
City of Southgate, Michigan

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

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Southgate, 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 Southgate, Michigan (the "City") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City of Southgate, Michigan'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 of Southgate, Michigan as of June 30, 2024 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Honorable Mayor and
Members of the City Council
City of Southgate, Michigan

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Plante & Moran, PLLC

December 12, 2024

Our discussion and analysis of the City of Southgate, Michigan's 2024 annual report is presented in conformity with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. This annual report includes a discussion and analysis of the City of Southgate, Michigan's (the "City") financial performance. This discussion and analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's financial statements.

Financial Highlights

- Property taxes are the City's single largest source of revenue. The City's taxable value for fiscal year 2024 was \$837,045,498, which represents an increase of \$52,710,484, or 6.7 percent.
- The City closely monitors discretionary spending by performing periodic budget adjustments. As a result, fund balance in the General Fund increased by \$2,627,632. The increase was primarily due to the receipt of approximately \$1.02 million in nonrecurring federal grants and the deferral of various expenses to the next fiscal year.
- The City continues to eliminate its outstanding debt in the governmental activities. The City has reduced its outstanding debt since 2009 by 82 percent. As a result, the outstanding debt for fiscal year 2024 is \$3,957,206.

Using This Annual Report

This annual report consists of a series of financial statements. The statements of net position and 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 us 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.

City of Southgate, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

The following tables show, in a condensed format, the net position as of June 30, 2024 compared to the prior year:

The City's Net Position

	Governmental Activities			
	2023	2024	Change	Percent Change
Assets				
Current and other assets	\$ 39,367,338	\$ 45,856,560	\$ 6,489,222	16.5
Capital assets	57,680,962	58,099,820	418,858	0.7
Total assets	97,048,300	103,956,380	6,908,080	7.1
Deferred Outflows of Resources	13,199,715	7,129,208	(6,070,507)	(46.0)
Liabilities				
Current liabilities	3,917,916	3,556,447	(361,469)	(9.2)
Long-term liabilities	93,650,369	86,959,926	(6,690,443)	(7.1)
Total liabilities	97,568,285	90,516,373	(7,051,912)	(7.2)
Deferred Inflows of Resources	15,544,364	7,824,088	(7,720,276)	(49.7)
Net Position (Deficit)				
Net investment in capital assets	55,853,680	56,837,393	983,713	1.8
Restricted	28,209,061	33,090,476	4,881,415	17.3
Unrestricted	(86,927,375)	(77,182,742)	9,744,633	(11.2)
Total net position (deficit)	<u>\$ (2,864,634)</u>	<u>\$ 12,745,127</u>	<u>\$ 15,609,761</u>	(544.9)
	Business-type Activities			
	2023	2024	Change	Percent Change
Assets				
Current and other assets	\$ 5,212,306	\$ 4,909,459	\$ (302,847)	(5.8)
Capital assets	42,549,359	42,326,286	(223,073)	(0.5)
Total assets	47,761,665	47,235,745	(525,920)	(1.1)
Deferred Outflows of Resources	585,702	449,026	(136,676)	(23.3)
Liabilities				
Current liabilities	1,227,849	1,370,912	143,063	11.7
Long-term liabilities	17,657,970	16,935,094	(722,876)	(4.1)
Total liabilities	18,885,819	18,306,006	(579,813)	(3.1)
Deferred Inflows of Resources	156,707	17,440	(139,267)	(88.9)
Net Position				
Net investment in capital assets	31,041,808	31,583,706	541,898	1.7
Restricted	1,813,766	876,632	(937,134)	(51.7)
Unrestricted	(3,550,733)	(3,099,013)	451,720	(12.7)
Total net position	<u>\$ 29,304,841</u>	<u>\$ 29,361,325</u>	<u>\$ 56,484</u>	0.2

Management's Discussion and Analysis (Continued)

The City's combined net position increased from approximately \$26.4 million to approximately \$42.1 million, an increase of approximately \$15.7 million from a year ago. As we look at governmental activities separately from the business-type activities, we can see that net position increased by approximately \$15.6 million in governmental activities. Last fiscal year, the net position of the governmental activities increased by approximately \$19.9 million. The year over year change is primarily the result of decreases in OPEB expense related to changes in the OPEB liability primarily due to actuarial changes.

Business-type activities net position increased by approximately \$56,000. Business-type activities comprise approximately \$29.3 million of the total net position. The year-over-year change is primarily due to a decrease in OPEB-related expenses. Operating revenue and expenses remained consistent with the prior year.

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, increased by approximately \$9.7 million for governmental activities and increased by approximately \$451,000 for business-type activities. The current level of unrestricted net position stands at a deficit of approximately \$77.2 million for governmental activities and a deficit of approximately \$3.1 million for business-type activities. Restricted net position for business-type activities totaled approximately \$877 thousand at June 30, 2024, which is a decrease of approximately \$937 thousand from the prior year. Restricted net position reported in governmental activities has limits on its use that are externally imposed by restrictions, such as enabling legislation. These resources can be used only for the specific purpose for which they were intended, such as expenditures for the Southgate-Wyandotte drain operation and maintenance, Public Act 345 pension expenses, street expenses, library services, recreation expenses, debt service, and narcotics enforcement.

The City's Changes in Net Position

	Governmental Activities			
	2023	2024	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 4,508,951	\$ 4,576,026	\$ 67,075	1.5
Operating grants	5,416,659	5,413,599	(3,060)	(0.1)
Capital grants	86,283	959,719	873,436	1,012.3
General revenue:				
Taxes	21,128,543	24,087,823	2,959,280	14.0
Intergovernmental	4,229,045	4,352,321	123,276	2.9
Investment earnings	868,432	2,072,135	1,203,703	138.6
Other revenue	66,343	85,546	19,203	28.9
Total revenue	36,304,256	41,547,169	5,242,913	14.4
Expenses				
General government	(3,196,596)	5,710,828	8,907,424	(278.7)
28th District Court	1,319,075	1,453,147	134,072	10.2
Public safety	7,417,718	9,106,647	1,688,929	22.8
Public works	8,649,052	7,441,678	(1,207,374)	(14.0)
Recreation and culture	2,093,325	2,110,569	17,244	0.8
Debt service	90,252	100,978	10,726	11.9
Total expenses	16,372,826	25,923,847	9,551,021	58.3
Transfers	-	(13,561)	(13,561)	-
Change in Net Position	19,931,430	15,609,761	(4,321,669)	(21.7)
Net Position (Deficit) - Beginning of year	(22,796,064)	(2,864,634)	19,931,430	(87.4)
Net Position (Deficit) - End of year	<u>\$ (2,864,634)</u>	<u>\$ 12,745,127</u>	<u>\$ 15,609,761</u>	(544.9)

Management's Discussion and Analysis (Continued)

	Business-type Activities			
	2023	2024	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 9,603,976	\$ 9,746,749	\$ 142,773	1.5
Capital grants	11,980	38,892	26,912	224.6
General revenue:				
Property taxes	-	10,880	10,880	-
Investment earnings	58,501	70,949	12,448	21.3
Total revenue	9,674,457	9,867,470	193,013	2.0
Expenses				
Water and Sewer Fund	7,222,886	9,416,075	2,193,189	30.4
Golf Course Fund	346,485	408,472	61,987	17.9
Total expenses	7,569,371	9,824,547	2,255,176	29.8
Transfers	-	13,561	13,561	-
Change in Net Position	2,105,086	56,484	(2,048,602)	(97.3)
Net Position - Beginning of year - As adjusted	27,199,755	29,304,841	2,105,086	7.7
Net Position - End of year	<u>\$ 29,304,841</u>	<u>\$ 29,361,325</u>	<u>\$ 56,484</u>	0.2

The City's business-type activities consist of the Water and Sewer Fund and the Golf Course Fund. We provide water to residents from the Great Lakes Water Authority. We also provide sewage treatment through the Downriver Utility Wastewater Authority. In the Golf Course Fund, the two biggest factors affecting business are weather and the economy. Since January 2012, the clubhouse has been under new management, and the City continues to focus on improving the operating results of the golf course. In the current year, the Water and Sewer Fund has operating income of \$351,909, while the Golf Course Fund has an operating loss of \$25,399. Excluding depreciation, the Water and Sewer Fund had operating income of \$1,681,276, while the Golf Course Fund had operating income of \$17,486.

The City's Funds

The analysis of the City's major funds begins on page 12 following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. 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 governmental funds for 2024 include the General Fund, the Major Street Fund, the Local Street Fund, and the Southgate-Wyandotte Operation and Maintenance Fund.

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of \$15,783,500 in the current year. The budget in the General Fund is basically a maintenance budget, which means it increases modestly from year to year. The fund balance of the City's General Fund represents 22.0 percent, or \$9,006,191, of total governmental fund balances. The General Fund's fund balance, which includes the Severance Reserve Fund, increased by \$2,627,632 from the prior year. The increase was primarily due to the receipt of approximately \$1.3 million in additional property tax revenue and the deferral of various expenses to the next fiscal year.

Fund balance of the Major Street Fund increased by \$1,743,299 from the prior year. The increase was primarily due to planned projects being deferred until the next fiscal year as the City focused on local street projects.

Fund balance of the Local Street Fund increased by \$492,381 from the prior year. The increase was primarily due to planned projects being deferred until the next fiscal year as a result of the pandemic.

Fund balance of the Southgate-Wyandotte Operation and Maintenance Fund increased by \$708,587 from the prior year.

General Fund Budgetary Highlights

During the current year, actual revenue exceeded expenditures by \$2,629,823. The City's departments overall were under budget by \$119,421, and revenue was over budget by \$2,259,832. The primary revenue variances related to building registration and inspection costs, of which the expenditures will be incurred in the upcoming fiscal year. Overall, the General Fund's unassigned fund balance increased by \$413,546 in the current year, from \$1,589,991 a year ago to \$2,003,537 at June 30, 2024.

Capital Assets and Debt Administration

The City continues to collect a dedicated millage approved by the voters for improvements to streets in conjunction with a five-year improvement plan.

At the end of 2024, the City had approximately \$100 million (net of depreciation) invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines, as well as roads within the City. Additional information on the City's capital assets can be found in Note 5 to the financial statements.

The City's total indebtedness as of June 30, 2024 was approximately \$13.0 million. Of this amount, \$9.0 million represents the City's portion of bonds related to the Downriver Utility Wastewater System and Wayne County Downriver Sewage Disposal System's judgment bonds. Additional information on the City's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Because of the impact of Proposal A, the City needs to continue to watch its budget very closely. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the City will grow by less than inflation before considering new property additions.

We anticipate that the water and sewer rates will have to increase somewhat in 2024. We are in the process of evaluating the amount of increase that will be needed and will likely have a public hearing in 2025 to discuss the need for such an increase.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the administration offices at city hall.

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 41,168,924	\$ 256,809	\$ 41,425,733	\$ 2,079,018
Receivables:				
Property taxes receivable	3,315	-	3,315	-
Special assessments receivable	1,415,295	-	1,415,295	-
Customer receivables	-	3,517,006	3,517,006	-
Other receivables	257,681	-	257,681	-
Due from other governments	2,009,217	1,461	2,010,678	259
Internal balances	770,703	(770,703)	-	-
Inventory	-	32,974	32,974	-
Prepaid expenses and other assets	231,425	833	232,258	85
Restricted assets (Note 8)	-	1,871,079	1,871,079	-
Capital assets: (Note 5)				
Assets not subject to depreciation	4,037,355	176,774	4,214,129	-
Assets subject to depreciation - Net	54,062,465	42,149,512	96,211,977	479,964
Total assets	103,956,380	47,235,745	151,192,125	2,559,326
Deferred Outflows of Resources				
Deferred charges on bond refunding	27,573	-	27,573	-
Deferred pension costs (Note 11)	3,868,721	410,853	4,279,574	-
Deferred OPEB costs (Note 12)	3,232,914	38,173	3,271,087	-
Total deferred outflows of resources	7,129,208	449,026	7,578,234	-
Liabilities				
Accounts payable	1,005,894	813,533	1,819,427	91,150
Due to other governmental units	253,811	75,000	328,811	47
Due to component units	265	-	265	-
Refundable deposits, bonds, etc.	787,508	-	787,508	-
Accrued liabilities and other	512,717	482,379	995,096	562
Unearned revenue	996,252	-	996,252	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	829,224	61,884	891,108	-
Provision for claims (Note 7)	21,000	-	21,000	-
Current portion of bonds and contracts payable (Note 7)	640,000	768,768	1,408,768	-
Due in more than one year:				
Compensated absences (Note 7)	1,539,982	50,632	1,590,614	-
Provision for claims (Note 7)	277,000	-	277,000	-
Net pension liability (Note 11)	33,507,268	3,325,825	36,833,093	-
Net OPEB liability (Note 12)	49,495,452	1,759,726	51,255,178	-
Bonds and contracts payable - Net of current portion (Note 7)	650,000	10,968,259	11,618,259	-
Total liabilities	90,516,373	18,306,006	108,822,379	91,759
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 11)	1,098,769	-	1,098,769	-
Deferred OPEB cost reductions (Note 12)	6,725,319	17,440	6,742,759	-
Total deferred inflows of resources	7,824,088	17,440	7,841,528	-

Statement of Net Position (Continued)

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 56,837,393	\$ 31,583,706	\$ 88,421,099	\$ 479,964
Restricted:				
Streets and highways	20,167,768	-	20,167,768	-
Building department	715,616	-	715,616	-
Debt service	10,232	876,632	886,864	-
Southgate-Wyandotte drain operation and maintenance fund	7,812,410	-	7,812,410	-
Library	1,019,377	-	1,019,377	-
Narcotics enforcement	479,994	-	479,994	-
Park and recreation	1,513,157	-	1,513,157	-
Rubbish	820,949	-	820,949	-
Opioid epidemic abatement	324,400	-	324,400	-
Low-income housing	9,163	-	9,163	-
District Court Capital Improvement	217,410	-	217,410	-
Unrestricted	(77,182,742)	(3,099,013)	(80,281,755)	1,987,603
Total net position	<u>\$ 12,745,127</u>	<u>\$ 29,361,325</u>	<u>\$ 42,106,452</u>	<u>\$ 2,467,567</u>

City of Southgate, Michigan

		Program Revenue		
		Charges for	Operating	Capital Grants
Expenses		Services	Grants and Contributions	and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 5,710,828	\$ 984,132	\$ 255,745	\$ 139,070
28th District Court	1,453,147	971,679	188,758	-
Public safety	9,106,647	260,271	604,243	114,977
Public works	7,441,678	1,831,285	3,459,083	-
Recreation and culture	2,110,569	528,659	905,770	705,672
Interest on long-term debt	100,978	-	-	-
Total governmental activities	25,923,847	4,576,026	5,413,599	959,719
Business-type activities:				
Water and Sewer	9,416,075	9,363,676	-	38,892
Golf Course	408,472	383,073	-	-
Total business-type activities	9,824,547	9,746,749	-	38,892
Total primary government	\$ 35,748,394	\$ 14,322,775	\$ 5,413,599	\$ 998,611
Component units:				
Tax Increment Financing Authority	\$ 745,100	\$ -	\$ -	\$ -
Downtown Development Authority	303,426	-	-	-
Southeastern Michigan Information Alliance	22,088	-	-	-
Total component units	\$ 1,070,614	\$ -	\$ -	\$ -
General revenue:				
Taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,331,881)	\$ -	\$ (4,331,881)	\$ -
(292,710)	-	(292,710)	-
(8,127,156)	-	(8,127,156)	-
(2,151,310)	-	(2,151,310)	-
29,532	-	29,532	-
(100,978)	-	(100,978)	-
(14,974,503)	-	(14,974,503)	-
-	(13,507)	(13,507)	-
-	(25,399)	(25,399)	-
-	(38,906)	(38,906)	-
(14,974,503)	(38,906)	(15,013,409)	-
-	-	-	(745,100)
-	-	-	(303,426)
-	-	-	(22,088)
-	-	-	(1,070,614)
24,087,823	10,880	24,098,703	1,087,005
4,352,321	-	4,352,321	-
2,072,135	-	2,072,135	126,610
85,546	70,949	156,495	51,641
30,597,825	81,829	30,679,654	1,265,256
(13,561)	13,561	-	-
15,609,761	56,484	15,666,245	194,642
(2,864,634)	29,304,841	26,440,207	2,272,925
\$ 12,745,127	\$ 29,361,325	\$ 42,106,452	\$ 2,467,567

City of Southgate, Michigan

	General Fund	Major Street Fund	Local Street Fund
Assets			
Cash and cash equivalents	\$ 10,336,914	\$ 9,785,694	\$ 7,652,728
Receivables:			
Property taxes receivable	3,315	-	-
Special assessments receivable	-	-	-
Other receivables	230,423	-	-
Due from other governments	1,194,704	400,461	154,129
Due from other funds (Note 6)	961,223	-	-
Prepaid expenses	226,720	-	-
Total assets	\$ 12,953,299	\$ 10,186,155	\$ 7,806,857
Liabilities			
Accounts payable	\$ 718,047	\$ 28,179	\$ 40,913
Due to other governmental units	775	-	-
Due to component units	265	-	-
Due to other funds (Note 6)	359,863	-	-
Refundable deposits, bonds, etc.	787,508	-	-
Accrued liabilities and other	475,617	-	-
Unearned revenue	822,633	-	-
Total liabilities	3,164,708	28,179	40,913
Deferred Inflows of Resources			
Unavailable revenue - State sources	694,115	-	-
Unavailable revenue - Other receivables and special assessments	88,285	-	-
Total deferred inflows of resources	782,400	-	-
Total liabilities and deferred inflows of resources	3,947,108	28,179	40,913
Fund Balances			
Nonspendable - Prepaids	226,720	-	-
Restricted:			
Roads	-	10,157,976	7,765,944
Police	-	-	-
Debt service	-	-	-
Opioid epidemic abatement	-	-	-
Unspent property tax proceeds - Rubbish	820,949	-	-
Unspent property tax proceeds - Police and fire pension	284,206	-	-
Low-income housing	9,163	-	-
Southgate-Wyandotte operation and maintenance	-	-	-
Library	-	-	-
District Court Capital Improvement	-	-	-
Parks and recreation	-	-	-
Building department	715,616	-	-
Committed (Note 9)	1,446,000	-	-
Assigned (Note 9)	3,500,000	-	-
Unassigned	2,003,537	-	-
Total fund balances	9,006,191	10,157,976	7,765,944
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,953,299	\$ 10,186,155	\$ 7,806,857

Governmental Funds Balance Sheet

June 30, 2024

Southgate- Wyandotte Operation and Maintenance Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,461,621	\$ 6,931,967	\$ 41,168,924
-	-	3,315
1,415,295	-	1,415,295
-	27,258	257,681
-	259,923	2,009,217
-	902	962,125
4,705	-	231,425
\$ 7,881,621	\$ 7,220,050	\$ 46,047,982
\$ 47,460	\$ 137,334	\$ 971,933
-	253,036	253,811
-	-	265
21,751	25,843	407,457
-	-	787,508
-	28,715	504,332
-	173,619	996,252
69,211	618,547	3,921,558
-	237,374	931,489
148,014	-	236,299
148,014	237,374	1,167,788
217,225	855,921	5,089,346
4,705	-	231,425
-	2,243,848	20,167,768
-	479,994	479,994
-	10,232	10,232
-	87,026	87,026
-	-	820,949
-	-	284,206
-	-	9,163
7,659,691	-	7,659,691
-	1,019,377	1,019,377
-	217,410	217,410
-	1,513,157	1,513,157
-	-	715,616
-	713,683	2,159,683
-	79,402	3,579,402
-	-	2,003,537
7,664,396	6,364,129	40,958,636
\$ 7,881,621	\$ 7,220,050	\$ 46,047,982

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 40,958,636
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	58,099,820
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	1,167,788
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(1,290,000)
Deferred charges on bond refundings are not amortized over the related bond terms and are not reported in the funds	27,573
Accrued interest is not due and payable in the current period and is not reported in the funds	(8,385)
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	(2,369,206)
Pension benefits	(33,507,268)
Retiree health care benefits	(49,495,452)
Deferred inflows of resources related to pension are not reported in the funds	(1,098,769)
Deferred outflows of resources related to pension are not reported in the funds	3,868,721
Deferred inflows of resources related to OPEB are not reported in the funds	(6,725,319)
Deferred outflows of resources related to OPEB are not reported in the funds	3,232,914
Other long-term liabilities, such as claims and judgments and landfill closure and postclosure costs, do not represent a claim on current financial resources and are not reported as fund liabilities	(70,000)
Internal service funds are included as part of governmental activities	(45,926)
Net Position of Governmental Activities	\$ 12,745,127

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Major Street Fund	Local Street Fund
Revenue			
Taxes	\$ 19,534,821	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental:			
Federal grants	853,481	-	-
State sources	4,948,861	2,497,770	961,313
Local grants and contributions	139,070	-	-
Charges for services	808,000	-	-
Fines and forfeitures	860,396	-	-
Licenses and permits	1,982,954	-	-
Interest and rentals	1,376,573	398,958	288,811
Other revenue	134,590	-	-
	<u>30,638,746</u>	<u>2,896,728</u>	<u>1,250,124</u>
Total revenue			
Expenditures			
Current services:			
General government	5,762,538	-	-
28th District Court	1,246,010	-	-
Public safety	15,783,500	-	-
Public works	3,777,475	577,585	1,333,587
Recreation and culture	1,441,591	-	-
Capital outlay	-	-	-
Debt service	-	-	-
	<u>28,011,114</u>	<u>577,585</u>	<u>1,333,587</u>
Total expenditures			
Excess of Revenue Over (Under) Expenditures	2,627,632	2,319,143	(83,463)
Other Financing Sources (Uses)			
Transfers in	-	-	575,844
Transfers out	-	(575,844)	-
	<u>-</u>	<u>(575,844)</u>	<u>575,844</u>
Total other financing (uses) sources			
Net Change in Fund Balances	2,627,632	1,743,299	492,381
Fund Balances - Beginning of year	6,378,559	8,414,677	7,273,563
Fund Balances - End of year	<u><u>\$ 9,006,191</u></u>	<u><u>\$ 10,157,976</u></u>	<u><u>\$ 7,765,944</u></u>

City of Southgate, Michigan

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

Year Ended June 30, 2024

Southgate- Wyandotte Operation and Maintenance Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,119,326	\$ 22,654,147
1,361,520	-	1,361,520
-	142,438	995,919
-	338,400	8,746,344
-	-	139,070
-	107,708	915,708
-	3,575	863,971
-	-	1,982,954
346,299	364,504	2,775,145
-	737,529	872,119
1,707,819	4,813,480	41,306,897
-	-	5,762,538
-	151,108	1,397,118
-	193,281	15,976,781
999,232	1,191,812	7,879,691
-	616,324	2,057,915
-	930,871	930,871
-	669,660	669,660
999,232	3,753,056	34,674,574
708,587	1,060,424	6,632,323
-	-	575,844
-	(13,561)	(589,405)
-	(13,561)	(13,561)
708,587	1,046,863	6,618,762
6,955,809	5,317,266	34,339,874
<u>\$ 7,664,396</u>	<u>\$ 6,364,129</u>	<u>\$ 40,958,636</u>

Governmental Funds

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 6,618,762
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	3,557,738
Depreciation expense	(3,138,880)
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	288,866
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	620,000
The change in deferred charges on bond refunding balance is recorded in the statement of activities	(55,145)
Interest expense is recognized in the government-wide statements as it accrues	3,827
Some employee costs (pension, OPEB, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	7,775,357
Internal service funds are included as part of governmental activities	(60,764)
Change in Net Position of Governmental Activities	\$ 15,609,761

Proprietary Funds
Statement of Net Position

June 30, 2024

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise - Golf Course	Total Enterprise Funds	Internal Service Fund - Workers' Compensation
Assets				
Current assets:				
Cash and cash equivalents	\$ 15,180	\$ 241,629	\$ 256,809	\$ -
Customer receivables	3,517,637	830	3,518,467	-
Due from other funds (Note 6)	2,926	-	2,926	356,035
Inventory	32,974	-	32,974	-
Prepaid expenses and other assets	-	833	833	-
Total current assets	3,568,717	243,292	3,812,009	356,035
Noncurrent assets:				
Restricted assets (Note 8)	1,871,079	-	1,871,079	-
Capital assets: (Note 5)				
Assets not subject to depreciation	22,329	154,445	176,774	-
Assets subject to depreciation - Net	41,968,550	180,962	42,149,512	-
Total noncurrent assets	43,861,958	335,407	44,197,365	-
Total assets	47,430,675	578,699	48,009,374	356,035
Deferred Outflows of Resources				
Deferred pension costs (Note 11)	410,853	-	410,853	-
Deferred OPEB costs (Note 12)	38,173	-	38,173	-
Total deferred outflows of resources	449,026	-	449,026	-
Liabilities				
Current liabilities:				
Accounts payable	799,835	13,698	813,533	33,961
Due to other governmental units	75,000	-	75,000	-
Due to other funds	773,629	-	773,629	140,000
Accrued liabilities and other	481,835	544	482,379	-
Compensated absences (Note 7)	61,884	-	61,884	-
Current portion of bonds and contracts payable (Note 7)	768,768	-	768,768	-
Total current liabilities	2,960,951	14,242	2,975,193	173,961
Noncurrent liabilities:				
Compensated absences (Note 7)	50,632	-	50,632	-
Provision for claims (Note 10)	-	-	-	228,000
Net pension liability (Note 11)	3,325,825	-	3,325,825	-
Net OPEB liability (Note 12)	1,759,726	-	1,759,726	-
Bonds and contracts payable - Net of current portion (Note 7)	10,968,259	-	10,968,259	-
Total noncurrent liabilities	16,104,442	-	16,104,442	228,000
Total liabilities	19,065,393	14,242	19,079,635	401,961
Deferred Inflows of Resources - Deferred OPEB cost reductions	17,440	-	17,440	-
Net Position (Deficit)				
Net investment in capital assets	31,248,299	335,407	31,583,706	-
Restricted (Note 8)	876,632	-	876,632	-
Unrestricted	(3,328,063)	229,050	(3,099,013)	(45,926)
Total net position (deficit)	\$ 28,796,868	\$ 564,457	\$ 29,361,325	\$ (45,926)

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

Year Ended June 30, 2024

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise - Golf Course	Total Enterprise Funds	Internal Service Fund - Workers' Compensation
Operating Revenue				
Sale of water	\$ 3,516,683	\$ -	\$ 3,516,683	\$ -
Sewage disposal charges	4,544,616	-	4,544,616	-
Installation fees	821,374	-	821,374	-
Other	481,003	-	481,003	-
Greens fees and miscellaneous	-	383,073	383,073	-
Charges to other funds	-	-	-	100,000
Total operating revenue	9,363,676	383,073	9,746,749	100,000
Operating Expenses				
Cost of water	2,330,752	-	2,330,752	-
Cost of sewage treatment	1,996,306	-	1,996,306	-
Other operating and maintenance costs	2,695,659	365,587	3,061,246	-
Billing and administrative costs	659,683	-	659,683	-
Contractual services	-	-	-	160,764
Depreciation	1,329,367	42,885	1,372,252	-
Total operating expenses	9,011,767	408,472	9,420,239	160,764
Operating Income (Loss)	351,909	(25,399)	326,510	(60,764)
Nonoperating Revenue (Expense)				
Property tax revenue	10,880	-	10,880	-
Interest expense	(404,308)	-	(404,308)	-
Investment income	61,297	9,652	70,949	-
Total nonoperating (expense) revenue	(332,131)	9,652	(322,479)	-
Income (Loss) - Before capital contributions	19,778	(15,747)	4,031	(60,764)
Capital Contributions - Capital grants	38,892	-	38,892	-
Transfers In	-	13,561	13,561	-
Change in Net Position	58,670	(2,186)	56,484	(60,764)
Net Position - Beginning of year	28,738,198	566,643	29,304,841	14,838
Net Position (Deficit) - End of year	<u>\$ 28,796,868</u>	<u>\$ 564,457</u>	<u>\$ 29,361,325</u>	<u>\$ (45,926)</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2024

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise - Golf Course	Total	Internal Service Fund - Workers' Compensation
Cash Flows from Operating Activities				
Receipts from customers	\$ 8,871,917	\$ 393,444	\$ 9,265,361	\$ -
Receipts from interfund services and reimbursements	770,703	-	770,703	100,000
Payments to suppliers	(6,356,844)	(355,955)	(6,712,799)	-
Payments to employees and fringes	(1,097,080)	-	(1,097,080)	-
Payments to other funds	(75,000)	-	(75,000)	-
Claims paid	-	-	-	(127,150)
Net cash and cash equivalents provided by (used in) operating activities	2,113,696	37,489	2,151,185	(27,150)
Cash Flows from Noncapital Financing Activities -				
Transfers from other funds	-	13,561	13,561	-
Cash Flows from Capital and Related Financing Activities				
Receipt of capital grants	38,892	-	38,892	-
Property taxes restricted for debt service	10,880	-	10,880	-
Purchase of capital assets	(1,135,619)	(13,561)	(1,149,180)	-
Principal and interest paid on capital debt	(1,132,708)	-	(1,132,708)	-
Net cash and cash equivalents used in capital and related financing activities	(2,218,555)	(13,561)	(2,232,116)	-
Cash Flows Provided by Investing Activities -				
Interest received on investments	61,297	9,652	70,949	-
Net (Decrease) Increase in Cash and Cash Equivalents	(43,562)	47,141	3,579	(27,150)
Cash and Cash Equivalents - Beginning of year	1,929,821	194,488	2,124,309	27,150
Cash and Cash Equivalents - End of year	\$ 1,886,259	\$ 241,629	\$ 2,127,888	\$ -
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 15,180	\$ 241,629	\$ 256,809	\$ -
Restricted cash	1,871,079	-	1,871,079	-
Total cash and cash equivalents	\$ 1,886,259	\$ 241,629	\$ 2,127,888	\$ -

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2024

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise - Golf Course	Total	Internal Service Fund - Workers' Compensation
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 351,909	\$ (25,399)	\$ 326,510	\$ (60,764)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	1,329,367	42,885	1,372,252	-
Changes in assets and liabilities:				
Receivables	(491,759)	10,371	(481,388)	-
Due to and from other funds	770,703	-	770,703	-
Prepaid and other assets	16,961	-	16,961	-
Other employee benefits payable	75,000	-	75,000	-
Accounts payable	33,439	9,632	43,071	-
Estimated claims liability	-	-	-	33,614
Net pension or OPEB liability	32,217	-	32,217	-
Deferrals related to pension or OPEB	(2,591)	-	(2,591)	-
Accrued and other liabilities	(1,550)	-	(1,550)	-
Total adjustments	1,761,787	62,888	1,824,675	33,614
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 2,113,696</u>	<u>\$ 37,489</u>	<u>\$ 2,151,185</u>	<u>\$ (27,150)</u>

Noncash Capital and Related Financing Activities - During the current year, there was an increase in the City's debt of \$11,411 due to a decrease in the City's allocation of the Downriver Utility Wastewater System debt due to a decrease in the City's sewage flow compared to the total sewage flow of the system.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 9,303,768	\$ -	\$ 9,303,768
Investments:			
Certificates of deposit	2,313,558	-	2,313,558
U.S. government securities	1,198,968	-	1,198,968
Stocks and mutual funds	44,763,855	-	44,763,855
Mortgage-backed securities	6,811	-	6,811
Alternative investments	14,346,996	-	14,346,996
Receivables - Net:			
Accrued interest receivable	10,172	80	10,252
Other receivables	116,249	320	116,569
Due from other governments	338	113	451
Prepaid expenses and other assets	40,352	-	40,352
Total assets	72,101,067	513	72,101,580
Liabilities			
Accounts payable	326,951	-	326,951
Due to other governmental units	338	193	531
Refundable deposits, bonds, etc.	-	320	320
Total liabilities	327,289	513	327,802
Net Position			
Restricted:			
Pension	62,855,231	-	62,855,231
Postemployment benefits other than pension	8,918,547	-	8,918,547
Total net position	<u>\$ 71,773,778</u>	<u>\$ -</u>	<u>\$ 71,773,778</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,927,007	\$ -	\$ 1,927,007
Net increase in fair value of investments	4,714,797	-	4,714,797
Investment costs	(307,504)	-	(307,504)
Net investment income	6,334,300	-	6,334,300
Contributions:			
Employer contributions	9,203,318	-	9,203,318
Employee contributions	456,837	-	456,837
Total contributions	9,660,155	-	9,660,155
Property tax collections	-	31,895,261	31,895,261
Total additions	15,994,455	31,895,261	47,889,716
Deductions			
Benefit payments	8,723,649	-	8,723,649
Tax distributions to other governments	-	31,895,261	31,895,261
Total deductions	8,723,649	31,895,261	40,618,910
Net Increase in Fiduciary Net Position	7,270,806	-	7,270,806
Net Position - Beginning of year	64,502,972	-	64,502,972
Net Position - End of year	\$ 71,773,778	\$ -	\$ 71,773,778

**Component Units
Statement of Net Position**

June 30, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Southeastern Michigan Information Alliance	Total
Assets				
Cash and cash equivalents	\$ 1,671,886	\$ 407,132	\$ -	\$ 2,079,018
Due from other governmental units	-	259	-	259
Prepaid expenses and other assets	-	85	-	85
Capital assets - Net (Note 5)	-	479,964	-	479,964
Total assets	1,671,886	887,440	-	2,559,326
Liabilities				
Accounts payable	4,829	86,321	-	91,150
Due to other governmental units	-	47	-	47
Accrued liabilities and other	-	562	-	562
Total liabilities	4,829	86,930	-	91,759
Net Position				
Net investment in capital assets	-	479,964	-	479,964
Unrestricted	1,667,057	320,546	-	1,987,603
Total net position	<u><u>\$ 1,667,057</u></u>	<u><u>\$ 800,510</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,467,567</u></u>

City of Southgate, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Tax Increment Financing Authority	\$ 745,100	\$ -	\$ -	\$ -
Downtown Development Authority	303,426	-	-	-
Southeastern Michigan Information Alliance	22,088	-	-	-
Total component units	\$ 1,070,614	\$ -	\$ -	\$ -

General revenue:

Taxes

Investment income

Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Component Units
Statement of Activities

Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position			
Tax Incremental Financing Authority	Downtown Development Authority	Southeastern Michigan Information Alliance	Total
\$ (745,100)	\$ -	\$ -	\$ (745,100)
-	(303,426)	-	(303,426)
-	-	(22,088)	(22,088)
(745,100)	(303,426)	(22,088)	(1,070,614)
820,441	266,564	-	1,087,005
99,258	26,799	553	126,610
-	51,641	-	51,641
919,699	345,004	553	1,265,256
174,599	41,578	(21,535)	194,642
1,492,458	758,932	21,535	2,272,925
\$ 1,667,057	\$ 800,510	\$ -	\$ 2,467,567

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Southgate, Michigan (the "City") is governed by an elected seven-member 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.

Blended Component Units

The City of Southgate Building Authority (the "Building Authority") is governed by a board appointed by the mayor and approved 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. The City is involved in the purchase, by lease contract, of recreation facilities and related improvements and a library building addition from the Building Authority. Building authority operations consist of the issuance and repayment of debt and the construction of facilities. The financial statements of the Building Authority are consolidated with the financial statements of the City as follows:

- The assets of the Building Authority held for payment of outstanding bond issues are reported in the debt service funds.
- Fixed assets (completed construction projects) and remaining amounts due on bonds issued by the Building Authority are reported in the governmental activities statement of net position.

Discretely Presented Component Units

The following component units are presented discretely from the City:

Tax Increment Financing Authority

The Tax Increment Financing Authority's (the "Authority") governing body, which consists of 11 individuals, is appointed by the mayor and approved by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The Authority was created in 1985, and the first year of tax increment revenue capture was 1986. The tax increment financing plan was amended in 2001 and is set to expire in fiscal year 2025. The assets of the Tax Increment Financing Authority district have been pledged for repayment of the Fun and Fitness Center debt. As of June 30, 2024, the Fun and Fitness Center future debt service is broken down into \$1,290,000 of principal payments and \$50,440 of interest payments.

Downtown Development Authority

The Downtown Development Authority (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 9 individuals, is selected by the City Council. In addition, the Authority's budget is subject to approval by the City. The Authority was created in 2002, and the first year of tax increment revenue capture was 2002. There is no scheduled expiration date of the DDA's plan.

Southeastern Michigan Information Alliance

The Southeastern Michigan Information Alliance (the "SMIA") was created to enhance public safety through the sharing of technology and information resources to support the public safety services of the member communities. SMIA's governing body consists of one representative appointed by each governmental unit who is a member of SMIA. In addition, SMIA's budget is subject to approval by the City. As of June 30, 2024, SMIA was dissolved.

June 30, 2024**Note 1 - Significant Accounting Policies (Continued)****Policemen and Firemen Retirement System**

The Policemen and Firemen Retirement System provides pension benefits for certain police and fire personnel. Management of the Policemen and Firemen Retirement System is vested in the retirement board, which consists of five members: the mayor, or a resident of the City designated by the mayor; a member of the City Council to be selected by the City Council; a resident who is an elector of the City appointed by the City Council and who is not eligible to participate in the retirement system as a member; and two members of the retirement system elected by plan members. The financial statements of the Policemen and Firemen Retirement System are included in these financial statements as a pension trust fund (a fiduciary fund).

Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System

The Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System provide health care, dental, and vision benefits for eligible retirees. Management of the Municipal Employees' Retiree Healthcare System plan is vested in the City Council, which consists of seven elected members. Management of the Policemen and Firemen Retiree Healthcare System is vested by the Policemen and Firemen Retiree Healthcare System Board. The financial statements of both systems are included in these financial statements as an other employee benefit trust fund (a fiduciary fund).

Jointly Governed Organizations

Jointly governed organizations are discussed in Note 13.

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 (GASB).

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 are charges between the City's component units' functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Note 1 - Significant Accounting Policies (Continued)

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.

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 government 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, district court fines, and interest associated with the current fiscal period. Conversely, certain state-shared revenue, special assessments, and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these amounts, along with a deferred inflow of resources.

Proprietary funds, fiduciary funds, and component units, 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. 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.

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. This includes the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The City reports the following funds as major governmental funds:

- 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.
- Major Street Fund - The Major Street Fund accounts for the resources of state gas and weight tax revenue that is restricted for use on major streets. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.
- Local Street Fund - The Local Street Fund accounts for the resources of state gas and weight tax revenue that is restricted for use on local streets. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

Note 1 - Significant Accounting Policies (Continued)

- Southgate-Wyandotte Operation and Maintenance Fund - The Southgate-Wyandotte Operation and Maintenance Fund accounts for the resources from special assessments that are restricted for the operation and maintenance of the Southgate-Wyandotte Drainage District.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a major enterprise fund:

- Water and Sewer Fund - The Water and Sewer Fund (an enterprise fund) accounts for the activities of the water distribution system and sewage collection system.
- Workers' Compensation Fund - The Workers' Compensation Fund (an internal service fund) accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, mainly on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- Pension and other employee benefit trust funds - The pension and other employee benefit trust funds account for the activities of the Policemen and Firemen Retirement System, Municipal Employees' Retiree Healthcare System, and Act 345 Health Insurance, which accumulate resources for pension benefit payments and postemployment health care costs to qualified police, fire, and municipal retirees.
- Custodial funds - The custodial funds account for assets held by the City in a trustee capacity or as a custodian for individuals, organizations, and other governments. This includes the taxes collected on behalf of other taxing authorities and assets held in the Senior Citizens' Trust.

Interfund Activity

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

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

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash 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. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Receivables

All trade and property tax receivables are shown as net of an allowance for uncollectible amounts.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds 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.

Restricted Assets

Restricted assets result from the establishment of debt reserves related to the Downriver Utility Wastewater Authority bonds and the Wayne County Downriver Sewage Disposal System bonds and capital reserves from user fees.

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 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 \$2,500 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.

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

	Depreciable Life - Years
Infrastructure	30-50
Water and sewer distribution systems	50
Buildings and building improvements	50
Vehicles	5-10
Equipment and machinery	10-20

Note 1 - Significant Accounting Policies (Continued)**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond 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 face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. The Building Authority Fund and District Court Capital Improvement Fund are used to liquidate government-wide long-term obligations. The Water and Sewer Fund is used to liquidate proprietary fund long-term obligations.

Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of June 30, 2024, the General Fund balance of unearned revenue includes \$822,633 of American Rescue Plan Act cash received in advance of eligibility being met. Other unearned revenue consists of grant proceeds, which are not considered earned until they have been spent on eligible expenditures

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has five items that qualify for reporting in this category. One of the deferred outflows is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item reported as deferred outflows in the government-wide statement of net position and proprietary statement of net position is the difference between projected and actual earnings on pension plan and OPEB plan investments. This amount is deferred and amortized over five years. The third item reported as a deferred outflow on the government-wide statement of net position is the difference between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability and total OPEB liability. This is deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions. The fourth item reported as a deferred outflow on the government-wide statement of net position and proprietary statement of net position is the pension contributions made subsequent to the measurement date. This is deferred and will be expensed in the City's next fiscal year. The last item reported as a deferred outflow on the government-wide statement of net position and proprietary statement of net position is the change in pension assumptions and OPEB assumptions related to economic and demographic factors. This is deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pension benefits and OPEB benefits.

Note 1 - Significant Accounting Policies (Continued)

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 has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from three sources: grants, state-shared revenue, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. The second type of deferred inflows relates to differences between projected and actual earnings on pension plan and OPEB plan investments. This amount is deferred and amortized over five years. The deferred inflows of resources related to the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability and total OPEB liability are reported in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB benefits. The deferred inflows on the government-wide statement of net position and proprietary statement of net position are the change in OPEB assumptions related to economic and demographic factors. This is deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with OPEB benefits.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 government 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.

June 30, 2024**Note 1 - Significant Accounting Policies (Continued)**

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 Council 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 either to remove or revise a commitment.

Property Tax Revenue

Property taxes are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due without penalty during the period from July 1 through August 31, with the final collection date of February 28 before they are added to the county tax rolls.

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

The 2024 taxable valuation of the City totaled approximately \$832,000,000 (a portion of which is abated and a portion of which is captured by the Authority and the DDA), on which taxes levied consisted of 10.0304 mills for the City's operating purposes, 2.4069 mills for refuse, 10.3882 mills for Act 345 police and fire retirement, 0.8800 mills for the library's operating purposes, 1.9131 mills for road construction, 0.0595 mills for Act 359, and 0.9895 mills for parks and recreation. Prior to the Downtown Development Authority and Tax Increment Finance Authority tax captures, the ad valorem taxes levied raised approximately \$8,440,000 for operations, \$2,025,000 for refuse, \$8,741,000 for police and fire retirement, \$740,000 for the library's operations, \$1,610,000 for road construction, \$50,000 for Act 359, and \$833,000 for parks and recreation millage. In the current year, the City executed a sharing agreement with the Downtown Development Authority and Tax Increment Finance Authority in which the DDA and the Authority agreed to forgo their allowable captures. In 2024, this amounted to \$130,255 and \$400,905 in forgone captures for the DDA and the Authority, respectively. These amounts are recognized in the General Fund as tax revenue.

Pension

The City offers a defined benefit pension plan to its retirees. 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. The contributions made to the pensions to fund the liability will be made by the fund from which the employee's salary and wage was earned. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)**Other Postemployment Benefits**

The City offers retiree 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The contributions made to the pensions to fund the liability will be made by the fund from which the employee's salary and wage was earned. 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. Employees may receive payment of the accumulated sick leave and vacation balance at the rate determined by union contracts, which vary from unit to unit. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations as of year end. Compensated absences attributable to the governmental activities and proprietary funds will be liquidated by the fund from which the employee's salary and wage were paid.

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 our proprietary funds relates to charges to customers for water and sewer sales and greens fees. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. 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.

Use of Estimates

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

Upcoming Accounting Pronouncements

In 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 1 - Significant Accounting Policies (Continued)

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the City's financial statements for the year ending March 31, 2026.

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

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

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

Cumulative surplus at July 1, 2023	\$ 282,678
Current year permit revenue	1,385,505
Related expenses - Indirect costs	<u>952,567</u>
Current year surplus	<u>432,938</u>
Cumulative surplus at June 30, 2024	<u><u>\$ 715,616</u></u>

Fund Deficits

For the year ended June 30, 2024, the Internal Service Fund - Workers' Compensation Fund has a deficit in unrestricted and total net position of \$45,926. Management believes this deficit will be eliminated over time as charges for services to other funds and other operating expenses return to historical trends.

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 pension trust fund and retiree health care fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated two banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized under the state statutory authority, as listed above.

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 of \$49,914,400 (certificates of deposit and checking and savings accounts) that were 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.

The City's component units have certain cash, deposits, and investments that are maintained in pooled accounts of the City; therefore, the amount of insured deposits specific to the component units' deposits cannot be determined.

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 be purchased only with a 270-day maturity. The City's investment policy does not restrict investment maturities other than commercial paper, which can be purchased only with a 270-day maturity.

At year end, the City had the following investments and maturities:

Fiduciary Funds	Fair Value	Less Than 5 Years	5-15 Years	Over 15 Years
Mortgage-backed securities	\$ 6,811	\$ -	\$ -	\$ 6,811
U.S. government securities	1,198,968	-	-	1,198,968
Corporate bonds	682,811	341,959	265,400	75,452
Total	\$ 1,888,590	\$ 341,959	\$ 265,400	\$ 1,281,231

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Mortgage-backed securities	\$ 6,811	Not rated	N/A
U.S. government securities	1,198,968	Not rated	N/A
Corporate bonds	67,296	A+	S&P
Corporate bonds	358,226	A-	S&P
Corporate bonds	65,902	AA	S&P
Corporate bonds	58,478	BBB+	S&P
Corporate bonds	132,909	BBB	S&P
Total	\$ 1,888,590		

Concentration of Credit Risk

The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. At June 30, 2024, the Policemen and Firemen Retirement System had multiple investments, which mostly consisted of pooled investments that exceed 5.00 percent of the total portfolio. The plan had 9.17 percent invested in Loomis Sayles Investment Grade Bond Fund, 5.85 percent invested in Vanguard FTSE Developed Markets Fund, and 5.45 percent invested in CION ARES Diversified Credit Fund.

Risks and Uncertainties

The City is invested in various securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reporting in the balance sheet.

Note 4 - 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 assets. 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 (NAV) (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 fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

June 30, 2024

Note 4 - Fair Value Measurements (Continued)

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

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Debt securities:				
Corporate bonds	\$ 682,811	\$ -	\$ -	\$ 682,811
Mortgage-backed securities	-	6,811	-	6,811
U.S. government securities	-	1,198,968	-	1,198,968
Mutual funds - Fixed income	14,545,725	-	-	14,545,725
Total debt securities	15,228,536	1,205,779	-	16,434,315
Equity securities:				
Stock	20,816,970	-	-	20,816,970
ETF - Equity	6,130,610	-	-	6,130,610
Mutual funds - Equity	2,587,739	-	-	2,587,739
Total equity securities	29,535,319	-	-	29,535,319
Private equity funds - Alternative investments	-	-	10,728,803	10,728,803
Total	\$ 44,763,855	\$ 1,205,779	\$ 10,728,803	56,698,437
Investments measured at NAV - External investment pools				1,952,329
Total assets				\$ 58,650,766

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. government securities and mortgage-backed securities at June 30, 2024 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of private equity funds at June 30, 2024 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the funds' fair value, which would be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At June 30, 2024, the total unfunded commitments on the private equity funds were \$5,058,552. There are no redemption restrictions associated with any of the Level 3 investments.

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

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.

June 30, 2024

Note 4 - Fair Value Measurements (Continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
External investment pools	\$ 1,952,329	\$ 80,645	N/A	N/A

The external investment pools include funds that invest in debt securities that include a broad range of credit ratings and industries. The fair value of the investments in this class have been estimated using net asset value per share of the investment.

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 3,386,602	\$ -	\$ -	\$ 3,386,602
Construction in progress	-	650,753	-	650,753
Subtotal	3,386,602	650,753	-	4,037,355
Capital assets being depreciated:				
Infrastructure	91,700,819	1,386,537	-	93,087,356
Buildings and improvements	37,342,952	942,113	-	38,285,065
Machinery and equipment	11,273,285	104,192	-	11,377,477
Vehicles	4,365,876	474,143	-	4,840,019
Land improvements	3,972,459	-	-	3,972,459
Subtotal	148,655,391	2,906,985	-	151,562,376
Accumulated depreciation:				
Infrastructure	60,726,508	1,896,737	-	62,623,245
Buildings and improvements	18,646,851	753,203	-	19,400,054
Machinery and equipment	8,916,231	196,321	-	9,112,552
Vehicles	3,482,383	202,586	-	3,684,969
Land improvements	2,589,058	90,033	-	2,679,091
Subtotal	94,361,031	3,138,880	-	97,499,911
Net capital assets being depreciated	54,294,360	(231,895)	-	54,062,465
Net governmental activities capital assets	\$ 57,680,962	\$ 418,858	\$ -	\$ 58,099,820

June 30, 2024

Note 5 - Capital Assets (Continued)***Business-type Activities***

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 169,445	\$ -	\$ -	\$ -	\$ 169,445
Construction in progress	1,508,861	(1,508,861)	7,329	-	7,329
Subtotal	1,678,306	(1,508,861)	7,329	-	176,774
Capital assets being depreciated:					
Water and sewer lines	67,517,873	1,508,861	255,878	-	69,282,612
Buildings and improvements	938,581	-	-	-	938,581
Machinery and equipment	2,497,320	-	-	-	2,497,320
Vehicles	2,759,385	-	885,972	(305,000)	3,340,357
Land improvements	631,708	-	-	-	631,708
Subtotal	74,344,867	1,508,861	1,141,850	(305,000)	76,690,578
Accumulated depreciation:					
Vehicles	2,269,991	-	159,852	(305,000)	2,124,843
Buildings and improvements	636,156	-	16,211	-	652,367
Machinery and equipment	1,992,374	-	33,927	-	2,026,301
Water and sewer lines	28,120,240	-	1,127,557	-	29,247,797
Land improvements	455,053	-	34,705	-	489,758
Subtotal	33,473,814	-	1,372,252	(305,000)	34,541,066
Net capital assets being depreciated	40,871,053	1,508,861	(230,402)	-	42,149,512
Net business-type activity capital assets	<u>\$ 42,549,359</u>	<u>\$ -</u>	<u>\$ (223,073)</u>	<u>\$ -</u>	<u>\$ 42,326,286</u>

Capital asset activity for the City's component units for the year ended June 30, 2024 was as follows:

Component Units

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets being depreciated:					
Furniture and equipment	\$ 210,903	\$ -	\$ -	\$ (210,903)	\$ -
Land improvements	755,956	-	81,219	-	837,175
Subtotal	966,859	-	81,219	(210,903)	837,175
Accumulated depreciation:					
Furniture and equipment	210,903	-	-	(210,903)	-
Land improvements	284,932	-	72,279	-	357,211
Subtotal	495,835	-	72,279	(210,903)	357,211
Net capital assets	<u>\$ 471,024</u>	<u>\$ -</u>	<u>\$ 8,940</u>	<u>\$ -</u>	<u>\$ 479,964</u>

June 30, 2024

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 1,070,807
Public safety	296,698
Public works	1,078,669
Recreation and culture	628,831
District court	63,875
	<u>3,138,880</u>
Total governmental activities	\$ 3,138,880
Business-type activities:	
Water and Sewer Fund	\$ 1,329,367
Golf Course Fund	42,885
	<u>1,372,252</u>
Total business-type activities	\$ 1,372,252
Component unit activities - Downtown Development Authority	\$ 72,279

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Southgate-Wyandotte Operation and Maintenance Fund	\$ 21,751
	Indigent Defense Fund (nonmajor governmental funds)	25,843
	Water and Sewer Fund	773,629
	Internal Service Fund - Workers' Compensation Fund	140,000
	Total General Fund	961,223
Library Fund (nonmajor governmental funds)	General Fund	902
Water and Sewer Fund	General Fund	2,926
Internal Service Fund - Workers' Compensation Fund	General Fund	356,035
	Total	<u>\$ 1,321,086</u>

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Major Street Fund	Local Street Fund	\$ 575,844
Parks and Recreation Fund (nonmajor governmental funds)	Golf Course Fund (nonmajor enterprise fund)	13,561
	Total	<u>\$ 589,405</u>

June 30, 2024

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the Major Street Fund to the Local Street Fund is the allowable transfer for Act 51 maintenance. The transfer from the Parks and Recreation Fund to the Golf Course Fund represent transfers of funds for capital outlay.

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Other debt:							
Capital Improvement							
Refunding Bond Series							
2015B:							
Original issue - \$6,360,000		\$620,000 -					
Maturing through 2026	2.60%	\$650,000	\$ 1,910,000	\$ -	\$ (620,000)	\$ 1,290,000	\$ 640,000
Total bonds and contracts payable			1,910,000	-	(620,000)	1,290,000	640,000
Compensated absences			2,315,486	990,686	(936,966)	2,369,206	829,224
Self-insurance claims			298,000	142,885	(142,885)	298,000	21,000
Total governmental activities long-term debt			<u>\$ 4,523,486</u>	<u>\$ 1,133,571</u>	<u>\$ (1,699,851)</u>	<u>\$ 3,957,206</u>	<u>\$ 1,490,224</u>

June 30, 2024

Note 7 - Long-term Debt (Continued)

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:							
Downriver Utility Wastewater System bonds:							
Original issue - Various		\$257,500 -					
Maturing 2027-2043	1.65%-5.00%	\$748,538	\$ 9,197,128	\$ -	\$ (518,901)	\$ 8,678,227	\$ 532,217
Wayne County Downriver Sewage Disposal System bonds:							
Original issue - Various		\$64,704 -					
Maturing 2020-2028	2.00%-5.45%	\$264,795	376,585	-	(67,785)	308,800	71,551
Act 94 - Water and Sewer System revenue bonds - DWRF:							
Original issue - \$4,000,000		\$160,000 -					
Maturing through 2039	2.50%	\$230,000	2,910,000	-	(160,000)	2,750,000	165,000
Total bonds and contracts payable			12,483,713	-	(746,686)	11,737,027	768,768
Compensated absences			120,923	47,155	(55,562)	112,516	61,884
Total business-type activities long-term debt			\$ 12,604,636	\$ 47,155	\$ (802,248)	\$ 11,849,543	\$ 830,652

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Other Debt			Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 640,000	\$ 33,540	\$ 673,540	\$ 768,768	\$ 379,949	\$ 1,148,717
2026	650,000	16,900	666,900	791,656	357,784	1,149,440
2027	-	-	-	831,088	335,397	1,166,485
2028	-	-	-	832,690	311,021	1,143,711
2029	-	-	-	714,945	285,633	1,000,578
2030-2034	-	-	-	3,185,149	1,107,944	4,293,093
2035-2039	-	-	-	2,587,529	622,976	3,210,505
2040-2044	-	-	-	1,411,709	216,488	1,628,197
Thereafter	-	-	-	613,493	71,354	684,847
Total	\$ 1,290,000	\$ 50,440	\$ 1,340,440	\$ 11,737,027	\$ 3,688,546	\$ 15,425,573

Note 8 - Restricted Assets

A portion of the water and sewer user fees is restricted by ordinance to be used solely for the purpose of making capital improvements in the City's water and sewer system. In addition, restricted assets result from the establishment of debt reserves related to Wayne County Downriver Sewage Disposal System bonds and to Downriver Utility Wastewater System bonds.

June 30, 2024

Note 8 - Restricted Assets (Continued)

At June 30, 2024, restricted assets are composed of the following:

Wayne County Downriver Sewage Disposal System bonds - Assets held at the county for future debt payments	\$ 876,632
Downriver Utility Wastewater System bonds - Assets held at DUWA for future debt payments	994,447
Total restricted assets	<u>\$ 1,871,079</u>

Net position in the amount of \$876,632 has been restricted. This amount represents unspent capital fees and property tax collections remitted to the county for future debt service payments on the Wayne County, Michigan bonds. The cash reserves held at the Downriver Utility Wastewater Authority were not restricted net position, as the cash reserves were generated from unspent bond proceeds.

Note 9 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Capital Improvement Fund
Nonspendable - Prepaids	\$ 226,720	\$ -
Restricted:		
Unspent property tax proceeds - Rubbish	820,949	-
Unspent property tax proceeds - Police and fire pension	284,206	-
Low-income housing	9,163	-
Building department	715,616	-
Total restricted	1,829,934	-
Committed:		
County property tax chargebacks/MTT settlements	300,000	-
Computer software acquisition	10,000	-
Police cars	-	350,000
Property acquisition	-	113,683
Fire rescue equipment	1,000,000	250,000
SINC	136,000	-
Total committed	1,446,000	713,683
Assigned:		
Workers' compensation	500,000	-
Severance reserve	1,600,000	-
Future working capital	300,000	-
Future OPEB	500,000	-
Future budget shortfalls due to deficiencies in court revenue	600,000	-
Capital projects	-	79,402
Total assigned	3,500,000	79,402
Unassigned	2,003,537	-
Total nonspendable, restricted, committed, assigned, and unassigned fund balances	<u>\$ 9,006,191</u>	<u>\$ 793,085</u>

Note 10 - 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 medical benefit claims and a portion of general claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The City estimates the liability for general liability and workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2024	2023
Unpaid claims - Beginning of year	\$ 298,000	\$ 298,000
Incurred claims, including claims incurred but not reported	(142,885)	(114,053)
Claim payments	142,885	114,053
Unpaid claims - End of year	<u>\$ 298,000</u>	<u>\$ 298,000</u>

Recorded in the accrued and other liabilities of the Workers' Compensation Fund is a liability for \$228,000 related to workers' compensation claims. The remaining amount of unpaid claims liability is recorded as long-term debt.

Note 11 - Pension Plans

Plan Description

The City of Southgate, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Municipal Employees' Retirement System (MERS), an agent multiple-employer plan administered by the MERS of Michigan board, and Policemen and Firemen Retirement System, a single-employer plan administered by the Policemen and Firemen Retirement System board.

MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmich.com or by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

The Policemen and Firemen Retirement System provides pension benefits for certain police and fire personnel. Benefits terms have been established by contractual agreements between the City and the various employee union representations. Management of the Policemen and Firemen Retirement System is vested in the retirement board, which consists of five members: the mayor, or a resident of the City designated by the mayor; a member of the City Council to be selected by the City Council; a resident who is an elector of the City appointed by the City Council and who is not eligible to participate in the retirement system as a member; and two members of the retirement system elected by plan members.

Benefits Provided

Municipal Employees' Retirement System

The plan provides certain 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.

The MERS plan covers all full-time municipal employees hired before July 2, 2011.

Note 11 - Pension Plans (Continued)

The pension plan provides retirement, disability, and death benefits. Plan members are eligible for retirement at age 60 with 10 or more years of service, age 50 with 25 or more years of service, or the date at which the sum of age plus years of service equals 80 or more. The annual amount of benefits provided is calculated by total service times 2.25 percent of final average salary for employees hired before July 1, 2008, with 70 percent of base wages after annuity withdrawal for all employees.

Plan members are eligible for deferred retirement at 10 or more years of service. The benefit begins at age 60 and is computed as a regular retirement but is based on service and final average salary at the time of termination.

Plan members are eligible for duty disability retirement at any age or service requirements and in receipt of workers' compensation. Duty disability retirement benefits are computed as a regular benefit. The minimum benefit is 20 percent of final average salary. Upon termination of workers' compensation, additional service credit, to age 65, is granted and benefit is recomputed.

Plan members are eligible for nonduty disability retirement at 10 or more years of service, which is computed as a regular retirement.

Plan members are eligible for duty death before retirement benefits at any age or service and must be in receipt of workers' compensation. The annual amount is a refund of accumulated contributions.

Plan members are eligible for nonduty death before retirement benefits with 15 or more years of service or age 60 with 10 or more years of service. The annual amount is computed as a regular retirement but is actuarially reduced in accordance with a 100 percent joint and survivor election.

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 0.50 percent, noncompounding.

Policemen and Firemen Retirement System

The pension plan provides retirement, disability, and death benefits. Police members are eligible for service retirement at any age with 25 or more years of service or age 60 with 10 or more years of service. Fire members are eligible for service retirement at any age with 25 or more years of service or age 60 with 10 or more years of service. For IAFF Local 1307 members hired before July 1, 2008, the annual benefit is calculated as 2.69 percent of final average compensation times first 25 years of service plus 1 percent of final average compensation times years of service in excess of 25 years, subject to a maximum annual benefit cap of \$80,000 after annuity withdrawal, and payable as a straight life annuity. For IAFF Local 1307 members hired after July 1, 2008, the annual benefit is calculated the same as those hired before July 1, 2008 but is subject to a maximum annual benefit cap of \$70,000. For employees hired after July 1, 2008, there will be no annuity withdrawal. For both police (COA) and patrol hired before July 1, 2008, the annual benefits are calculated as 2.69 percent of final average compensation times the first 25 years of service plus 1 percent of final average compensation times years of service in excess of 25 years, subject to a maximum annual benefit cap of \$80,000 after annuity withdrawal. For members hired after July 1, 2008, the annual benefit is calculated the same as those hired before July 1, 2008, but the benefit is subject to a maximum annual benefit cap of \$70,000; however, FAC will not include sick time payout. For employees hired after July 1, 2008, there will be no annuity withdrawal. The current fire chief and public safety director are subject to a maximum annual benefit cap of \$89,447 after annuity withdrawal, payable as a straight life annuity.

All pension plan members are eligible for deferred retirement benefits at 10 or more years of service, and the annual amount is computed as service retirement but is based upon service, final average compensation, and benefit in effect at termination. Benefits begin at the date retirement would have occurred had the member remained in employment.

Note 11 - Pension Plans (Continued)

All pension plan members are eligible for a death after retirement survivor's pension, which is payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension that was effective July 1, 1975 or later. The spouse's pension equals 60 percent of the pension the retiree was receiving.

All pension plan members are eligible for a nonduty death-in-service survivor's pension, which is payable to a surviving spouse, if any, upon the death of a member with 10 or more years of service. The amount is calculated by the accrued straight life pension actuarially reduced in accordance with an Option I election.

All pension plan members are eligible for a duty death-in-service survivor's pension, which is payable upon the expiration of workers' compensation to the survivors of a member who died in the line of duty. The amount will be the same amount that was paid by workers' compensation.

All pension plan members are eligible for nonduty disability, which is payable upon the total and permanent disability of a member with 5 or more years of service. The amount is calculated to age 55 as 1.5 percent of final average compensation times years of service and at age 55 as the same as service retirement pension.

All pension plan members are eligible for duty disability, which is payable upon the total and permanent disability of a member in the line of duty. The amount is calculated to age 55 as 50 percent of final average compensation and at age 55 as the same as service retirement pension with service credit from date of disability to age 55.

Benefit terms are generally established and amended by authority of the members of the City Council, generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Municipal Employees' Retirement System	Policemen and Firemen Retirement System
Date of member count	December 31, 2023	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	79	113
Inactive plan members entitled to but not yet receiving benefits	5	2
Active plan members	27	62
Total employees covered by the plan	111	177

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, the City (Policemen and Firemen Retirement System) and MERS (Municipal Employees' Retirement System) retain an independent actuary to determine the annual contribution. 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.

For MERS, the employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The employer may establish contribution rates to be paid by its covered employees. For the Policemen and Firemen Retirement System, contribution requirements of the system members are established and may be amended by city ordinances and negotiations with the City's collective bargaining units.

June 30, 2024

Note 11 - Pension Plans (Continued)

For the year ended June 30, 2024, the average employee contribution rate was 10.0 percent of annual pay, and the City's average contribution rate was 74.68 percent of annual payroll for the MERS plan. For the year ended June 30, 2024, the Policemen and Firemen Retirement System's average employee contribution rate was 7.50 percent of annual pay, and the City's average contribution rate was 104.60 percent of annual payroll.

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Municipal Employees' Retirement System	Policemen and Firemen Retirement System
Measurement date used for the City's net pension liability	December 31, 2023	June 30, 2024
Based on a comprehensive actuarial valuation as of	December 31, 2023	June 30, 2023

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

Municipal Employees' Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 33,044,814	\$ 18,743,516	\$ 14,301,298
Changes for the year:			
Service cost	226,312	-	226,312
Interest	2,310,415	-	2,310,415
Differences between expected and actual experience	208,148	-	208,148
Changes in assumptions	229,669	-	229,669
Contributions - Employer	-	1,297,434	(1,297,434)
Contributions - Employee	-	189,190	(189,190)
Net investment income	-	2,069,480	(2,069,480)
Benefit payments, including refunds	(2,580,367)	(2,580,367)	-
Administrative expenses	-	(43,048)	43,048
Net changes	394,177	932,689	(538,512)
Balance at December 31, 2023	<u>\$ 33,438,991</u>	<u>\$ 19,676,205</u>	<u>\$ 13,762,786</u>

The plan's fiduciary net position represents 58.8 percent of the total pension liability.

June 30, 2024

Note 11 - Pension Plans (Continued)

Policemen and Firemen Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 85,304,449	\$ 56,498,821	\$ 28,805,628
Changes for the year:			
Service cost	1,143,871	-	1,143,871
Interest	5,784,062	-	5,784,062
Changes in benefits	25,515	-	25,515
Differences between expected and actual experience	161,506	-	161,506
Contributions - Employer	-	6,240,040	(6,240,040)
Contributions - Employee	-	456,837	(456,837)
Net investment income	-	5,694,461	(5,694,461)
Benefit payments, including refunds	(6,493,865)	(6,493,865)	-
Administrative expenses	-	458,937	(458,937)
Net changes	621,089	6,356,410	(5,735,321)
Balance at June 30, 2024	<u>\$ 85,925,538</u>	<u>\$ 62,855,231</u>	<u>\$ 23,070,307</u>

The plan's fiduciary net position represents 73.2 percent of the total pension liability.

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,498,597 and \$3,534,087 from the Municipal Employees' Retirement System and the Policemen and Firemen Retirement System, respectively.

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

	Municipal Employees' Retirement System		Policemen and Firemen Retirement System	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -	\$ 1,204,775	\$ (1,098,769)
Changes in assumptions	-	-	1,026,425	-
Net difference between projected and actual earnings on pension plan investments	1,104,228	-	310,072	-
Employer contributions to the plan subsequent to the measurement date	634,074	-	-	-
Total	<u>\$ 1,738,302</u>	<u>\$ -</u>	<u>\$ 2,541,272</u>	<u>\$ (1,098,769)</u>

June 30, 2024

Note 11 - Pension Plans (Continued)

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

Years Ending June 30	Municipal Employees' Retirement System	Policemen and Firemen Retirement System
2025	\$ 186,693	\$ 408,947
2026	415,877	1,933,964
2027	652,014	(570,105)
2028	(150,356)	(330,303)

Actuarial Assumptions

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

	Municipal Employees' Retirement System	Policemen and Firemen Retirement System
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.00%	3.00%
Investment rate of return (net of investment expenses)	7.18%	7.00%
Mortality rates	Pub-2010; PubG-2010*	Pub-2010**

*Municipal Employees' Retirement System mortality rates

Preretirement mortality:

- 100 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
- 100 percent of PubG-2010 Employee Mortality Tables for Ages 18-80
- 100 percent of PubG-2010 Healthy Retiree Tables for Ages 81-120

Nondisabled retired plan members and beneficiaries:

- 106 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
- 106 percent of PubG-2010 Employee Mortality Tables for Ages 18-49
- 106 percent of PubG-2010 Healthy Retiree Tables for Ages 50-120

Disabled retired plan members:

- 100 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
- 100 percent of PubNS-2010 Disabled Retiree Tables for Ages 18-120

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

The base mortality tables used are constructed as described below and are based on amount-weighted sex-distinct rates:

The actuarial assumptions used in the Municipal Employees' Retirement System December 31, 2021 valuation were based on the results of a five-year actuarial experience study from 2013 to 2018 dated February 17, 2022.

Note 11 - Pension Plans (Continued)

**Policemen and Firemen Retirement System mortality rates

The mortality rates utilized are based upon the Pub-2010 Amount-Weighted, Safety tables, in conjunction with the MP-2020 Projection Scale on a fully generational basis. The tables used were as follows:

- Preretirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male, and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020
- Healthy postretirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male, and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020
- Disability retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male, and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020

The actuarial assumptions used in the Policemen and Firemen Retirement System June 30, 2021 valuation were based on the results of an actuarial experience study dated February 11, 2021.

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

The long-term expected rate of return on pension 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 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.

	Municipal Employees' Retirement System	Policemen and Firemen Retirement System
Assumed investment rate of return	7.18%	7.00%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure the total pension liability	7.18%	7.00%

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2023 MERS measurement date and June 30, 2024 Policemen and Firemen Retirement System measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

Municipal Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.50
Private investments	20.00	7.00

June 30, 2024

Note 11 - Pension Plans (Continued)

Policemen and Firemen Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	38.00 %	8.40 %
International equities	16.00	7.30
Fixed income	15.00	3.70
Real estate	7.50	7.00
Absolute return/Hedge funds	4.00	5.20
Private equity	10.00	13.00
Private credit	7.50	9.00
Cash or cash equivalents	2.00	3.10

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

The following presents the net pension liabilities of the City, calculated using the discount rate of 7.18 percent for MERS and using the discounted rate of 7.00 percent for the Policemen and Firemen Retirement System, as well as what the City's net pension liabilities would be if they were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rates:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Municipal Employees' Retirement System	\$ 17,359,582	\$ 13,762,786	\$ 10,724,146
Net pension liability of the Policemen and Firemen Retirement System	32,197,898	23,070,307	15,403,284

Pension Plan Fiduciary Net Position

Detailed information about the Municipal Employees' Retirement System's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefits payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

The Policemen and Firemen Retirement System's financial statements are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Assumption Changes

Municipal Employees' Retirement System

The discount rate used in the Municipal Employees' Retirement System was reduced from 7.25 percent at December 31, 2022 to 7.18 percent at December 31, 2023.

Policemen and Firemen Retirement System

There were no assumption changes in the current year.

Note 11 - Pension Plans (Continued)

Benefit Changes

Policemen and Firemen Retirement System

Effective for the current year, member contributions are now in effect. This change was included in the June 30, 2023 pension valuation and is also included in the total pension liability as of June 30, 2024.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on Policemen and Firemen Retirement System investments, net of pension plan investment expense, was 11.33 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves - Policemen and Firemen Retirement System

In accordance with plan documents, the following reserves are required to be set aside within the Policemen and Firemen Retirement System:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0 percent. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2024 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 57,737,488	\$ 57,737,488
Employee reserve	5,117,743	5,117,743
Employer reserve	-	-
Total	\$ 62,855,231	\$ 62,855,231

Note 12 - Other Postemployment Benefit Plans

Plan Description

The City provides postemployment benefits other than pension (OPEB) for all employees who meet eligibility requirements. The benefits are provided through the Municipal Employees' Retiree Healthcare System, a single-employer plan administered by the Municipal Employees' Retiree Healthcare System board, and the Policemen and Firemen Retiree Healthcare System, a single-employer plan administered by the Policemen and Firemen Retiree Healthcare System board.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plans is vested in the City Council, which consists of seven elected members.

Note 12 - Other Postemployment Benefit Plans (Continued)

Benefits Provided

The Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System provide health care, dental, and vision benefits for retirees and their spouses who are 60 years of age with 10 years of service or are 50 years of age with 25 years of service. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. For those retiring after June 30, 2022 (or April 1, 2023 for command), upon Medicare eligibility, he/she shall receive \$300 per month and per eligible spouse, to a total of \$600 per month to purchase Medicare Supplemental insurance, instead of receiving retiree health care coverage through the City. As of July 1, 2008 and July 1, 2018, the Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System, respectively, were closed to new entrants.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Municipal Employees' Retiree Healthcare System	Policemen and Firemen Retiree Healthcare System
Date of member count	June 30, 2023	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	77	93
Inactive plan members entitled to but not yet receiving benefits	1	1
Active plan members	27	39
Total plan members	105	133

Contributions

The Policemen and Firemen Retiree Healthcare System's funding policy is that the employer will make discretionary contributions. There are no long-term contracts for contributions to the plans. The plans have no legally required reserves. For the year ended June 30, 2024, the City contributed \$2,014,318 to the Policemen and Firemen Retiree Healthcare System. Plan members are not required to contribute to the plan.

The Municipal Employees' Retiree Healthcare System's retiree health care costs are 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 the current year, the City paid postemployment health care premiums of \$685,983, plus it contributed \$275,000 into a prefunded retiree health care fund, which is reported in these financial statements as a pension and other employee benefit trust fund type.

Net OPEB Liability

The City chooses a date for each OPEB plan to measure its net OPEB liability. This is based on the measurement date of each OPEB plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Municipal Employees' Retiree Healthcare System	Policemen and Firemen Retiree Healthcare System
Measurement date used for the City's net OPEB liability	June 30, 2024	June 30, 2024
Based on a comprehensive actuarial valuation as of	June 30, 2023	June 30, 2023

June 30, 2024

Note 12 - Other Postemployment Benefit Plans (Continued)

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

Municipal Employees' Retiree Healthcare System

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2023	\$ 18,378,745	\$ 3,906,819	\$ 14,471,926
Changes for the year:			
Service cost	108,938	-	108,938
Interest	697,151	-	697,151
Differences between expected and actual experience	(636,709)	-	(636,709)
Changes in assumptions	850,555	-	850,555
Contributions - Employer*	-	1,025,025	(1,025,025)
Net investment income	-	139,186	(139,186)
Benefit payments, including refunds*	(744,290)	(744,290)	-
Administrative expenses	-	(5,420)	5,420
Miscellaneous other charges	-	(12,000)	12,000
Net changes	275,645	402,501	(126,856)
Balance at June 30, 2024	\$ 18,654,390	\$ 4,309,320	\$ 14,345,070

*Note that the contributions and benefit payments include implicit benefit payments of \$76,065 that were calculated by the actuary. The net effect of the implicit benefit payments to the plan net position is zero.

The plan's fiduciary net position represents 23.10 percent of the total OPEB liability.

Policemen and Firemen Retiree Healthcare System

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2023	\$ 40,698,697	\$ 4,097,332	\$ 36,601,365
Changes for the year:			
Service cost	593,976	-	593,976
Interest	1,547,821	-	1,547,821
Differences between expected and actual experience	(1,744,432)	-	(1,744,432)
Changes in assumptions	2,217,004	-	2,217,004
Contributions - Employer*	-	2,289,791	(2,289,791)
Net investment income	-	41,717	(41,717)
Benefit payments, including refunds*	(1,793,731)	(1,793,731)	-
Administrative expenses	-	(5,882)	5,882
Miscellaneous other charges	-	(20,000)	20,000
Net changes	820,638	511,895	308,743
Balance at June 30, 2024	\$ 41,519,335	\$ 4,609,227	\$ 36,910,108

*Note that the contributions and benefit payments include implicit benefit payments of \$275,473 that were calculated by the actuary. The net effect of the implicit benefit payments to the plan net position is zero.

The plan's fiduciary net position represents 11.10 percent of the total OPEB liability.

June 30, 2024

Note 12 - Other Postemployment Benefit Plans (Continued)

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

For the year ended June 30, 2024, the City recognized an OPEB recovery of \$294,579 and \$1,714,554 from the Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System, respectively.

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

	Municipal Employees' Retiree Healthcare System		Policemen and Firemen Retiree Healthcare System	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (217,547)	\$ 52,795	\$ (3,123,324)
Changes in assumptions	286,002	(40,608)	2,528,502	(3,361,280)
Net difference between projected and actual earnings on OPEB plan investments	176,128	-	227,660	-
Total	<u>\$ 462,130</u>	<u>\$ (258,155)</u>	<u>\$ 2,808,957</u>	<u>\$ (6,484,604)</u>

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

Years Ending June 30	Municipal Employees' Retiree Healthcare System	Policemen and Firemen Retiree Healthcare System
2025	\$ 106,909	\$ (3,729,577)
2026	63,801	(24,984)
2027	29,923	53,813
2028	3,342	25,101
Total	<u>\$ 203,975</u>	<u>\$ (3,675,647)</u>

June 30, 2024

Note 12 - Other Postemployment Benefit Plans (Continued)

Actuarial Assumptions

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Municipal Employees' Retiree Healthcare System	Policemen and Firemen Retiree Healthcare System
Inflation	2.50%	2.25%
Salary increases (including inflation)	3.00%	3.00%
Investment rate of return (net of investment expenses)	3.97%	3.97%
Health care cost trend rate	Pre 65 - 7.50% graded down to 3.5% after 10 years Post 65 - 6.25% graded down to 3.5% after 10 years	Pre 65 - 7.50% graded down to 3.5% after 10 years Post 65 - 6.25% graded down to 3.5% after 10 years
Mortality rates	A version of Pub-2010 with generational mortality improvement using scale MP-2019 (based on a pension experience study issued on February 14, 2020)	Pub-2010*

*Policemen and Firemen Retiree Healthcare System mortality rates

The rates of mortality used for individual members are in accordance with the following tables:

- Preretirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male, and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020

- Healthy postretirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male, and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020

- Disability retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male, and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020

A total 95 percent of preretirement deaths are assumed to be nonduty related, and 5 percent are assumed to be duty related.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.97 percent for both the Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contributions rates.

The discount rate is the same as the municipal bond rate, which was 3.97 percent. The source of that bond rate was the tax-exempt municipal bond rate based on an index of 20-year general obligation with an average of AA credit rating. No projections of the ability of the fund to meet benefit obligations in the future were made since the discount rate is equivalent to the municipal bond rate. The discount rate of 3.97 percent was applied to all remaining periods.

Investment Rate of Return

The investment rate of return was assumed to be 3.97 percent, net of OPEB plan investment expense, including inflation.

Note 12 - Other Postemployment Benefit Plans (Continued)

The long-term expected rate of return on OPEB plan investments for both systems was determined by the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating. The systems do not have investment policies, and the systems invest only in cash and certificates of deposit.

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

The following presents the net OPEB liability of the City for each system, calculated using the discount rate of 3.97 percent, as well as what the City's net OPEB liability for each system 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 (2.97%)	Current Discount Rate (3.97%)	1 Percentage Point Increase (4.97%)
Net OPEB liability of the Municipal Employees' Retiree Healthcare System	\$ 16,639,449	\$ 14,345,070	\$ 12,432,306
Net OPEB liability of the Policemen and Firemen Retiree Healthcare System	42,528,926	36,910,108	32,287,040

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

The following presents the net OPEB liability of the City for each system, calculated using the health care cost trend rate of 7.50 percent, as well as what the City's net OPEB liability for each system 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 (6.50%)	Current Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the Municipal Employees' Retiree Healthcare System	\$ 12,563,916	\$ 14,345,070	\$ 16,445,299
Net OPEB liability of the Policemen and Firemen Retiree Healthcare System	32,146,485	36,910,108	42,648,540

OPEB Plan Fiduciary Net Position

The Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System's financial statements are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Assumption Changes

Note that the discount rate and investment rate of return used to measure the net OPEB liability increased in the current year to 3.97 percent. The net OPEB liability measured at June 30, 2023 was calculated using a discount rate and investment rate of return of 3.86 percent. This increase is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, increasing between June 30, 2023 and June 30, 2024.

As a result of these assumption changes, the total OPEB liability increased by \$850,555 and \$2,217,004 for the Municipal Employees' Retiree Healthcare System and the Policemen and Firemen Retiree Healthcare System, respectively.

Note 13 - Joint Ventures

Southgate-Wyandotte Drainage District

The City is a member of the Southgate-Wyandotte Drainage District, a joint venture with the City of Wyandotte, Michigan that provides drainage services to the residents of Southgate and Wyandotte. The venture is administered by the Wayne County Drainage Board. The City paid \$800,601 to Wayne County, Michigan (the "County") during the year for operation and maintenance.

The City of Southgate, Michigan does not have an explicit equitable interest in the venture. The operations of the fund will be financed through assessments to the participating cities; Wayne County, Michigan; and the State of Michigan. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Downriver Utility Wastewater Authority

The City, along with 12 other communities, jointly participates in the Downriver Utility Wastewater Authority. Previously, this sewer system was operated by Wayne County, Michigan and was known as the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the County of Wayne, Michigan to the Downriver Utility Wastewater Authority. DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 12 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the authority. The System's assets and all of the System's debt except for the judgment levy debt were transferred to DUWA. The judgment levy debt from the System still remains as an obligation of the County and will continue to be paid from the communities to the County.

The City's share of capital assets, restricted cash (for debt service), and related debt is recorded in the Water and Sewer Fund. For DUWA, the City paid \$1,161,245 for operations of the authority and paid \$1,271,780 for debt service. For the judgment levy debt, the City paid \$85,184 to the County for debt service. The City is not aware of any circumstances that would cause additional benefit or burden to the participating governments in the near future. Financial statements for the joint venture, DUWA, can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

Note 14 - Tax Abatements

The City receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities, villages, and townships within the boundaries of the City. Industrial facility exemptions are intended to promote construction of new industrial facilities or to 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 rehabilitation properties.

For the fiscal year ended June 30, 2024, the City abated \$37,991 of taxes under these programs. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the City's tax revenue.

Note 15 - Contingent Liabilities

Only July 8, 2022, a class action lawsuit was filed against the City (the plaintiff has brought the same suit against numerous Act 345 municipalities) alleging excess taxes were assessed under PA 345 (the Michigan Fire Fighters and Police Officers Retirement Act). The plaintiff seeks a refund of what they believe to be excess taxes levied during the fiscal year ended June 30, 2022 and future periods. In the fiscal year ended June 30, 2024, the City levied 10.3882 mills under PA 345, which imposed property taxes of approximately \$8.7 million. The City disagrees with these allegations and intends to vigorously defend this claim. The City has not recorded a liability related to this claim at June 30, 2024.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 19,421,183	\$ 19,421,183	\$ 19,534,821	\$ 113,638
Reimbursements from other funds	686,933	686,933	686,933	-
Intergovernmental:				
Federal grants	119,662	707,718	853,481	145,763
State sources	4,462,251	4,534,251	4,948,861	414,610
Local grants and contributions	-	119,070	139,070	20,000
Charges for services	673,400	673,400	808,000	134,600
Fines and forfeitures	722,000	722,000	860,396	138,396
Licenses and permits	745,500	1,181,165	1,982,954	801,789
Interest and rentals	966,627	966,627	1,376,573	409,946
Other revenue	53,500	53,500	134,590	81,090
Total revenue	27,851,056	29,065,847	31,325,679	2,259,832
Expenditures				
Current services:				
General government:				
City Council	48,540	48,540	47,117	1,423
Executive	268,292	279,167	281,257	(2,090)
Finance	512,363	525,243	529,064	(3,821)
Information technology/data proc.	335,023	362,675	333,262	29,413
Treasurer	311,114	325,344	330,615	(5,271)
Assessing	213,150	267,580	251,820	15,760
Clerk	141,004	189,779	201,792	(12,013)
Attorney	171,504	171,504	173,124	(1,620)
Elections	47,241	47,241	43,720	3,521
Municipal Employees Civil Service	650	650	-	650
Nondepartmental	3,518,090	3,518,090	3,755,509	(237,419)
28th District Court	1,364,226	1,384,130	1,246,010	138,120
Public safety:				
Police	9,626,657	9,573,496	9,576,325	(2,829)
Fire	5,525,130	5,588,880	5,478,918	109,962
Police reserves	5,040	5,040	-	5,040
Police and Fire Civil Service Commission	10,500	10,500	7,510	2,990
Building inspections and related	532,395	670,169	720,747	(50,578)
Public works:				
Public services	1,601,872	1,610,561	1,463,747	146,814
Sanitation	1,630,662	1,630,662	1,617,190	13,472
Planning	24,000	24,000	22,148	1,852
City Garage	753,035	706,070	674,390	31,680
Recreation and culture:				
Recreation	608,886	1,288,360	1,356,694	(68,334)
Senior Citizen Center	85,596	85,596	83,186	2,410
Historical Museum	2,000	2,000	1,711	289
Transfers to other funds	500,000	500,000	500,000	-
Total expenditures	27,836,970	28,815,277	28,695,856	119,421
Net Change in Fund Balance	14,086	250,570	2,629,823	2,379,253
Fund Balance - Beginning of year	6,401,428	6,401,428	6,401,428	-
Fund Balance - End of year	\$ 6,415,514	\$ 6,651,998	\$ 9,031,251	\$ 2,379,253

Required Supplementary Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Major Street Fund

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State sources - State gas and weight tax	\$ 2,487,037	\$ 2,487,037	\$ 2,497,770	\$ 10,733
Interest and rentals	-	-	398,958	398,958
Total revenue	2,487,037	2,487,037	2,896,728	409,691
Expenditures - Current services - Public works	563,000	563,000	577,585	(14,585)
Excess of Revenue Over Expenditures	1,924,037	1,924,037	2,319,143	395,106
Other Financing Uses - Transfers out	(621,760)	(621,760)	(575,844)	45,916
Net Change in Fund Balance	1,302,277	1,302,277	1,743,299	441,022
Fund Balance - Beginning of year	8,414,677	8,414,677	8,414,677	-
Fund Balance - End of year	<u><u>\$ 9,716,954</u></u>	<u><u>\$ 9,716,954</u></u>	<u><u>\$ 10,157,976</u></u>	<u><u>\$ 441,022</u></u>

City of Southgate, Michigan

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Local Street Fund

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State sources - State gas and weight tax	\$ 956,290	\$ 956,290	\$ 961,313	\$ 5,023
Interest and rentals	-	-	288,811	288,811
Total revenue	956,290	956,290	1,250,124	293,834
Expenditures - Current services - Public works	1,062,000	1,062,000	1,333,587	(271,587)
Excess of Expenditures Over Revenue	(105,710)	(105,710)	(83,463)	22,247
Other Financing Sources - Transfers in	621,760	621,760	575,844	(45,916)
Net Change in Fund Balance	516,050	516,050	492,381	(23,669)
Fund Balance - Beginning of year	7,273,563	7,273,563	7,273,563	-
Fund Balance - End of year	<u>\$ 7,789,613</u>	<u>\$ 7,789,613</u>	<u>\$ 7,765,944</u>	<u>\$ (23,669)</u>

City of Southgate, Michigan

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Southgate-Wyandotte Operation and Maintenance Fund

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 1,136,930	\$ 1,136,930	\$ 1,361,520	\$ 224,590
Interest and rentals	-	-	346,299	346,299
Total revenue	1,136,930	1,136,930	1,707,819	570,889
Expenditures - Current services - Public works	1,136,930	1,136,930	999,232	137,698
Net Change in Fund Balance	-	-	708,587	708,587
Fund Balance - Beginning of year	6,955,809	6,955,809	6,955,809	-
Fund Balance - End of year	<u>\$ 6,955,809</u>	<u>\$ 6,955,809</u>	<u>\$ 7,664,396</u>	<u>\$ 708,587</u>

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Municipal Employees' Retirement System

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 226,312	\$ 226,467	\$ 244,995	\$ 258,060	\$ 275,494	\$ 272,690	\$ 283,916	\$ 288,352	\$ 288,542	\$ 441,569
Interest	2,310,415	2,369,921	2,370,697	2,267,117	2,296,014	2,245,075	2,257,931	2,239,130	1,064,707	2,160,600
Differences between expected and actual experience	208,148	(875,716)	209,140	47,392	116,296	400,047	(498,621)	(166,169)	-	(269,570)
Changes in assumptions	229,669	-	1,157,472	1,316,405	910,636	-	-	-	(2,921,481)	1,959,499
Benefit payments, including refunds	(2,580,367)	(2,502,387)	(2,453,329)	(2,585,748)	(2,333,061)	(2,231,922)	(2,164,694)	(2,083,502)	(1,349,679)	(2,149,366)
Net Change in Total Pension Liability	394,177	(781,715)	1,528,975	1,303,226	1,265,379	685,890	(121,468)	277,811	(2,917,911)	2,142,732
Total Pension Liability - Beginning of year	33,044,814	33,826,529	32,297,554	30,994,328	29,728,949	29,043,059	29,164,527	28,886,716	31,804,627	29,661,895
Total Pension Liability - End of year	\$ 33,438,991	\$ 33,044,814	\$ 33,826,529	\$ 32,297,554	\$ 30,994,328	\$ 29,728,949	\$ 29,043,059	\$ 29,164,527	\$ 28,886,716	\$ 31,804,627
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,297,434	\$ 1,344,604	\$ 1,276,067	\$ 1,048,404	\$ 903,422	\$ 896,716	\$ 843,022	\$ 973,239	\$ 569,014	\$ 969,014
Contributions - Member	189,190	200,768	208,904	219,694	226,881	239,965	234,732	237,005	135,680	286,249
Net investment income (loss)	2,069,480	(2,439,911)	2,699,277	2,559,512	2,394,428	(755,459)	2,422,144	1,976,870	(311,386)	(284,404)
Administrative expenses	(43,048)	(2,502,387)	(32,064)	(37,808)	(41,190)	(38,188)	(38,445)	(39,037)	(71,346)	-
Benefit payments, including refunds	(2,580,367)	(40,107)	(2,453,329)	(2,585,748)	(2,333,061)	(2,231,922)	(2,164,694)	(2,083,502)	(1,349,679)	(2,149,366)
Net Change in Plan Fiduciary Net Position	932,689	(3,437,033)	1,698,855	1,204,054	1,150,480	(1,888,888)	1,296,759	1,064,575	(1,027,717)	(1,178,507)
Plan Fiduciary Net Position - Beginning of year	18,743,516	22,180,549	20,481,694	19,277,640	18,127,160	20,016,048	18,719,289	17,654,714	18,682,431	19,860,938
Plan Fiduciary Net Position - End of year	\$ 19,676,205	\$ 18,743,516	\$ 22,180,549	\$ 20,481,694	\$ 19,277,640	\$ 18,127,160	\$ 20,016,048	\$ 18,719,289	\$ 17,654,714	\$ 18,682,431
City's Net Pension Liability - Ending	\$ 13,762,786	\$ 14,301,298	\$ 11,645,980	\$ 11,815,860	\$ 11,716,688	\$ 11,601,789	\$ 9,027,011	\$ 10,445,238	\$ 11,232,002	\$ 13,122,196
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.84 %	56.72 %	65.57 %	63.42 %	62.20 %	60.97 %	68.92 %	64.19 %	61.12 %	58.74 %
Covered Payroll	\$ 1,122,349	\$ 1,739,385	\$ 2,009,802	\$ 2,104,892	\$ 2,245,264	\$ 2,216,994	\$ 2,362,882	\$ 2,350,053	\$ 2,351,603	\$ 2,380,521
City's Net Pension Liability as a Percentage of Covered Payroll	1,226.25 %	822.20 %	579.46 %	561.35 %	521.84 %	523.31 %	382.03 %	444.47 %	477.63 %	551.23 %

*In FYE June 30, 2016, the City transferred the Municipal Employees' Retirement System Trust, a single-employer plan, into the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer plan. As a result, the measurement date of the liability changed from a June year end to a December year end to match the MERS plan year end.

Required Supplementary Information
Schedule of Pension Contributions
Municipal Employees' Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2021	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,259,604	\$ 1,323,430	\$ 1,177,116	\$ 932,724	\$ 784,296	\$ 764,568	\$ 711,156	\$ 854,841	\$ 413,647	\$ 969,014
Contributions in relation to the actuarially determined contribution	1,268,148	1,326,720	1,447,706	1,103,761	924,766	900,420	851,429	854,841	569,014	969,014
Contribution Excess	\$ 8,544	\$ 3,290	\$ 270,590	\$ 171,037	\$ 140,470	\$ 135,852	\$ 140,273	\$ -	\$ 155,367	\$ -
Covered Payroll	\$ 1,122,349	\$ 1,739,385	\$ 2,009,802	\$ 2,104,892	\$ 2,245,264	\$ 2,216,994	\$ 2,362,882	\$ 2,350,053	\$ 2,351,603	\$ 2,380,521
Contributions as a Percentage of Covered Payroll	112.99 %	76.28 %	72.03 %	52.44 %	40.61 %	40.61 %	36.03 %	36.38 %	24.20 %	40.71 %

Notes to Schedule of Pension Contributions - Municipal Employees' Retirement System

Actuarial valuation information relative to the determination of contributions:

Valuation date The actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required. Below are the methods and assumptions used from the December 31, 2021 valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - Closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increase	3.00 percent, including inflation
Investment rate of return	7.35 percent - Net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010; PubG-2010 Tables

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Policemen and Firemen Retirement System

	Last Ten Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 1,143,871	\$ 1,161,640	\$ 1,086,656	\$ 986,507	\$ 1,015,491	\$ 1,016,409	\$ 984,577	\$ 979,925	\$ 1,005,271	\$ 1,093,031
Interest	5,784,062	5,739,142	5,431,123	5,308,340	5,228,762	5,166,786	5,101,773	4,979,248	4,915,376	4,844,541
Changes in benefit terms	25,515	1,771,867	1,958,653	141,617	75,000	-	-	-	(993,322)	-
Differences between expected and actual experience	161,506	(1,830,526)	1,882,062	413,311	1,191,299	421,080	255,597	(710,257)	1,155,057	273,660
Changes in assumptions	-	-	-	3,994,255	-	-	-	3,954,073	-	-
Benefit payments, including refunds	(6,493,865)	(5,889,197)	(6,102,215)	(6,948,017)	(5,848,852)	(5,649,110)	(5,273,158)	(5,178,850)	(5,257,307)	(5,188,467)
Net Change in Total Pension Liability	621,089	952,926	4,256,279	3,896,013	1,661,700	955,165	1,068,789	4,024,139	825,075	1,022,765
Total Pension Liability - Beginning of year	85,304,449	84,351,523	80,095,244	76,199,231	74,537,531	73,582,366	72,513,577	68,489,438	67,664,363	66,641,598
Total Pension Liability - End of year	\$ 85,925,538	\$ 85,304,449	\$ 84,351,523	\$ 80,095,244	\$ 76,199,231	\$ 74,537,531	\$ 73,582,366	\$ 72,513,577	\$ 68,489,438	\$ 67,664,363
Plan Fiduciary Net Position										
Contributions - Employer	\$ 6,240,040	\$ 5,830,076	\$ 5,801,664	\$ 4,639,422	\$ 4,998,995	\$ 4,328,200	\$ 4,321,173	\$ 3,244,840	\$ 2,580,266	\$ 2,604,211
Contributions - Member	456,837	438,453	380,585	382,803	368,454	369,558	327,018	377,556	337,603	331,809
Net investment income (loss)	5,694,461	3,756,582	(5,829,712)	14,060,595	(1,455,689)	968,564	4,156,120	5,173,828	(1,219,003)	(538,420)
Benefit payments, including refunds	(6,493,865)	(5,889,197)	(6,102,215)	(6,948,017)	(5,848,852)	(5,649,110)	(5,273,158)	(5,178,850)	(5,257,307)	(5,188,467)
Other	458,937	1,115,614	-	-	-	-	-	61,473	-	-
Net Change in Plan Fiduciary Net Position	6,356,410	5,251,528	(5,749,678)	12,134,803	(1,937,092)	17,212	3,531,153	3,678,847	(3,558,441)	(2,790,867)
Plan Fiduciary Net Position - Beginning of year	56,498,821	51,247,293	56,996,971	44,862,168	46,799,260	46,782,048	43,250,895	39,572,048	43,130,489	45,921,356
Plan Fiduciary Net Position - End of year	\$ 62,855,231	\$ 56,498,821	\$ 51,247,293	\$ 56,996,971	\$ 44,862,168	\$ 46,799,260	\$ 46,782,048	\$ 43,250,895	\$ 39,572,048	\$ 43,130,489
City's Net Pension Liability - Ending	\$ 23,070,307	\$ 28,805,628	\$ 33,104,230	\$ 23,098,273	\$ 31,337,063	\$ 27,738,271	\$ 26,800,318	\$ 29,262,682	\$ 28,917,390	\$ 24,533,874
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.15 %	66.23 %	60.75 %	71.16 %	58.87 %	62.79 %	63.58 %	59.65 %	57.78 %	63.74 %
Covered Payroll	\$ 4,870,968	\$ 4,623,128	\$ 5,086,232	\$ 4,984,183	\$ 5,266,008	\$ 5,105,443	\$ 4,841,046	\$ 4,745,297	\$ 4,633,108	\$ 5,047,949
City's Net Pension Liability as a Percentage of Covered Payroll	473.63 %	623.08 %	650.86 %	463.43 %	595.08 %	543.31 %	553.61 %	616.67 %	624.15 %	486.02 %

Required Supplementary Information
Schedule of Pension Contributions
Policemen and Firemen Retirement System

Last Ten Fiscal Years										
Years Ended June 30										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,074,574	\$ 5,830,076	\$ 5,000,275	\$ 4,399,029	\$ 4,071,175	\$ 4,231,511	\$ 3,723,964	\$ 2,940,014	\$ 2,580,266	\$ 2,604,211
Contributions in relation to the actuarially determined contribution	6,240,040	5,830,076	5,801,664	4,639,422	4,998,995	4,328,200	4,321,172	3,244,840	2,580,266	2,604,211
Contribution Excess	<u>\$ 1,165,466</u>	<u>\$ -</u>	<u>\$ 801,389</u>	<u>\$ 240,393</u>	<u>\$ 927,820</u>	<u>\$ 96,689</u>	<u>\$ 597,208</u>	<u>\$ 304,826</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,870,968	\$ 4,623,128	\$ 5,086,232	\$ 4,984,183	\$ 5,266,008	\$ 5,105,443	\$ 4,841,046	\$ 4,745,297	\$ 4,633,108	\$ 5,047,949
Contributions as a Percentage of Covered Payroll	128.11 %	126.11 %	114.07 %	93.08 %	94.93 %	84.78 %	89.26 %	68.38 %	55.69 %	51.59 %

Notes to Schedule of Pension Contributions - Policemen and Firemen Retirement System

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months 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 normal
Amortization method	Level percentage of payroll - Closed
Remaining amortization period	Six years
Asset valuation method	Four-year smoothed market
Inflation	3.00 percent
Salary increase	3.1 - 5.9 percent, including inflation
Investment rate of return	7.00 percent (net of investment and administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Amount-Weighted Tables
Other information	None

City of Southgate, Michigan

Required Supplementary Information Schedule of Pension Investment Returns Policemen and Firemen Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return - Net of investment expense	11.33 %	10.03 %	(9.81)%	33.58 %	(3.28)%	1.38 %	11.97 %	12.62 %	(3.04)%	(1.20)%

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Municipal Employees' Retiree Healthcare System

	Last Eight Fiscal Years*							
	2024	2023	2022	2021	2020	2019	2018	2017*
Total OPEB Liability								
Service cost	\$ 108,938	\$ 243,078	\$ 431,231	\$ 405,046	\$ 503,825	\$ 615,761	\$ 651,218	\$ 620,007
Interest	697,151	864,773	688,571	794,021	1,086,320	1,145,258	1,283,324	1,256,504
Changes in benefit terms	-	(5,039,653)	-	-	-	(207,212)	-	-
Differences between expected and actual experience	(636,709)	(49,282)	(5,795,427)	(16,797)	(8,065,161)	(50,687)	(5,151,351)	(215,429)
Changes in assumptions	850,555	(579,894)	(6,890,353)	3,069,319	5,086,775	2,519,868	(291,302)	-
Benefit payments, including refunds	(744,290)	(748,660)	(786,188)	(835,092)	(884,979)	(909,576)	(861,674)	(984,952)
Net Change in Total OPEB Liability	275,645	(5,309,638)	(12,352,166)	3,416,497	(2,273,220)	3,113,412	(4,369,785)	676,130
Total OPEB Liability - Beginning of year	18,378,745	23,688,383	36,040,549	32,624,052	34,897,272	31,783,860	36,153,645	35,477,515
Total OPEB Liability - End of year	\$ 18,654,390	\$ 18,378,745	\$ 23,688,383	\$ 36,040,549	\$ 32,624,052	\$ 34,897,272	\$ 31,783,860	\$ 36,153,645
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,025,025	\$ 1,027,621	\$ 1,032,871	\$ 1,011,214	\$ 1,043,979	\$ 1,098,233	\$ 936,674	\$ 1,059,952
Net investment income (loss)	139,186	6,177	(99,849)	7,460	110,135	88,403	1,523	14,189
Benefit payments, including refunds	(744,290)	(748,660)	(786,188)	(835,092)	(884,979)	(909,576)	(861,674)	(984,952)
Other	(17,420)	(16,048)	(15,538)	(16,093)	(6,750)	(12,625)	(3,500)	(7,375)
Net Change in Plan Fiduciary Net Position	402,501	269,090	131,296	167,489	262,385	264,435	73,023	81,814
Plan Fiduciary Net Position - Beginning of year	3,906,819	3,637,729	3,506,433	3,338,944	3,076,559	2,812,124	2,739,101	2,657,287
Plan Fiduciary Net Position - End of year	\$ 4,309,320	\$ 3,906,819	\$ 3,637,729	\$ 3,506,433	\$ 3,338,944	\$ 3,076,559	\$ 2,812,124	\$ 2,739,101
Net OPEB Liability - Ending	\$ 14,345,070	\$ 14,471,926	\$ 20,050,654	\$ 32,534,116	\$ 29,285,108	\$ 31,820,713	\$ 28,971,736	\$ 33,414,544
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	23.10 %	21.26 %	15.36 %	9.73 %	10.23 %	8.82 %	8.85 %	7.58 %
Covered-employee Payroll	\$ 1,736,781	\$ 2,051,254	\$ 2,359,718	\$ 2,040,647	\$ 2,262,000	\$ 2,471,693	\$ 2,380,737	\$ 2,387,488
Net OPEB Liability as a Percentage of Covered-employee Payroll	825.96 %	705.52 %	849.71 %	1,594.30 %	1,294.66 %	1,287.41 %	1,216.92 %	1,399.57 %

*GASB 74 was implemented for FYE June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

Required Supplementary Information
Schedule of OPEB Contributions
Municipal Employees' Retiree Healthcare System

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,603,906	\$ 2,002,846	\$ 2,150,927	\$ 2,160,560	\$ 2,696,758	\$ 2,722,631	\$ 2,694,711	\$ 2,695,949	\$ 2,762,035	\$ 2,757,526
Contributions in relation to the actuarially determined contribution	1,025,025	1,027,621	955,258	917,187	943,016	1,009,388	865,328	1,059,952	1,169,526	1,144,813
Contribution Deficiency	\$ (578,881)	\$ (975,225)	\$ (1,195,669)	\$ (1,243,373)	\$ (1,753,742)	\$ (1,713,243)	\$ (1,829,383)	\$ (1,635,997)	\$ (1,592,509)	\$ (1,612,713)
Covered-employee Payroll	\$ 1,736,781	\$ 2,051,254	\$ 2,359,718	\$ 2,040,647	\$ 2,262,000	\$ 2,471,693	\$ 2,380,737	\$ 2,387,488	\$ 2,351,603	\$ 2,380,521
Contributions as a Percentage of Covered-employee Payroll	59.02 %	41.69 %	41.69 %	41.69 %	41.69 %	40.84 %	36.35 %	44.97 %	44.97 %	44.97 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, one year 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 normal
Amortization method	Level dollar - Closed
Remaining amortization period	17 years
Asset valuation method	Equal to market value of assets
Inflation	2.50 percent
Health care cost trend rates	8.25 percent trend for the first year, then gradually decreasing to an ultimate trend of 3.50 percent
Salary increase	3.00 to 9.70 percent, including inflation
Investment rate of return	3.50 percent
Retirement age	65 years of age
Mortality	A version of Pub-2010 with generational mortality improvement using scale MP-2019

Required Supplementary Information
Schedule of OPEB Investment Returns
Municipal Employees' Retiree Healthcare System

	Last Eight Fiscal Years*							
	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017*
Annual money-weighted rate of return - Net of investment expense	3.48 %	0.16 %	(2.97)%	0.22 %	3.51 %	3.10 %	0.06 %	12.38 %

*GASB 74 was implemented for FYE June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Policemen and Firemen Retiree Healthcare System

	Last Eight Fiscal Years*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 594,314	\$ 881,516	\$ 1,342,736	\$ 1,356,976	\$ 1,002,406	\$ 1,424,070	\$ 1,409,376	\$ 1,375,918
Interest	1,547,821	1,675,858	1,265,094	1,408,479	1,821,354	1,910,366	2,061,757	2,007,629
Changes in benefit terms	-	(4,819,985)	670,021	-	-	(453,321)	-	-
Differences between expected and actual experience	(1,744,432)	18,458	(9,102,867)	277,494	(10,464,864)	365,270	(6,193,973)	(31,408)
Changes in assumptions	2,217,004	(1,152,244)	(12,600,915)	7,290,191	8,752,282	4,360,400	(495,961)	-
Benefit payments, including refunds	(1,793,731)	(1,760,685)	(1,874,424)	(1,974,953)	(2,004,504)	(1,952,040)	(1,909,038)	(1,787,754)
Net Change in Total OPEB Liability	820,976	(5,157,082)	(20,300,355)	8,358,187	(893,326)	5,654,745	(5,127,839)	1,564,385
Total OPEB Liability - Beginning of year	40,698,697	45,855,779	66,156,134	57,797,947	58,691,273	53,036,528	58,164,367	56,599,982
Total OPEB Liability - End of year	\$ 41,519,673	\$ 40,698,697	\$ 45,855,779	\$ 66,156,134	\$ 57,797,947	\$ 58,691,273	\$ 53,036,528	\$ 58,164,367
Plan Fiduciary Net Position								
Contributions - Employer	\$ 2,289,791	\$ 2,178,652	\$ 2,452,356	\$ 2,089,896	\$ 2,433,925	\$ 2,334,678	\$ 2,389,916	\$ 2,045,006
Contributions - Employee	-	749	-	-	-	-	-	-
Net investment income	41,717	-	-	430	8,776	9,827	6,409	3,313
Administrative expenses	(25,882)	(5,162)	(17,959)	(17,549)	(9,249)	-	-	-
Benefit payments, including refunds	(1,793,731)	(1,760,685)	(1,874,424)	(1,974,953)	(2,004,504)	(1,952,040)	(1,909,038)	(1,787,754)
Other	-	-	-	-	-	(12,624)	(3,500)	-
Net Change in Plan Fiduciary Net Position	511,895	413,554	559,973	97,824	428,948	379,841	483,787	260,565
Plan Fiduciary Net Position - Beginning of year	4,097,332	3,683,778	3,123,805	3,025,981	2,597,033	2,217,192	1,733,405	1,472,840
Plan Fiduciary Net Position - End of year	\$ 4,609,227	\$ 4,097,332	\$ 3,683,778	\$ 3,123,805	\$ 3,025,981	\$ 2,597,033	\$ 2,217,192	\$ 1,733,405
Net OPEB Liability - Ending	\$ 36,910,446	\$ 36,601,365	\$ 42,172,001	\$ 63,032,329	\$ 54,771,966	\$ 56,094,240	\$ 50,819,336	\$ 56,430,962
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	11.10 %	10.07 %	8.03 %	4.72 %	5.24 %	4.42 %	4.18 %	2.98 %
Covered-employee Payroll	\$ 3,842,126	\$ 4,652,684	\$ 4,197,506	\$ 4,703,250	\$ 5,180,677	\$ 5,074,234	\$ 4,918,780	\$ 5,051,311
Net OPEB Liability as a Percentage of Covered-employee Payroll	960.68 %	786.67 %	1,004.69 %	1,340.19 %	1,057.24 %	1,105.47 %	1,033.17 %	1,117.15 %

*GASB 74 was implemented for FYE June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,299,169	\$ 3,527,132	\$ 3,662,682	\$ 3,635,985	\$ 4,343,059	\$ 4,302,581	\$ 3,174,362	\$ 3,125,869	\$ 2,738,480	\$ 2,668,891
Contributions in relation to the actuarially determined contribution	2,289,791	2,178,652	2,145,821	1,804,272	2,142,399	2,036,800	2,123,403	2,045,006	1,775,195	1,806,153
Contribution Deficiency	\$ (1,009,378)	\$ (1,348,480)	\$ (1,516,861)	\$ (1,831,713)	\$ (2,200,660)	\$ (2,265,781)	\$ (1,050,959)	\$ (1,080,863)	\$ (963,285)	\$ (862,738)
Covered-employee Payroll	\$ 3,842,126	\$ 4,652,684	\$ 4,197,506	\$ 4,703,250	\$ 5,180,677	\$ 5,074,234	\$ 4,918,780	\$ 5,051,311	\$ 5,047,949	\$ 4,708,305
Contributions as a Percentage of Covered-employee Payroll	59.60 %	46.83 %	51.12 %	38.36 %	41.35 %	40.14 %	43.17 %	40.48 %	35.17 %	38.36 %

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	25 years
Asset valuation method	Equal to market value of assets
Inflation	2.25 percent
Health care cost trend rates	7.25 percent trend for the first year, then gradually decreasing to an ultimate trend of 3.50 percent
Salary increase	3.10 percent to 5.90 percent
Investment rate of return	3.50 percent
Retirement age	60 years of age
Mortality	A version of the Pub-2010 with generational mortality improvements using scale MP-2020 (based on a pension experience study issued on February 11, 2021)

Required Supplementary Information
Schedule of OPEB Investment Returns
Policemen and Firemen Retiree Healthcare System

	Last Eight Fiscal Years*							
	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017*
Annual money-weighted rate of return - Net of investment expense	0.95 %	- %	0.43 %	(4.19)%	0.31 %	0.42 %	(0.33)%	18.39 %

*GASB 74 was implemented for FYE June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

June 30, 2024

Budgetary Information

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the "Uniform Budgeting Act"). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and special revenue funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

The City adopts its budget by budgetary center (activity/department), which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before 90 days prior to the commencement of the fiscal and budget year (July 1), the mayor shall prepare and submit to the City Council a complete itemized proposed budget for the next fiscal year.
2. A public hearing on the budget shall be held before its final adoption, at such time and place as the City Council shall direct, and notice of such public hearing shall be published at least one month in advance thereof by the clerk.
3. The City Council shall, on or before 30 days prior to the commencement of the next fiscal year, adopt a budget for the ensuing fiscal year.

Budget appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2020 has not been calculated. During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the General Fund is presented as required supplementary information.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, with the following exceptions:

- Operating transfers have been included in the revenue and expenditures categories rather than as other financing sources (uses).
- Reimbursements from other funds have been included in revenue rather than as a reduction of general government nondepartmental expenditures.

June 30, 2024

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

General Fund	Total Revenue	Total Expenditures	Change in Fund Balance	Fund Balance - End of Year
Amounts per operating statement	\$ 30,638,746	\$ 28,011,114	\$ 2,627,632	\$ 9,006,191
Reimbursements from other funds budgeted as revenue	686,933	686,933	-	-
Severance Reserve Fund budgeted separately from the General Fund	-	(2,191)	2,191	25,060
Amounts per budget statement	<u>\$ 31,325,679</u>	<u>\$ 28,695,856</u>	<u>\$ 2,629,823</u>	<u>\$ 9,031,251</u>

Excess of Expenditures Over Appropriated Funds

During the year, the City of Southgate, Michigan incurred significant expenditures that were in excess of the amounts budgeted as follows:

	Budget	Actual	Variance
General Fund:			
Executive	\$ 279,167	\$ 281,257	\$ (2,090)
Finance	525,243	529,064	(3,821)
Treasurer	325,344	330,615	(5,271)
Clerk	189,779	201,792	(12,013)
Attorney	171,504	173,124	(1,620)
Nondepartmental	3,518,090	3,755,509	(237,419)
Police	9,573,496	9,576,325	(2,829)
Building inspections and related	670,169	720,747	(50,578)
Recreation	1,288,360	1,356,694	(68,334)
Major Street Fund - Public works	563,000	577,585	(14,585)
Local Street Fund - Public works	1,062,000	1,333,587	(271,587)

These unfavorable variances in the General Fund, Major Street Fund, and Local Street Fund were caused by unanticipated expenditures that became necessary during the year.

Pension Information

Benefit Changes

Policemen and Firemen Retirement System

June 30, 2023 - Effective for the current year, service retirement eligibility for all but police (COA), changed to 25 or more years of service regardless of age or age 60 with 10 or more years of service. New police patrol hired on July 1, 2022 and after have a 2.50 percent pension multiplier.

June 30, 2022 - Prior to the current year, fire members were eligible for service retirement at the age of 50 with 25 or more years of service or age 60 regardless of years of service. Effective for June 30, 2022, fire members are eligible service retirement at any age with 25 or more years of service or age 60 with 10 or more years of service.

Changes in Assumptions

Municipal Employees' Retirement System

June 30, 2021 - A five-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. The experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. The net impact of these changes is reflected as a change in assumptions.

June 30, 2024

June 30, 2017 - For the June 30, 2016 actuarial report, there was a change to the assumed investment rate of return. Prior to this actuarial report, the assumed investment rate of return was 7.5 percent. For the June 30, 2016 actuarial report, the investment rate of return was reduced to 7.25 percent.

Policemen and Firemen Retirement System

June 30, 2021 - The actuarial assumptions included adjustments (decreases) to the rates of inflation and salary increases. The investment rate of return was reduced from 7.25 percent in the prior year to 7.00 percent for June 30, 2021. Additionally, mortality tables were adjusted from the RP-2014 tables to the Pub-2010 tables.

OPEB Information

Benefit Changes

Municipal Employees' Retiree Healthcare System

June 30, 2023 - Changes have been made to the plan benefits for the Municipal Employees' Retiree Healthcare System and have been reflected in the development of the total OPEB liability. This includes an update to eligibility for normal retirement benefits (no longer eligible at age 60 and 10 years of service) and for those retiring after June 30, 2022, a change in post-65 benefits. For those retiring after June 30, 2022, upon Medicare eligibility, eligible retirees will receive \$300 per month and per eligible spouse, to a total of \$600 per month to purchase Medicare Supplemental insurance, instead of receiving retiree health care coverage through the City.

Policemen and Firemen Retiree Healthcare System

June 30, 2023 - Changes have been made to the plan benefits for the Policemen and Firemen Retiree Healthcare System. For those retiring after June 30, 2022 (or April 1, 2023 for command), upon Medicare eligibility, eligible retirees receive \$300 per month and per eligible spouse, to a total of \$600 per month to purchase Medicare Supplemental insurance, instead of receiving retiree health care coverage through the City.

Changes in Assumptions

Municipal Employees' Retiree Healthcare System and Policemen and Firemen Retiree Healthcare System

June 30, 2024 - The discount rate and investment rate of return used to measure the net OPEB liability increased from 3.86 percent in 2023 to 3.97 percent in 2024. This increase is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, increasing between June 30, 2023 and June 30, 2024.

June 30, 2023 - The discount rate and investment rate of return used to measure the net OPEB liability increased from 3.69 percent in 2022 to 3.86 percent in 2023. This increase is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, increasing between June 30, 2022 and June 30, 2023.

June 30, 2022 - The discount rate and investment rate of return used to measure the net OPEB liability increased from 1.92 percent in 2021 to 3.69 percent in 2022. This increase is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, increasing between June 30, 2021 and June 30, 2022.

June 30, 2021 - The discount rate and investment rate of return used to measure the net OPEB liability decreased to 1.92 percent. This decrease is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, decreasing between June 30, 2020 and June 30, 2021.

June 30, 2024

June 30, 2020 - The salary increase assumption was decreased from 3.50 percent to 3.00 percent used in the June 30, 2019 actuarial valuation. The health care cost trend inflation rate assumption was decreased from 9.00 percent to 8.25 percent used in the June 30, 2019 actuarial valuation. The June 30, 2019 actuarial valuation also updated the mortality table to MP-2019. The discount rate and investment rate of return used to measure the net OPEB liability decreased to 2.45 percent. This decrease is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, decreasing between June 30, 2019 and June 30, 2020.

June 30, 2019 - The discount rate and investment rate of return used to measure the net OPEB liability decreased to 3.13 percent. This decrease is due to the tax-exempt municipal bond rate, which is based on an index of 20-year general obligation bonds with an average AA credit rating, decreasing between June 30, 2018 and June 30, 2019.

June 30, 2018 - The discount rate and investment rate of return used to measure the net OPEB liability increased to 3.62 percent. The net OPEB liability measured at June 30, 2017 was calculated on a discount rate and investment rate of return of 3.56 percent. This increase is due to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating increase between June 30, 2017 and June 30, 2018.

Supplementary Information

City of Southgate, Michigan

	Special Revenue Funds						
	Parks and Recreation	Community Development Block Grant	Street Paving	Narcotics Enforcement	Library	Indigent Defense	Opioid Settlement
Assets							
Cash and cash equivalents	\$ 1,766,193	\$ 118,482	\$ 2,365,464	\$ 486,202	\$ 1,042,157	\$ 82,996	\$ 72,967
Receivables	-	-	-	-	-	384	251,433
Due from other funds	-	-	-	-	902	-	-
Total assets	\$ 1,766,193	\$ 118,482	\$ 2,365,464	\$ 486,202	\$ 1,043,059	\$ 83,380	\$ 324,400
Liabilities							
Accounts payable	\$ -	\$ -	\$ 99,116	\$ 6,208	\$ 17,467	\$ 2,400	\$ -
Due to other governmental units	253,036	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	25,843	-
Accrued liabilities and other	-	-	22,500	-	6,215	-	-
Unearned revenue	-	118,482	-	-	-	55,137	-
Total liabilities	253,036	118,482	121,616	6,208	23,682	83,380	-
Deferred Inflows of Resources -							
Unavailable revenue	-	-	-	-	-	-	237,374
Total liabilities and deferred inflows of resources	253,036	118,482	121,616	6,208	23,682	83,380	237,374
Fund Balances							
Restricted:							
Roads	-	-	2,243,848	-	-	-	-
Police	-	-	-	479,994	-	-	-
Debt service	-	-	-	-	-	-	-
Opioid epidemic abatement	-	-	-	-	-	-	87,026
Library	-	-	-	-	1,019,377	-	-
District Court Capital Improvement	-	-	-	-	-	-	-
Parks and recreation	1,513,157	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	1,513,157	-	2,243,848	479,994	1,019,377	-	87,026
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,766,193	\$ 118,482	\$ 2,365,464	\$ 486,202	\$ 1,043,059	\$ 83,380	\$ 324,400

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

Debt Service Funds			Capital Projects Funds		Total
SCI 541 Bond	Michigan Transportation Bond	Building Authority	Capital Improvement	District Court Capital Improvement	
\$ 4,963	\$ -	\$ 5,269	\$ 777,970	\$ 209,304	\$ 6,931,967
-	-	-	27,258	8,106	287,181
-	-	-	-	-	902
\$ 4,963	\$ -	\$ 5,269	\$ 805,228	\$ 217,410	\$ 7,220,050
\$ -	\$ -	\$ -	\$ 12,143	\$ -	\$ 137,334
-	-	-	-	-	253,036
-	-	-	-	-	25,843
-	-	-	-	-	28,715
-	-	-	-	-	173,619
-	-	-	12,143	-	618,547
-	-	-	-	-	237,374
-	-	-	12,143	-	855,921
-	-	-	-	-	2,243,848
-	-	-	-	-	479,994
4,963	-	5,269	-	-	10,232
-	-	-	-	-	87,026
-	-	-	-	-	1,019,377
-	-	-	-	217,410	217,410
-	-	-	-	-	1,513,157
-	-	-	713,683	-	713,683
-	-	-	79,402	-	79,402
4,963	-	5,269	793,085	217,410	6,364,129
\$ 4,963	\$ -	\$ 5,269	\$ 805,228	\$ 217,410	\$ 7,220,050

City of Southgate, Michigan

	Special Revenue Funds						
	Parks and Recreation	Community Development Block Grant	Street Paving	Narcotics Enforcement	Library	Indigent Defense	Opioid Settlement
Revenue							
Taxes	\$ 827,685	\$ -	\$ 1,528,327	\$ -	\$ 763,314	\$ -	\$ -
Intergovernmental:							
Federal grants	-	-	-	142,438	-	-	-
State sources	19,268	-	37,253	16,562	66,157	142,809	56,351
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	3,575	-
Interest and rentals	-	-	200,238	37,527	64,101	-	-
Other revenue	-	-	-	-	14,293	4,724	-
Total revenue	846,953	-	1,765,818	196,527	907,865	151,108	56,351
Expenditures							
Current services:							
28th District Court	-	-	-	-	-	151,108	-
Public safety	-	-	-	191,411	1,870	-	-
Public works	-	-	1,191,812	-	-	-	-
Recreation and culture - Library	-	-	-	-	616,324	-	-
Capital outlay	694,845	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	694,845	-	1,191,812	191,411	618,194	151,108	-
Excess of Revenue Over (Under) Expenditures	152,108	-	574,006	5,116	289,671	-	56,351
Other Financing Uses - Transfers out	(13,561)	-	-	-	-	-	-
Net Change in Fund Balances	138,547	-	574,006	5,116	289,671	-	56,351
Fund Balances - Beginning of year	1,374,610	-	1,669,842	474,878	729,706	-	30,675
Fund Balances - End of year	\$ 1,513,157	\$ -	\$ 2,243,848	\$ 479,994	\$ 1,019,377	\$ -	\$ 87,026

Supplementary Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2024

Debt Service Funds			Capital Projects Funds		Total
SCI 541 Bond	Michigan Transportation Bond	Building Authority	Capital Improvement	District Court Capital Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,119,326
-	-	-	-	-	142,438
-	-	-	-	-	338,400
-	-	-	-	107,708	107,708
-	-	-	-	-	3,575
-	-	-	62,638	-	364,504
-	-	670,160	48,352	-	737,529
-	-	670,160	110,990	107,708	4,813,480
-	-	-	-	-	151,108
-	-	-	-	-	193,281
-	-	-	-	-	1,191,812
-	-	-	-	-	616,324
-	-	-	236,026	-	930,871
-	-	620,000	-	-	620,000
-	-	49,660	-	-	49,660
-	-	669,660	236,026	-	3,753,056
-	-	500	(125,036)	107,708	1,060,424
-	-	-	-	-	(13,561)
-	-	500	(125,036)	107,708	1,046,863
4,963	-	4,769	918,121	109,702	5,317,266
\$ 4,963	\$ -	\$ 5,269	\$ 793,085	\$ 217,410	\$ 6,364,129

Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2024

	Pension and Other Employee Benefit Trust Funds			Custodial Funds		
	Policemen and Firemen Retirement System	Municipal Employees' Retiree Healthcare System	Act 345 Health Insurance	Senior Citizens' Trust	Tax Collection	Total Fiduciary Funds
Assets						
Cash and cash equivalents	\$ 2,487,180	\$ 1,920,424	\$ 4,896,164	\$ -	\$ -	\$ 9,303,768
Investments:						
Certificates of deposit	-	2,313,558	-	-	-	2,313,558
U.S. government securities	1,198,968	-	-	-	-	1,198,968
Stocks and mutual funds	44,763,855	-	-	-	-	44,763,855
Mortgage-backed securities	6,811	-	-	-	-	6,811
Alternative investments	14,346,996	-	-	-	-	14,346,996
Receivables:						
Accrued interest receivable	10,172	-	-	-	80	10,252
Other receivables	41,249	75,000	-	320	-	116,569
Due from other governments	-	338	-	-	113	451
Prepaid expenses and other assets	-	-	40,352	-	-	40,352
Total assets	62,855,231	4,309,320	4,936,516	320	193	72,101,580
Liabilities - Due to other governmental units	-	-	327,289	320	193	327,802
Net Position						
Restricted:						
Pension	62,855,231	-	-	-	-	62,855,231
Postemployment benefits other than pension	-	4,309,320	4,609,227	-	-	8,918,547
Total net position	<u>\$ 62,855,231</u>	<u>\$ 4,309,320</u>	<u>\$ 4,609,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,773,778</u>

Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds			Custodial Funds		
	Policemen and Firemen Retirement System	Municipal Employees' Retiree Healthcare System	Act 345 Health Insurance	Senior Citizens' Trust	Tax Collection	Total Fiduciary Funds
Additions						
Investment income (loss):						
Interest and dividends	\$ 1,818,519	\$ 66,771	\$ 41,717	\$ -	\$ -	\$ 1,927,007
Net increase in fair value of investments	4,642,383	72,414	-	-	-	4,714,797
Investment costs	(307,504)	-	-	-	-	(307,504)
Net investment income	6,153,398	139,185	41,717	-	-	6,334,300
Contributions:						
Employer	6,240,040	948,960	2,014,318	-	-	9,203,318
Employee	456,837	-	-	-	-	456,837
Total contributions	6,696,877	948,960	2,014,318	-	-	9,660,155
Property tax collections	-	-	-	-	31,895,261	31,895,261
Total additions	12,850,275	1,088,145	2,056,035	-	31,895,261	47,889,716
Deductions						
Benefit payments	6,493,865	685,644	1,544,140	-	-	8,723,649
Tax distributions to other governments	-	-	-	-	31,895,261	31,895,261
Total deductions	6,493,865	685,644	1,544,140	-	31,895,261	40,618,910
Net Increase in Fiduciary Net Position	6,356,410	402,501	511,895	-	-	7,270,806
Net Position - Beginning of year	56,498,821	3,906,819	4,097,332	-	-	64,502,972
Net Position - End of year	<u><u>\$ 62,855,231</u></u>	<u><u>\$ 4,309,320</u></u>	<u><u>\$ 4,609,227</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 71,773,778</u></u>