

**City of Williamston  
Williamston, Michigan**

**Financial Statements  
June 30, 2022**



**Independent Auditor's Report**

**Management's Discussion and Analysis** I – V

**Financial Statements:**

*Government-wide Financial Statements:*

Statement of Net Position 1  
Statement of Activities 2

*Fund Financial Statements:*

Balance Sheet – Governmental Funds 3  
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to  
Net Position of Governmental Activities on the Statement of Net Position 4  
Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds 5  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities 6  
Statement Net Position – Proprietary Funds 7  
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 8  
Statement of Cash Flows – Proprietary Funds 9

*Fiduciary Funds:*

Statement of Net Position – Custodial Fund 10  
Statement of Changes in Net Position – Custodial Fund 11

*Component Units:*

Combining Statement of Net Position – Component Units 12  
Combining Statement of Activities – Component Units 13

*Notes to the Financial Statements* 14-38

**Required Supplementary Information:**

*Budgetary Comparison Schedules* 39-41  
*Schedule of Changes in the City's Net Pension Liability and Related Ratios* 42-43  
*Schedule of Employer Pension Contributions* 44-45  
*Schedule of Changes in the City's Net OPEB Liability and Related Ratios* 46  
*Schedule of Employer OPEB Contributions* 47

**Other Supplementary Information:**

*Nonmajor Governmental Fund Types:*

Combining Balance Sheet – Non-Major Governmental Funds 48  
Combining Statement of Revenues, Expenditures and Changes in Fund  
Balances – Non-Major Governmental Funds 49

**Government Auditing Standards Report** 50

**Letter to Those Charged with Governance at the Conclusion of the Audit** 51-52



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Williamston

### **Opinions**

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

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

### **Basis for Opinions**

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

### **Change in Accounting Principle**

As discussed in the notes to the financial statements, during 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Sincerely,

*Roslund, Prestage & Company, P.C.*

Roslund, Prestage & Company, P.C.  
Certified Public Accountants

December 5, 2022

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



## Management's Discussion and Analysis

As management of the City of Williamston (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in the financial statements and the notes to the financial statements.

### FINANCIAL HIGHLIGHTS:

- The City's combined total net position is reported as \$17,080,410 for fiscal year ended June 30, 2022, compared to \$16,631,537 the fiscal year ended June 30, 2020.
- In the City's governmental activities, revenues generated were \$2,874,209 while expenses totaled \$2,602,144.
- In the City's business-type activities, revenues generated were \$2,250,362 while expenses totaled \$2,073,554.
- Total net position increased by \$448,873.

### OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the City's finances, as a whole, in a manner similar to a private sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The statement of activities presents all of the City's revenues and expenses and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The government-wide statements of the City are divided into three categories:

**Governmental Activities** – Most of the City's basic services are included here, such as the public safety, public works, recreation departments, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

**Business-type Activities** – The City charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include water and sewer.

**Component Units** – The City includes the Downtown Development Authority, Tax Increment Finances Authorities 2A and 2B, and Economic Development Corporation as discretely presented component units.

## **Fund Financial Statements:**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City has three types of funds:

**Governmental Funds** – Many of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending. The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The City maintains five (5) individual governmental funds. Separate information is presented for the General Fund, Major Street Fund, and Local Street Fund which are considered to be "major" funds. Data from the other two (2) governmental funds, considered to be "non-major" funds, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been presented for major governmental funds to demonstrate compliance with those budgets.

**Proprietary Funds** – Proprietary funds are used to report services where the City charges a fee to the customer to recover most, or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows. The City's enterprise funds are the Sewer Fund and the Water Fund.
- Internal service funds are used to report activities that provide supplies and services to the City's other programs. The City's internal service fund is the Equipment Fund.

**Fiduciary Funds** – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs. The City's fiduciary fund is for property tax collection.

## **Notes to the Financial Statements:**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**Additional Required Supplementary Information:**

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information.

**THE CITY AS A WHOLE:**

The City’s combined net position for fiscal year ended June 30, 2022, is \$17,080,410 consisting of \$6,648,163 in governmental activities and \$10,432,247 in business-type activities.

The following table shows comparisons of total assets, total deferred outflows, total liabilities, total deferred inflows, and total net position in a condensed format as of June 30, 2021, and June 30, 2022.

|  | Governmental Activities |             | Business-Type Activities |              | Total Primary Government |              |
|--|-------------------------|-------------|--------------------------|--------------|--------------------------|--------------|
|  | 2021                    | 2022        | 2021                     | 2022         | 2021                     | 2022         |
| Current and Other Assets                     | 2,879,882               | 3,636,668   | 2,203,637                | 2,589,956    | 5,083,519                | 6,226,624    |
| Noncurrent Assets                            | 5,757,158               | 5,364,950   | 17,119,178               | 16,562,046   | 22,876,336               | 21,926,996   |
| Total Assets                                 | 8,637,040               | 9,001,618   | 19,322,815               | 19,152,002   | 27,959,855               | 28,153,620   |
| Deferred Outflow - Related to Pension & OPEB | 279,915                 | 260,189     | 119,962                  | 111,508      | 399,877                  | 371,697      |
| Total Current Liabilities                    | 425,443                 | 718,525     | 407,399                  | 334,455      | 832,842                  | 1,052,980    |
| Total Noncurrent Liabilities                 | 1,921,121               | 1,444,849   | 8,696,671                | 8,303,856    | 10,666,953               | 9,748,705    |
| Total Liabilities                            | 2,346,564               | 2,163,374   | 9,104,070                | 8,638,311    | 11,499,795               | 11,499,795   |
| Deferred Inflow - Related to Pension & OPEB  | 194,293                 | 450,270     | 83,268                   | 192,972      | 277,561                  | 643,242      |
| Net Position                                 |                         |             |                          |              |                          |              |
| Net investment in Capital Assets             | 4,967,953               | 4,887,978   | 8,753,178                | 8,458,746    | 13,721,131               | 13,346,724   |
| Restricted                                   | 432,624                 | 544,915     | 1,024,113                | 1,626,153    | 1,456,737                | 2,171,068    |
| Unrestricted                                 | 975,521                 | 1,215,270   | 478,148                  | 347,348      | 1,453,669                | 1,562,618    |
| Total Net Position                           | \$6,376,098             | \$6,648,163 | \$10,255,439             | \$10,432,247 | \$16,631,537             | \$17,080,410 |

The City’s combined total net position increased by \$448,873 during the current fiscal year. The net position for the City’s governmental activities increased \$272,065, while business-type activities increased \$176,808.

**Governmental Activities:**

The City’s total governmental revenue is reported at \$2,874,209 a decrease of \$29,775 from the prior fiscal year. Total expenses are reported at \$2,602,144, an increase of \$212,475 from the prior fiscal year.

## Business-Type Activities:

The City's business-type revenue is reported at \$2,250,362, an increase of \$17,105 from the prior fiscal year. Total expenses are reported at \$2,073,554, a decrease of \$67,392 from the prior fiscal year.

|                                    | <u>Governmental</u><br><u>Activities</u> |                  | <u>Business-Type</u><br><u>Activities</u> |                   | <u>Total</u>      |                   |
|------------------------------------|--|------------------|---|-------------------|-------------------|-------------------|
|                                    | <u>2021</u>                              | <u>2022</u>      | <u>2021</u>                               | <u>2022</u>       | <u>2021</u>       | <u>2022</u>       |
| Program Revenues                   |  |                  |   |                   |                   |                   |
| Charges for Service                | 51,973                                   | 49,112           | 2,215,451                                 | 2,167,808         | 2,267,424         | 2,216,920         |
| Operating Grants and Contributions | 531,802                                  | 487,616          | -   | -                 | 531,802           | 487,616           |
| General Revenues                   |  |                  |   |                   |                   | 0                 |
| Property Taxes                     | 1,680,097                                | 1,725,865        | -   | -                 | 1,680,097         | 1,725,865         |
| State Grants                       | 443,836                                  | 463,067          | -   | -                 | 443,836           | 463,067           |
| Unrestricted Investment Earnings   | 2,929                                    | 5,726            | 1,029                                     | 4,336             | 3,958             | 10,062            |
| Other Revenues                     | 193,347                                  | 142,823          | 16,777                                    | 78,218            | 210,124           | 221,041           |
| <b>Total Revenues</b>              | <b>2,903,984</b>                         | <b>2,874,209</b> | <b>2,233,257</b>                          | <b>2,250,362</b>  | <b>5,137,241</b>  | <b>5,124,571</b>  |
| Program Expenses                   |  |                  |   |                   |                   |                   |
| General Government                 | 734,798                                  | 797,777          | -   | -                 | 734,798           | 797,777           |
| Public Safety                      | 698,205                                  | 783,915          | -   | -                 | 698,205           | 783,915           |
| Public Works                       | 719,824                                  | 777,612          | -   | -                 | 719,824           | 777,612           |
| Community and Economic Development | 28,554                                   | 12,269           | -   | -                 | 28,554            | 12,269            |
| Recreation and Cultural            | 173,155                                  | 208,129          | -   | -                 | 173,155           | 208,129           |
| Interest and Fees                  | 32,133                                   | 22,442           | -   | -                 | 32,133            | 22,442            |
| Loss on Disposal                   | -  | -                | -   | -                 | -                 | 0                 |
| Water and Sewer                    | -  | -                | 2,143,946                                 | 2,073,554         | 2,143,946         | 2,073,554         |
| <b>Total Expenses</b>              | <b>2,386,669</b>                         | <b>2,602,144</b> | <b>2,143,946</b>                          | <b>2,073,554</b>  | <b>4,530,615</b>  | <b>4,675,698</b>  |
| Change in Net Position             | 517,315                                  | 272,065          | 89,311                                    | 176,808           | 606,626           | 448,873           |
| Net Position-Beginning of Year     | 5,858,783                                | 6,376,098        | 10,138,664                                | 10,255,439        | 15,997,447        | 16,631,537        |
| Prior Period Adjustment            | -  | -                | 27,464                                    | 0                 | 27,464            | 0                 |
| <b>Net Position-End of Year</b>    | <b>6,376,098</b>                         | <b>6,648,163</b> | <b>10,255,439</b>                         | <b>10,432,247</b> | <b>16,631,537</b> | <b>17,080,410</b> |

## THE CITY'S FUNDS:

As the City completed the year, its governmental funds reported a fund balance of \$2,776,482 which is an increase of \$391,840 from the prior fiscal year.

The General Fund pays for most of the City's governmental services. The most significant are general government, public safety, and public works activities. These services are supported by the operating millage and state-shared revenues. The Major Street and Local Street Funds perform public works and account for the Michigan Transportation Funds received from the State and the maintenance performed on the City's street system.

### **General Fund Budgetary Highlights:**

The General Fund budget, as originally adopted, projected a net increase in fund balance of \$49,740. During the year, the City made budget amendments which did not change the overall increase in fund balance. The actual results for the year yielded a net increase of \$281,812, bringing total fund balance to \$2,249,946.

The fund balance in the General Fund represents 104% of its expenditures at the end of the fiscal year. The City continues to focus on exceeding the Fund Balance requirements in its Fund Balance Policy. The City is working to assign fund balance to specific capital improvement projects.

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

As of June 30, 2022, the City had \$21,926,996 invested in a broad range of capital assets, including land, buildings, land improvements, vehicles, equipment, street and sidewalk infrastructure, and water and sewer infrastructure. Additional information about the City's capital assets is presented in Note 5 to the Financial Statements.

On June 30, 2022, the City's total long-term indebtedness (not including net pension liability or other post-employment benefits) was \$8,580,272.

### **Economic Factors:**

The global economy continues to struggle as a result of the coronavirus that began in 2020. Local governments such as the City of Williamston are not immune to the economic effects of this global crisis. In the last two fiscal years there has been an increase in state and federal grants being awarded to the City. These funding sources have helped to stabilize the current budget; however, the City is mindful of that these are one time revenue sources. The City continues to maintain a healthy fund balance to ensure service levels remain unchanged to its citizens even in tough economic times.

The unrestricted net position in the enterprise funds decreased to \$347,348 as of June 30, 2022. However, despite the decrease, this is an improvement over two years ago. Large capital improvement projects are on the horizon due to an aging infrastructure.

### **Contacting the City's Financial Management:**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional information, contact Tom Mead, Treasurer, at (517) 655-2774 or 161 East Grand River Avenue, Williamston, Michigan 48895.

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**



City of Williamston  
Statement of Net Position  
June 30, 2022

|  | Primary Government         |                             |                      | Component<br>Units  |
|--|----------------------------|-----------------------------|----------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                |                     |
| <b>Assets</b>  |                            |                             |                      |                     |
| Cash and cash equivalents - unrestricted                     | \$ 787,664                 | \$ 748,458                  | \$ 1,536,122         | \$ 328,273          |
| Cash and cash equivalents - restricted                       | 4,119                      | 387,104                     | 391,223              | -                   |
| Investments - unrestricted                                   | 2,617,987                  | -                           | 2,617,987            | 134,141             |
| Investments - restricted                                     | -                          | 1,239,049                   | 1,239,049            | 49,786              |
| Accounts receivable  | 13,489                     | 210,479                     | 223,968              | -                   |
| Due from component units                                     | 51,765                     | -                           | 51,765               | -                   |
| Due from other governments                                   | 152,893                    | -                           | 152,893              | -                   |
| Prepaid expenses   | 8,751                      | 4,886                       | 13,637               | 233                 |
| Noncurrent assets  |                            |                             |                      |                     |
| Capital assets not being depreciated                         | 442,924                    | 478,316                     | 921,240              | 639,048             |
| Capital assets being depreciated, net                        | 4,922,026                  | 16,083,730                  | 21,005,756           | 3,174,040           |
| <b>Total assets</b>  | <b>9,001,618</b>           | <b>19,152,022</b>           | <b>28,153,640</b>    | <b>4,325,521</b>    |
| <b>Deferred outflows of resources</b>                        |                            |                             |                      |                     |
| Related to pension   | 258,941                    | 110,974                     | 369,915              | -                   |
| Related to other post-employment benefits                    | 1,248                      | 534                         | 1,782                | -                   |
| <b>Total deferred outflows of resources</b>                  | <b>260,189</b>             | <b>111,508</b>              | <b>371,697</b>       | <b>-</b>            |
| <b>Liabilities</b>   |                            |                             |                      |                     |
| Accounts payable   | 31,337                     | 37,957                      | 69,294               | 42,142              |
| Accrued liabilities  | 107,979                    | 22,804                      | 130,783              | 1,908               |
| Due to primary government                                    | -                          | -                           | -                    | 51,765              |
| Unearned revenue   | 426,168                    | -                           | 426,168              | -                   |
| Compensated absences, due within one year                    | 11,469                     | 3,994                       | 15,463               | -                   |
| Direct borrowings and direct placements, due within one year | 114,272                    | -                           | 114,272              | -                   |
| USDA bonds payable, due within one year                      | -                          | 148,000                     | 148,000              | -                   |
| General obligation bonds payable, due within one year        | 27,300                     | 121,700                     | 149,000              | 160,000             |
| Noncurrent liabilities                                       |                            |                             |                      |                     |
| Compensated absences, due beyond one year                    | 64,993                     | 22,632                      | 87,625               | -                   |
| USDA bonds payable, due beyond one year                      | -                          | 6,721,000                   | 6,721,000            | -                   |
| General Obligation bonds payable, due beyond one year        | 335,400                    | 1,112,600                   | 1,448,000            | 160,000             |
| Net pension liability  | 814,523                    | 349,081                     | 1,163,604            | -                   |
| Net other post employment benefit liability                  | 229,933                    | 98,543                      | 328,476              | -                   |
| <b>Total liabilities</b>                                     | <b>2,163,374</b>           | <b>8,638,311</b>            | <b>10,801,685</b>    | <b>415,815</b>      |
| <b>Deferred inflows of resources</b>                         |                            |                             |                      |                     |
| Related to pension   | 343,782                    | 147,335                     | 491,117              | -                   |
| Related to other post-employment benefits                    | 106,488                    | 45,637                      | 152,125              | -                   |
| <b>Total deferred inflows of resources</b>                   | <b>450,270</b>             | <b>192,972</b>              | <b>643,242</b>       | <b>-</b>            |
| <b>Net position</b>  |                            |                             |                      |                     |
| Net investment in capital assets                             | 4,887,978                  | 8,458,746                   | 13,346,724           | 3,493,088           |
| Restricted   | 544,915                    | 1,626,153                   | 2,171,068            | 416,618             |
| Unrestricted   | 1,215,270                  | 347,348                     | 1,562,618            | -                   |
| <b>Total net position</b>                                    | <b>\$ 6,648,163</b>        | <b>\$ 10,432,247</b>        | <b>\$ 17,080,410</b> | <b>\$ 3,909,706</b> |

City of Williamston  
Statement of Activities  
For the Year Ended June 30, 2022

| Functions / Programs                    | Program Revenues |                      |                                    | Net (Expense) Revenue and Changes in Net Position |   |               |                 |
|---|------------------|----------------------|------------------------------------|---|---|---------------|-----------------|
|   | Expenses         | Charges for Services | Operating Grants and Contributions | Governmental Activities                           | Primary Government Business-Type Activities | Total         | Component Units |
| <b>Governmental activities</b>          |                  |                      |                                    |   |   |               |                 |
| General government                      | \$ 797,777       | \$ 49,112            | \$ -                               | \$ (748,665)                                      | \$ -  | \$ (748,665)  | \$ -            |
| Public safety                           | 783,915          | -                    | 384                                | (783,531)   | -   | (783,531)     | -               |
| Public works                            | 777,612          | -                    | 487,232                            | (290,380)   | -   | (290,380)     | -               |
| Community and economic development      | 12,269           | -                    | -                                  | (12,269)  | -   | (12,269)      | -               |
| Recreation and cultural                 | 208,129          | -                    | -                                  | (208,129)   | -   | (208,129)     | -               |
| Interest and fees                       | 22,442           | -                    | -                                  | (22,442)  | -   | (22,442)      | -               |
| Total governmental activities           | 2,602,144        | 49,112               | 487,616                            | (2,065,416)                                       | -   | (2,065,416)   | -               |
| <b>Business-type activities</b>         |                  |                      |                                    |   |   |               |                 |
| Water and Sewer                         | 2,073,554        | 2,167,808            | -                                  | -   | 94,254                                      | 94,254        | -               |
| Total primary government                | \$ 4,675,698     | \$ 2,216,920         | \$ 487,616                         | (2,065,416)                                       | 94,254                                      | (1,971,162)   | -               |
| <b>Component units</b>                  |                  |                      |                                    |   |   |               |                 |
| Economic Development Corporation        | \$ 1,097         | \$ -                 | \$ -                               | -   | -   | -             | (1,097)         |
| Tax Increment Finance Authority 2A      | 1,863            | -                    | -                                  | -   | -   | -             | (1,863)         |
| Tax Increment Finance Authority 2B      | 157,328          | -                    | -                                  | -   | -   | -             | (157,328)       |
| Downtown Development Authority          | 203,585          | -                    | -                                  | -   | -   | -             | (203,585)       |
| Total component units                   | \$ 363,873       | \$ -                 | \$ -                               | -   | -   | -             | (363,873)       |
| <b>General revenues and transfers</b>   |                  |                      |                                    |   |   |               |                 |
| Property taxes                          | -                | -                    | -                                  | 1,725,865   | -   | 1,725,865     | 649,184         |
| State grants                            | -                | -                    | -                                  | 463,067   | -   | 463,067       | 125,480         |
| Unrestricted investment earnings        | -                | -                    | -                                  | 5,726   | 4,336                                       | 10,062        | 540             |
| Other revenues                          | -                | -                    | -                                  | 218,375   | 2,666                                       | 221,041       | 9,238           |
| Transfer in (out)                       | -                | -                    | -                                  | (75,552)  | 75,552                                      | -             | -               |
| Total general revenues and transfers    | -                | -                    | -                                  | 2,337,481   | 82,554                                      | 2,420,035     | 784,442         |
| <b>Change in net position</b>           | -                | -                    | -                                  | 272,065   | 176,808                                     | 448,873       | 420,569         |
| <b>Net position - beginning of year</b> | -                | -                    | -                                  | 6,376,098   | 10,255,439                                  | 16,631,537    | 3,489,137       |
| <b>Net position - end of year</b>       | -                | -                    | -                                  | \$ 6,648,163                                      | \$ 10,432,247                               | \$ 17,080,410 | \$ 3,909,706    |

The notes to the financial statements are an integral part of this statement.

## FUND FINANCIAL STATEMENTS



City of Williamston  
Balance Sheet - Governmental Funds  
June 30, 2022

|   | Major Funds         |                      |                      | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------|----------------------|------------------------------------|--------------------------------|
|   | General<br>Fund     | Major<br>Street Fund | Local<br>Street Fund |                                    |                                |
| <b>Assets</b>                             |                     |                      |                      |                                    |                                |
| Cash and cash equiv. - unrestricted       | \$ 257,583          | \$ 205,864           | \$ 235,407           | \$ -                               | \$ 698,854                     |
| Cash and cash equiv. - restricted         | 4,119               | -                    | -                    | -                                  | 4,119                          |
| Investments - unrestricted                | 2,390,558           | -                    | -                    | -                                  | 2,390,558                      |
| Accounts receivable                       | 13,489              | -                    | -                    | -                                  | 13,489                         |
| Due from other funds                      | -                   | 15,305               | -                    | -                                  | 15,305                         |
| Due from component units                  | 49,521              | -                    | -                    | -                                  | 49,521                         |
| Due from other governments                | 80,159              | 55,367               | 17,367               | -                                  | 152,893                        |
| Prepaid expenditures                      | 7,987               | 190                  | 181                  | -                                  | 8,358                          |
| <b>Total assets</b>                       | <b>\$ 2,803,416</b> | <b>\$ 276,726</b>    | <b>\$ 252,955</b>    | <b>\$ -</b>                        | <b>\$ 3,333,097</b>            |
| <b>Liabilities</b>                        |                     |                      |                      |                                    |                                |
| Accounts payable                          | \$ 9,651            | \$ 370               | \$ -                 | \$ -                               | \$ 10,021                      |
| Accrued liabilities                       | 102,346             | 1,415                | 1,360                | -                                  | 105,121                        |
| Due to other funds                        | 15,305              | -                    | -                    | -                                  | 15,305                         |
| Unearned revenue                          | 426,168             | -                    | -                    | -                                  | 426,168                        |
| <b>Total liabilities</b>                  | <b>553,470</b>      | <b>1,785</b>         | <b>1,360</b>         | <b>-</b>                           | <b>556,615</b>                 |
| <b>Fund balances</b>                      |                     |                      |                      |                                    |                                |
| Nonspendable                              | 7,987               | 190                  | 181                  | -                                  | 8,358                          |
| Restricted                                | 18,750              | 274,751              | 251,414              | -                                  | 544,915                        |
| Unassigned                                | 2,223,209           | -                    | -                    | -                                  | 2,223,209                      |
| <b>Total fund balances</b>                | <b>2,249,946</b>    | <b>274,941</b>       | <b>251,595</b>       | <b>-</b>                           | <b>2,776,482</b>               |
| <b>Total liabilities and fund balance</b> | <b>\$ 2,803,416</b> | <b>\$ 276,726</b>    | <b>\$ 252,955</b>    | <b>\$ -</b>                        | <b>\$ 3,333,097</b>            |



City of Williamston  
 Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds  
 to Net Position of Governmental Activities on the Statement of Net Position  
 June 30, 2022

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|  |              |
|--|--------------|
| Total fund balance - governmental funds  | \$ 2,776,482 |
| 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, therefore, are not reported in the funds.  |              |
| Add: Capital assets  | 10,098,312   |
| Deduct: Accumulated depreciation   | (5,028,492)  |
| Internal service funds are used by management to charge the cost of equipment rents and materials to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. |              |
| Add: Net position of governmental activities accounted for in the internal service fund  | 475,560      |
| Bonds payable and special assessment obligations are not due and payable in the current period and are not reported in the funds.  |              |
| Deduct: 2017 Series Bonds (39% Major St)   | (362,700)    |
| Some liabilities (and corresponding deferrals) are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:  |              |
| Add: Deferred outflow - related to pension   | 258,941      |
| Add: Deferred outflow - related to other post-employment benefits  | 1,248        |
| Deduct: Net pension liability  | (814,523)    |
| Deduct: Net other post-employment benefit liability  | (229,933)    |
| Deduct: Deferred inflow - related to pension   | (343,782)    |
| Deduct: Deferred inflow - related to other post-employment benefits  | (106,488)    |
| Deduct: Compensated absences   | (76,462)     |
| Total net position - governmental activities   | \$ 6,648,163 |

City of Williamston  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2022

|   | Major Funds         |                      |                      | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------|----------------------|------------------------------------|--------------------------------|
|   | General<br>Fund     | Major<br>Street Fund | Local<br>Street Fund |                                    |                                |
| <b>Revenues</b>                             |                     |                      |                      |                                    |                                |
| Taxes and penalties                         | \$ 1,725,865        | \$ -                 | \$ -                 | \$ -                               | \$ 1,725,865                   |
| Licenses and permits                        | 25,747              | -                    | -                    | -                                  | 25,747                         |
| Federal grants                              | 384                 | -                    | -                    | -                                  | 384                            |
| State grants                                | 463,067             | 374,510              | 112,722              | -                                  | 950,299                        |
| Charges for services                        | 4,540               | -                    | -                    | -                                  | 4,540                          |
| Fines and forfeits                          | 18,825              | -                    | -                    | -                                  | 18,825                         |
| Interest and rentals                        | 5,726               | -                    | -                    | -                                  | 5,726                          |
| Other revenues                              | 215,244             | -                    | 3,131                | -                                  | 218,375                        |
| <b>Total revenues</b>                       | <b>2,459,398</b>    | <b>374,510</b>       | <b>115,853</b>       | <b>-</b>                           | <b>2,949,761</b>               |
| <b>Expenditures</b>                         |                     |                      |                      |                                    |                                |
| General government                          | 765,340             | -                    | -                    | -                                  | 765,340                        |
| Public safety                               | 750,235             | -                    | -                    | -                                  | 750,235                        |
| Public works                                | 197,250             | 134,795              | 120,990              | -                                  | 453,035                        |
| Community and economic development          | 12,089              | -                    | -                    | -                                  | 12,089                         |
| Recreation and cultural                     | 152,766             | -                    | -                    | -                                  | 152,766                        |
| Capital outlay                              | 84,001              | -                    | -                    | -                                  | 84,001                         |
| Debt service - principal                    | 49,161              | 27,300               | -                    | 140,000                            | 216,461                        |
| Debt service - interest and fees            | 5,192               | 9,710                | -                    | 7,540                              | 22,442                         |
| <b>Total expenditures</b>                   | <b>2,016,034</b>    | <b>171,805</b>       | <b>120,990</b>       | <b>147,540</b>                     | <b>2,456,369</b>               |
| <b>Revenues over (under) expenditures</b>   | <b>443,364</b>      | <b>202,705</b>       | <b>(5,137)</b>       | <b>(147,540)</b>                   | <b>493,392</b>                 |
| <b>Other financing sources (uses)</b>       |                     |                      |                      |                                    |                                |
| Transfers in - governmental funds           | -                   | -                    | 60,000               | 147,540                            | 207,540                        |
| Transfers out - governmental funds          | (60,000)            | (147,540)            | -                    | -                                  | (207,540)                      |
| Transfers out - water fund                  | (75,552)            | -                    | -                    | -                                  | (75,552)                       |
| Transfers out - equipment fund              | (26,000)            | -                    | -                    | -                                  | (26,000)                       |
| <b>Total other financing sources (uses)</b> | <b>(161,552)</b>    | <b>(147,540)</b>     | <b>60,000</b>        | <b>147,540</b>                     | <b>(101,552)</b>               |
| <b>Net change in fund balances</b>          | <b>281,812</b>      | <b>55,165</b>        | <b>54,863</b>        | <b>-</b>                           | <b>391,840</b>                 |
| <b>Fund balance, beginning of year</b>      | <b>1,968,134</b>    | <b>219,776</b>       | <b>196,732</b>       | <b>-</b>                           | <b>2,384,642</b>               |
| <b>Fund balance, end of year</b>            | <b>\$ 2,249,946</b> | <b>\$ 274,941</b>    | <b>\$ 251,595</b>    | <b>\$ -</b>                        | <b>\$ 2,776,482</b>            |

City of Williamston  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2022

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Change in fund balances - total governmental funds \$ 391,840

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, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

|         |                      |           |
|---------|----------------------|-----------|
| Add:    | Capital outlay       | 155,316   |
| Deduct: | Depreciation expense | (436,094) |

Long-term debt proceeds are reported as other financing sources in the governmental funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of bond and special assessment principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|      |  |         |
|------|--|---------|
| Add: | 2002 Series Bonds principal payment                | 140,000 |
| Add: | 2002 Special Assessments principal payment         | 49,161  |
| Add: | 2017 Series Bonds principal payment (39% Major St) | 27,300  |

Internal service funds are used by management to charge the cost of certain activities, such as equipment rents and materials, to individual funds. The net income/expense of the internal service fund is reported with governmental activities.

|         |   |          |
|---------|---|----------|
| Deduct: | Change in net position of internal service fund | (65,369) |
|---------|---|----------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

|         |  |           |
|---------|--|-----------|
| Deduct: | Change in deferred outflow - related to pension                        | (19,417)  |
| Deduct: | Change in deferred outflow - related to other post-employment benefits | (309)     |
| Add:    | Change in net pension liability  | 214,438   |
| Add:    | Change in net other post-employment benefit liability                  | 70,947    |
| Deduct: | Change in deferred inflow - related to pension                         | (200,018) |
| Deduct: | Change in deferred inflow - related to other post-employment benefits  | (55,959)  |
| Add:    | Change in accrual for compensated absences                             | 229       |

Change in net position - governmental activities \$ 272,065

City of Williamston  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

|  | <b>Business-Type Activities</b> |               | Total<br>Enterprise<br>Funds | <b>Governmental</b>      |
|--|---------------------------------|---------------|------------------------------|--------------------------|
|  | <b>Enterprise Funds</b>         |               |                              | <b>Activities</b>        |
|  | Sewer<br>Fund                   | Water<br>Fund |                              | Internal<br>Service Fund |
| <b>Assets</b>  |                                 |               |                              |                          |
| Current assets   |                                 |               |                              |                          |
| Cash and cash equivalents - unrestricted                     | \$ 295,955                      | \$ 452,503    | \$ 748,458                   | \$ 88,810                |
| Cash and cash equivalents - restricted for USDA Bond Reserve | 5,073                           | 6,471         | 11,544                       | -                        |
| Cash and cash equivalents - restricted for USDA RRI Reserve  | 50,732                          | 6,947         | 57,679                       | -                        |
| Cash and cash equivalents - restricted other                 | 303,438                         | 14,443        | 317,881                      | -                        |
| Investments - unrestricted                                   | -                               | -             | -                            | 227,429                  |
| Investments - restricted for USDA Bond Reserve               | 155,433                         | 410,682       | 566,115                      | -                        |
| Investments - restricted for USDA RRI Reserve                | 583,752                         | -             | 583,752                      | -                        |
| Investments - restricted other                               | 14,632                          | 74,550        | 89,182                       | -                        |
| Accounts receivable  | 105,717                         | 104,762       | 210,479                      | -                        |
| Due from component units                                     | -                               | -             | -                            | 2,244                    |
| Prepaid expenses   | 3,196                           | 1,690         | 4,886                        | 393                      |
| Total current assets   | 1,517,928                       | 1,072,048     | 2,589,976                    | 318,876                  |
| Noncurrent assets  |                                 |               |                              |                          |
| Capital assets not being depreciated                         | 54,421                          | 423,895       | 478,316                      | -                        |
| Capital assets being depreciated, net                        | 9,060,108                       | 7,023,622     | 16,083,730                   | 295,130                  |
| Total noncurrent assets                                      | 9,114,529                       | 7,447,517     | 16,562,046                   | 295,130                  |
| Total assets   | 10,632,457                      | 8,519,565     | 19,152,022                   | 614,006                  |
| <b>Deferred Outflows of Resources</b>                        |                                 |               |                              |                          |
| Related to pension   | 73,982                          | 36,992        | 110,974                      | -                        |
| Related to other post-employee benefits                      | 357                             | 177           | 534                          | -                        |
| Total deferred outflows of resources                         | 74,339                          | 37,169        | 111,508                      | -                        |
| <b>Liabilities</b>   |                                 |               |                              |                          |
| Current liabilities  |                                 |               |                              |                          |
| Accounts payable   | 17,251                          | 20,706        | 37,957                       | 21,316                   |
| Accrued liabilities  | 13,088                          | 9,716         | 22,804                       | 2,858                    |
| Compensated absences, due within one year                    | 2,334                           | 1,660         | 3,994                        | -                        |
| Direct borrowings and direct placements, due within one year | -                               | -             | -                            | 114,272                  |
| USDA bonds payable, due within one year                      | 63,000                          | 85,000        | 148,000                      | -                        |
| General obligation bonds payable, due within one year        | 9,170                           | 112,530       | 121,700                      | -                        |
| Total current liabilities                                    | 104,843                         | 229,612       | 334,455                      | 138,446                  |
| Noncurrent liabilities                                       |                                 |               |                              |                          |
| Compensated absences, due beyond one year                    | 13,226                          | 9,406         | 22,632                       | -                        |
| USDA bonds payable, due beyond one year                      | 2,854,000                       | 3,867,000     | 6,721,000                    | -                        |
| General obligation bonds payable, due beyond one year        | 83,830                          | 1,028,770     | 1,112,600                    | -                        |
| Net pension liability  | 232,720                         | 116,361       | 349,081                      | -                        |
| Net other post-employment benefit liability                  | 65,695                          | 32,848        | 98,543                       | -                        |
| Total noncurrent liabilities                                 | 3,249,471                       | 5,054,385     | 8,303,856                    | -                        |
| Total liabilities  | 3,354,314                       | 5,283,997     | 8,638,311                    | 138,446                  |
| <b>Deferred Inflows of Resources</b>                         |                                 |               |                              |                          |
| Related to pension   | 98,224                          | 49,111        | 147,335                      | -                        |
| Related to other post-employee benefits                      | 30,425                          | 15,212        | 45,637                       | -                        |
| Total deferred inflows of resources                          | 128,649                         | 64,323        | 192,972                      | -                        |
| <b>Net position</b>  |                                 |               |                              |                          |
| Net investment in capital assets                             | 6,104,529                       | 2,354,217     | 8,458,746                    | 295,130                  |
| Restricted   | 1,113,060                       | 513,093       | 1,626,153                    | -                        |
| Unrestricted   | 6,244                           | 341,104       | 347,348                      | 180,430                  |
| Total net position   | \$ 7,223,833                    | \$ 3,208,414  | \$ 10,432,247                | \$ 475,560               |

City of Williamston  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

|   | <b>Business-Type Activities</b> |                     | Total<br>Enterprise<br>Funds | <b>Governmental</b>      |
|---|---------------------------------|---------------------|------------------------------|--------------------------|
|   | <b>Enterprise Funds</b>         |                     |                              | <b>Activities</b>        |
|   | Sewer<br>Fund                   | Water<br>Fund       |                              | Internal<br>Service Fund |
| <b>Operating revenues</b>               |                                 |                     |                              |                          |
| Charges for services                    | \$ 1,100,464                    | \$ 1,067,344        | \$ 2,167,808                 | \$ 224,366               |
| Miscellaneous revenues                  | 1,058                           | 1,608               | 2,666                        | -                        |
| Total operating revenues                | <u>1,101,522</u>                | <u>1,068,952</u>    | <u>2,170,474</u>             | <u>224,366</u>           |
| <b>Operating expenses</b>               |                                 |                     |                              |                          |
| Salaries and wages                      | 227,612                         | 159,386             | 386,998                      | 49,084                   |
| Fringe benefits                         | 91,812                          | 69,854              | 161,666                      | 19,406                   |
| Administrative expenses                 | 40,000                          | 47,233              | 87,233                       | 13,634                   |
| Supplies                                | 36,047                          | 68,521              | 104,568                      | 31,909                   |
| Professional and contractual            | 121,728                         | 47,573              | 169,301                      | 546                      |
| Other services and charges              | 26,221                          | 4,821               | 31,042                       | -                        |
| Utilities                               | 101,062                         | 54,847              | 155,909                      | -                        |
| Repairs and maintenance                 | 59,045                          | 10,825              | 69,870                       | 57,438                   |
| Equipment rental                        | 32,892                          | 55,041              | 87,933                       | 109                      |
| Depreciation                            | 352,925                         | 232,750             | 585,675                      | 135,903                  |
| Total operating expenses                | <u>1,089,344</u>                | <u>750,851</u>      | <u>1,840,195</u>             | <u>308,029</u>           |
| Operating income (loss)                 | 12,178                          | 318,101             | 330,279                      | (83,663)                 |
| <b>Nonoperating revenues (expenses)</b> |                                 |                     |                              |                          |
| Interest revenue                        | 2,649                           | 1,687               | 4,336                        | 535                      |
| Interest expense                        | (90,915)                        | (142,444)           | (233,359)                    | (8,241)                  |
| Total nonoperating revenues (expenses)  | <u>(88,266)</u>                 | <u>(140,757)</u>    | <u>(229,023)</u>             | <u>(7,706)</u>           |
| <b>Transfers in (out)</b>               |                                 |                     |                              |                          |
| Transfer in                             | -                               | 75,552              | 75,552                       | 26,000                   |
| <b>Change in net position</b>           | (76,088)                        | 252,896             | 176,808                      | (65,369)                 |
| <b>Net position, beginning of year</b>  | <u>7,299,921</u>                | <u>2,955,518</u>    | <u>10,255,439</u>            | <u>540,929</u>           |
| <b>Net position, end of year</b>        | <u>\$ 7,223,833</u>             | <u>\$ 3,208,414</u> | <u>\$ 10,432,247</u>         | <u>\$ 475,560</u>        |

City of Williamston  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

|  | <b>Business-Type Activities</b> |                   | Total<br>Enterprise<br>Funds | <b>Governmental</b>      |
|--|---------------------------------|-------------------|------------------------------|--------------------------|
|  | <b>Enterprise Funds</b>         |                   |                              | <b>Activities</b>        |
|  | Sewer<br>Fund                   | Water<br>Fund     |                              | Internal<br>Service Fund |
| <b>Cash flows from operating activities</b>  |                                 |                   |                              |                          |
| Receipts from customers  | \$ 1,099,137                    | \$ 1,067,093      | \$ 2,166,230                 | \$ 224,366               |
| Payments to suppliers / outsiders  | (448,468)                       | (335,439)         | (783,907)                    | (106,679)                |
| Payments to employees and related fringe benefits  | (323,316)                       | (230,448)         | (553,764)                    | (68,490)                 |
| Other receipts   | 1,058                           | 1,608             | 2,666                        | -                        |
| Net cash provided by operating activities  | 328,411                         | 502,814           | 831,225                      | 49,197                   |
| <b>Cash flows from noncapital financing activities</b>   |                                 |                   |                              |                          |
| Transfers from other funds   | -                               | -                 | -                            | 23,756                   |
| Net cash flows from noncapital financing activities  | -                               | -                 | -                            | 23,756                   |
| <b>Cash flows from capital and related financing activities</b>                                |                                 |                   |                              |                          |
| Purchase of capital assets   | (6,030)                         | (22,513)          | (28,543)                     | (24,473)                 |
| Principal paid on debt   | (68,000)                        | (194,700)         | (262,700)                    | (95,772)                 |
| Interest expense   | (90,915)                        | (142,444)         | (233,359)                    | (8,241)                  |
| Net cash provided by capital and related financing activities                                  | (164,945)                       | (359,657)         | (524,602)                    | (128,486)                |
| <b>Cash flows from investing activities</b>  |                                 |                   |                              |                          |
| (Purchase)/sale of investments   | (202,050)                       | (192,819)         | (394,869)                    | (14,257)                 |
| Interest revenue   | 2,649                           | 1,687             | 4,336                        | 535                      |
| Net cash flows from investing activities   | (199,401)                       | (191,132)         | (390,533)                    | (13,722)                 |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | (35,935)                        | (47,975)          | (83,910)                     | (69,255)                 |
| <b>Cash and cash equivalents, beginning of year</b>  | 691,132                         | 528,339           | 1,219,471                    | 158,065                  |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 655,198</u>               | <u>\$ 480,364</u> | <u>\$ 1,135,562</u>          | <u>\$ 88,810</u>         |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: |                                 |                   |                              |                          |
| Operating income (loss)  | \$ 12,178                       | \$ 318,101        | \$ 330,279                   | \$ (83,663)              |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities  |                                 |                   |                              |                          |
| Depreciation expense   | 352,925                         | 232,750           | 585,675                      | 135,903                  |
| Change in assets and liabilities   |                                 |                   |                              |                          |
| Accounts receivable  | (1,327)                         | (251)             | (1,578)                      | -                        |
| Prepaid expenses   | 1,601                           | 149               | 1,750                        | 16                       |
| Deferred outflow - related to pension  | 5,548                           | 2,774             | 8,322                        | -                        |
| Deferred outflow - related to other post-employment benefits                                   | 88                              | 44                | 132                          | -                        |
| Accounts payable   | (38,552)                        | (50,907)          | (89,459)                     | (4,293)                  |
| Accrued liabilities  | 5,478                           | 4,180             | 9,658                        | 1,234                    |
| Compensated absences   | (1,125)                         | 175               | (950)                        | -                        |
| Net pension liability  | (61,268)                        | (30,634)          | (91,902)                     | -                        |
| Net other post employment benefit liability  | (20,271)                        | (10,135)          | (30,406)                     | -                        |
| Deferred inflow - related to pension   | 57,148                          | 28,574            | 85,722                       | -                        |
| Deferred inflow - related to other post-employment benefits                                    | 15,988                          | 7,994             | 23,982                       | -                        |
| Net cash provided by operating activities  | <u>\$ 328,411</u>               | <u>\$ 502,814</u> | <u>\$ 831,225</u>            | <u>\$ 49,197</u>         |

City of Williamston  
Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2022

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|                                  | <u>Custodial<br/>Fund</u> |
|----------------------------------|---------------------------|
| <b>Assets</b>                    |                           |
| Cash and cash equivalents        | <u>\$ 1,726</u>           |
| Total assets                     | 1,726                     |
| <b>Liabilities</b>               |                           |
| Due to other governments         | <u>1,065</u>              |
| Total liabilities                | 1,065                     |
| <b>Net position</b>              |                           |
| Restricted for other governments | <u>661</u>                |
| Total net position               | <u><u>\$ 661</u></u>      |

City of Williamston  
Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
June 30, 2022

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|   | <u>Custodial<br/>Fund</u> |
|---|---------------------------|
| <b>Additions</b>                        |                           |
| Tax collections for other governments   | <u>\$ 5,753,478</u>       |
| Total additions                         | 5,753,478                 |
| <b>Deductions</b>                       |                           |
| Payments of taxes to other governments  | <u>5,753,030</u>          |
| Total deductions                        | <u>5,753,030</u>          |
| <b>Change in fiduciary net position</b> | 448                       |
| <b>Net position, beginning of year</b>  | <u>213</u>                |
| <b>Net position, end of year</b>        | <u><u>\$ 661</u></u>      |



City of Williamston  
Combining Statement of Net Position - Component Units  
June 30, 2022

|   | Economic<br>Development<br>Corporation | Tax<br>Increment<br>Finance<br>Authority 2A | Tax<br>Increment<br>Finance<br>Authority 2B | Downtown<br>Development<br>Authority | Total               |
|---|--|---|---|--------------------------------------|---------------------|
| <b>Assets</b>   |  |   |   |                                      |                     |
| Current assets  |  |   |   |                                      |                     |
| Cash and cash equivalents - unrestricted              | \$ 7,977                               | \$ 6,736                                    | \$ 148,866                                  | \$ 164,694                           | \$ 328,273          |
| Investments - unrestricted                            | 64,526                                 | -   | 62,035                                      | 7,580                                | 134,141             |
| Investments - restricted                              | -                                      | -   | -   | 49,786                               | 49,786              |
| Prepaid expenditures                                  | -                                      | -   | -   | 233                                  | 233                 |
| Total current assets                                  | <u>72,503</u>                          | <u>6,736</u>                                | <u>210,901</u>                              | <u>222,293</u>                       | <u>512,433</u>      |
| Noncurrent assets                                     |  |   |   |                                      |                     |
| Capital assets not being depreciated                  | -                                      | -   | 265,623                                     | 373,425                              | 639,048             |
| Capital assets being depreciated, net                 | -                                      | 22,349                                      | 1,979,165                                   | 1,172,526                            | 3,174,040           |
| Total noncurrent assets                               | <u>-</u>                               | <u>22,349</u>                               | <u>2,244,788</u>                            | <u>1,545,951</u>                     | <u>3,813,088</u>    |
| <b>Liabilities</b>                                    |  |   |   |                                      |                     |
| Current liabilities                                   |  |   |   |                                      |                     |
| Accounts payable                                      | -                                      | -   | 1,303                                       | 40,839                               | 42,142              |
| Accrued liabilities                                   | -                                      | -   | -   | 1,908                                | 1,908               |
| Due to other funds                                    | 161                                    | -   | 35,465                                      | 16,139                               | 51,765              |
| General obligation bonds payable, due within one year | -                                      | -   | -   | 160,000                              | 160,000             |
| Total current liabilities                             | <u>161</u>                             | <u>-</u>                                    | <u>36,768</u>                               | <u>218,886</u>                       | <u>255,815</u>      |
| Noncurrent liabilities                                |  |   |   |                                      |                     |
| General obligation bonds payable, due beyond one year | -                                      | -   | -   | 160,000                              | 160,000             |
| Total noncurrent assets                               | <u>-</u>                               | <u>-</u>                                    | <u>-</u>                                    | <u>160,000</u>                       | <u>160,000</u>      |
| <b>Net position</b>                                   |  |   |   |                                      |                     |
| Net investment in capital assets                      | -                                      | 22,349                                      | 2,244,788                                   | 1,225,951                            | 3,493,088           |
| Restricted for:                                       |  |   |   |                                      |                     |
| Economic development programs                         | 72,342                                 | -   | -   | -                                    | 72,342              |
| Downtown development plan                             | -                                      | -   | -   | 163,407                              | 163,407             |
| Tax increment finance plans                           | -                                      | 6,736                                       | 174,133                                     | -                                    | 180,869             |
| Total net position                                    | <u>\$ 72,342</u>                       | <u>\$ 29,085</u>                            | <u>\$ 2,418,921</u>                         | <u>\$ 1,389,358</u>                  | <u>\$ 3,909,706</u> |

City of Williamston  
Combining Statement of Activities - Component Units  
For the Year Ended June 30, 2022

| Functions / Programs                      | Expenses          | Net (Expense) Revenue and Changes in Net Position |                                    |                                    |                                | Total               |
|---|-------------------|---|------------------------------------|------------------------------------|--------------------------------|---------------------|
|   |                   | Economic Development Corporation                  | Tax Increment Finance Authority 2A | Tax Increment Finance Authority 2B | Downtown Development Authority |                     |
| <b>Economic Development Corporation</b>   |                   |   |                                    |                                    |                                |                     |
| Community and economic development        | \$ 1,097          | \$ (1,097)  | \$ -                               | \$ -                               | \$ -                           | \$ -                |
| <b>Tax Increment Finance Authority 2A</b> |                   |   |                                    |                                    |                                |                     |
| Community and economic development        | 1,863             | -   | (1,863)                            | -                                  | -                              | -                   |
| <b>Tax Increment Finance Authority 2B</b> |                   |   |                                    |                                    |                                |                     |
| Community and economic development        | 157,328           | -   | -                                  | (157,328)                          | -                              | -                   |
| <b>Downtown Development Authority</b>     |                   |   |                                    |                                    |                                |                     |
| Community and economic development        | 191,043           | -   | -                                  | -                                  | (191,043)                      | -                   |
| Interest and other debt related expenses  | 12,542            | -   | -                                  | -                                  | (12,542)                       | -                   |
| Total Downtown Development Authority      | <u>\$ 203,585</u> | -   | -                                  | -                                  | (203,585)                      | -                   |
| <b>General Revenues</b>                   |                   |   |                                    |                                    |                                |                     |
| Property taxes                            |                   | -   | -                                  | 247,543                            | 401,641                        | 649,184             |
| State grants                              |                   | -   | -                                  | 31,026                             | 94,454                         | 125,480             |
| Unrestricted investment earnings          |                   | 157   | 1                                  | 212                                | 170                            | 540                 |
| Other revenues                            |                   | -   | -                                  | -                                  | 9,238                          | 9,238               |
| Total general revenues                    |                   | 157   | 1                                  | 278,781                            | 505,503                        | 784,442             |
| <b>Change in net position</b>             |                   | (940)   | (1,862)                            | 121,453                            | 301,918                        | 420,569             |
| <b>Net position, beginning of year</b>    |                   | 73,282  | 30,947                             | 2,297,468                          | 1,087,440                      | 3,489,137           |
| <b>Net position, end of year</b>          |                   | <u>\$ 72,342</u>                                  | <u>\$ 29,085</u>                   | <u>\$ 2,418,921</u>                | <u>\$ 1,389,358</u>            | <u>\$ 3,909,706</u> |

## NOTES TO THE FINANCIAL STATEMENTS



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

The accounting policies of the City of Williamston (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the City. All amounts shown are in dollars.

**Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

**Reporting Entity**

The City is governed by a seven-member City Council which has responsibility and control over all activities related to the City. The City receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities. Council members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financial accountable. The 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 government.

**Discretely Presented Component Units**

The following component units are reported within the component unit column in the combined financial statements.

Economic Development Corporation – The Economic Development Corporation was created under the provisions of Public Act 338 of 1974, as amended, to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City to provide needed services and facilities to the residents of the City. The corporation's governing body, which consists of nine individuals, is selected by the city council.

Tax Increment Finance Authorities (2A and 2B) – The Tax Increment Finance Authorities (2A and 2B) were created under the provisions of Public Act 450 of 1980, as amended, to prevent urban deterioration, to encourage development and activity, and to encourage neighborhood revitalization and historic preservation. The authorities' governing body is the same as the Economic Development Corporation that is selected by the city council and consists of nine individuals.

Downtown Development Authority – The Downtown Development Authority was created under the provisions of Public Act 197 of 1975, as amended, to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The authority's governing body, which consists of nine individuals, is selected by the city council. In addition, the authority's budget is subject to approval by the city council.

Complete financial statements of the individual component units can be obtained from their respective administrative offices located in City Hall: 161 East Grand River Avenue, Williamston, MI 48895.

**Jointly Governed Organizations**

The City, along with Locke Township, Wheatfield Township, Leroy Township, Williamstown Township, and the Village of Webberville, are members of the Northeast Ingham Emergency Service Authority (NIESA) which provides emergency services to the residents of northeast Ingham County. The participating communities provided funding for its operations until December 1998, at which time a millage was levied to provide annual funding. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the authority can be obtained from the offices at: Community Fire Board, 1296 West Grand River, Williamston, MI 48895.

**Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Major Street Fund accounts for the resources of State revenue sharing of trunkline maintenance revenues, gas and weight tax revenues and local road program revenues that are restricted for use on major streets.
- The Local Street Fund accounts for the resources of State revenue sharing of gas and weight tax revenues and local road program revenues that are restricted for use on local streets.

The City reports the following major proprietary funds:

- The Sewer Fund (an Enterprise Fund) accounts for the activities of the sewage collection system.
- The Water Fund (an Enterprise Fund) accounts for the activities of the water distribution system.

The city reports the following non-major governmental funds:

- The 2003 Act 342 Bond Debt Fund accounts for the principal and interest payments of the 2003 Act 342 General Obligation Bonds and is funded by appropriations from the Major Street Fund.

The City reports the following fiduciary funds:

- The custodial fund is custodial in nature and does not present results of operations or have a measurement focus. Custodial funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the City holds for others in a custodial (fiduciary) capacity. These funds are not reported in the City's government-wide financial statements.

Additionally, the City reports the following fund types:

- The Internal service fund accounts for major machinery and equipment purchases, as well as material purchases, provided to other departments of the City on a cost reimbursement basis.

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. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, 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 the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the

United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

### **Budgetary Basis of Accounting**

Budgets are adopted at the functional level and on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is not employed in the governmental funds.

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

On or before the first day of March of each year, a proposed budget for the next fiscal year is submitted to the budget officer. The budget officer compiles such information and submits it to the council, along with recommendations, no later than the second council meeting in April of each year. This operating budget includes proposed expenditures and the means of financing them for the fiscal year commencing the following July 1<sup>st</sup>. The council holds public hearings and final budgets are adopted prior to July 1<sup>st</sup>.

Prior to July 1st, the budget is legally enacted pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978, as amended).

The city treasurer is authorized to transfer budgeted amounts between departments within any fund; however, council must approve any revisions that alter the total expenditures of any fund.

Formal budgetary integration is employed as a management control device during the year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is at the department level for the General Fund and for all other funds.

### **Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

#### Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, money market funds, demand deposits and certificates of deposit with maturities of less than 90 days.

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

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Investments

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- The United States government or federal agency obligations repurchase agreements.
- Bankers' acceptances of United States banks.
- Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Accounts Receivable/Payable

Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable is stated net of allowances for uncollectible amounts, if any.

Due from/to Other Funds

In general, outstanding balances between funds are reported as "due to / from other funds". Activity between funds that is representative of lending / borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to / from other funds". Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances".

Due from Other Governments

Due from other governments consist primarily of amounts due from the State of Michigan.

Inventory

The City does not recognize as an asset inventories of supplies. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year to year. The costs of such supplies are expensed when purchased.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, as detailed in the table below, are reported in the government-wide financial statements. Capital assets are defined by the City as individual assets with an initial cost equal to or more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at estimated acquisition value at the date of donation.

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in process are not depreciated. The other assets of the City are depreciated using the straight-line method over the following estimated useful lives:

| Assets                               | Years   |
|--------------------------------------|---------|
| Land Improvements                    | 4 – 20  |
| Buildings and Improvements           | 14 – 50 |
| Office Equipment                     | 4 – 5   |
| Machinery and Equipment              | 5 – 10  |
| Vehicles                             | 3 – 10  |
| Infrastructure – Roads and Sidewalks | 20      |
| Infrastructure – Bridges             | 30      |
| Sewer and Water Systems              | 10 – 50 |
| Sewer and Water Equipment            | 5 – 30  |

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

#### Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide statement of net position. The pension and other postemployment benefits amounts relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

#### Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. These items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and other postemployment benefit related changes. These amounts are recognized in the plan year in which they apply.

#### Accrued Liabilities

Accrued liabilities relate to salaries and wages earned in June but not paid until July, and related benefits

#### Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. These compensated absences are accrued in the government-wide financial statements.

#### Unearned Revenue

Unearned revenues arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the fund financial statements and Government-wide financial statements, and revenue is recognized.



#### Defined Benefit Pension Plan

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

#### Post-employment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consist of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

#### Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *Nonspendable* fund balance represents amounts that are either not in spendable from or are either legally or contractually required to be maintained intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or City Council adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. City Council has by resolution authorized the finance director to assign fund balance. 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 only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will 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. Further, 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.

## Revenues

### Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### Property Tax Revenue

The City's property tax is levied on July 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the City as of the preceding December 31<sup>st</sup>.

Although the City's 2021 ad valorem tax is levied and collectible on July 1<sup>st</sup>, it is the City's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2021 taxable valuation of property located in the City for operating purposes totaled \$127.5 million, on which ad valorem taxes levied consisted of 14.9081 mills for operating purposes, and 0.2480 mills for the senior center.

### Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues

and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to other funds for equipment use. Operating expenses for the internal service fund include purchase services, and other operating expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City, and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

The City utilizes a pooled cash and investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

As of year-end, the City had deposits and investments subject to the following risks:

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of year-end, \$1,735,028 of the City's bank balance of \$2,485,028 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts. The fiduciary fund balances are not included in the above balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business.

Interest rate risk: In accordance with its investment policy, the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

| Investment Type  | Fair Value       | Weighted Average Maturity |
|--|------------------|---------------------------|
| Michigan Cooperative Liquid Assets Securities System (Michigan Class) – EDGE | 1,453,433        | .2025                     |
| Michigan Cooperative Liquid Assets Securities System (Michigan Class)        | <u>2,388,231</u> | .2025                     |
| Total  | <u>3,841,664</u> |                           |
| One day maturity equals 0.0027, one year equals 1.0                          |                  |                           |

Concentration of credit risk: The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

| <b>Investment Type</b>   | <b>Fair Value</b> | <b>Standard &amp; Poor's Rating</b> | <b>Rating Agency</b> |
|--|-------------------|-------------------------------------|----------------------|
| Michigan Cooperative Liquid Assets Securities System (Michigan Class) – EDGE | 1,453,433         | AAAm                                | Standard & Poor's    |
| Michigan Cooperative Liquid Assets Securities System (Michigan Class)        | <u>2,388,231</u>  | AAAm                                | Standard & Poor's    |
| Total  | <u>3,841,664</u>  |                                     |                      |

Foreign currency risk: The City is not authorized to invest in investments which have this type of risk.

Fair value measurement: The City is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the City's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the City is the Michigan Cooperative Liquid Assets Securities System (MI CLASS). MI CLASS funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MI CLASS fund requires notification of redemption prior to 14 days to avoid penalties. These funds are not subject to fair value disclosures.

The following summarizes the categorization of these amounts as of year-end:

|   | Governmental Activities | Business-Type Activities | Total Primary Government | Component Units |
|---|-------------------------|--------------------------|--------------------------|-----------------|
| <b>Unrestricted</b>                     |                         |                          |                          |                 |
| Petty cash                              | 300                     | -                        | 300                      | -               |
| Cash and cash equivalents               | 787,364                 | 748,458                  | 1,535,822                | 328,272         |
| Cash held in investment account         | 199,299                 | -                        | 199,299                  | -               |
| Investments (Michigan CLASS)            | 2,418,688               | -                        | 2,418,688                | 134,141         |
| Total cash and inv. - unrestricted      | 3,405,651               | 748,458                  | 4,154,109                | 462,413         |
| <b>Restricted</b>                       |                         |                          |                          |                 |
| Cash and cash equivalents               | 4,119                   | 387,104                  | 391,223                  | -               |
| Investments (Michigan CLASS)            | -                       | 1,239,049                | 1,239,049                | 49,786          |
| Total cash and investments - restricted | 4,119                   | 1,626,153                | 1,630,272                | 49,786          |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

**NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivable and payable shown on the fund financial statements as of June 30<sup>th</sup>, are as follows:

| Description       | Due from      | Due to        |
|-------------------|---------------|---------------|
| General fund      | -             | 15,305        |
| Major street fund | 15,305        | -             |
| <b>Total</b>      | <b>15,305</b> | <b>15,305</b> |

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

As of June 30<sup>th</sup>, due from other governmental units for the primary government is comprised of the following amounts:

| Fund and Description                             | Amount         |
|--|----------------|
| General Fund – State of Michigan Revenue Sharing | 80,159         |
| Major Street Fund – State of Michigan Act 51     | 55,367         |
| Local Street Fund – State of Michigan Act 51     | 17,367         |
| <b>Total</b>                                     | <b>152,893</b> |

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in the City's governmental activities capital assets follows:

| Governmental Activities                           | Beginning Balance | Increases        | Decreases | Transfers | Ending Balance    |
|---|-------------------|------------------|-----------|-----------|-------------------|
| Capital assets not being depreciated              |                   |                  |           |           |                   |
| Land  | 390,632           | -                | -         | -         | 390,632           |
| Construction in Process                           | -                 | 52,292           | -         | -         | 52,292            |
| <b>Total capital assets not being depreciated</b> | <b>390,632</b>    | <b>52,292</b>    | <b>-</b>  | <b>-</b>  | <b>442,924</b>    |
| Capital assets being depreciated                  |                   |                  |           |           |                   |
| Land Improvements                                 | 988,621           | 37,564           | -         | -         | 1,026,185         |
| Buildings and Improvements                        | 1,208,687         | 6,985            | -         | -         | 1,215,672         |
| Office Equipment                                  | 44,887            | -                | -         | -         | 44,887            |
| Machinery and Equipment                           | 360,372           | -                | -         | -         | 360,372           |
| Vehicles  | 1,343,991         | 82,948           | -         | -         | 1,426,939         |
| Infrastructure                                    | 7,150,883         | -                | -         | -         | 7,150,883         |
| <b>Total capital assets being depreciated</b>     | <b>11,097,441</b> | <b>127,497</b>   | <b>-</b>  | <b>-</b>  | <b>11,224,938</b> |
| Accumulated depreciation                          | (5,730,915)       | (571,997)        | -         | -         | (6,302,912)       |
| <b>Capital assets being depreciated, net</b>      | <b>5,366,526</b>  | <b>(444,500)</b> | <b>-</b>  | <b>-</b>  | <b>4,922,026</b>  |
| <b>Net capital assets</b>                         | <b>5,757,158</b>  | <b>(392,208)</b> | <b>-</b>  | <b>-</b>  | <b>5,364,950</b>  |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

A summary of changes in the City's business-type activities capital assets follows:

|  | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-------------------|-----------|-----------|-----------|----------------|
| Capital assets not being depreciated       |                   |           |           |           |                |
| Land                                       | 466,257           | -         | -         | -         | 466,257        |
| Construction in Process                    | -                 | 12,059    | -         | -         | 12,059         |
| Total capital assets not being depreciated | 466,257           | 12,059    | -         | -         | 478,316        |
| Capital assets being depreciated           |                   |           |           |           |                |
| Sewer System                               | 17,491,148        | -         | -         | -         | 17,491,148     |
| Water System                               | 10,286,188        | 10,761    | -         | -         | 10,296,949     |
| Sewer System Equipment                     | 317,625           | -         | -         | -         | 317,625        |
| Water System Equipment                     | 355,207           | 5,723     | -         | -         | 360,930        |
| Total capital assets being depreciated     | 28,450,168        | 16,484    | -         | -         | 28,466,652     |
| Accumulated Depreciation                   | (11,797,247)      | (585,675) | -         | -         | (12,382,922)   |
| Capital assets being depreciated, net      | 16,652,921        | (569,191) | -         | -         | 16,083,730     |
| Net capital assets                         | 17,119,178        | (557,132) | -         | -         | 16,562,046     |

A summary of changes in the City's Component Unit capital assets follows:

TIFA 2A:

|  | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-------------------|-----------|-----------|-----------|----------------|
| Capital assets being depreciated       |                   |           |           |           |                |
| Infrastructure                         | 55,879            | -         | -         | -         | 55,879         |
| Total capital assets being depreciated | 55,879            | -         | -         | -         | 55,879         |
| Accumulated Depreciation               | (31,667)          | (1,863)   | -         | -         | (33,530)       |
| Capital assets being depreciated, net  | 24,212            | (1,863)   | -         | -         | 22,349         |

TIFA 2B:

|  | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-------------------|-----------|-----------|-----------|----------------|
| Capital assets not being depreciated       |                   |           |           |           |                |
| Land                                       | 265,623           | -         | -         | -         | 265,623        |
| Construction in Process                    | 76,857            | -         | -         | (76,857)  | -              |
| Total capital assets not being depreciated | 342,480           | -         | -         | (76,857)  | 265,623        |
| Capital assets being depreciated           |                   |           |           |           |                |
| Land Improvements                          | 4,491             | -         | -         | -         | 4,491          |
| Buildings and Improvements                 | 1,858,260         | -         | -         | -         | 1,858,260      |
| Infrastructure                             | -                 | 882,534   | -         | -         | 882,534        |
| Total capital assets being depreciated     | 1,862,751         | 882,534   | -         | -         | 2,745,285      |
| Accumulated Depreciation                   | (673,208)         | (92,913)  | -         | -         | (766,120)      |
| Capital assets being depreciated, net      | 1,189,543         | 789,621   | -         | -         | 1,979,165      |
| Net capital assets                         | 1,532,023         | 789,621   | -         | -         | 2,244,788      |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

DDA:

|  | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-------------------|-----------|-----------|-----------|----------------|
| Capital assets not being depreciated       |                   |           |           |           |                |
| Land                                       | 319,552           | -         | -         | -         | 319,552        |
| Construction in Process                    | 74,502            | 41,900    | -         | (62,529)  | 53,873         |
| Total capital assets not being depreciated | 394,054           | 41,900    | -         | (62,529)  | 373,425        |
| Capital assets being depreciated           |                   |           |           |           |                |
| Land Improvements                          | 1,883,280         | 146,023   | -         | 62,529    | 2,091,832      |
| Total capital assets being depreciated     | 1,883,280         | 146,023   | -         | 62,529    | 2,091,832      |
| Accumulated Depreciation                   | (861,277)         | (58,028)  | -         | -         | (919,306)      |
| Capital assets being depreciated, net      | 1,022,003         | 87,995    | -         | 62,529    | 1,172,526      |
| Net capital assets                         | 1,416,057         | 129,895   | -         | -         | 1,545,951      |

Capital assets not being depreciated include land and construction in process. Depreciation expense was charged to programs of the primary government as follows:

|                                |         |
|--------------------------------|---------|
| Governmental Activities        |         |
| General Government             | 24,130  |
| Public Safety                  | 32,759  |
| Public Works                   | 324,097 |
| Recreation and Cultural        | 55,108  |
| Internal Service Fund          | 135,903 |
| Total Governmental Activities  | 571,997 |
| Business-Type Activities       |         |
| Sewer                          | 352,925 |
| Water                          | 232,750 |
| Total Business-Type Activities | 585,675 |

The City is considered a "Phase 3" Government, as defined by GASB 34. Accordingly, the City has elected to not retroactively apply the reporting of major general infrastructure assets.

**NOTE 6 – DEBT**

Long-term debt – Governmental Activities

General obligation bonds:

Amount

- 2017 limited tax bonds due in annual installments of \$65,000 to \$100,000 through November 1, 2032 with an interest rate of 2.58% (Major Street portion = 39% of total)

362,700

Total general obligation bonds:

362,700

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

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Direct borrowings and direct placements:

|  |         |
|--|---------|
| <ul style="list-style-type: none"> <li>• Installment purchase – June 2018 financing of a Caterpillar Wheel Loader. Payments due in annual installments of \$19,956 through June 13, 2022 and a final installment of \$35,280 on June 12, 2023 including an interest rate of 4.39%</li> </ul> | 33,253  |
| <ul style="list-style-type: none"> <li>• Installment purchase – October 2018 financing of a Vactor 2100i Truck. Payments due in annual installments of \$84,057 to \$72,547 through November 30, 2022 with an interest rate of 3.75%</li> </ul>  | 81,019  |
| Total direct borrowings and direct placements:   | 114,272 |

The City's outstanding loan from direct borrowings and direct placements related to governmental activities contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Long-term debt – Business-Type Activities

|   | Amount    |
|---|-----------|
| General obligation bonds:   |           |
| <ul style="list-style-type: none"> <li>• 2010 USDA sewer revenue bonds due in annual installments of \$44,000 to \$149,000 through December 1, 2051, with an interest rate of 3.00%</li> </ul>  | 2,917,000 |
| <ul style="list-style-type: none"> <li>• 2010 USDA water revenue bonds due in annual installments of \$60,000 to \$203,000 through December 1, 2051, with an interest rate of 3.00%</li> </ul>  | 3,952,000 |
| <ul style="list-style-type: none"> <li>• 2017 limited tax bonds due in annual installments of \$65,000 to \$100,000 through November 1, 2032, with an interest rate of 2.58% (Sewer portion = 10% of total, Water portion of total = 51% of total)</li> </ul> | 567,300   |
| <ul style="list-style-type: none"> <li>• 2021 refunding bonds due in annual installments of \$76,000 to \$89,000 through March 1, 2030, with an interest rate of 1.35%</li> </ul>   | 667,000   |
| Total general obligation bonds:   | 8,103,300 |

Long-term debt – Component Unit

|   | Amount  |
|---|---------|
| General obligation bonds:   |         |
| <ul style="list-style-type: none"> <li>• 2004 limited tax downtown development refunding bonds due in annual installments of \$10,000 to \$30,000 through November 1, 2023 with an interest rate from 2.00% to 5.00%</li> </ul> | 55,000  |
| <ul style="list-style-type: none"> <li>• 2011 limited tax downtown development refunding bonds due in annual installments of \$95,000 to \$135,000 through November 1, 2023 with an interest rate of 2.74%</li> </ul>           | 265,000 |
| Total general obligation bonds:   | 320,000 |



City of Williamston  
Notes to the Financial Statements  
June 30, 2022

Long-term debt activity for the year was as follows:

|   | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|-------------------|-----------|-----------|----------------|---------------------|
| <i>Governmental Activities</i>          |                   |           |           |                |                     |
| Compensated Absences                    | 76,691            | 11,275    | (11,504)  | 76,462         | 11,469              |
| General Obligation Bonds                | 530,000           | -         | (167,300) | 362,700        | 27,300              |
| Direct borrowings and Direct Placements | 259,205           | -         | (144,933) | 114,272        | 114,272             |
| Total Government-Wide                   | 865,896           | 11,275    | (323,737) | 553,434        | 153,041             |
| <i>Business-Type Activities</i>         |                   |           |           |                |                     |
| Compensated Absences                    | 27,576            | 3,186     | (4,136)   | 26,626         | 3,994               |
| General Obligation Bonds                | 8,366,000         | -         | (262,700) | 8,103,300      | 269,700             |
| Total Business-Type                     | 8,393,576         | 3,186     | (914,310) | 8,129,926      | 273,694             |
| <i>Component Unit</i>                   |                   |           |           |                |                     |
| General Obligation Bonds                | 480,000           | -         | (160,000) | 320,000        | 160,000             |
| Total Component Unit                    | 480,000           | -         | (160,000) | 320,000        | 160,000             |

The requirements to pay principal and interest on the long-term debt outstanding at year-end are shown below:

| Year Ended June 30   | General Obligation Bonds |           | Direct Borrowings and Direct Placements |          | Totals    |           |
|----------------------|--------------------------|-----------|---|----------|-----------|-----------|
|                      | Principal                | Interest  | Principal                               | Interest | Principal | Interest  |
| 2023                 | 457,000                  | 246,935   | 114,272                                 | 5,144    | 571,272   | 252,079   |
| 2024                 | 470,000                  | 234,478   | -                                       | -        | 470,000   | 234,478   |
| 2025                 | 312,000                  | 224,296   | -                                       | -        | 312,000   | 224,296   |
| 2026                 | 330,000                  | 216,416   | -                                       | -        | 330,000   | 216,416   |
| 2027                 | 333,000                  | 208,197   | -                                       | -        | 333,000   | 208,197   |
| 2028 – 2032          | 1,635,000                | 911,011   | -                                       | -        | 1,635,000 | 911,011   |
| 2033 – 2037          | 1,190,000                | 711,480   | -                                       | -        | 1,190,000 | 711,480   |
| 2038 – 2042          | 1,281,000                | 532,815   | -                                       | -        | 1,281,000 | 532,815   |
| 2043 – 2047          | 1,500,000                | 324,660   | -                                       | -        | 1,500,000 | 324,660   |
| 2048 – 2052          | 1,278,000                | 85,755    | -                                       | -        | 1,278,000 | 85,755    |
| Total long-term debt | 8,786,000                | 3,696,043 | 114,272                                 | 5,144    | 8,900,272 | 3,701,187 |

**NOTE 7 – PENSION PLAN – AGENT MULTIPLE-EMPLOYER PLAN**

MERS Defined Benefit Plan

General Information about the Pension Plan – Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in MERS of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

Benefits Provided

|   |                           |
|---|---------------------------|
| <i>Division 1 – General: Closed to new hires, linked to Division HA</i> |                           |
| Benefit Multiplier  | 2.00% multiplier (no max) |
| Normal retirement age   | 60                        |
| Vesting   | 10 years                  |
| Early retirement (unreduced)  | 55/15                     |
| Early retirement (reduced)  | 50/25                     |
| Final average compensation  | 3 years                   |
| Employee contributions  | 4.75%                     |
| Act 88  | No                        |

|   |                            |
|---|----------------------------|
| <i>Division 2 – Police: Closed to new hires</i> |                            |
| Benefit Multiplier                              | 2.50% multiplier (80% max) |
| Normal retirement age                           | 60                         |
| Vesting   | 10 years                   |
| Early retirement (unreduced)                    | 50/25                      |
| Early retirement (reduced)                      | 55/15                      |
| Final average compensation                      | 3 years                    |
| Employee contributions                          | 8.00%                      |
| DC Plan for New Hires                           | 2/1/2009                   |
| Act 88  | No                         |

|   |                            |
|---|----------------------------|
| <i>Division 10 – NonUn Empl: Closed to new hires, linked to Division HB</i> |                            |
| Benefit Multiplier  | 2.25% multiplier (80% max) |
| Normal retirement age   | 60                         |
| Vesting   | 10 years                   |
| Early retirement (unreduced)  | 55/15                      |
| Early retirement (reduced)  | 50/25                      |
| Final average compensation  | 3 years                    |
| Employee contributions  | 7.00%                      |
| Act 88  | No                         |

|   |                           |
|---|---------------------------|
| <i>HA – General New Hires after 11/1/12: Open Division, linked to Division 01</i> |                           |
| Benefit Multiplier  | 1.50% multiplier (no max) |
| Normal retirement age   | 60                        |
| Vesting   | 6 years                   |
| Early retirement (unreduced)  | -                         |
| Early retirement (reduced)  | -                         |
| Final average compensation  | 3 years                   |
| Employee contributions  | 0.00%                     |
| Act 88  | No                        |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

|   |                           |
|---|---------------------------|
| <i>HB – Non-Union hired after 6/30/13: Open Division, linked to Division 10</i> |                           |
| Benefit Multiplier  | 1.50% multiplier (no max) |
| Normal retirement age   | 60                        |
| Vesting   | 6 years                   |
| Early retirement (unreduced)  | -                         |
| Early retirement (reduced)  | -                         |
| Final average compensation  | 3 years                   |
| Employee contributions  | 0.00%                     |
| Act 88  | No                        |

Employees Covered by Benefit Terms

As of the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Active employees   | 13 |
| Inactive employees entitled to but not yet receiving benefits    | 6  |
| Inactive employees or beneficiaries currently receiving benefits | 23 |
| Total  | 42 |

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may, and has, established contribution rates to be paid by its covered employees.

The City's contribution was \$43,706 for the closed general employee's division, \$55,792 for the closed police division, \$49,203 for the closed nonunion employee's division, \$16,269 for general employees and \$18,403 for nonunion employees.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- Salary Increases: 3.00% in the long-term
- Investment rate of return: 7.35%, net of investment and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.5% annually.

Mortality rates used were based on a version of the Pub-2010 annual mortality tables.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study conducted of 2014-2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of 7.35% by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

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The target allocation and range of allocation allowed, as set by the MERS Board of Directors, for each major asset class are summarized in the following table:

| Asset Class         | Target Allocation | Target Allocation Real Rate of Return | Long-Term Expected Gross Rate of Return | Inflation Assumption | Long-Term Expected Real Rate of Return |
|---------------------|-------------------|---------------------------------------|---|----------------------|--|
| Global Equity       | 60.00%            | 7.75%                                 | 4.65%                                   | 2.50%                | 3.15%                                  |
| Global Fixed Income | 20.00%            | 3.75%                                 | 0.75%                                   | 2.50%                | 0.25%                                  |
| Private Investments | 20.00%            | 9.75%                                 | 1.95%                                   | 2.50%                | 1.45%                                  |
| Total               | 100.00%           |                                       | 7.35%                                   |                      | 4.85%                                  |

The assets are invested with a strategic, long-term perspective and a high degree of prudence to reduce risk by identifying investments that meet or beat the annual actuarial investment assumption of 7.35% on a long-term basis, maintaining adequate liquidity to pay promised benefits, adopting a strategic asset allocation plan that reflects current and future liabilities, minimizes volatility and seeks to exceed the annual actuarial investment assumption, minimizes the costs associated with the implementation of the asset allocation through the efficient use of internal and external resources, maintaining above median peer rankings for the 10-year time period and meets or exceeds the return of the portfolio's policy benchmark.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for 2021. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

Changes in Net Pension Liability

| Calculating the Net Pension Liability             |                                |  |                                    |
|---|--------------------------------|--|------------------------------------|
| Changes in net pension liability                  | Total pension liability<br>(a) | Increase<br>(decrease) plan<br>fiduciary net<br>position (b) | Net pension liability<br>(a) – (b) |
| Balances at 01/01/2021                            | 5,197,076                      | 3,727,132  | 1,469,944                          |
| Changes for the year                              |                                |  |                                    |
| Service cost                                      | 66,922                         | -  | 66,922                             |
| Interest on total pension liability               | 383,787                        | -  | 383,787                            |
| Changes in benefits                               | -                              | -  | -                                  |
| Difference between expected and actual experience | (220,934)                      | -  | (220,934)                          |
| Changes in assumptions                            | 192,808                        | -  | 192,808                            |
| Employer contributions                            | -                              | 198,262  | (198,262)                          |
| Employee contributions                            | -                              | 17,284   | (17,284)                           |
| Net investment income                             | -                              | 519,336  | (519,336)                          |
| Benefit payments, including employee refunds      | (361,444)                      | (361,444)  | -                                  |
| Administrative expense                            | -                              | (5,959)  | 5,959                              |
| Other changes                                     | -                              | -  | -                                  |
| Net changes                                       | 61,139                         | 367,479  | (306,340)                          |
| Balances as of 12/31/2021                         | 5,258,215                      | 4,094,611  | 1,163,604                          |

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

|   | 1% Decrease<br>6.25% | Current Discount Rate<br>7.25% | 1% Increase<br>8.25% |
|---|----------------------|--------------------------------|----------------------|
| Net Pension Liability at 12/31/2021   | 1,163,604            | 1,163,604                      | 1,163,604            |
| Change in Net Pension Liability (NPL)   | 625,572              | -                              | (520,017)            |
| Calculated Net Pension Liability  | 1,789,176            | 1,163,604                      | 643,587              |
| Note: the current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses. |                      |                                |                      |

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

For the year ended June 30, 2022, the City recognized pension expense of \$190,510. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Excess (Deficit) Investment Returns     | -                                 | 303,700                          |
| Differences in Experience               | 52,859                            | 187,417                          |
| Differences in Assumptions              | 217,066                           | -                                |
| Contributions Subsequent to 12/31/2021* | 99,990                            | -                                |
| Total                                   | 369,915                           | 491,117                          |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

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\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2023.

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

| Plan year ended: | Amount    |
|------------------|-----------|
| 2022             | 48,800    |
| 2023             | (133,469) |
| 2024             | (85,597)  |
| 2025             | (50,926)  |

MERS Hybrid Plan (Nonunion and AFL/CIO)

Plan Description

In July of 2013, the City adopted and now participates in the MERS Hybrid program; a combination of a Defined Benefit and Defined Contribution plan.

Eligibility

All non-union and AFL-CIO represented employees hired on or after July 1, 2013 are eligible to participate in the plan. As of year-end, the plan's current membership was 4 active members.

Contributions

Participants contribute a minimum of 4.75% of their annual salary to the defined contribution portion of the plan. The City contributes up to 7% of the employee's salary less the cost to the City of the Defined Benefit component of the Plan.

Normal Retirement Age and Vesting

Retirement age as defined by the plan is 60 years of age.

Forfeitures

Employee contributions are 100% vested immediately. Employees are 100% vested for employer contributions to the DC component of the plan after 5 years of service.

During the year, the contributions to the plan amounted to \$19,741, all of which were employee contributions. The outstanding liability to the plan at year-end was \$0.

MERS Defined Contribution Plan (Police Officers)

Plan Description

In January of 2005, the City adopted and now participates in the MERS Uniform Defined Contribution Program; a 401(a) plan.

Eligibility

All new-hired full-time Police Officers of the City are eligible to participate in the plan. As of year-end, the plan's current membership was 2 active members.

A defined contribution plan provides retirement benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined. The amounts participants receive depend solely on the amounts contributed to the participant's account and the returns earned on those contributions.

Contributions

Participants contribute at least 8% of their annual salary. The City contributes 8% of the employee's annual wages.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 60 years of age. Employees are 100% vested in the employer contributions after ten years of service with the City. Employee contributions are 100% vested. The vesting schedule for the employer contributions are as follows: 25% up to 3 years, 50% after 4 years, 75% after 5 years and 100% after 6 years.

During the year, the employer contributions to the plan (reduced by \$8,938 of forfeitures) amounted to \$27,052 and employee contribution amounted to \$22,319. The outstanding liability to the plan at year-end was \$0.

MERS Defined Contribution Plan (Chief of Police, Director of Public Works, and City Manager)

Plan Description

In January of 2005, the City adopted and now participates in the MERS Uniform Defined Contribution Program; a 401(a) plan.

Eligibility

The Chief of Police, the City Engineer/Director of Public Works, and the City Manager participate in the plan.

A defined contribution plan provides retirement benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined. The amounts participants receive depend solely on the amounts contributed to the participants' account and the returns earned on those contributions.

Contributions

The City contributes \$22,000 for the Chief of Police, \$10,000 for the City Engineer, and 8% of the City Manager's salary for the City Manager annually. In the event that either employee participates in the City's health, dental, or vision plans, the amount shall be decreased to reflect an offset dollar for dollar amount of the employer's cost for the health, dental, or vision plans.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 60 years of age. Employees are 100% vested in the employer contributions immediately. Therefore, there are no forfeitures.

During the year, the employer contributions to the plan amounted to \$27,235. The outstanding liability to the plan at year-end was \$0.

**NOTE 8 – OTHER POST EMPLOYMENT BENEFITS**

Plan Description

In addition to the pension benefits described above, the City administers a single-employer defined benefit healthcare plan (the "Plan"). The City provides post-employment healthcare insurance benefits to certain retired union and administrative employees through the City group health insurance plan which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union in accordance with the labor contract and personnel policy which is negotiated every three-year bargaining period.

Benefits Provided

The City provides post-employment health benefits, in accordance with the collective bargaining agreement with the Fraternal Order of Police. According to the agreement, employees hired before July 1, 2005, who retire during the period of this agreement and who are immediately eligible for retirement benefits shall be provided single subscriber health and hospitalization coverage as provided to active employees under this agreement until eligible for Medicare coverage. For employees hired after June 30, 2005, the employer will contribute \$750 per year of service into a Health Reimbursement Account which the employee will have full access to upon retirement from the City.

For the administrative employees and those covered by the AFL-CIO collective bargaining agreement, employees who retire under the auspices of the Municipal Employee's Retirement System (MERS) and are immediately eligible for retirement benefits, will be carried under the full group health plan. The coverage is limited to the employee only. However, the employee at their expense may continue to carry their spouse under the group

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

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health insurance policy offered to City employees, provided they pay the difference in premium costs. Upon a retiree becoming eligible for Medicare coverage, said retiree shall apply for and be covered under Medicare. The City will make available to the retiree a Blue Cross/Blue Shield supplement policy to Medicare. The retiree shall bear the full cost of said Blue Cross/Blue Shield policy. However, all employees hired under the AFL-CIO collective bargaining agreement after July 1, 2014 are no longer eligible for this benefit.

Employees Covered by Benefit Terms

As of the July 1, 2021 valuation date, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 2  |
| Active employees   | 12 |
| Total  | 14 |

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City's contributions are based on pay-as-you-go financing requirements.

Net OPEB Liability

The net OPEB liability of the City was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 valuation was determined using the following assumptions applied to all periods included in the measurement.

- Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll
- Annual Wage Increases: 3.00%
- Price Inflation: 2.50%
- Healthcare cost trend rate 7.50%
- Investment Rate of Return: N/A
- Actuarial Value of Assets: N/A

Mortality rates were based on the Pub-2010 Mortality Tables.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.18%. As the plan is unfunded, the discount rate is based on the index rate for 20-year tax exempt municipal bonds rated AA/Aa or higher.

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.



City of Williamston  
Notes to the Financial Statements  
June 30, 2022

For purposes of calculating the discount rate, projected City contributions are set equal to the projected net benefit payments, per the City's substantive 'pay-as-you-go' funding policy and are summarized in the following table:

| Asset Class                                      | Target Allocation | Target Allocation Gross Rate of Return | Long-Term Expected Real Rate of Return |
|--|-------------------|--|--|
| S&P Municipal Bond 20 Year High Grade Rate Index | 100.00%           | 2.18%                                  | 2.18%                                  |
| Inflation  |                   |  | 0.00%                                  |
| Total  | 100.00%           |  | 2.18%                                  |

Changes in Net OPEB Liability

| Calculating the Net OPEB Liability                |                          |   |                              |
|---|--------------------------|---|------------------------------|
| Changes in net OPEB liability                     | Total OPEB liability (a) | Increase (decrease) plan fiduciary net position (b) | Net OPEB liability (a) – (b) |
| Balances at 6/30/2021                             | 429,829                  | -   | 429,829                      |
| Changes for the year                              |                          |   |                              |
| Service cost                                      | 14,438                   | -   | 14,438                       |
| Interest on total OPEB liability                  | 8,216                    | -   | 8,216                        |
| Changes in benefits                               | -                        | -   | -                            |
| Difference between expected and actual experience | (12,672)                 | -   | (12,672)                     |
| Changes in assumptions                            | (90,503)                 | -   | (90,503)                     |
| Employer contributions                            | -                        | 20,832  | (20,832)                     |
| Employee contributions                            | -                        | -   | -                            |
| Net investment income                             | -                        | -   | -                            |
| Benefit payments, including employee refunds      | (20,832)                 | (20,832)  | -                            |
| Administrative expense                            | -                        | -   | -                            |
| Other changes                                     | -                        | -   | -                            |
| Net changes                                       | (101,353)                | -   | (101,353)                    |
| Balances as of 6/30/2022                          | 328,476                  | -   | 328,476                      |

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

The following presents the Net OPEB Liability of the City, calculated using the discount rate of 2.18%, as well as what the City's Net OPEB Liability would be using a discount rate that is 1 percentage point lower (1.18%) or 1 percentage point higher (3.18%) than the current rate.

|                               | 1% Decrease<br>1.18% | Current Discount Rate<br>2.18% | 1% Increase<br>3.18% |
|-------------------------------|----------------------|--------------------------------|----------------------|
| Calculated Net OPEB Liability | 346,643              | 328,476                        | 300,034              |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

The following presents the Net OPEB Liability of the City, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

|                               | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|-------------|-----------------------|-------------|
| Calculated Net OPEB Liability | 294,260     | 328,476               | 354,757     |

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

For the year ended June 30, 2022, the City recognized OPEB expense of (\$140). The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

|                            | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------|--------------------------------|-------------------------------|
| Differences in Experience  | -                              | 51,616                        |
| Differences in Assumptions | 1,782                          | 100,509                       |
| Total                      | 1,782                          | 152,125                       |

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

| Plan year ended: | Amount   |
|------------------|----------|
| 2023             | (22,794) |
| 2024             | (22,794) |
| 2025             | (22,794) |
| 2026             | (21,109) |
| 2027             | (21,439) |
| Thereafter       | (39,413) |

**NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS**

As of June 30<sup>th</sup>, the composition of the governmental activities net investment in capital assets was comprised of the following:

| Net investment in capital assets                        | Amount    |
|---|-----------|
| Capital assets not being depreciated                    | 442,924   |
| Capital assets being depreciated, net                   | 4,922,026 |
| Capital related general obligation bonds                | (362,700) |
| Capital related direct borrowings and direct placements | (114,272) |
| Net investment in capital assets                        | 4,887,978 |

As of June 30<sup>th</sup>, the composition of the business-type activities net investment in capital assets was comprised of the following:

| Net investment in capital assets         | Amount      |
|--|-------------|
| Capital assets not being depreciated     | 478,316     |
| Capital assets being depreciated, net    | 16,083,730  |
| Capital related general obligation bonds | (8,103,300) |
| Net investment in capital assets         | 8,458,746   |

City of Williamston  
Notes to the Financial Statements  
June 30, 2022

As of June 30<sup>th</sup>, the composition of the component units' net investment in capital assets was comprised of the following:

| Net investment in capital assets         | Amount    |
|--|-----------|
| Capital assets not being depreciated     | 639,048   |
| Capital asset being depreciated, net     | 3,174,040 |
| Capital related general obligation bonds | (320,000) |
| Net investment in capital assets         | 3,493,088 |

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance from independent insurance providers. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

**NOTE 11 – TRANSFERS**

Transfers between funds during the year were as follows:

| Fund                        | Transfers In | Transfers Out |
|-----------------------------|--------------|---------------|
| General fund                | -            | (161,552)     |
| Major street fund           | -            | (147,540)     |
| Local street fund           | 60,000       | -             |
| 2003 Act 342 bond debt fund | 147,540      | -             |
| Water fund                  | 75,552       | -             |
| Internal service fund       | 26,000       | -             |
| Total Interfund Transfers   | 309,092      | (309,092)     |

Transfers are used to provide resources from unrestricted general fund revenues to finance various programs accounted for in other funds, in accordance with budgetary authorizations.

The General Fund transfers were budgeted transfers to the Local Street fund, and Internal Service fund for the purpose of general operations. The General Fund also made a transfer to the Water fund as part of a Long-Term Advance forgiveness plan. In addition, funds were transferred out of the Major Street Fund to the Bond Debt Funds for the payment of related principal and interest.

**NOTE 12 - TAX ABATEMENTS**

The City receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

The property taxes abated for all funds by municipality under these programs are as follows:

| Municipality        | Amount |
|---------------------|--------|
| City of Williamston | 36,917 |

**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the City implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

**Summary:**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the City's financial statement after the adoption of GASB Statement 87.

**NOTE 14 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued by the GASB in May 2020 and will be effective for the City's fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**REQUIRED SUPPLEMENTARY INFORMATION**



City of Williamston  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2022

|   | Budgeted Amounts    |                     |                     | Actual Over<br>(Under) Final<br>Budget |
|---|---------------------|---------------------|---------------------|--|
|   | Original            | Final               | Actual              |  |
| <b>Revenues</b>                             |                     |                     |                     |  |
| Taxes and penalties                         | \$ 1,713,650        | \$ 1,713,650        | \$ 1,725,865        | \$ 12,215                              |
| Licenses and permits                        | 22,700              | 22,700              | 25,747              | 3,047                                  |
| Federal grants                              | -                   | -                   | 384                 | 384                                    |
| State grants                                | 397,790             | 397,790             | 463,067             | 65,277                                 |
| Charges for services                        | 2,650               | 2,650               | 4,540               | 1,890                                  |
| Fines and forfeits                          | 3,000               | 3,000               | 18,825              | 15,825                                 |
| Interest and rentals                        | 2,500               | 2,500               | 5,726               | 3,226                                  |
| Other revenues                              | 161,500             | 161,500             | 215,244             | 53,744                                 |
| <b>Total revenues</b>                       | <b>2,303,790</b>    | <b>2,303,790</b>    | <b>2,459,398</b>    | <b>155,608</b>                         |
| <b>Expenditures</b>                         |                     |                     |                     |  |
| General government                          | 820,790             | 820,790             | 765,340             | 55,450                                 |
| Public safety                               | 777,080             | 777,080             | 750,235             | 26,845                                 |
| Public works                                | 281,345             | 281,345             | 197,250             | 84,095                                 |
| Community and economic development          | 51,185              | 29,185              | 12,089              | 17,096                                 |
| Recreation and cultural                     | 179,650             | 174,650             | 152,766             | 21,884                                 |
| Capital outlay                              | 58,000              | 85,000              | 84,001              | 999                                    |
| Debt service                                | -                   | -                   | 54,353              | (54,353)                               |
| <b>Total expenditures</b>                   | <b>2,168,050</b>    | <b>2,168,050</b>    | <b>2,016,034</b>    | <b>152,016</b>                         |
| <b>Revenues over (under) expenditures</b>   | <b>135,740</b>      | <b>135,740</b>      | <b>443,364</b>      | <b>307,624</b>                         |
| <b>Other financing sources (uses)</b>       |                     |                     |                     |  |
| Transfers out                               | (86,000)            | (86,000)            | (161,552)           | (75,552)                               |
| <b>Total other financing sources (uses)</b> | <b>(86,000)</b>     | <b>(86,000)</b>     | <b>(161,552)</b>    | <b>(75,552)</b>                        |
| <b>Net change in fund balance</b>           | <b>49,740</b>       | <b>49,740</b>       | <b>281,812</b>      | <b>232,072</b>                         |
| <b>Fund balance, beginning of year</b>      | <b>1,968,134</b>    | <b>1,968,134</b>    | <b>1,968,134</b>    | <b>-</b>                               |
| <b>Fund balance, end of year</b>            | <b>\$ 2,017,874</b> | <b>\$ 2,017,874</b> | <b>\$ 2,249,946</b> | <b>\$ 232,072</b>                      |

City of Williamston  
 Budgetary Comparison Schedule - Major Street Fund  
 For the Year Ended June 30, 2022

|   | Budgeted Amounts |            | Actual     | Actual Over<br>(Under) Final<br>Budget |
|---|------------------|------------|------------|--|
|   | Original         | Final      |            |  |
| <b>Revenues</b>                           |                  |            |            |  |
| State grants                              | \$ 357,290       | \$ 357,290 | \$ 374,510 | \$ 17,220                              |
| Interest and rentals                      | -                | -          | -          | -                                      |
| Other revenues                            | 50               | 50         | -          | (50)                                   |
| Total revenues                            | 357,340          | 357,340    | 374,510    | 17,170                                 |
| <b>Expenditures</b>                       |                  |            |            |  |
| Public works                              | 241,545          | 241,145    | 171,805    | 69,340                                 |
| Total Expenditures                        | 241,545          | 241,145    | 171,805    | 69,340                                 |
| <b>Revenues over (under) expenditures</b> | 115,795          | 116,195    | 202,705    | 86,510                                 |
| <b>Other financing sources (uses)</b>     |                  |            |            |  |
| Transfers out                             | (147,140)        | (147,540)  | (147,540)  | -                                      |
| Total other financing sources (uses)      | (147,140)        | (147,540)  | (147,540)  | -                                      |
| <b>Net change in fund balance</b>         | (31,345)         | (31,345)   | 55,165     | 86,510                                 |
| <b>Fund balance, beginning of year</b>    | 219,776          | 219,776    | 219,776    | -                                      |
| <b>Fund balance, end of year</b>          | \$ 188,431       | \$ 188,431 | \$ 274,941 | \$ 86,510                              |

City of Williamston  
 Budgetary Comparison Schedule - Local Street Fund  
 For the Year Ended June 30, 2022

|   | Budgeted Amounts |            |            | Actual Over<br>(Under) Final<br>Budget |
|---|------------------|------------|------------|--|
|   | Original         | Final      | Actual     |  |
| <b>Revenues</b>                           |                  |            |            |  |
| State grants                              | \$ 108,275       | \$ 108,275 | \$ 112,722 | \$ 4,447                               |
| Interest and rentals                      | -                | -          | -          | -                                      |
| Other revenues                            | 2,985            | 2,985      | 3,131      | 146                                    |
| Total revenues                            | 111,260          | 111,260    | 115,853    | 4,593                                  |
| <b>Expenditures</b>                       |                  |            |            |  |
| Public works                              | 171,260          | 171,260    | 120,990    | 50,270                                 |
| Total Expenditures                        | 171,260          | 171,260    | 120,990    | 50,270                                 |
| <b>Revenues over (under) expenditures</b> | (60,000)         | (60,000)   | (5,137)    | 54,863                                 |
| <b>Other financing sources (uses)</b>     |                  |            |            |  |
| Transfers in                              | 60,000           | 60,000     | 60,000     | -                                      |
| <b>Net change in fund balance</b>         | -                | -          | 54,863     | 54,863                                 |
| <b>Fund balance, beginning of year</b>    | 196,732          | 196,732    | 196,732    | -                                      |
| <b>Fund balance, end of year</b>          | \$ 196,732       | \$ 196,732 | \$ 251,595 | \$ 54,863                              |



City of Williamston  
MERS Agent Multiple-Employer Defined Benefit Pension Plan  
Schedule of Changes in the City's Net Pension Liability and Related Ratios

|  | Plan years ending December 31st |           |           |           |           |
|--|---------------------------------|-----------|-----------|-----------|-----------|
|  | 2014                            | 2015      | 2016      | 2017      | 2018      |
| <b>Total Pension Liability (TPL)</b>             |                                 |           |           |           |           |
| Service Cost                                     | 98,706                          | 88,758    | 97,175    | 91,819    | 79,229    |
| Interest   | 343,261                         | 357,602   | 369,819   | 378,204   | 381,675   |
| Difference between expected & actual experience  | -                               | (60,877)  | (59,724)  | (118,347) | (232,272) |
| Changes of assumptions                           | -                               | 184,926   | -         | -         | -         |
| Benefit payments including employee refunds      | (263,163)                       | (263,163) | (309,732) | (289,809) | (314,179) |
| Other changes                                    | -                               | -         | (1)       | 2         | -         |
| <b>Net Change in Total Pension Liability</b>     | 178,804                         | 307,246   | 97,537    | 61,869    | (85,547)  |
| <b>Total Pension Liability beginning</b>         | 4,242,961                       | 4,421,765 | 4,729,011 | 4,826,548 | 4,888,417 |
| <b>Total Pension Liability ending</b>            | 4,421,765                       | 4,729,011 | 4,826,548 | 4,888,417 | 4,802,870 |
| <b>Plan Fiduciary Net Position</b>               |                                 |           |           |           |           |
| Contributions-employer                           | 130,642                         | 125,626   | 143,279   | 165,165   | 189,226   |
| Contributions-employee                           | 45,976                          | 45,289    | 42,249    | 42,637    | 35,670    |
| Net Investment income                            | 187,084                         | (45,441)  | 327,551   | 410,789   | (133,575) |
| Benefit payments including employee refunds      | (263,163)                       | (263,163) | (309,732) | (289,809) | (314,179) |
| Administrative expense                           | (6,862)                         | (6,676)   | (6,475)   | (6,505)   | (6,656)   |
| <b>Net Change in Plan Fiduciary Net Position</b> | 93,677                          | (144,365) | 196,872   | 322,277   | (229,514) |
| <b>Plan Fiduciary Net Position beginning</b>     | 2,972,917                       | 3,066,594 | 2,922,229 | 3,119,101 | 3,441,378 |
| <b>Plan Fiduciary Net Position ending</b>        | 3,066,594                       | 2,922,229 | 3,119,101 | 3,441,378 | 3,211,864 |
| <b>Net Pension Liability (NPL)</b>               | 1,355,171                       | 1,806,782 | 1,707,447 | 1,447,039 | 1,591,006 |
| <b>Plan Fiduciary Net Position as a % of TPL</b> | 69.4%                           | 61.8%     | 64.6%     | 70.4%     | 66.9%     |
| <b>Covered Employee Payroll</b>                  | 863,134                         | 786,514   | 897,292   | 849,082   | 790,231   |
| <b>NPL as a % of covered employee payroll</b>    | 157.0%                          | 229.7%    | 190.3%    | 170.4%    | 201.3%    |

**Notes to Schedule**

The amounts presented for each fiscal year were determined as of December 31 of the preceding year. GASB 68 was implemented in fiscal year June 30, 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

*Benefit changes (if any) can be found in the actuarial valuation section titled: "Benefit Provision History". For the 2021 actuarial valuation, the long-term investment return is assumed to be 7.00% annually, net of administrative and investment expenses. This assumption was first used for the December 31, 2021 actuarial valuations.*

City of Williamston  
MERS Agent Multiple-Employer Defined Benefit Pension Plan  
Schedule of Changes in the City's Net Pension Liability and Related Ratios

|  | Plan years ending December 31st |           |           |
|--|---------------------------------|-----------|-----------|
|  | 2019                            | 2020      | 2021      |
| <b>Total Pension Liability (TPL)</b>             |                                 |           |           |
| Service Cost                                     | 73,181                          | 70,832    | 66,922    |
| Interest   | 370,351                         | 354,380   | 383,787   |
| Difference between expected & actual experience  | (160,512)                       | 158,576   | (220,934) |
| Changes of assumptions                           | 138,005                         | 162,083   | 192,808   |
| Benefit payments including employee refunds      | (420,137)                       | (352,553) | (361,444) |
| Other changes                                    | -                               | -         | -         |
| <b>Net Change in Total Pension Liability</b>     | 888                             | 393,318   | 61,139    |
| <b>Total Pension Liability beginning</b>         | 4,802,870                       | 4,803,758 | 5,197,076 |
| <b>Total Pension Liability ending</b>            | 4,803,758                       | 5,197,076 | 5,258,215 |
| <b>Plan Fiduciary Net Position</b>               |                                 |           |           |
| Contributions-employer                           | 199,220                         | 195,509   | 198,262   |
| Contributions-employee                           | 25,967                          | 23,297    | 17,284    |
| Net Investment income                            | 428,896                         | 429,337   | 519,336   |
| Benefit payments including employee refunds      | (420,137)                       | (352,553) | (361,444) |
| Administrative expense                           | (7,405)                         | (6,863)   | (5,959)   |
| <b>Net Change in Plan Fiduciary Net Position</b> | 226,541                         | 288,727   | 367,479   |
| <b>Plan Fiduciary Net Position beginning</b>     | 3,211,864                       | 3,438,405 | 3,727,132 |
| <b>Plan Fiduciary Net Position ending</b>        | 3,438,405                       | 3,727,132 | 4,094,611 |
| <b>Net Pension Liability (NPL)</b>               | 1,365,353                       | 1,469,944 | 1,163,604 |
| <b>Plan Fiduciary Net Position as a % of TPL</b> | 71.6%                           | 71.7%     | 77.9%     |
| <b>Covered Employee Payroll</b>                  | 786,614                         | 768,984   | 720,979   |
| <b>NPL as a % of covered employee payroll</b>    | 173.6%                          | 191.2%    | 161.4%    |

**Notes to Schedule**

The amounts presented for each fiscal year were determined as of December 31 of the preceding year. GASB 68 was implemented in fiscal year June 30, 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

*Benefit changes (if any) can be found in the actuarial valuation section titled: "Benefit Provision History". For the 2021 actuarial valuation, the long-term investment return is assumed to be 7.00% annually, net of administrative and investment expenses. This assumption was first used for the December 31, 2021 actuarial valuations.*

City of Williamston  
MERS Agent Multiple - Employer Defined Benefit Pension Plan  
Schedule of Employer Pension Contributions

|  | Fiscal years ending June 30th |            |            |            |            |
|--|-------------------------------|------------|------------|------------|------------|
|  | 2013                          | 2014       | 2015       | 2016       | 2017       |
| Actuarial Determined Contributions (ADC)         | \$ 100,193                    | \$ 121,382 | \$ 130,642 | \$ 125,893 | \$ 152,459 |
| Contributions in relation to the ADC             | 100,193                       | 121,382    | 130,642    | 125,893    | 152,459    |
| Contribution deficiency (excess)                 | \$ -                          | \$ -       | \$ -       | \$ -       | \$ -       |
| <br>   |                               |            |            |            |            |
| Covered Employee Payroll                         | 757,014                       | 804,404    | 863,134    | 786,514    | 897,292    |
| Contributions as a % of Covered Employee Payroll | 13.2%                         | 15.1%      | 15.1%      | 16.0%      | 17.0%      |

**Notes to Schedule of Contributions**

Valuation Date December 31, 2021  
Notes Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry Age   |
| Amortization method           | Level percentage of payroll, open   |
| Remaining amortization period | 10 years  |
| Asset valuation method        | 5 year smoothed   |
| Inflation                     | 2.50%   |
| Salary increases              | 3.00%   |
| Investment rate of return     | 7.00%   |
| Retirement age                | Experience-based tables of rates that are specific to the type of eligibility condition |
| Mortality                     | A version of Pub-2010 annual mortality tables   |

\*Actuarially Determined Contributions are found in the actuarial valuation in Table 1 of the MERS Annual Valuation. Above dates are based on fiscal year, not necessarily the measurement date. Note that these are employer contributions not employee contributions.

City of Williamston  
MERS Agent Multiple - Employer Defined Benefit Pension Plan  
Schedule of Employer Pension Contributions

|  | Fiscal years ending June 30th |            |            |            |            |
|--|-------------------------------|------------|------------|------------|------------|
|  | 2018                          | 2019       | 2020       | 2021       | 2022       |
| Actuarial Determined Contributions (ADC)         | \$ 180,415                    | \$ 195,758 | \$ 199,265 | \$ 180,156 | \$ 183,373 |
| Contributions in relation to the ADC             | 180,415                       | 195,758    | 199,265    | 180,156    | 183,373    |
| Contribution deficiency (excess)                 | \$ -                          | \$ -       | \$ -       | \$ -       | \$ -       |
| Covered Employee Payroll                         | 924,609                       | 836,595    | 824,650    | 771,654    | 785,580    |
| Contributions as a % of Covered Employee Payroll | 19.5%                         | 23.4%      | 24.2%      | 23.3%      | 23.3%      |

**Notes to Schedule of Contributions**

Valuation Date

December 31, 2021

Notes

Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry Age   |
| Amortization method           | Level percentage of payroll, open   |
| Remaining amortization period | 10 years  |
| Asset valuation method        | 5 year smoothed   |
| Inflation                     | 2.50%   |
| Salary increases              | 3.00%   |
| Investment rate of return     | 7.00%   |
| Retirement age                | Experience-based tables of rates that are specific to the type of eligibility condition |
| Mortality                     | A version of Pub-2010 annual mortality tables   |

\*Actuarially Determined Contributions are found in the actuarial valuation in Table 1 of the MERS Annual Valuation. Above dates are based on fiscal year, not necessarily the measurement date. Note that these are employer contributions not employee contributions.

City of Williamston  
 Single-Employer Defined Benefit OPEB Plan  
 Schedule of Changes in the City's Net OPEB Liability and Related Ratios

|  | Plan years ending June 30th |          |          |          |           |
|--|-----------------------------|----------|----------|----------|-----------|
|  | 2018                        | 2019     | 2020     | 2021     | 2022      |
| <b>Total OPEB Liability (TOL)</b>                    |                             |          |          |          |           |
| Service Cost   | 16,288                      | 15,324   | 15,271   | 18,155   | 14,438    |
| Interest   | 16,203                      | 17,872   | 13,713   | 11,515   | 8,216     |
| Difference between expected & actual experience      | -                           | -        | (54,449) | (7,937)  | (12,672)  |
| Changes of assumptions                               | (14,273)                    | 3,545    | (21,866) | (622)    | (90,503)  |
| Benefit payments including employee refunds          | (27,023)                    | (33,108) | (36,614) | (30,217) | (20,832)  |
| Other changes  | -                           | -        | -        | -        | -         |
| <b>Net Change in Total OPEB Liability</b>            | (8,805)                     | 3,633    | (83,945) | (9,106)  | (101,353) |
| <b>Total OPEB Liability beginning</b>                | 528,052                     | 519,247  | 522,880  | 438,935  | 429,829   |
| <b>Total OPEB Liability ending</b>                   | 519,247                     | 522,880  | 438,935  | 429,829  | 328,476   |
| <b>Plan Fiduciary Net Position</b>                   |                             |          |          |          |           |
| Contributions-employer                               | 27,023                      | 33,108   | 36,614   | 30,217   | 20,832    |
| Contributions-employee                               | -                           | -        | -        | -        | -         |
| Net Investment income                                | -                           | -        | -        | -        | -         |
| Benefit payments including employee refunds          | (27,023)                    | (33,108) | (36,614) | (30,217) | (20,832)  |
| Administrative expense                               | -                           | -        | -        | -        | -         |
| <b>Net Change in Plan Fiduciary Net Position</b>     | -                           | -        | -        | -        | -         |
| <b>Plan Fiduciary Net Position beginning</b>         | -                           | -        | -        | -        | -         |
| <b>Plan Fiduciary Net Position ending</b>            | -                           | -        | -        | -        | -         |
| <b>Net OPEB Liability (NOL)</b>                      | 519,247                     | 522,880  | 438,935  | 429,829  | 328,476   |
| <b>Plan Fiduciary Net Position as a % of the TOL</b> | 0%                          | 0%       | 0%       | 0%       | 0%        |
| <b>Covered Employee Payroll</b>                      | 733,642                     | 589,640  | 463,766  | 353,328  | 287,404   |
| <b>NOL as a % of covered employee payroll</b>        | 70.8%                       | 88.7%    | 94.6%    | 121.7%   | 114.3%    |

**Notes to Schedule**

The amounts presented for each fiscal year were determined as of June 30 of the current year.

GASB 75 was implemented in fiscal year June 30, 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

City of Williamston  
Single-Employer Defined Benefit OPEB Plan  
Schedule of Employer OPEB Contributions

|  | Fiscal years ending June 30th |           |           |           |           |
|--|-------------------------------|-----------|-----------|-----------|-----------|
|  | 2018                          | 2019      | 2020      | 2021      | 2022      |
| Actuarial Determined Contributions (ADC)         | \$ 273,351                    | \$ 33,108 | \$ 36,614 | \$ 30,217 | \$ 20,832 |
| Contributions in relation to the ADC             | 273,351                       | 33,108    | 36,614    | 30,217    | 20,832    |
| Contribution deficiency (excess)                 | \$ -                          | \$ -      | \$ -      | \$ -      | \$ -      |
| <br>   |                               |           |           |           |           |
| Covered Employee Payroll                         | 733,642                       | 589,640   | 463,766   | 353,328   | 287,404   |
| Contributions as a % of Covered Employee Payroll | 37.3%                         | 5.6%      | 7.9%      | 8.6%      | 7.2%      |

**Notes to Schedule of Contributions**

Valuation Date

July 1, 2021

Notes

Actuarially determined contribution rates are calculated as of the July 1 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                           |   |
|---------------------------|---|
| Actuarial cost method     | Individual Entry Age Normal   |
| Amortization method       | Level percentage of payroll   |
| Amortization period       | 25 years  |
| Asset valuation method    | N/A   |
| Inflation                 | 2.50%   |
| Salary increases          | 3.00%   |
| Investment rate of return | N/A   |
| Retirement age            | 100% of participants are assumed to retire at the later of age 60 or the 1st year of benefit eligibility. |
| Mortality                 | Pub-2010 Mortality Tables   |

\*Actuarially Determined Contributions are found in the actuarial valuation.

Above dates are based on fiscal year, not necessarily the measurement date.

Note that these are employer contributions not employee contributions.

**OTHER SUPPLEMENTARY INFORMATION**



City of Williamston  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022

|                                    | 2003<br>Act 342<br>Bond Debt | Total<br>Non-Major<br>Funds |
|------------------------------------|------------------------------|-----------------------------|
| <b>Assets</b>                      |                              |                             |
| Cash and investments               | \$ -                         | \$ -                        |
| Total assets                       | \$ -                         | \$ -                        |
| <b>Liabilities</b>                 |                              |                             |
| Due to other funds                 | \$ -                         | \$ -                        |
| <b>Fund balances</b>               |                              |                             |
| Restricted for debt service        | -                            | -                           |
| Total liabilities and fund balance | \$ -                         | \$ -                        |



City of Williamston  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2022

|  | 2003<br>Act 342<br>Bond Debt | Total<br>Non-Major<br>Funds |
|--|------------------------------|-----------------------------|
| <b>Revenues</b>                              | \$ -                         | \$ -                        |
| <b>Expenditures</b>                          |                              |                             |
| Principal                                    | 140,000                      | 140,000                     |
| Interest and fees                            | 7,540                        | 7,540                       |
| Total expenditures                           | 147,540                      | 147,540                     |
| Excess of revenues over (under) expenditures | (147,540)                    | (147,540)                   |
| <b>Other financing sources (uses)</b>        |                              |                             |
| Transfers in                                 | 147,540                      | 147,540                     |
| <b>Net change in fund balance</b>            | -                            | -                           |
| <b>Fund balance, beginning of year</b>       | -                            | -                           |
| <b>Fund balance, end of year</b>             | \$ -                         | \$ -                        |



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council  
City of Williamston

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Williamston (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Roslund, Prestage &amp; Company, P.C." in a cursive script.

Roslund, Prestage & Company, P.C.  
Certified Public Accountants  
December 5, 2022



## Communication with Those Charged with Governance at the Conclusion of the Audit

To the City Council  
City of Williamston

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 Williamston (the City) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you during planning. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. The City changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87 Leases. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 13 - Change In Accounting Principle. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the payout of employee compensated absences is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of current and noncurrent compensated absences is based on an estimate of the percentage of employee's use of compensated absences.

Management's estimated lives of capital assets are based on the expected life of the asset. We evaluated the key factors and assumptions used to develop the estimated lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

The assumptions used in the actuarial valuations of the pension and other postemployment benefit plans are based on historical trends and industry standards. We evaluated the key factors and assumptions used to develop the information used in the financial statements in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedules and the prospective 10-year trend information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of the Board and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Roslund, Prestage & Company, P.C.  
Certified Public Accountants