000 - \$200,000	1,105,000	-	(175,000)	930,000	175,000
Total bonds and contracts payable			25,911,579	-	(1,161,097)	24,750,482	1,196,097
Accumulated compensated absences			802,888	156,643	(54,437)	905,094	97,026
Total governmental activities long-term debt			<u>\$ 26,714,467</u>	<u>\$ 156,643</u>	<u>\$ (1,215,534)</u>	<u>\$ 25,655,576</u>	<u>\$ 1,293,123</u>

**Business-type Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Direct borrowings and direct placements:							
Water SRF Series 1	2.50%	\$162,637 - \$231,327	\$ 162,637	\$ -	\$ (162,637)	\$ -	\$ -
Water SRF Series 2	2.50%	\$380,000 - \$390,000	390,000	-	(390,000)	-	-
Water SRF Series 3	2.50%	\$450,000 - \$453,331	453,331	-	(453,331)	-	-
Water Series 4	5.15%	\$85,000	85,000	-	(85,000)	-	-
General obligation wastewater bonds	3.00%	\$205,000 - \$350,000	-	5,375,000	(225,000)	5,150,000	205,000
Bond premiums			-	251,584	(12,579)	239,005	12,579
Total business-type activities long-term debt			<u>\$ 1,090,968</u>	<u>\$ 5,626,584</u>	<u>\$ (1,328,547)</u>	<u>\$ 5,389,005</u>	<u>\$ 217,579</u>

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

**Other Long-term Liabilities**

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

**Debt Service Requirements to Maturity**

Total interest expense for the year was approximately \$1,129,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 175,000	\$ 39,765	\$ 1,021,097	\$ 895,898	\$ 2,131,760
2022	175,000	32,590	1,161,097	864,518	2,233,205
2023	180,000	25,240	1,211,097	827,518	2,243,855
2024	200,000	17,500	1,356,097	787,591	2,361,188
2025	200,000	8,800	1,401,094	742,016	2,351,910
2026-2030	-	-	7,390,000	2,921,538	10,311,538
Thereafter	-	-	10,280,000	1,585,268	11,865,268
<b>Total</b>	<b>\$ 930,000</b>	<b>\$ 123,895</b>	<b>\$ 23,820,482</b>	<b>\$ 8,624,347</b>	<b>\$ 33,498,724</b>

  

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ -	\$ -	\$ 217,579	\$ 154,500	\$ 372,079
2022	-	-	222,579	148,350	370,929
2023	-	-	227,579	142,050	369,629
2024	-	-	237,579	135,600	373,179
2025	-	-	242,579	128,850	371,429
2026-2030	-	-	1,327,895	536,100	1,863,995
Thereafter	-	-	2,913,215	436,950	3,350,165
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,389,005</b>	<b>\$ 1,682,400</b>	<b>\$ 7,071,405</b>

**Note 7 - Risk Management**

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

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



**Note 7 - Risk Management (Continued)**

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

**Note 8 - Regional Authority Cooperative Ventures**

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

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

The Recycling Authority receives its operating revenue from member contributions and miscellaneous income. During the year, the City contributed approximately \$16,900 for its operations. Complete financial statements for the Recycling Authority can be obtained from the administrative offices at 2000 West Eight Mile, Southfield, MI 48375.

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

**Note 9 - Pension Plan**

***Plan Description***

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

***Benefits Provided***

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

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

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

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

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

**Employees Covered by Benefit Terms**

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	62
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	19
Total employees covered by MERS	101

**Contributions**

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

For the year ended June 30, 2020, the average active employee contribution rate ranged from 2.0 percent to 6.26 percent of annual pay, and the City’s flat-rate contribution rate was \$18,007 per month of covered payroll.

**Net Pension Liability**

The net pension liability reported at June 30, 2020 was determined using a measure of the total pension liability and the pension net position as of December 31, 2019. The December 31, 2019 total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2020

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at January 1, 2019</b>	\$ 36,226,174	\$ 33,234,186	\$ 2,991,988
Changes for the year:			
Service cost	228,172	-	228,172
Interest	2,819,912	-	2,819,912
Differences between expected and actual experience	692,161	-	692,161
Changes in assumptions	1,417,887	-	1,417,887
Contributions - Employer	-	2,422,726	(2,422,726)
Contributions - Employee	-	70,671	(70,671)
Net investment income	-	4,452,401	(4,452,401)
Benefit payments, including refunds	(2,182,712)	(2,182,712)	-
Administrative expenses	-	(76,604)	76,604
Net changes	2,975,420	4,686,482	(1,711,062)
<b>Balance at December 31, 2019</b>	<u>\$ 39,201,594</u>	<u>\$ 37,920,668</u>	<u>\$ 1,280,926</u>

The plan's fiduciary net position represents 96.7 percent of the total pension liability.

At June 30, 2020, the City reported a liability of \$1,267,153 for its proportionate share of the net pension liability that is allocated along with the Wixom Public Library.

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

For the year ended June 30, 2020, the plan recognized pension expense of \$2,917,212. All pension costs are recognized in the governmental activities, and none are allocated to the business-type activities. This is because no employees have been specifically allocated to the enterprise funds; all DPW employees are charged to the General Fund, which provides services on behalf of the Major Road Capital Improvement, Local Road Capital Improvement, Water, and Sewer funds. The General Fund does charge an administrative charge intended to cover some of the DPW costs.

At June 30, 2020, the plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 307,296	\$ -
Employer contributions to the plan subsequent to the measurement date	104,787	-
Total	<u>\$ 412,083</u>	<u>\$ -</u>

At June 30, 2020, the City reported deferred outflows of \$922,827 for its proportionate share of deferred outflows that is allocated along with the Wixom Public Library.

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

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

Years Ending June 30	Amount
2021	\$ 80,433
2022	195,946
2023	387,777
2024	(356,860)
Total	<u>\$ 307,296</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 percent, and an investment rate of return (gross of investment expenses) of 7.60 percent. Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
2. The RP 2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

**Assumption Changes**

The December 31, 2018 actuarial valuation included assumptions of 3.75 percent for inflation, assumed salary increases (including inflation) of 3.75 percent, and 8.00 percent for investment rate of return. The remaining assumptions were consistent with the current year's valuation assumptions.

The actuarial assumptions used in the December 31, 2019 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

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

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2019, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Real assets	20.00	6.56

**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 7.60 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability (asset) of the City	\$ 5,929,919	\$ 1,280,926	\$ (2,613,232)

**Pension Plan Fiduciary Net Position**

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

**Note 10 - Other Postemployment Benefit Plan**

**Plan Description**

The City provides retiree health care benefits to eligible employees, spouses, and dependents. Currently, the plan has 57 members (including city and library employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). This is a cost-sharing multiple-employer plan, with two employers - the City and the Wixom Public Library. The benefits are provided under collective bargaining agreements or executive directives approved by the City Council. The plan does not issue separate stand-alone financial statements. Administrative costs are paid by the plan through employer contributions. The City has allowed the Wixom Public Library, a separate governmental entity, to also participate in this plan. The plan was closed to new employees on the following dates; June 30, 2006 for nonunion employees; August 12, 2014 for Department of Public Works Union employees; December 17, 2013 for Police Officers Union employees; June 10, 2013 for Clerical Union employees; and June 19, 2014 for Police Sergeant Union employees.

June 30, 2020

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

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>23</u>
Total plan members	<u><u>57</u></u>

**Contributions**

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

**Net OPEB Asset**

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2020 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at July 1, 2019</b>	\$ 11,900,469	\$ 14,916,069	\$ (3,015,600)
Changes for the year:			
Service cost	105,155	-	105,155
Interest	815,661	-	815,661
Differences between expected and actual experience	95,862	-	95,862
Contributions - Employer	-	187,524	(187,524)
Contributions - Employee	-	16,174	(16,174)
Net investment income	-	326,609	(326,609)
Benefit payments, including refunds	(601,507)	(601,507)	-
Miscellaneous other charges	-	(921)	921
Net changes	<u>415,171</u>	<u>(72,121)</u>	<u>487,292</u>
<b>Balance at June 30, 2020</b>	<u><u>\$ 12,315,640</u></u>	<u><u>\$ 14,843,948</u></u>	<u><u>\$ (2,528,308)</u></u>

The plan's fiduciary net position represents 120.5 percent of the total OPEB liability.

June 30, 2020

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

At June 30, 2020, the City reported an asset of \$2,471,188 for its proportionate share of the net OPEB asset that is allocated along with the Wixom Public Library.

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

For the year ended June 30, 2020, the plan recognized OPEB recovery of \$(673,267).

At June 30, 2020, the plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 108,077	\$ 805,195
Changes in assumptions	-	125,722
Net difference between projected and actual earnings on OPEB plan investments	836,081	-
Total	<u>\$ 944,158</u>	<u>\$ 930,917</u>

At June 30, 2020, the City reported deferred outflows of \$922,827 and deferred inflows of \$909,885 for its proportionate share of deferred outflows and deferred inflows that is allocated along with the Wixom Public Library.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	Amount
2021	\$ (548,661)
2022	181,066
2023	240,123
2024	140,713
Total	<u>\$ 13,241</u>

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3 percent; an investment rate of return (net of investment expenses) of 7 percent; and a health care cost trend rate of 8.25 percent for 2020, decreasing every year to an ultimate rate of 3.50 percent in year 10. Mortality rates were based on a version of the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement date.

***Discount Rate***

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



June 30, 2020

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

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

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

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

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

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB asset of the plan	\$ (927,529)	\$ (2,528,308)	\$ (3,856,567)

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

The following presents the net OPEB asset of the City, calculated using the health care cost trend rate of 8.25 percent, as well as what the City's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.25%)	Current Health Care Cost Trend Rate (8.25%)	1 Percentage Point Increase (9.25%)
Net OPEB asset of the plan	\$ (4,100,320)	\$ (2,528,308)	\$ (618,110)



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

*Plan Description*

The City provides funding of retiree health care benefits to eligible employees and their dependents through the Municipal Employees' Retirement System Health Funding Vehicle. Nonunion employees hired after June 30, 2006; Department of Public Works Union employees hired after August 12, 2014; Police Officers Union employees hired after December 17, 2013; Police Sergeant Union employees hired after June 19, 2014; and Clerical Union employees hired after June 10, 2013 are eligible to use the balances of their accounts to fund medical insurance premiums and expenses upon retirement. Benefits depend solely on the amount contributed to the plan, plus investment earnings. Employees contribute 1 percent and the City contributes 3 percent of gross wages. Employee contributions are immediately vested. Earnings and the employer match are fully vested after seven years of service.

During the year ended June 30, 2020, the City made contributions of \$64,519, and plan members contributed \$21,506 to the plan.

**Note 12 - Defined Contribution Pension Plan**

The City provides benefits to recently hired employees who are not eligible for the defined benefit plans through a defined contribution plan. Nonunion employees hired after June 30, 2006; Department of Public Works Union employees hired after August 12, 2014; Police Officers Union employees hired after December 17, 2013; Police Sergeant Union employees hired after June 19, 2014; and Clerical Union employees hired after June 10, 2013 are eligible to participate in the plan, which is administered by the Municipal Employees' Retirement System. Benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of hire. As established by various collective bargaining agreements, the employees are permitted to contribute up to 2 percent of their earnings. The City contributes 9 percent of employee earnings. Employee contributions are immediately vested. Employer match contributions are fully vested after seven years of service.

In accordance with these provisions, the City contributed \$200,487, and employees contributed \$40,379 for the year ended June 30, 2020

**Note 13 - Deferred Compensation Plan**

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

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

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

**Note 14 - Brownfield Redevelopment Authority**

The Brownfield Redevelopment Authority was established pursuant to Public Act 381 of 1996 and is governed by the Oakland County Brownfield Redevelopment Authority. Upon completion of its purpose, the authority may be dissolved by resolution of the City Council. The City collects property tax revenue and remits it to the Oakland County Brownfield Redevelopment Authority. The Oakland County Brownfield Redevelopment Authority is responsible for the disbursement and accounting for all moneys received. The City collected and remitted \$18,733 in captured revenue for the Brownfield Redevelopment Authority during fiscal year 2020.

**Note 15 - Tax Abatements**

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

For the fiscal year ended June 30, 2020, the City abated \$77,236 of taxes under this program. There is a job shortfall provision to recapture a portion of taxes if the certificate holder fails to maintain the additional full-time jobs stated in the letter of agreement. In addition, if the taxpayer moves the facility operation outside of the City during the period of exemption, the certificate holder is liable for an additional percentage of taxes depending on the number of years the certificate holder had remained in the City. The abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, which is governed by Oakland County, Michigan (see Note 14), uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield's tax revenue is reduced. For the fiscal year ended June 30, 2020, the authority abated \$4,385 of taxes under this program. There are no provisions to recapture taxes.

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

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes	\$ 7,912,541	\$ 7,892,184	\$ 7,907,035	\$ 14,851
Intergovernmental:				
Federal grants	7,850	7,850	7,473	(377)
State sources	1,608,500	2,052,376	1,985,055	(67,321)
Charges for services	759,926	850,989	884,962	33,973
Fines and forfeitures	37,000	46,737	51,558	4,821
Licenses and permits	63,000	63,000	49,352	(13,648)
Interest and rentals	363,599	369,047	391,908	22,861
Other revenue	2,642,253	3,360,471	617,513	(2,742,958)
<b>Total revenue</b>	<b>13,394,669</b>	<b>14,642,654</b>	<b>11,894,856</b>	<b>(2,747,798)</b>
<b>Expenditures</b>				
Current services:				
General government:				
Legislative	16,526	16,526	11,942	4,584
City manager	301,952	304,711	283,754	20,957
Financial administration	358,278	374,696	360,267	14,429
Information systems	133,858	144,858	128,905	15,953
Assessing	325,466	270,277	197,032	73,245
Board of review	2,546	2,546	2,238	308
Clerk	217,451	232,194	221,998	10,196
Buildings and grounds	80,704	80,704	67,602	13,102
Legal counsel and assistance	75,000	81,038	73,038	8,000
General operating	808,318	2,823,539	1,324,479	1,499,060
Public safety:				
Police/Sheriff	3,228,712	3,309,600	3,799,180	(489,580)
Fire	1,053,989	1,145,494	1,070,246	75,248
Building inspections and related	391,285	463,700	439,481	24,219
Public works	756,183	820,541	1,173,446	(352,905)
Community and economic development - Planning, zoning, and related	113,650	113,650	106,269	7,381
Recreation and culture:				
Parks and recreation	348,162	349,302	291,620	57,682
Cultural center	295,639	300,627	242,233	58,394
Senior citizen committee	63,801	63,801	44,485	19,316
Debt service	1,422,149	1,422,149	1,422,149	-
<b>Total expenditures</b>	<b>9,993,669</b>	<b>12,319,953</b>	<b>11,260,364</b>	<b>1,059,589</b>
<b>Excess of Revenue Over Expenditures</b>	<b>3,401,000</b>	<b>2,322,701</b>	<b>634,492</b>	<b>(1,688,209)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,078,299	1,078,299	-
Transfers out	(3,416,000)	(3,416,000)	(3,416,000)	-
Sale of capital assets	15,000	15,000	5,468	(9,532)
<b>Total other financing uses</b>	<b>(3,401,000)</b>	<b>(2,322,701)</b>	<b>(2,332,233)</b>	<b>(9,532)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(1,697,741)</b>	<b>(1,697,741)</b>
<b>Fund Balance - Beginning of year</b>	<b>5,205,880</b>	<b>5,205,880</b>	<b>5,205,880</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 5,205,880</b>	<b>\$ 5,205,880</b>	<b>\$ 3,508,139</b>	<b>\$ (1,697,741)</b>

Required Supplemental Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 Cost Sharing Plan

	<b>Last Six Plan Years</b>					
	<b>Plan Years Ended June 30</b>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	98.92473 %	98.93617 %	96.17633 %	96.69933 %	98.94750 %	98.94737 %
City's proportionate share of the net pension liability	\$ 1,267,153	\$ 2,960,159	\$ 13,884,065	\$ 14,974,219	\$ 15,257,723	\$ 11,516,991
City's covered payroll	\$ 1,489,420	\$ 1,802,784	\$ 1,975,451	\$ 2,061,173	\$ 2,184,701	\$ 2,394,251
City's proportionate share of the net pension liability as a percentage of its covered payroll	85.08 %	164.20 %	702.83 %	726.49 %	698.39 %	481.03 %
Plan fiduciary net position as a percentage of total pension liability	96.73 %	91.74 %	58.62 %	54.23 %	52.35 %	60.36 %

Required Supplemental Information  
Schedule of Pension Contributions  
Cost Sharing Plan

Last Ten Plan Years  
Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 221,969	\$ 1,568,052	\$ 1,269,089	\$ 1,039,531	\$ 962,726	\$ 833,137	\$ 783,319	\$ 772,277	\$ 784,321	\$ 895,324
Contributions in relation to the contractually required contribution	2,422,726	16,281,743	1,269,089	1,039,531	962,726	833,137	783,319	772,277	784,321	895,324
<b>Contribution Excess</b>	<b>\$ 2,200,757</b>	<b>\$ 14,713,691</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's Covered-employee Payroll</b>	<b>\$ 1,489,420</b>	<b>\$ 1,802,784</b>	<b>\$ 1,975,451</b>	<b>\$ 2,061,173</b>	<b>\$ 2,185,701</b>	<b>\$ 2,368,906</b>	<b>\$ 2,410,014</b>	<b>\$ 2,818,735</b>	<b>\$ 3,239,998</b>	<b>\$ 3,376,512</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>162.66 %</b>	<b>903.14 %</b>	<b>64.24 %</b>	<b>50.43 %</b>	<b>44.05 %</b>	<b>35.17 %</b>	<b>32.50 %</b>	<b>27.40 %</b>	<b>24.21 %</b>	<b>26.52 %</b>

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2017 (contribution rates are calculated as of December 31, 18 months prior to the start of the fiscal year in which the contributions are required)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll - Closed
Remaining amortization period	22 years
Asset valuation method	5-year smoothed
Inflation	2.5 percent
Salary increase	3.75 percent
Investment rate of return	8.0 percent
Retirement age	Various
Mortality	50 percent female/50 percent male RF-2014 Group Annuity Mortality Table
Other information	None

Required Supplemental Information  
 Schedule of the City's Proportionate Share of the Net OPEB Liability  
 Cost Sharing Plan

	<b>Last Three Plan Years</b>		
	<b>Plan Years Ended June 30</b>		
	2020	2019	2018
City's proportion of the net OPEB (asset) liability	97.74080 %	97.27054 %	97.86439 %
City's proportionate share of the net OPEB (asset) liability	\$ (2,471,188)	\$ (2,933,290)	\$ 5,366,179
City's covered-employee payroll	\$ 1,621,591	\$ 1,858,200	\$ 2,145,023
City's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	(152.39)%	(157.86)%	250.17 %
Plan fiduciary net position as a percentage of total OPEB (asset) liability	120.53 %	125.34 %	60.73 %

## City of Wixom, Michigan

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ -	\$ 702,395	\$ 722,604	\$ 563,990	\$ 569,089	\$ 537,268	\$ 651,658	\$ 651,658	\$ 651,658	\$ 625,283
Contributions in relation to the contractually required contribution	187,524	6,635,633	829,505	792,941	925,989	1,313,642	1,059,189	524,362	230,304	320,458
<b>Contribution Excess (Deficiency)</b>	<b>\$ 187,524</b>	<b>\$ 5,933,238</b>	<b>\$ 106,901</b>	<b>\$ 228,951</b>	<b>\$ 356,900</b>	<b>\$ 776,374</b>	<b>\$ 407,531</b>	<b>\$ (127,296)</b>	<b>\$ (421,354)</b>	<b>\$ (304,825)</b>
<b>City's Covered-employee Payroll</b>	\$ 1,621,591	\$ 1,858,200	\$ 2,145,023	\$ 2,441,102	\$ 2,441,102	\$ 2,441,102	\$ 3,481,219	\$ 3,481,219	\$ 3,481,219	\$ 3,620,780
<b>Contributions as a Percentage of Covered-employee payroll</b>	11.56 %	357.10 %	38.67 %	32.48 %	37.93 %	53.81 %	30.43 %	15.06 %	6.62 %	8.85 %



**Budgetary Information**

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

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

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

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

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

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

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

	Total Revenue	Total Expenditures	Total Financing Uses
Amounts per operating statement	\$ 11,945,569	\$ 11,260,364	\$ (3,410,532)
Budget Stabilization Fund revenue	(50,713)	-	-
Budget Stabilization Fund transfers to other funds	-	-	1,078,299
Amounts per budget statement	<u>\$ 11,894,856</u>	<u>\$ 11,260,364</u>	<u>\$ (2,332,233)</u>

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## Other Supplemental Information

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Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds								Debt Service Fund	Total Nonmajor Governmental Funds	
	Special Agency Fund	Community Development Fund	Major Road Capital Improvement Fund	Local Road Capital Improvement Fund	Land Acquisition Fund	Safety Path Road Program Fund	Solid Waste Collection Fund	Forfeiture Funds	Cemetery Fund		DDA/VCA Development Bonds Fund
<b>Assets</b>											
Cash and investments	\$ 1,206,882	\$ -	\$ 2,871,684	\$ 1,878,723	\$ 1,524,769	\$ 1,092,950	\$ 132,938	\$ 7,613	\$ 107,285	\$ 21,363	\$ 8,844,207
Receivables - Due from other governments	-	4,234	122,855	81,208	-	-	-	-	-	-	208,297
Due from other funds	358	1,714	590,830	-	-	-	-	198,225	4,523	335	795,985
Inventory	-	-	38,991	38,991	-	-	-	-	-	-	77,982
<b>Total assets</b>	<b>\$ 1,207,240</b>	<b>\$ 5,948</b>	<b>\$ 3,624,360</b>	<b>\$ 1,998,922</b>	<b>\$ 1,524,769</b>	<b>\$ 1,092,950</b>	<b>\$ 132,938</b>	<b>\$ 205,838</b>	<b>\$ 111,808</b>	<b>\$ 21,698</b>	<b>\$ 9,926,471</b>
<b>Liabilities</b>											
Accounts payable	\$ 12,531	\$ -	\$ 525,540	\$ 27,665	\$ -	\$ 26,937	\$ 44,230	\$ -	\$ -	\$ -	\$ 636,903
Due to other funds	-	-	-	19,520	-	35,758	221	-	-	-	55,499
Refundable deposits, bonds, etc.	172	-	-	-	-	-	-	-	-	-	172
Unearned revenue	390,819	-	-	-	-	-	-	-	-	-	390,819
<b>Total liabilities</b>	<b>403,522</b>	<b>-</b>	<b>525,540</b>	<b>47,185</b>	<b>-</b>	<b>62,695</b>	<b>44,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,083,393</b>
<b>Fund Balances</b>											
Nonspendable	-	-	38,991	38,991	-	-	-	-	-	-	77,982
Restricted:											
Roads	-	-	3,059,829	1,912,746	-	1,030,255	-	-	-	-	6,002,830
Debt service	-	-	-	-	-	-	-	-	-	21,698	21,698
Land acquisition	-	-	-	-	1,524,769	-	-	-	-	-	1,524,769
Police forfeiture	-	-	-	-	-	-	-	205,838	-	-	205,838
Solid waste	-	-	-	-	-	-	88,487	-	-	-	88,487
Development contracts	803,718	-	-	-	-	-	-	-	-	-	803,718
Community development	-	5,948	-	-	-	-	-	-	-	-	5,948
Committed - Cemetery	-	-	-	-	-	-	-	-	111,808	-	111,808
<b>Total fund balances</b>	<b>803,718</b>	<b>5,948</b>	<b>3,098,820</b>	<b>1,951,737</b>	<b>1,524,769</b>	<b>1,030,255</b>	<b>88,487</b>	<b>205,838</b>	<b>111,808</b>	<b>21,698</b>	<b>8,843,078</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,207,240</b>	<b>\$ 5,948</b>	<b>\$ 3,624,360</b>	<b>\$ 1,998,922</b>	<b>\$ 1,524,769</b>	<b>\$ 1,092,950</b>	<b>\$ 132,938</b>	<b>\$ 205,838</b>	<b>\$ 111,808</b>	<b>\$ 21,698</b>	<b>\$ 9,926,471</b>

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

Year Ended June 30, 2020

	Special Revenue Funds									Debt Service Fund	Total Nonmajor Governmental Funds
	Special Agency Fund	Community Development Fund	Major Road Capital Improvement Fund	Local Road Capital Improvement Fund	Land Acquisition Fund	Safety Path Road Program Fund	Solid Waste Collection Fund	Forfeiture Funds	Cemetery Fund	DDA/VCA Development Bonds Fund	
<b>Revenue</b>											
Taxes	\$ -	\$ -	\$ -	\$ 921,891	\$ -	\$ 240,428	\$ -	\$ -	\$ -	\$ -	\$ 1,162,319
Intergovernmental:											
Federal grants	-	88,621	-	-	-	-	-	-	-	-	88,621
State sources	3,047	-	880,258	376,537	-	-	-	-	-	-	1,259,842
Local grants and contributions	-	-	-	28,655	-	-	-	-	-	-	28,655
Charges for services	179,062	-	-	-	-	-	567,337	-	9,900	-	756,299
Interest and rentals	16,876	-	25,579	32,084	20,404	19,206	4,441	102	1,430	-	120,122
Other revenue	187	-	-	18,300	-	-	1,550	-	-	445,099	465,136
<b>Total revenue</b>	<b>199,172</b>	<b>88,621</b>	<b>905,837</b>	<b>1,377,467</b>	<b>20,404</b>	<b>259,634</b>	<b>573,328</b>	<b>102</b>	<b>11,330</b>	<b>445,099</b>	<b>3,880,994</b>
<b>Expenditures</b>											
Current services:											
General government	-	-	-	-	9,608	-	-	-	332	664	10,604
Public safety	5,854	-	-	-	-	-	-	531	-	-	6,385
Public works	-	-	1,451,727	695,078	-	-	563,442	-	6,045	-	2,716,292
Community and economic development	273,480	15,054	-	-	-	-	-	-	-	-	288,534
Capital outlay	-	-	-	-	-	301,185	-	-	-	-	301,185
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	320,000	320,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	124,354	124,354
<b>Total expenditures</b>	<b>279,334</b>	<b>15,054</b>	<b>1,451,727</b>	<b>695,078</b>	<b>9,608</b>	<b>301,185</b>	<b>563,442</b>	<b>531</b>	<b>6,377</b>	<b>445,018</b>	<b>3,767,354</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(80,162)</b>	<b>73,567</b>	<b>(545,890)</b>	<b>682,389</b>	<b>10,796</b>	<b>(41,551)</b>	<b>9,886</b>	<b>(429)</b>	<b>4,953</b>	<b>81</b>	<b>113,640</b>
<b>Other Financing Sources - Transfers in</b>	<b>-</b>	<b>-</b>	<b>1,851,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,851,000</b>
<b>Net Change in Fund Balances</b>	<b>(80,162)</b>	<b>73,567</b>	<b>1,305,110</b>	<b>682,389</b>	<b>10,796</b>	<b>(41,551)</b>	<b>9,886</b>	<b>(429)</b>	<b>4,953</b>	<b>81</b>	<b>1,964,640</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>883,880</b>	<b>(67,619)</b>	<b>1,793,710</b>	<b>1,269,348</b>	<b>1,513,973</b>	<b>1,071,806</b>	<b>78,601</b>	<b>206,267</b>	<b>106,855</b>	<b>21,617</b>	<b>6,878,438</b>
<b>Fund Balances - End of year</b>	<b>\$ 803,718</b>	<b>\$ 5,948</b>	<b>\$ 3,098,820</b>	<b>\$ 1,951,737</b>	<b>\$ 1,524,769</b>	<b>\$ 1,030,255</b>	<b>\$ 88,487</b>	<b>\$ 205,838</b>	<b>\$ 111,808</b>	<b>\$ 21,698</b>	<b>\$ 8,843,078</b>