
City of Wixom, Michigan

**Financial Report
with Supplemental Information
June 30, 2022**

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Independent Auditor's Report

To the City Council
City of Wixom, Michigan

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wixom, Michigan (the "City") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which establishes criteria for identifying and reporting leasing activities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the City Council
City of Wixom, Michigan

In performing an audit in accordance with GAAS, we:

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

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

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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.

Plante & Moran, PLLC

November 14, 2022

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, 2022. 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, 2022:

- The City's governmental net position increased by approximately \$4 million. The majority of this increase is related to the combined General Fund fund balance change of \$2,385,124. The remaining increase related primarily to planned fund balance increases in the Major/Local Road Capital Improvement, Safety Path Road Program, and Capital Improvement funds to fund future projects.
- Total assets related to the City's governmental activities exceeded liabilities at June 30, 2022 by approximately \$40 million.
- Property tax revenue increased by \$191,337 for governmental activities resulting from a taxable value increase of \$18.8 million, of which approximately \$14.9 million is attributable to the DDA district.
- The City increased its General Fund fund balance by \$2,385,124 this year. This increase can be attributed to fluctuations in both revenue and expenditures
 - o Revenue exceeded original budget expectations by over \$2 million due to the following factors:
 - Unbudgeted federal COVID-19 grant funding of \$26,964
 - Additional state sales tax revenue of \$962,613 resulting from revised calculations based on 2020 census figures
 - \$281,759 in General Fund local community stabilization revenue over the estimate
 - \$63,000 in local community stabilization revenue over the estimate
 - \$679,205 in additional building permits and fees over budget due to increased development
 - \$119,459 increase over estimate in all other revenue items
 - o Expenditures variances from original budgeted amounts aggregated to \$355,339 due to the following factors:
 - \$87,504 remaining between the City Council, city manager, and economic development/assessing departments due to fluctuation in various accounts
 - \$42,368 less in the police department due to position vacancies during the year and other fluctuations
 - \$180,000 in lesser expenditures in the fire department due to fluctuation in wages and other line items
 - \$44,586 in lower than estimated expenditures in the department of public works
 - \$105,026 less than budgeted in parks and recreation and community services due to decreased programming resulting from COVID-19
 - \$368,815 in higher than budgeted expenditures in construction and development services due mainly to the building official expense, which ties directly to higher permit fee revenue/activity
 - \$264,670 reduction in expenditures across all other departments

Many of these fluctuations are not anticipated to continue.

Using This Annual Report

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

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

The City's Net Position

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

	Governmental Activities		
	2021	2022	Change
Assets			
Current and other assets:			
Cash and investments	\$ 21,159,982	\$ 26,269,385	\$ 5,109,403
Receivables	2,583,099	2,992,255	409,156
Other assets	7,690,420	6,155,131	(1,535,289)
Capital assets	36,278,128	35,886,902	(391,226)
Total assets	67,711,629	71,303,673	3,592,044
Deferred Outflows of Resources	840,000	2,089,015	1,249,015
Liabilities			
Current liabilities	2,721,072	4,264,196	1,543,124
Noncurrent liabilities	24,791,212	23,260,386	(1,530,826)
Total liabilities	27,512,284	27,524,582	12,298
Deferred Inflows of Resources	5,140,146	5,900,894	760,748
Net Position			
Net investment in capital assets	32,908,743	33,093,614	184,871
Restricted	10,367,979	11,804,614	1,436,635
Unrestricted	(7,377,523)	(4,931,016)	2,446,507
Total net position	\$ 35,899,199	\$ 39,967,212	\$ 4,068,013

Management's Discussion and Analysis (Continued)

	Business-type Activities		
	2021	2022	Change
Assets			
Current and other assets:			
Cash and investments	\$ 13,222,965	\$ 14,703,513	\$ 1,480,548
Receivables	2,392,229	2,301,444	(90,785)
Other assets	1,128,727	186,880	(941,847)
Capital assets	54,264,635	55,416,430	1,151,795
Total assets	71,008,556	72,608,267	1,599,711
Liabilities			
Current liabilities	987,826	1,589,966	602,140
Noncurrent liabilities	5,303,142	5,081,212	(221,930)
Total liabilities	6,290,968	6,671,178	380,210
Net Position			
Net investment in capital assets	50,138,173	50,467,584	329,411
Unrestricted	14,579,415	15,469,505	890,090
Total net position	<u>\$ 64,717,588</u>	<u>\$ 65,937,089</u>	<u>\$ 1,219,501</u>

The governmental net position increased by approximately 11.3 percent from a year ago - from approximately \$35.9 million to \$40.0 million. The unrestricted net position deficit, the part of net position that can be used to finance day-to-day operations, increased by nearly \$2.5 million. This is directly attributable to the amount of capital assets being below annual recorded 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 \$1,200,000.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

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		
	2021	2022	Change
Revenue			
Program revenue:			
Charges for services	\$ 3,315,782	\$ 3,244,017	\$ (71,765)
Operating grants	2,169,567	1,982,440	(187,127)
Capital grants	519,883	645,856	125,973
General revenue:			
Property taxes	9,563,959	9,755,296	191,337
Intergovernmental	1,792,520	2,763,787	971,267
Investment earnings	46,493	(204,069)	(250,562)
Other revenue - Other miscellaneous income	800,475	1,776,259	975,784
Total revenue	18,208,679	19,963,586	1,754,907
Expenses			
General government	2,151,396	3,064,521	913,125
Public safety	3,859,166	4,533,935	674,769
Public works	4,612,463	5,123,115	510,652
Community and economic development	1,641,306	1,567,275	(74,031)
Recreation and culture	546,469	762,373	215,904
Debt service	880,605	844,354	(36,251)
Total expenses	13,691,405	15,895,573	2,204,168
Change in Net Position	4,517,274	4,068,013	(449,261)
Net Position - Beginning of year - As restated	31,381,925	35,899,199	4,517,274
Net Position - End of year	\$ 35,899,199	\$ 39,967,212	\$ 4,068,013
Business-type Activities			
	2021	2022	Change
	2021	2022	Change
Revenue			
Program revenue:			
Charges for services	\$ 7,246,962	\$ 7,140,311	\$ (106,651)
Operating grants	63,783	328,403	264,620
Capital grants	1,198,695	1,311,963	113,268
General revenue:			
Taxes	4,056	1,138	(2,918)
Investment earnings	38,644	(163,172)	(201,816)
Other revenue	478,539	52,600	(425,939)
Total revenue	9,030,679	8,671,243	(359,436)
Expenses	7,306,827	7,451,742	144,915
Change in Net Position	1,723,852	1,219,501	(504,351)
Net Position - Beginning of year	62,993,736	64,717,588	1,723,852
Net Position - End of year	\$ 64,717,588	\$ 65,937,089	\$ 1,219,501

The City's property tax revenue increased primarily due to new development and inflation on existing properties. Local Community Stabilization Authority revenue increased by over \$150,000 related to distributions of fees paid on personal property to the State. The City again reduced its usage of the special general operating millage by 0.5 mills, levying 3 mills for the 2021/2022 fiscal year as opposed to the voter-approved maximum of 3.5 mills. This millage collection was separately approved by voters in November 2012 and renewed in November 2016 and November 2020. Additionally, when it occurs, revenue collected over expenditures is allocated to budget stabilization to be utilized for future unforeseen expenses or to make needed capital improvements. The City continues to evaluate and implement cost-cutting measures and develop and implement a citywide, 10-year capital improvement plan.

Over several years, the City set its sewer rates lower than its cost to provide services. This was primarily due to the strong financial position of the Sewer Fund. During 2022, the City entered its ninth year of implementation of a financial master plan for the water and sewer system. This plan allows the City to evaluate and set future rates in line with its cost to provide services.

The fund financial statements provide detailed information about the most significant funds of the City. The City Council creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages. The City's major funds for 2022 include the General Fund, the Special Assessment Fund, the Special Holding Agency Fund, the Capital Improvement Fund, and the ARPA Holding Fund. The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenditures of over \$5 million in 2022, and general government, which incurred expenditures of approximately \$2.1 million. The General Fund ended the year with nearly \$4 million of unassigned fund balance and approximately \$4.9 million of assigned fund balance. City administration has assigned \$4.9 million to capital projects to address strategic investments in roads, sidewalks, and property acquisition.

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 2022 was the ninth 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 was a revenue increase for state revenue sharing due to revised census figures; an increase to local community stabilization revenue; and an increase to building permits and fee revenue, along with the related building official expense increase.

Capital Assets and Debt Administration

At the end of 2022, the City had over \$91 million (net of depreciation) invested in a broad range of capital assets, including buildings, police equipment, fire equipment, and water and sewer lines. Major purchases included computer equipment, HVAC improvements, downtown light post replacements, furniture, live-scan fingerprinting appliance, police vehicles, police vehicle computer terminals, radios, garage door replacement, Polaris Ranger vehicle, fire equipment, fire storage building, 2020 Freightliner truck, Adopt-a-Box, DPW building upgrades, mowing equipment, park improvements, ball diamond dresser, safety paths, and utility improvements. In addition, investments were allocated to roads within the City. In July 2019, wastewater capital improvement bonds were issued to cover costs of wastewater plant improvements, ending the year with a debt balance of approximately \$4.9 million. The remaining debt balance consists of approximately \$14 million for pension bonds, approximately \$5.4 million for health care bonds, and approximately \$2.1 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. The City received a total of approximately \$1.47 million through the American Rescue Plan Act in fiscal year 2021/2022. These funds are anticipated to be utilized for wastewater plant upgrades.

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 2021 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 region, which includes the City and the surrounding area of Oakland County has more than 1.2 million residents and 42,000 businesses. More than 690,000 people work in Oakland County business establishments and government agencies, with 57 percent of global Fortune 500 companies having at least one business location in Oakland County. The county is home to more than 1,000 foreign-owned firms from some 40 countries, many located in the City of Wixom, Michigan. The City continues to attract businesses of national and international importance.

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

During fiscal year 2022, 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:

- 741,923 square foot new industrial building A - Wixom Assembly Park (Phase I) - (located on the west side of S. Wixom Rd. between I-96, north of Aldi, Menard's, and General RV, in the Gateway Planned Unit District (GPUD) - in progress)
- 133,554 square foot new industrial building B - Wixom Logistics Park (Phase I) - (located on the same parcel with building A - in progress with two tenants with signed leases; Wayfair and Advanced Nutrients will split the facility at a rough percentage of 60/40)
- 36,420 square foot new industrial building - YUKEN America - (Alpha Ct. - in progress)
- 48,660 square foot new 4-story hotel (122 rooms) - (Meijer store out lot - in progress)
- 37,500 square foot new industrial building - Underwood Fire Protection (Frank St. - completed)
- 126,720 square foot new industrial building - US Auto Force (Frank St. - completed)
- 5,660 square foot new building - LongHorn Steakhouse (South Wixom Rd. - in progress)
- 34,409 square foot new industrial speculative building shell (tenant unknown to date (West Rd. - partially complete - shell complete; exterior site work to be completed with tenant determination)
- 34,960 square foot building addition (warehouse/storage) - Discraft (Grand River Ave. - in progress)
- 2,128 square foot new building addition - AFC Holcroft (Pontiac Trail - in progress)
- 28,045 square foot industrial building addition - Hallmark (Pontiac Trail - in progress)

- 34,000 square foot industrial building addition - Grand Steel (Pontiac Trail - complete)
- Five (5) new single-family residential developments - Milana Estates, Cambridge Lane, Stonegate Village, Roma Ct, Maple Glen - in progress, Encore at Tribute - two townhome buildings left - in progress)

In addition, the following construction projects were in the site plan submittal and review process at the end of the fiscal year:

- Wixom Assembly Park - The applicant has received final GPUD site plan approval for phase 2 Buildings C, D, and E of a five-building industrial development, including warehouse, logistics, and distribution uses. The three new buildings in phase 2 will add an additional 700,000+ square feet of available space with potential uses including manufacturing, warehousing, logistics, and distribution. The property is located on the west side of South Wixom Road between I-96, north of Aldi, Menard's, and General RV, in the GPUD.
- Schrieber Corporation, at 29945 Beck Road, has received site plan approval to permit a 20,000 square foot storage building with paved parking and staging areas and a 180' x 115', 20,000 square foot gravel-based equipment storage yard at its roofing and sheet metal facility in the M-1, General Industrial District.
- Saf T Storage LLC - 29686 Beck Road - The applicant received site plan approval for a 102,375 square-foot, three-story, climate-controlled self-storage building and site plan approval for a 66-space recreational vehicle storage lot.
- JR Wixom Property, LLC - 29710 Wixom Road - The property was rezoned last year, possibly for a used car lot; the property formerly was home to Denise's restaurant.
- Proposed restaurant located on Menard's property next to LongHorn Steakhouse. The property is located at 28703 S. 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.

Requests for Further Information

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

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 26,269,385	\$ 14,703,513	\$ 40,972,898	\$ 617,743
Receivables - Net:				
Special assessments receivable	625,084	-	625,084	-
Customer receivables	-	2,179,856	2,179,856	-
Leases receivable	655,539	-	655,539	-
Other receivables	1,336,578	111,047	1,447,625	-
Due from other governments	384,784	-	384,784	-
Due from component units (Note 5)	811	-	811	-
Due from primary government (Note 5)	-	-	-	1,000
Internal balances (Note 5)	(10,541)	10,541	-	-
Inventory	79,335	186,880	266,215	-
Prepaid expenses and other assets	204,796	-	204,796	-
Net pension asset	698,674	-	698,674	-
Net OPEB asset (Note 10)	5,172,326	-	5,172,326	-
Capital assets: (Note 4)				
Assets not subject to depreciation	5,009,299	-	5,009,299	154,296
Assets subject to depreciation - Net	30,877,603	55,416,430	86,294,033	63,967
Total assets	71,303,673	72,608,267	143,911,940	837,006
Deferred Outflows of Resources				
Deferred pension costs (Note 9)	191,807	-	191,807	-
Deferred OPEB costs (Note 10)	1,897,208	-	1,897,208	-
Total deferred outflows of resources	2,089,015	-	2,089,015	-
Liabilities				
Accounts payable	1,039,615	1,566,291	2,605,906	51,886
Due to component units (Note 5)	1,000	-	1,000	-
Due to primary government (Note 5)	-	-	-	811
Due to others	45,697	-	45,697	-
Accrued liabilities and other	224,213	23,675	247,888	-
Unearned revenue	2,337,828	-	2,337,828	-
Refundable deposits	615,843	-	615,843	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	133,566	-	133,566	-
Current portion of bonds and contracts payable (Note 6)	1,391,097	227,579	1,618,676	-
Due in more than one year:				
Compensated absences (Note 6)	908,532	-	908,532	-
Other noncurrent liabilities	-	132,366	132,366	-
Bonds and contracts payable - Net of current portion (Note 6)	20,827,191	4,721,267	25,548,458	-
Total liabilities	27,524,582	6,671,178	34,195,760	52,697
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 9)	3,198,395	-	3,198,395	-
Deferred OPEB cost reductions (Note 10)	2,046,960	-	2,046,960	-
Deferred inflows from Leases	655,539	-	655,539	-
Total deferred inflows of resources	5,900,894	-	5,900,894	-

Statement of Net Position (Continued)

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 33,093,614	\$ 50,467,584	\$ 83,561,198	\$ 218,263
Restricted:				
Roads and bike paths	8,671,002	-	8,671,002	-
Debt service	626,259	-	626,259	-
Land acquisition	1,224,904	-	1,224,904	-
Police forfeitures	183,426	-	183,426	-
Solid waste	101,302	-	101,302	-
Building and development	882,820	-	882,820	-
Special assessment maintenance	114,901	-	114,901	-
Unrestricted	(4,931,016)	15,469,505	10,538,489	566,046
Total net position	\$ 39,967,212	\$ 65,937,089	\$ 105,904,301	\$ 784,309

Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenue			Primary Government		Total	Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 3,064,521	\$ 533,070	\$ 183,451	\$ -	\$ (2,348,000)	\$ -	\$ (2,348,000)	\$ -
Public safety	4,533,935	11,784	-	-	(4,522,151)	-	(4,522,151)	-
Public works	5,123,115	953,675	1,772,329	645,856	(1,751,255)	-	(1,751,255)	-
Community and economic development	1,567,275	1,602,131	26,660	-	61,516	-	61,516	-
Recreation and culture	762,373	143,357	-	-	(619,016)	-	(619,016)	-
Interest on long-term debt	844,354	-	-	-	(844,354)	-	(844,354)	-
Total governmental activities	15,895,573	3,244,017	1,982,440	645,856	(10,023,260)	-	(10,023,260)	-
Business-type activities:								
Water Fund	4,117,154	3,916,081	-	466,462	-	265,389	265,389	-
Sewer Fund	3,334,588	3,224,230	328,403	845,501	-	1,063,546	1,063,546	-
Total business-type activities	7,451,742	7,140,311	328,403	1,311,963	-	1,328,935	1,328,935	-
Total primary government	<u>\$ 23,347,315</u>	<u>\$ 10,384,328</u>	<u>\$ 2,310,843</u>	<u>\$ 1,957,819</u>	(10,023,260)	1,328,935	(8,694,325)	-
Component units:								
Downtown Development Authority	\$ 932,439	\$ -	\$ -	\$ -	-	-	-	(932,439)
Local Development Finance Authority	50,811	-	-	-	-	-	-	(50,811)
Total component units	<u>\$ 983,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	(983,250)
General revenue:								
Property taxes					9,755,296	1,138	9,756,434	966,238
Unrestricted state-shared revenue					2,763,787	-	2,763,787	-
Unrestricted investment (loss) income					(204,069)	(163,172)	(367,241)	1,005
Other miscellaneous income					1,776,259	52,600	1,828,859	27,617
Total general revenue					<u>14,091,273</u>	<u>(109,434)</u>	<u>13,981,839</u>	<u>994,860</u>
Change in Net Position					4,068,013	1,219,501	5,287,514	11,610
Net Position - Beginning of year					<u>35,899,199</u>	<u>64,717,588</u>	<u>100,616,787</u>	<u>772,699</u>
Net Position - End of year					<u>\$ 39,967,212</u>	<u>\$ 65,937,089</u>	<u>\$ 105,904,301</u>	<u>\$ 784,309</u>

Governmental Funds
Balance Sheet

June 30, 2022

	Combined General Fund	Special Assessment Fund	Special Holding Agency Fund	Capital Improvement Fund	ARPA Holding Fund	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments (Note 3)	\$ 10,982,816	\$ 23,160	\$ 2,391,366	\$ 2,993,684	\$ -	\$ 9,878,359	\$ 26,269,385
Receivables:							
Special assessments receivable	-	625,084	-	-	-	-	625,084
Leases receivable (Note 16)	655,539	-	-	-	-	-	655,539
Other receivables Due from other governments	1,203,151	-	-	96,287	-	37,140	1,336,578
Due from component units (Note 5)	5,160	-	-	-	-	379,624	384,784
Due from other funds (Note 5)	811	-	-	-	-	-	811
Inventory	143,700	-	7,495	114,153	1,476,391	178,446	1,920,185
Prepaid expenses and other assets	4,961	-	-	-	-	74,374	79,335
	204,796	-	-	-	-	-	204,796
Total assets	\$ 13,200,934	\$ 648,244	\$ 2,398,861	\$ 3,204,124	\$ 1,476,391	\$ 10,547,943	\$ 31,476,497
Liabilities							
Accounts payable Due to component units (Note 5)	\$ 399,937	\$ -	\$ 67,482	\$ 456,539	\$ -	\$ 115,657	\$ 1,039,615
Due to other funds (Note 5)	1,000	-	-	-	-	-	1,000
Due to others	1,787,026	8,500	-	-	-	135,200	1,930,726
Accrued liabilities and other	-	-	45,697	-	-	-	45,697
Unearned revenue	82,087	-	-	-	-	-	82,087
Refundable deposits	32,970	35,500	792,967	-	1,476,391	-	2,337,828
	-	-	615,843	-	-	-	615,843
Total liabilities	2,303,020	44,000	1,521,989	456,539	1,476,391	250,857	6,052,796
Deferred Inflows of Resources -							
Unavailable revenue	576	589,584	-	96,287	-	139,633	826,080
Deferred inflows from Leases	655,539	-	-	-	-	-	655,539
Total deferred inflows of resources	656,115	589,584	-	96,287	-	139,633	1,481,619

Governmental Funds
Balance Sheet (Continued)

June 30, 2022

	Combined General Fund	Special Assessment Fund	Special Holding Agency Fund	Capital Improvement Fund	ARPA Holding Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances							
Nonspendable:							
Inventory	4,961	-	-	-	-	74,374	79,335
Prepays	159,412	-	-	-	-	-	159,412
Restricted:							
Roads	-	-	-	-	-	8,559,488	8,559,488
Debt service	-	14,660	-	-	-	22,015	36,675
Land acquisition	-	-	-	-	-	1,224,904	1,224,904
Police forfeiture	-	-	-	-	-	183,426	183,426
Solid Waste	-	-	-	-	-	101,302	101,302
Development contracts	-	-	761,971	-	-	-	761,971
Special assessment maintenance	-	-	114,901	-	-	-	114,901
Committed:							
Cemetery	-	-	-	-	-	88,489	88,489
Budget stabilization	1,288,674	-	-	-	-	-	1,288,674
Assigned - Capital improvements	4,897,000	-	-	2,651,298	-	-	7,548,298
Unassigned	3,891,752	-	-	-	-	(96,545)	3,795,207
Total fund balances	<u>10,241,799</u>	<u>14,660</u>	<u>876,872</u>	<u>2,651,298</u>	<u>-</u>	<u>10,157,453</u>	<u>23,942,082</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,200,934</u>	<u>\$ 648,244</u>	<u>\$ 2,398,861</u>	<u>\$ 3,204,124</u>	<u>\$ 1,476,391</u>	<u>\$ 10,547,943</u>	<u>\$ 31,476,497</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 23,942,082
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	35,886,902
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	826,080
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(22,218,288)
Accrued interest is not due and payable in the current period and is not reported in the funds	(142,126)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,042,098)
Pension benefits	(2,307,914)
Retiree health care benefits	5,022,574
Net Position of Governmental Activities	<u>\$ 39,967,212</u>

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

Year Ended June 30, 2022

	Combined General Fund	Special Assessment Fund	Special Holding Agency Fund	Capital Improvement Fund	ARPA Holding Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Taxes	\$ 8,503,929	\$ -	\$ -	\$ -	\$ -	\$ 1,214,872	\$ 9,718,801
Special assessments	-	216,245	-	-	-	-	216,245
Intergovernmental:							
Federal grants	26,964	-	-	-	-	26,660	53,624
State sources	2,756,265	-	3,447	-	-	1,684,773	4,444,485
Local grants and contributions	32,869	-	-	1,000	-	36,495	70,364
Charges for services	1,616,619	-	343,983	-	-	633,360	2,593,962
Fines and forfeitures	70,481	-	-	-	-	-	70,481
Licenses and permits	37,148	-	-	-	-	-	37,148
Interest and rentals:							
Investment earnings	(93,308)	63	33	(30,448)	-	(80,409)	(204,069)
Rental income	278,805	-	-	-	-	-	278,805
Other revenue	652,037	-	163	156,487	-	481,833	1,290,520
Total revenue	<u>13,881,809</u>	<u>216,308</u>	<u>347,626</u>	<u>127,039</u>	<u>-</u>	<u>3,997,584</u>	<u>18,570,366</u>
Expenditures							
Current services:							
General government	2,091,377	680	-	-	-	311,189	2,403,246
Public safety	5,388,906	-	4,165	-	-	1,341	5,394,412
Public works	698,620	8,925	-	75,558	-	1,652,856	2,435,959
Community and economic development	110,349	-	330,467	-	-	15,000	455,816
Recreation and culture	721,167	-	175	11,747	-	-	733,089
Capital outlay	-	-	-	1,493,211	-	190,410	1,683,621
Debt service	1,527,319	207,590	-	-	-	452,934	2,187,843
Total expenditures	<u>10,537,738</u>	<u>217,195</u>	<u>334,807</u>	<u>1,580,516</u>	<u>-</u>	<u>2,623,730</u>	<u>15,293,986</u>
Excess of Revenue Over (Under) Expenditures	3,344,071	(887)	12,819	(1,453,477)	-	1,373,854	3,276,380
Other Financing Sources (Uses)							
Transfers in (Note 5)	-	-	-	995,000	-	-	995,000
Transfers out (Note 5)	(995,000)	-	-	-	-	-	(995,000)
Sale of capital assets	36,053	-	-	-	-	-	36,053
Total other financing (uses) sources	<u>(958,947)</u>	<u>-</u>	<u>-</u>	<u>995,000</u>	<u>-</u>	<u>-</u>	<u>36,053</u>
Net Change in Fund Balances	2,385,124	(887)	12,819	(458,477)	-	1,373,854	3,312,433
Fund Balances - Beginning of year	7,856,675	15,547	864,053	3,109,775	-	8,783,599	20,629,649
Fund Balances - End of year	<u>\$ 10,241,799</u>	<u>\$ 14,660</u>	<u>\$ 876,872</u>	<u>\$ 2,651,298</u>	<u>\$ -</u>	<u>\$ 10,157,453</u>	<u>\$ 23,942,082</u>

Governmental Funds

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 3,312,433
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	3,255,409
Depreciation expense	(3,613,591)
Net book value of assets disposed of	(33,044)
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	18,200
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,336,097
Interest expense is recognized in the government-wide statements as it accrues	7,392
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	(214,883)
Change in Net Position of Governmental Activities	<u>\$ 4,068,013</u>

Proprietary Funds
Statement of Net Position

June 30, 2022

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 2,763,453	\$ 11,940,060	\$ 14,703,513
Receivables:			
Customer receivables	1,182,850	997,006	2,179,856
Other receivables	30,589	80,458	111,047
Due from other funds (Note 5)	9,895	646	10,541
Inventory	74,752	112,128	186,880
Total current assets	4,061,539	13,130,298	17,191,837
Noncurrent assets - Capital assets - Net	31,781,774	23,634,656	55,416,430
Total assets	35,843,313	36,764,954	72,608,267
Liabilities			
Current liabilities:			
Accounts payable	891,597	674,694	1,566,291
Accrued interest payable	-	23,675	23,675
Current portion of bonds and contracts payable (Note 6)	-	227,579	227,579
Total current liabilities	891,597	925,948	1,817,545
Noncurrent liabilities:			
Bonds and contracts payable - Net of current portion (Note 6)	-	4,721,267	4,721,267
Other noncurrent liabilities	-	132,366	132,366
Total noncurrent liabilities	-	4,853,633	4,853,633
Total liabilities	891,597	5,779,581	6,671,178
Net Position			
Net investment in capital assets	31,781,774	18,685,810	50,467,584
Unrestricted	3,169,942	12,299,563	15,469,505
Total net position	\$ 34,951,716	\$ 30,985,373	\$ 65,937,089

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

Year Ended June 30, 2022

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
Operating Revenue			
Sale of water	\$ 2,461,874	\$ -	\$ 2,461,874
Sewage disposal charges	-	2,711,612	2,711,612
Interest and penalty charges	175,988	153,724	329,712
Other miscellaneous charges	1,278,219	358,894	1,637,113
Total operating revenue	3,916,081	3,224,230	7,140,311
Operating Expenses			
Cost of water	2,606,450	-	2,606,450
Cost of sewage treatment	-	1,325,709	1,325,709
Other operating and maintenance costs	505,612	37,837	543,449
Billing and administrative costs	180,900	227,593	408,493
Utilities	-	246,090	246,090
Other miscellaneous charges	-	50,864	50,864
Depreciation and amortization	824,192	1,299,195	2,123,387
Total operating expenses	4,117,154	3,187,288	7,304,442
Operating (Loss) Income	(201,073)	36,942	(164,131)
Nonoperating Revenue (Expense)			
Property tax revenue	1,138	-	1,138
Investment loss	(24,264)	(138,908)	(163,172)
Interest expense	-	(147,300)	(147,300)
Operating grants	-	328,403	328,403
Other nonoperating general revenue	52,600	-	52,600
Total nonoperating revenue	29,474	42,195	71,669
(Loss) Income - Before capital contributions	(171,599)	79,137	(92,462)
Capital Contributions			
Benefit fees	53,007	845,501	898,508
Lines donated by developers	413,455	-	413,455
Total capital contributions	466,462	845,501	1,311,963
Change in Net Position	294,863	924,638	1,219,501
Net Position - Beginning of year	34,656,853	30,060,735	64,717,588
Net Position - End of year	\$ 34,951,716	\$ 30,985,373	\$ 65,937,089

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2022

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 3,965,914	\$ 3,208,974	\$ 7,174,888
Receipts from (payments on) interfund services and reimbursements	799,734	(1,161,322)	(361,588)
Payments to suppliers	(2,947,877)	(1,366,408)	(4,314,285)
Other receipts	51,749	-	51,749
Net cash and cash equivalents provided by operating activities	1,869,520	681,244	2,550,764
Cash Flows Provided by Noncapital Financing Activities			
- Operating grants and subsidies	-	328,403	328,403
Cash Flows from Capital and Related Financing Activities			
Benefit fees	53,007	845,501	898,508
Property taxes restricted for capital items	1,138	-	1,138
Purchase of capital assets	(220,020)	(2,654,286)	(2,874,306)
Principal and interest paid on capital debt	-	(358,351)	(358,351)
Other fees	52,600	-	52,600
Net cash and cash equivalents used in capital and related financing activities	(113,275)	(2,167,136)	(2,280,411)
Cash Flows Used in Investing Activities - Interest received on investments	(24,264)	(138,908)	(163,172)
Net Increase (Decrease) in Cash and Cash Equivalents	1,731,981	(1,296,397)	435,584
Cash and Cash Equivalents - Beginning of year	1,031,472	13,236,457	14,267,929
Cash and Cash Equivalents - End of year	<u>\$ 2,763,453</u>	<u>\$ 11,940,060</u>	<u>\$ 14,703,513</u>
Reconciliation of Operating (Loss) Income to Net Cash and Cash Equivalents from Operating Activities			
Operating (loss) income	\$ (201,073)	\$ 36,942	\$ (164,131)
Adjustments to reconcile operating (loss) income to net cash and cash equivalents from operating activities:			
Depreciation and amortization	824,192	1,299,195	2,123,387
Changes in assets and liabilities:			
Receivables	101,582	(57,702)	43,880
Due to and from other funds	980,634	(933,729)	46,905
Inventories	(41,088)	(62,029)	(103,117)
Accounts payable and escrows	205,273	398,567	603,840
Total adjustments	2,070,593	644,302	2,714,895
Net cash and cash equivalents provided by operating activities	<u>\$ 1,869,520</u>	<u>\$ 681,244</u>	<u>\$ 2,550,764</u>
Significant Noncash Transactions - Donated capital assets	\$ 413,456	\$ -	\$ 413,456

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2022

	Custodial Fund - Tax Collection Fund	Other Postemployment Benefit Trust Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 3,406	\$ -	\$ 3,406
Investments - Interest in pooled investments	-	17,449,293	17,449,293
Receivables	84,622	-	84,622
Total assets	88,028	17,449,293	17,537,321
Liabilities			
Due to other governmental units	70,010	-	70,010
Due to primary government	5,763	767,882	773,645
Due to others	12,255	-	12,255
Total liabilities	88,028	767,882	855,910
Net Position - Restricted for postemployment benefits other than pension	\$ -	\$ 16,681,411	\$ 16,681,411

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Custodial Fund - Tax Collection Fund	Other Postemployment Benefit Trust Fund	Total Fiduciary Funds
Additions			
Investment loss	\$ -	\$ (1,601,900)	\$ (1,601,900)
Collections - Property tax collections for other taxing authorities	23,387,418	-	23,387,418
Contributions:			
Employer contributions	-	79,435	79,435
Employee contributions	-	16,383	16,383
Total contributions	-	95,818	95,818
Total additions	23,387,418	(1,506,082)	21,881,336
Deductions			
Benefit payments	-	467,568	467,568
Administrative expenses	-	945	945
Property tax disbursements to other taxing authorities	23,387,418	-	23,387,418
Total deductions	23,387,418	468,513	23,855,931
Net Decrease in Fiduciary Net Position	-	(1,974,595)	(1,974,595)
Net Position - Beginning of year	-	18,656,006	18,656,006
Net Position - End of year	<u>\$ -</u>	<u>\$ 16,681,411</u>	<u>\$ 16,681,411</u>

**Component Units
Statement of Net Position**

June 30, 2022

	Downtown Development Authority	Local Development Finance Authority	Total
Assets			
Cash and cash equivalents	\$ 109,914	\$ 507,829	\$ 617,743
Due from primary government (Note 5)	1,000	-	1,000
Capital assets - Net	218,263	-	218,263
Total assets	329,177	507,829	837,006
Liabilities			
Accounts payable	1,886	50,000	51,886
Due to primary government	-	811	811
Total liabilities	1,886	50,811	52,697
Net Position			
Net investment in capital assets	218,263	-	218,263
Unrestricted	109,028	457,018	566,046
Total net position	\$ 327,291	\$ 457,018	\$ 784,309

Component Units
Statement of Activities

Year Ended June 30, 2022

	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
Functions/Programs							
Downtown Development Authority	\$ 932,439	\$ -	\$ -	\$ -	\$ (932,439)	\$ -	\$ (932,439)
Local Development Finance Authority	50,811	-	-	-	-	(50,811)	(50,811)
Total	\$ 983,250	\$ -	\$ -	\$ -	(932,439)	(50,811)	(983,250)
General revenue:							
Taxes					966,238	-	966,238
Investment income					232	773	1,005
Other miscellaneous income					27,617	-	27,617
Total general revenue					994,087	773	994,860
Change in Net Position					61,648	(50,038)	11,610
Net Position - Beginning of year					265,643	507,056	772,699
Net Position - End of year					\$ 327,291	\$ 457,018	\$ 784,309

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

Local Development Finance Authority

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

Fiduciary Component Unit

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

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

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

Report Presentation

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

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

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

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

Fund Accounting

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

Governmental Funds

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

Interfund Activity

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

Note 1 - Significant Accounting Policies (Continued)

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.

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.

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.

Note 1 - Significant Accounting Policies (Continued)

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

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

The LDFA contributed capital of \$50,000 to the City of Wixom, Michigan during the year ended June 30, 2022. The LDFA plan has expired; however, funds on hand that were previously captured from taxes are used in accordance with LDFA board designations.

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

Net Position

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

Note 1 - Significant Accounting Policies (Continued)

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.

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, 2022 of the stabilization amount, which is reported in the General Fund, is \$1,288,674.

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.

Note 1 - Significant Accounting Policies (Continued)

The City's 2021 property tax revenue was levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the City totaled \$814 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	10.5036	\$ 8,094,921
Local Road Capital Improvement Fund - Capital	1.1439	881,561
Safety Path Road Program Fund - Capital	.2983	229,871
DDA special millage	1.2966	8,302
Total		<u>\$ 9,214,655</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.

Leases

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

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

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

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

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

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*. As a result, the General Fund and governmental activities now include receivables for the presented value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease of leased assets. Lease activity is further described in Note 16.

Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Note 1 - Significant Accounting Policies (Continued)

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

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

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, 2021		\$	(425,345)
Current year permit revenue			1,271,501
Related expenses:			
Direct costs	\$	964,579	
Indirect costs		441,334	1,405,913
			<u>1,405,913</u>
Current year deficit			<u>(134,412)</u>
Cumulative shortfall at June 30, 2022		\$	<u>(559,757)</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.

June 30, 2022

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits totaling \$7,347,564 (certificates of deposit and checking and savings accounts), of which \$6,478,205 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.

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

Investment	Fair Value	Weighted-average Maturity (Days)
Primary Government		
U.S. government agency securities	\$ 3,662,529	888
U.S. Treasury bonds	330,094	91
Local government investment pool	3,895,786	536
Municipal bonds	3,488,035	785
Total	<u>\$ 11,376,444</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, 2022, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Local government investment pool	\$ 3,895,786	NR	N/A
U.S. Treasury	330,094	AA+	S&P
U.S. government agency	3,662,529	AA+	S&P
Municipal bonds	126,848	A	S&P
Municipal bonds	2,037,751	AA	S&P
Municipal bonds	198,673	AA+	S&P
Municipal bonds	259,710	AA-	S&P
Municipal bonds	865,053	NR	N/A
Total	<u>\$ 11,376,444</u>		

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in the Oakland County Local Government Investment Pool (the "LGIP") at 33 percent. The LGIP is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 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, 2022, the City had \$23,579,304 in such a fund at Comerica Bank (J Fund, which has an A1/P1/F1 rating). The Comerica J Fund is recorded at amortized cost. There is no limitation or restriction on participant withdrawals for the Comerica J Fund investment pool.

Fair Value Measurements

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

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

The City has the following recurring fair value measurements as of June 30, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Debt securities:				
U.S. Treasury securities	\$ 330,094	\$ -	\$ -	\$ 330,094
Agency bonds	3,662,529	-	-	3,662,529
Municipal bonds	-	3,488,035	-	3,488,035
Total investments by fair value level	<u>\$ 3,992,623</u>	<u>\$ 3,488,035</u>	<u>\$ -</u>	<u>\$ 7,480,658</u>

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

The fair value of municipal bonds at June 30, 2022 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

Note 3 - Deposits and Investments (Continued)

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

Investments in Entities that Calculate Net Asset Value per Share

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

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

At June 30, 2022, 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	\$ 3,895,786	\$ -	No Restrictions	None
MERS Total Market fund	17,449,293	-	N/A	N/A

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

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

June 30, 2022

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated - Land	\$ 4,707,374	\$ 308,845	\$ (6,920)	\$ 5,009,299
Capital assets being depreciated:				
Roads and sidewalks	73,792,892	1,359,609	-	75,152,501
Buildings, drains, and improvements	25,058,987	655,925	(7,145)	25,707,767
Machinery and equipment	4,672,653	283,617	(62,825)	4,893,445
Vehicles	5,994,850	605,064	(170,458)	6,429,456
Furniture and fixtures	1,292,496	42,349	(9,885)	1,324,960
Subtotal	110,811,878	2,946,564	(250,313)	113,508,129
Accumulated depreciation:				
Roads and sidewalks	58,145,076	2,161,848	-	60,306,924
Buildings, drains, and improvements	12,285,321	710,227	(6,045)	12,989,503
Machinery and equipment	3,737,973	228,880	(62,439)	3,904,414
Vehicles	4,161,883	458,831	(145,820)	4,474,894
Furniture and fixtures	910,871	53,805	(9,885)	954,791
Subtotal	79,241,124	3,613,591	(224,189)	82,630,526
Net capital assets being depreciated	31,570,754	(667,027)	(26,124)	30,877,603
Net capital assets	\$ 36,278,128	\$ (358,182)	\$ (33,044)	\$ 35,886,902

During the year ended June 30, 2022, the LDFA contributed capital in the amount of \$50,000 to the primary government.

June 30, 2022

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets being depreciated:				
Water and sewer lines	\$ 66,989,616	\$ 3,262,223	\$ -	\$ 70,251,839
Buildings and improvements	22,614,585	-	-	22,614,585
Machinery and equipment	1,670,169	-	-	1,670,169
Office furnishings	68,670	-	-	68,670
Information technology	74,756	25,539	-	100,295
Subtotal	91,417,796	3,287,762	-	94,705,558
Accumulated depreciation:				
Water and sewer lines	22,027,192	1,593,949	-	23,621,141
Buildings and improvements	13,373,868	527,963	-	13,901,831
Machinery and equipment	1,622,249	11,941	-	1,634,190
Office furnishings	68,670	-	-	68,670
Information technology	61,182	2,114	-	63,296
Subtotal	37,153,161	2,135,967	-	39,289,128
Net capital assets	<u>\$ 54,264,635</u>	<u>\$ 1,151,795</u>	<u>\$ -</u>	<u>\$ 55,416,430</u>

Component Unit - Downtown Development Authority

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated - Land	\$ 154,296	\$ -	\$ -	\$ 154,296
Capital assets being depreciated:				
Building, drains, and improvements	499,892	-	-	499,892
Other tools and equipment	60,913	-	-	60,913
Subtotal	560,805	-	-	560,805
Accumulated depreciation:				
Building, drains, and improvements	429,002	6,922	-	435,924
Other tools and equipment	60,914	-	-	60,914
Subtotal	489,916	6,922	-	496,838
Net capital assets being depreciated	70,889	(6,922)	-	63,967
Net capital assets	<u>\$ 225,185</u>	<u>\$ (6,922)</u>	<u>\$ -</u>	<u>\$ 218,263</u>

June 30, 2022

Note 4 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 554,396
Public safety		390,850
Public works		2,388,849
Economic development		143,634
Recreation and culture		<u>135,862</u>
Total governmental activities		<u>\$ 3,613,591</u>
Business-type activities:		
Water		\$ 824,192
Sewer		<u>1,311,775</u>
Total business-type activities		<u>\$ 2,135,967</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Assessment Fund	\$ 8,500
	Nonmajor funds	<u>135,200</u>
	General Fund	143,700
Special Holding Agency Fund	General Fund	7,495
Capital Improvement Fund	General Fund	114,153
Nonmajor funds	General Fund	178,446
Sewer Fund	General Fund	646
Water Fund	General Fund	9,895
ARPA Holding Fund	General Fund	<u>1,476,391</u>
	Total	<u>\$ 1,930,726</u>

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

Receivable	Payable	Amount
General Fund	Local Development Finance Authority	\$ 811
Downtown Development Authority	General Fund	1,000

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	<u>\$ 995,000</u>

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

June 30, 2022

Note 6 - Long-term Debt

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

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
DDA/VCA refunding bonds 2015	4.00%	\$300,000-\$450,000	\$ 2,430,000	\$ -	\$ (355,000)	\$ 2,075,000	\$ 380,000
Bond premiums			184,385	-	(46,097)	138,288	46,097
General obligation pension bonds	2.55% - 4.15%	\$235,000 - \$1,375,000	14,505,000	-	(465,000)	14,040,000	480,000
General obligation health care bonds	2.55% - 4.13%	\$200,000 - \$485,000	5,680,000	-	(295,000)	5,385,000	305,000
Total other debt			22,799,385	-	(1,161,097)	21,638,288	1,211,097
Direct borrowings and direct placements:							
Contractual obligation with Oakland County, Michigan - Special assessment bonds	4.00% - 4.40%	\$150,000 - \$200,000	755,000	-	(175,000)	580,000	180,000
Total bonds and contracts payable			23,554,385	-	(1,336,097)	22,218,288	1,391,097
Accumulated compensated absences			1,022,803	74,111	(54,816)	1,042,098	133,566
Total governmental activities long-term debt			\$ 24,577,188	\$ 74,111	\$ (1,390,913)	\$ 23,260,386	\$ 1,524,663

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:							
General obligation wastewater bonds	3.00%	\$205,000 - \$350,000	\$ 4,945,000	\$ -	\$ (210,000)	\$ 4,735,000	\$ 215,000
Bond premiums			226,425	-	(12,579)	213,846	12,579
Total business-type activities long-term debt			\$ 5,171,425	\$ -	\$ (222,579)	\$ 4,948,846	\$ 227,579

Other Long-term Liabilities

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

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Total interest expense for the year was approximately \$1,379,550. 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	
2023	\$ 180,000	\$ 25,240	\$ 1,211,097	\$ 852,758	\$ 2,269,095
2024	200,000	17,500	1,356,097	805,091	2,378,688
2025	200,000	8,800	1,401,094	750,816	2,360,710
2026	-	-	1,505,000	693,926	2,198,926
2027	-	-	1,660,000	639,638	2,299,638
2028-2032	-	-	7,640,000	2,358,223	9,998,223
Thereafter	-	-	6,865,000	815,020	7,680,020
Total	\$ 580,000	\$ 51,540	\$ 21,638,288	\$ 6,915,472	\$ 29,185,300

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ -	\$ -	\$ 227,579	\$ 142,050	\$ 369,629
2024	-	-	237,579	135,600	373,179
2025	-	-	242,579	128,850	371,429
2026	-	-	252,579	121,950	374,529
2027	-	-	257,579	114,750	372,329
2028-2032	-	-	1,402,897	459,150	1,862,047
Thereafter	-	-	2,328,054	277,200	2,605,254
Total	\$ -	\$ -	\$ 4,948,846	\$ 1,379,550	\$ 6,328,396

Note 7 - Risk Management

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

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

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

Note 8 - Regional Authority Cooperative Ventures

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

The City is also a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan 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 \$17,500 for its operations. Complete financial statements for the Recycling Authority can be obtained from the administrative offices at 2000 West Eight Mile, Southfield, MI 48375.

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

Note 9 - Pension Plan

Plan Description

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

Benefits Provided

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

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

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

Note 9 - Pension Plan (Continued)

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

Employees Covered by Benefit Terms

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	63
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>19</u>
Total employees covered by MERS	<u><u>97</u></u>

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, 2022, 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 \$32,947 per month of covered payroll.

Net Pension Asset

The net pension asset reported at June 30, 2022 was determined using a measure of the total pension asset and the pension net position as of December 31, 2021. The December 31, 2021 total pension asset was determined by an actuarial valuation performed as of that date.

Note 9 - Pension Plan (Continued)

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

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at January 1, 2021	\$ 41,251,319	\$ 41,030,608	\$ 220,711
Service cost	248,996	-	248,996
Interest	3,053,637	-	3,053,637
Differences between expected and actual experience	(116,936)	-	(116,936)
Changes in assumptions	1,653,631	-	1,653,631
Contributions - Employer	-	346,650	(346,650)
Contributions - Employee	-	62,609	(62,609)
Net investment income	-	5,438,381	(5,438,381)
Benefit payments, including refunds	(2,311,839)	(2,311,839)	-
Administrative expenses	-	(67,528)	67,528
Net changes	2,527,489	3,468,273	(940,784)
Balance at December 31, 2021	\$ 43,778,808	\$ 44,498,881	\$ (720,073)

The plan's fiduciary net position represents 101.64 percent of the total pension liability.

At June 30, 2022, the City reported an asset of \$698,674 for its proportionate share of the net pension asset 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, 2022, the plan recognized pension expense of \$1,047,302. All pension costs are recognized in the governmental activities, and none are allocated to the business-type activities. This is because no employees have been specifically allocated to the enterprise funds; all DPW employees are charged to the General Fund, which provides services on behalf of the Major Road Capital Improvement Fund, Local Road Capital Improvement Fund, Water Fund, and Sewer Fund. The General Fund charges an administrative charge intended to cover some of the DPW costs.

At June 30, 2022, 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	\$ -	\$ (3,296,355)
Employer contributions to the plan subsequent to the measurement date	197,682	-
Total	\$ 197,682	\$ (3,296,355)

At June 30, 2022, the City reported deferred outflows of \$191,807 and \$3,198,395 of deferred inflows 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
2023	\$ (561,653)
2024	(1,306,290)
2025	(949,429)
2026	(478,983)
Total	<u>\$ (3,296,355)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (gross of investment expenses) of 7.25 percent, and the Pub-2010 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 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.

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, 2021, the measurement date, for each major asset class are summarized in the following table:

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

Note 9 - Pension Plan (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

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

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability (asset) of the City	\$ 4,649,919	\$ (720,073)	\$ (5,180,102)

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.

Assumption Changes

During the measurement year ended December 31, 2021, the investment rate of return changed from 7.6 percent to 7.25 percent.

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	19
Total plan members	55

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, 2022 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, 2021 measurement date. The June 30, 2021 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
Balance at July 1, 2021	\$ 11,117,586	\$ 18,656,006	\$ (7,538,420)
Service cost	84,263	-	84,263
Interest	760,952	-	760,952
Differences between expected and actual a experience	36,432	-	36,432
Contributions - Employer	-	189,858	(189,858)
Contributions - Employee	-	16,383	(16,383)
Net investment income	-	(1,601,900)	1,601,900
Benefit payments, including refunds	(577,992)	(577,992)	-
Miscellaneous other charges	-	(944)	944
Net changes	303,655	(1,974,595)	2,278,250
Balance at June 30, 2022	\$ 11,421,241	\$ 16,681,411	\$ (5,260,170)

The plan's fiduciary net position represents 146.06 percent of the total OPEB liability.

At June 30, 2022, the City reported an asset of \$5,172,326 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, 2022, the plan recognized OPEB recovery of \$(268,948).

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (Continued)

At June 30, 2022, 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	\$ 1,675,038	\$ (559,785)
Changes in assumptions	254,392	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,521,940)
Total	<u>\$ 1,929,430</u>	<u>\$ (2,081,725)</u>

At June 30, 2022, the City reported deferred outflows of \$1,897,208 and deferred inflows of \$2,046,960 for its proportionate share of deferred outflows and deferred inflows that is allocated along with the Wixom Public Library.

Years Ending June 30	Amount
2023	\$ 520,279
2024	(39,738)
2025	(632,836)
Total	<u>\$ (152,295)</u>

Actuarial Assumptions

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Note 10 - Other Postemployment Benefit Plan (Continued)

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, 2021 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

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

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

The following presents the net OPEB asset of the plan, calculated using the discount rate of 7 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	\$ 3,829,760	\$ 5,260,170	\$ 6,444,777

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

The following presents the net OPEB asset of the plan, calculated using the health care cost trend rate of 7.5 percent, as well as what the City's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.5%)	Current Health Care Cost Trend Rate (7.5%)	1 Percentage Point Increase (8.5%)
Net OPEB asset of the plan	\$ 6,673,340	\$ 5,260,170	\$ 3,546,243

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of June 30, 2022:

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

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (8.23) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Other Postemployment Benefits - MERS Health Care Plan

Plan Description

The City provides funding of retiree health care benefits to eligible employees and their dependents through the Municipal Employees' Retirement System Health Funding Vehicle. Nonunion employees hired after June 30, 2006; Department of Public Works Union employees hired after August 12, 2014; Police Officers Union employees hired after December 17, 2013; Police Sergeant Union employees hired after June 19, 2014; and Clerical Union employees hired after June 10, 2013 are eligible to use the balances of their accounts to fund medical insurance premiums and expenses upon retirement. Benefits depend solely on the amount contributed to the plan, plus investment earnings. Employees contribute 1 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, 2022, the City made contributions of \$93,683, and plan members contributed \$40,150 to the plan.

Note 12 - Defined Contribution Pension Plan

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

In accordance with these provisions, the City contributed \$279,722, and employees contributed \$50,823 for the year ended June 30, 2022.

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 \$20,174 in captured revenue for the Brownfield Redevelopment Authority during fiscal year 2022.

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, 2022, the City abated \$74,958 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, 2022, the authority abated \$6,012 of taxes under this program. There are no provisions to recapture taxes.

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

Note 16 - Leases

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

During the year ended June 30, 2022, the City recognized approximately \$97,000 in lease revenue related to its lessor agreements.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 8,513,690	\$ 8,494,260	\$ 8,503,929	\$ 9,669
Intergovernmental:				
Federal grants	500	27,465	26,964	(501)
State sources	1,522,075	2,634,260	2,756,265	122,005
Local grants and contributions	-	14,925	32,869	17,944
Charges for services	856,039	1,624,557	1,616,619	(7,938)
Fines and forfeitures	52,000	52,000	70,481	18,481
Licenses and permits	55,000	45,000	37,148	(7,852)
Interest and rentals	280,487	280,487	230,640	(49,847)
Other revenue	603,834	651,546	652,037	491
Total revenue	11,883,625	13,824,500	13,926,952	102,452
Expenditures				
Current services:				
General government:				
Legislative	16,526	16,526	12,422	4,104
City manager	360,259	383,542	341,253	42,289
Financial administration	366,774	379,743	371,367	8,376
Information systems	141,965	166,465	131,934	34,531
Assessing	233,702	234,677	170,498	64,179
Board of review	2,546	2,546	1,356	1,190
Clerk	222,127	245,548	236,115	9,433
Buildings and grounds	93,800	93,800	50,255	43,545
Legal counsel and assistance	64,000	105,800	105,559	241
General operating	970,792	720,551	670,618	49,933
Public safety:				
Police/Sheriff	3,391,854	3,555,313	3,349,484	205,829
Fire	1,365,258	1,463,131	1,185,192	277,939
Building inspections and related	485,415	878,824	854,230	24,594
Public works	743,206	838,313	698,620	139,693
Community and economic development - Planning, zoning, and related	103,650	117,650	110,349	7,301
Recreation and culture:				
Parks and recreation	448,663	460,130	379,413	80,717
Cultural center	305,802	316,048	270,027	46,021
Senior citizen committee	56,967	84,087	71,727	12,360
Debt service:				
Principal	760,000	760,000	760,000	-
Interest and fiscal charges	767,319	767,319	767,319	-
Total expenditures	10,900,625	11,590,013	10,537,738	1,052,275
Excess of Revenue Over Expenditures	983,000	2,234,487	3,389,214	1,154,727
Other Financing (Uses) Sources				
Transfers out	(995,000)	(995,000)	(995,000)	-
Sale of capital assets	12,000	42,920	36,053	(6,867)
Total other financing uses	(983,000)	(952,080)	(958,947)	(6,867)
Net Change in Fund Balance	-	1,282,407	2,430,267	1,147,860
Fund Balance - Beginning of year	6,522,858	6,522,858	6,522,858	-
Fund Balance - End of year	\$ 6,522,858	\$ 7,805,265	\$ 8,953,125	\$ 1,147,860

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 Special Assessment Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 216,190	\$ 216,190	\$ 216,245	\$ 55
Interest and rentals	300	300	63	(237)
Total revenue	216,490	216,490	216,308	(182)
Expenditures				
Current services:				
General government	680	680	680	-
Public works	8,980	8,980	8,925	55
Debt service	207,590	207,590	207,590	-
Total expenditures	217,250	217,250	217,195	55
Net Change in Fund Balance	(760)	(760)	(887)	(127)
Fund Balance - Beginning of year	15,547	15,547	15,547	-
Fund Balance - End of year	<u>\$ 14,787</u>	<u>\$ 14,787</u>	<u>\$ 14,660</u>	<u>\$ (127)</u>

City of Wixom, Michigan

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 3,046	\$ 3,447	\$ 3,447	\$ -
Charges for services	305,500	421,670	343,983	(77,687)
Interest and rentals	1,000	1,036	33	(1,003)
Other revenue	150	163	163	-
Total revenue	309,696	426,316	347,626	(78,690)
Expenditures				
Current services:				
Public safety	3,196	4,315	4,165	150
Community and economic development	303,000	265,000	330,467	(65,467)
Recreation and culture	-	50	175	(125)
Total expenditures	306,196	269,365	334,807	(65,442)
Excess of Revenue Over Expenditures	3,500	156,951	12,819	(144,132)
Net Change in Fund Balance	3,500	156,951	12,819	(144,132)
Fund Balance - Beginning of year	864,053	864,053	864,053	-
Fund Balance - End of year	<u>\$ 867,553</u>	<u>\$ 1,021,004</u>	<u>\$ 876,872</u>	<u>\$ (144,132)</u>

City of Wixom, Michigan

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ -	\$ 1,000	\$ 1,000	\$ -
Interest and rentals	9,800	9,800	(30,448)	(40,248)
Other revenue	176,200	540,513	156,487	(384,026)
Total revenue	186,000	551,313	127,039	(424,274)
Expenditures				
Current services:				
Public works	90,000	90,000	75,558	14,442
Recreation and culture	8,064	12,843	11,747	1,096
Capital outlay	2,673,885	2,282,647	1,493,211	789,436
Total expenditures	2,771,949	2,385,490	1,580,516	804,974
Excess of Expenditures Over Revenue	(2,585,949)	(1,834,177)	(1,453,477)	380,700
Other Financing Sources - Transfers in	995,000	995,000	995,000	-
Net Change in Fund Balance	(1,590,949)	(839,177)	(458,477)	380,700
Fund Balance - Beginning of year	3,109,775	3,109,775	3,109,775	-
Fund Balance - End of year	<u>\$ 1,518,826</u>	<u>\$ 2,270,598</u>	<u>\$ 2,651,298</u>	<u>\$ 380,700</u>

City of Wixom, Michigan

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
ARPA Holding Fund

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue - Intergovernmental	\$ -	\$ 738,205	\$ -	\$ (738,205)
Expenditures	-	-	-	-
Net Change in Fund Balance - Excess of revenue over expenditures	-	738,205	-	(738,205)
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 738,205</u>	<u>\$ -</u>	<u>\$ (738,205)</u>

City of Wixom, Michigan

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

	Last Eight Plan Years							
	Plan Years Ended December 31							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension (asset) liability	96.97000 %	96.97000 %	98.92473 %	98.93617 %	96.17633 %	96.69933 %	98.94750 %	98.94737 %
City's proportionate share of the net pension (asset) liability	\$ (698,674)	\$ 214,024	\$ 1,267,153	\$ 2,960,159	\$ 13,884,065	\$ 14,974,219	\$ 15,257,723	\$ 11,516,991
City's covered payroll	\$ 1,531,769	\$ 1,552,123	\$ 1,489,420	\$ 1,802,784	\$ 1,975,451	\$ 2,061,173	\$ 2,185,701	\$ 2,394,251
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	(45.61)%	13.79 %	85.08 %	164.20 %	702.83 %	726.49 %	698.39 %	481.03 %
Plan fiduciary net position as a percentage of total pension liability	99.96 %	99.46 %	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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 346,650	\$ 257,010	\$ 221,969	\$ 1,568,052	\$ 1,269,089	\$ 1,039,531	\$ 962,726	\$ 833,137	\$ 783,319	\$ 772,277
Contributions in relation to the contractually required contribution	346,650	257,010	2,422,726	16,281,743	1,269,089	1,039,531	962,726	833,137	783,319	772,277
Contribution Excess	\$ -	\$ -	\$ 2,200,757	\$ 14,713,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,531,769	\$ 1,552,123	\$ 1,489,420	\$ 1,802,784	\$ 1,975,451	\$ 2,061,173	\$ 2,185,701	\$ 2,394,251	\$ 2,410,014	\$ 2,818,735
Contributions as a Percentage of Covered Payroll	22.63 %	16.56 %	162.66 %	903.14 %	64.24 %	50.43 %	44.05 %	34.80 %	32.50 %	27.40 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age none
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	7.35 percent (net of administrative and investment expenses)
Retirement age	60-70 years of age with 6 or more years of service
Mortality	Pub-10 Mortality tables using scale MP-2019
Other information	None

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

	Last Four Plan Years			
	Plan Years Ended June 30			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB asset	98.33000 %	98.33000 %	97.74080 %	97.27054 %
City's proportionate share of the net OPEB asset	\$ (5,172,326)	\$ (7,424,418)	\$ (2,471,188)	\$ (2,933,290)
City's covered-employee payroll	\$ 1,638,336	\$ 1,512,455	\$ 1,621,591	\$ 1,858,200
City's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	(315.71)%	(490.89)%	(152.39)%	(157.86)%
Plan fiduciary net position as a percentage of total OPEB asset	146.06 %	167.00 %	120.53 %	125.34 %

City of Wixom, Michigan

Required Supplemental Information Schedule of OPEB Contributions Cost Sharing Plan

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ -	\$ -	\$ -	\$ 702,395	\$ 722,604	\$ 563,990	\$ 569,089	\$ 537,268	\$ 651,658	\$ 651,658
Contributions in relation to the contractually required contribution	189,858	213,171	187,524	6,635,633	829,505	792,941	925,989	1,313,642	1,059,189	524,362
Contribution Excess (Deficiency)	\$ 189,858	\$ 213,171	\$ 187,524	\$ 5,933,238	\$ 106,901	\$ 228,951	\$ 356,900	\$ 776,374	\$ 407,531	\$ (127,296)
City's Covered-employee Payroll	\$ 1,638,336	\$ 1,512,455	\$ 1,621,591	\$ 1,858,200	\$ 2,145,023	\$ 2,441,102	\$ 2,441,102	\$ 2,441,102	\$ 3,481,219	\$ 3,481,219
Contributions as a Percentage of Covered-employee Payroll	11.59 %	14.09 %	11.56 %	357.10 %	38.67 %	32.48 %	37.93 %	53.81 %	30.43 %	15.06 %

Required Supplemental Information
Schedule of OPEB Investment Returns

Years Ended June 30

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

Budgetary Information

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

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

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

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

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

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

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

	Total Revenue	Total Expenditures	Total Other Financing Uses
Amounts per operating statement	\$ 13,881,809	\$ 10,537,738	\$ (958,947)
Budget Stabilization Fund revenue	45,143	-	-
Amounts per budget statement	<u>\$ 13,926,952</u>	<u>\$ 10,537,738</u>	<u>\$ (958,947)</u>

The City had expenditures in excess of those budgeted in the special holding agency fund of \$65,562 due to increased building activity in the City.

Expenditures less than budgeted in the ARPA Holding Fund are due to the fact that the projects will be starting in fiscal year 2023.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds								Debt Service Fund	Total Nonmajor Governmental Funds
	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	
Assets										
Cash and investments	\$ -	\$ 3,309,569	\$ 3,730,675	\$ 1,217,985	\$ 1,350,210	\$ 146,789	\$ 14,267	\$ 86,849	\$ 22,015	\$ 9,878,359
Receivables - Due from other governments	107,493	192,237	117,034	-	-	-	-	-	-	416,764
Due from other funds	-	-	-	6,919	-	-	169,427	2,100	-	178,446
Inventory	-	37,187	37,187	-	-	-	-	-	-	74,374
Total assets	\$ 107,493	\$ 3,538,993	\$ 3,884,896	\$ 1,224,904	\$ 1,350,210	\$ 146,789	\$ 183,694	\$ 88,949	\$ 22,015	\$ 10,547,943
Liabilities										
Accounts payable	\$ -	\$ 40,290	\$ 28,643	\$ -	\$ 509	\$ 45,487	\$ 268	\$ 460	\$ -	\$ 115,657
Due to other funds	101,545	18,527	15,128	-	-	-	-	-	-	135,200
Total liabilities	101,545	58,817	43,771	-	509	45,487	268	460	-	250,857
Deferred Inflows of Resources -										
Unavailable revenue	102,493	-	37,140	-	-	-	-	-	-	139,633
Total liabilities and deferred inflows of resources	204,038	58,817	80,911	-	509	45,487	268	460	-	390,490
Fund Balances										
Nonspendable	-	37,187	37,187	-	-	-	-	-	-	74,374
Restricted:										
Roads	-	3,442,989	3,766,798	-	1,349,701	-	-	-	-	8,559,488
Debt service	-	-	-	-	-	-	-	-	22,015	22,015
Land acquisition	-	-	-	1,224,904	-	-	-	-	-	1,224,904
Police forfeiture	-	-	-	-	-	-	183,426	-	-	183,426
Solid waste	-	-	-	-	-	101,302	-	-	-	101,302
Committed - Cemetery	-	-	-	-	-	-	-	88,489	-	88,489
Unassigned	(96,545)	-	-	-	-	-	-	-	-	(96,545)
Total fund balances	(96,545)	3,480,176	3,803,985	1,224,904	1,349,701	101,302	183,426	88,489	22,015	10,157,453
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,493	\$ 3,538,993	\$ 3,884,896	\$ 1,224,904	\$ 1,350,210	\$ 146,789	\$ 183,694	\$ 88,949	\$ 22,015	\$ 10,547,943

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

Year Ended June 30, 2022

	Special Revenue Funds							Debt Service Fund	Total Nonmajor Governmental Funds	
	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
Revenue										
Taxes	\$ -	\$ -	\$ 963,606	\$ -	\$ 251,266	\$ -	\$ -	\$ -	\$ -	\$ 1,214,872
Intergovernmental:										
Federal grants	26,660	-	-	-	-	-	-	-	-	26,660
State sources	-	1,186,706	498,067	-	-	-	-	-	-	1,684,773
Local grants and contributions	-	-	36,495	-	-	-	-	-	-	36,495
Charges for services	-	-	-	-	-	612,510	-	20,850	-	633,360
Interest and rentals	-	(37,011)	(30,180)	1,867	(15,764)	537	21	121	-	(80,409)
Other revenue	-	-	-	6,920	20,000	1,098	-	-	453,815	481,833
Total revenue	26,660	1,149,695	1,467,988	8,787	255,502	614,145	21	20,971	453,815	3,997,584
Expenditures										
Current services:										
General government	-	-	-	310,166	-	-	-	343	680	311,189
Public safety	-	-	-	-	-	-	1,341	-	-	1,341
Public works	-	575,377	479,806	-	-	594,485	-	3,188	-	1,652,856
Community and economic development	15,000	-	-	-	-	-	-	-	-	15,000
Capital outlay	114,153	-	-	-	76,257	-	-	-	-	190,410
Debt service:										
Principal	-	-	-	-	-	-	-	-	355,000	355,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	97,934	97,934
Total expenditures	129,153	575,377	479,806	310,166	76,257	594,485	1,341	3,531	453,614	2,623,730
Excess of Revenue (Under) Over Expenditures	(102,493)	574,318	988,182	(301,379)	179,245	19,660	(1,320)	17,440	201	1,373,854
Net Change in Fund Balances	(102,493)	574,318	988,182	(301,379)	179,245	19,660	(1,320)	17,440	201	1,373,854
Fund Balances - Beginning of year	5,948	2,905,858	2,815,803	1,526,283	1,170,456	81,642	184,746	71,049	21,814	8,783,599
Fund Balances - End of year	\$ (96,545)	\$ 3,480,176	\$ 3,803,985	\$ 1,224,904	\$ 1,349,701	\$ 101,302	\$ 183,426	\$ 88,489	\$ 22,015	\$ 10,157,453