

**City of Williamston  
Williamston, Michigan**

**Financial Statements  
June 30, 2020**



**Independent Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Williamston

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

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other 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.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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 November 25, 2020, 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 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 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 the City's internal control over financial reporting and compliance.

Sincerely,



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

November 25, 2020

**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, 2020. 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 \$15,997,447 for fiscal year ended June 30, 2020, compared to \$15,506,034 the fiscal year ended June 30, 2019.
- In the City's governmental activities, revenues generated were \$2,620,659 while expenses totaled \$2,576,822.
- In the City's business-type activities, revenues generated were \$2,339,329 while expenses totaled \$2,136,186.
- Total net position increased by \$491,413.

### 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, 2020 is \$15,997,447, consisting of \$5,858,783 in governmental activities and \$10,138,664 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, 2020 and June 30, 2019.

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	2,283,893	2,185,625	1,860,724	1,421,441	4,144,617	3,607,066
Noncurrent Assets	6,230,660	6,372,447	17,602,262	18,056,361	23,832,922	24,428,808
Total Assets	8,514,553	8,558,072	19,462,986	19,477,802	27,977,539	28,035,874
Deferred Outflow - Related to Pension & OPEB	145,392	241,991	62,310	103,710	207,702	345,701
Total Current Liabilities	453,173	427,013	366,381	312,449	819,554	739,462
Total Noncurrent Liabilities	2,135,712	2,634,760	8,929,275	9,261,639	11,114,148	11,994,722
Total Liabilities	2,588,885	3,061,773	9,295,656	9,574,088	11,933,702	12,734,184
Deferred Inflow - Related to Pension & OPEB	212,277	167,776	90,976	71,904	303,253	239,680
Net Position						
Net investment in Capital Assets	5,142,788	4,996,253	8,997,562	9,217,011	14,140,350	14,213,264
Restricted	411,715	367,592	761,430	705,334	1,173,145	1,072,926
Unrestricted	304,280	206,669	379,672	13,176	683,952	219,845
Total Net Position	\$5,858,783	\$ 5,570,514	\$10,138,664	\$ 9,935,520	\$15,997,447	\$ 15,506,034

The City's combined total net position increased by \$491,412 during the current fiscal year. The net position for the City's governmental activities increased \$288,269, while business-type activities increased \$203,143.

### Governmental Activities:

The City's total governmental revenue is reported at \$2,620,659 a decrease of \$85,498 from the prior fiscal year. Total expenses are reported at \$2,576,822, an increase of \$38,652 from the prior fiscal year.

### Business-Type Activities:

The City's business-type revenue is reported at \$2,339,329, an increase of \$262,596 from the prior fiscal year. Total expenses are reported at \$2,136,186, a decrease of \$17,207 from the prior fiscal year.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Service	84,179	82,797	2,278,829	2,033,023	2,363,008	2,115,820
Operating Grants and Contributions	421,796	450,519	-	-	421,796	450,519
General Revenues						
Property Taxes	1,610,949	1,553,438	-	-	1,610,949	1,553,438
State Grants	387,077	392,919	-	-	387,077	392,919
Unrestricted Investment Earnings	31,738	41,394	17,581	16,321	49,319	57,715
Other Revenues	84,920	185,090	42,919	27,389	127,839	212,479
Total Revenues	<u>2,620,659</u>	<u>2,706,157</u>	<u>2,339,329</u>	<u>2,076,733</u>	<u>4,959,988</u>	<u>4,782,890</u>
Program Expenses						
General Government	299,197	545,704	-	-	299,197	545,704
Public Safety	772,626	799,490	-	-	772,626	799,490
Public Works	1,056,578	852,263	-	-	1,056,578	852,263
Community and Economic Development	26,041	50,272	-	-	26,041	50,272
Recreation and Cultural	133,535	151,240	-	-	133,535	151,240
Interest and Fees	40,572	56,444	-	-	40,572	56,444
Loss on Disposal	3,841	-	-	-	3,841	-
Water and Sewer	-	-	2,136,186	2,118,979	2,136,186	2,118,979
Total Expenses	<u>2,332,390</u>	<u>2,455,413</u>	<u>2,136,186</u>	<u>2,118,979</u>	<u>4,468,576</u>	<u>4,574,392</u>
Change in Net Position	288,269	250,744	203,143	(42,246)	491,412	208,498
Net Position-Beginning of Year	5,570,514	5,314,569	9,935,521	9,977,766	15,506,035	15,292,335
Prior Period Adjustment	-	5,201	-	-	-	5,201
Net Position-End of Year	<u>5,858,783</u>	<u>5,570,514</u>	<u>10,138,664</u>	<u>9,935,520</u>	<u>15,997,447</u>	<u>15,506,034</u>

## **THE CITY'S FUNDS:**

As the City completed the year, its governmental funds reported a fund balance of \$1,789,795 which is an increase of \$17,837 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 \$260,895. During the year, the City made budget amendments which changed the projection to a net increase in fund balance of \$205,105. The actual results for the year yielded a net increase of \$73,586, bringing total fund balance to \$1,492,882.

The fund balance in the General Fund represents 81% of its expenditures at the end of the fiscal year. The City continues to focus on maintaining or exceeding the recommended level of fund balance by regularly evaluating expenditures.

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

As of June 30, 2020, the City had \$23,832,922 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, 2020, the City's total long-term indebtedness (not including net pension liability or other post-employment benefits) was \$14,213,171.

### **Economic Factors:**

The world economy is struggling due to the coronavirus that hit the United States early 2020. While the City's financial statements ending fiscal year June 30, 2020 do not show a huge impact it is anticipated that the next two fiscal years will come with financial uncertainty. The City has made an effort to decrease spending and increase fund balance which will assist in getting the City through tough economic times without having to make major changes to the services it provides to its citizens.

The unrestricted net position in the enterprise funds is \$379,672 as of June 30, 2020. This is an increase of \$159,827 as compared to the prior fiscal year. While this is a vast improvement; due to aging infrastructure, large capital improvement projects are on the horizon.

### **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 Rachel Piner, 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, 2020

	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents - unrestricted	\$ 564,441	\$ 585,882	\$ 1,150,323	\$ 169,748
Cash and cash equivalents - restricted	4,119	245,605	249,724	-
Investments - unrestricted	1,501,369	-	1,501,369	617,483
Investments - restricted	-	899,617	899,617	7,550
Accounts receivable	6,048	230,172	236,220	-
Advance between funds	100,552	(100,552)	-	-
Due from other governments	105,521	-	105,521	-
Prepaid expenses	1,843	-	1,843	-
Total current assets	2,283,893	1,860,724	4,144,617	794,781
Noncurrent assets				
Capital assets not being depreciated	390,632	436,557	827,189	585,175
Capital assets being depreciated, net	5,840,028	17,165,705	23,005,733	2,388,564
Total noncurrent assets	6,230,660	17,602,262	23,832,922	2,973,739
Total assets	8,514,553	19,462,986	27,977,539	3,768,520
<b>Deferred outflows of resources</b>				
Deferred outflow - related to pension	143,527	61,511	205,038	-
Deferred outflow - related to other post-employment benefits	1,865	799	2,664	-
Total deferred outflows of resources	145,392	62,310	207,702	-
<b>Liabilities</b>				
Current liabilities				
Accounts payable	58,030	100,659	158,689	3,904
Accrued liabilities	81,693	13,730	95,423	1,154
Compensated absences, due within one year	14,743	5,292	20,035	-
Capital leases payable, due within one year	92,245	-	92,245	-
Special assessments payable, due within one year	49,162	-	49,162	-
USDA bonds payable, due within one year	-	139,000	139,000	-
Bonds payable, due within one year	157,300	107,700	265,000	140,000
Total current liabilities	453,173	366,381	819,554	145,058
Noncurrent liabilities				
Compensated absences, due beyond one year	83,546	29,988	113,534	-
Capital leases payable, due beyond one year	210,004	-	210,004	-
Special assessments payable, due beyond one year	49,161	-	49,161	-
USDA bonds payable, due beyond one year	-	7,013,000	7,062,161	-
Bonds payable, due beyond one year	530,000	1,345,000	1,875,000	480,000
Net pension liability	955,747	409,606	1,365,353	-
Net other post employment benefit liability	307,254	131,681	438,935	-
Total noncurrent liabilities	2,135,712	8,929,275	11,114,148	480,000
Total liabilities	2,588,885	9,295,656	11,933,702	625,058
<b>Deferred inflows of resources</b>				
Deferred inflow - related to pension	159,176	68,218	227,394	-
Deferred inflow - related to other post-employment benefits	53,101	22,758	75,859	-
Total deferred inflows of resources	212,277	90,976	303,253	-
<b>Net position</b>				
Net investment in capital assets	5,142,788	8,997,562	14,140,350	2,353,739
Restricted	411,715	761,430	1,173,145	789,723
Unrestricted	304,280	379,672	683,952	-
Total net position	\$ 5,858,783	\$ 10,138,664	\$ 15,997,447	\$ 3,143,462

City of Williamston  
Statement of Activities  
For the Year Ended June 30, 2020

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
<b>Governmental activities</b>							
General government	\$ 294,790	\$ 84,179	\$ -	\$ (210,611)	\$ -	\$ (210,611)	\$ -
Public safety	760,815	-	353	(760,462)	-	(760,462)	-
Public works	1,055,888	-	421,443	(634,445)	-	(634,445)	-
Community and economic development	43,387	-	-	(43,387)	-	(43,387)	-
Recreation and cultural	133,096	-	-	(133,096)	-	(133,096)	-
Interest and fees	40,573	-	-	(40,573)	-	(40,573)	-
Loss on disposal	3,841	-	-	(3,841)	-	(3,841)	-
Total governmental activities	2,332,390	84,179	421,796	(1,826,415)	-	(1,826,415)	-
<b>Business-type activities</b>							
Water and Sewer	2,136,186	2,278,829	-	-	142,643	142,643	-
Total primary government	\$ 4,468,576	\$ 2,363,008	\$ 421,796	(1,826,415)	142,643	(1,683,772)	-
<b>Component units</b>							
Economic Development Corporation	\$ 1,541	\$ -	\$ -	-	-	-	(1,541)
Tax Increment Finance Authority 2A	1,863	-	-	-	-	-	(1,863)
Tax Increment Finance Authority 2B	146,430	-	-	-	-	-	(146,430)
Downtown Development Authority	221,054	-	-	-	-	-	(221,054)
Total component units	\$ 370,888	\$ -	\$ -	-	-	-	(370,888)
<b>General revenues</b>							
Property taxes				1,610,949	-	1,610,949	561,222
State grants				387,077	-	387,077	-
Unrestricted investment earnings				31,738	17,581	49,319	13,060
Other revenues				84,920	42,919	127,839	39,733
Total general revenues				2,114,684	60,500	2,175,184	614,015
<b>Change in net position</b>				288,269	203,143	491,412	243,127
<b>Net position - beginning of year</b>				5,570,514	9,935,521	15,506,035	2,900,335
<b>Net position - end of year</b>				\$ 5,858,783	\$ 10,138,664	\$ 15,997,447	\$ 3,143,462

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, 2020

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund		
<b>Assets</b>					
Cash and cash equiv. - unrestricted	\$ 236,338	\$ 123,200	\$ 119,026	\$ -	\$ 478,564
Cash and cash equiv. - restricted	4,119	-	-	-	4,119
Investments - unrestricted	1,208,855	-	-	-	1,208,855
Accounts receivable	6,048	-	-	-	6,048
Advance to Water Fund	100,552	-	-	-	100,552
Due from other governments	48,710	43,230	13,581	-	105,521
Prepaid expenditures	1,843	-	-	-	1,843
<b>Total assets</b>	<b>\$ 1,606,465</b>	<b>\$ 166,430</b>	<b>\$ 132,607</b>	<b>\$ -</b>	<b>\$ 1,905,502</b>
<b>Liabilities</b>					
Accounts payable	\$ 35,575	\$ 170	\$ 170	\$ -	\$ 35,915
Accrued liabilities	78,008	940	844	-	79,792
<b>Total liabilities</b>	<b>113,583</b>	<b>1,110</b>	<b>1,014</b>	<b>-</b>	<b>115,707</b>
<b>Fund balances</b>					
Nonspendable	1,843	-	-	-	1,843
Restricted	114,802	165,320	131,593	-	411,715
Unassigned	1,376,237	-	-	-	1,376,237
<b>Total fund balances</b>	<b>1,492,882</b>	<b>165,320</b>	<b>131,593</b>	<b>-</b>	<b>1,789,795</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,606,465</b>	<b>\$ 166,430</b>	<b>\$ 132,607</b>	<b>\$ -</b>	<b>\$ 1,905,502</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, 2020

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Total fund balance - governmental funds	\$ 1,789,795
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	9,915,036
Deduct: Accumulated depreciation	(4,178,670)
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	546,420
Bonds payable and special assessment obligations are not due and payable in the current period and are not reported in the funds.	
Deduct: 2002 Series Bonds	(270,000)
Deduct: 2002 Special Assessments	(98,323)
Deduct: 2017 Series Bonds (39% Major St)	(417,300)
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	143,527
Add: Deferred outflow - related to other post-employment benefits	1,865
Deduct: Net pension liability	(955,747)
Deduct: Net other post-employment benefit liability	(307,254)
Deduct: Deferred inflow - related to pension	(159,176)
Deduct: Deferred inflow - related to other post-employment benefits	(53,101)
Deduct: Compensated absences	(98,289)
Total net position - governmental activities	\$ 5,858,783

City of Williamston  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2020

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund		
<b>Revenues</b>					
Taxes and penalties	\$ 1,610,949	\$ -	\$ -	\$ -	\$ 1,610,949
Licenses and permits	71,709	-	-	-	71,709
Federal grants	353	-	-	-	353
State grants	387,077	324,140	97,303	-	808,520
Charges for services	3,256	-	-	-	3,256
Fines and forfeits	9,214	-	-	-	9,214
Interest and rentals	29,582	935	1,221	-	31,738
Other revenues	81,421	449	3,050	-	84,920
<b>Total revenues</b>	<b>2,193,561</b>	<b>325,524</b>	<b>101,574</b>	<b>-</b>	<b>2,620,659</b>
<b>Expenditures</b>					
General government	606,399	-	-	-	606,399
Public safety	779,506	-	-	-	779,506
Public works	192,184	337,672	223,780	-	753,636
Community and economic development	44,830	-	-	-	44,830
Recreation and cultural	83,339	-	-	-	83,339
Capital outlay	69,027	-	-	-	69,027
Debt service					
Principal	49,162	25,350	-	125,000	199,512
Interest and fees	9,525	11,093	-	19,955	40,573
<b>Total expenditures</b>	<b>1,833,972</b>	<b>374,115</b>	<b>223,780</b>	<b>144,955</b>	<b>2,576,822</b>
Excess of revenues over (under) expenditures	359,589	(48,591)	(122,206)	(144,955)	43,837
<b>Other financing sources (uses)</b>					
Transfers in	-	200,000	60,000	144,955	404,955
Transfers out	(286,000)	(144,955)	-	-	(430,955)
<b>Total other financing sources (uses)</b>	<b>(286,000)</b>	<b>55,045</b>	<b>60,000</b>	<b>144,955</b>	<b>(26,000)</b>
<b>Net change in fund balances</b>	<b>73,589</b>	<b>6,454</b>	<b>(62,206)</b>	<b>-</b>	<b>17,837</b>
<b>Fund balance, beginning of year</b>	<b>1,419,293</b>	<b>158,866</b>	<b>193,799</b>	<b>-</b>	<b>1,771,958</b>
<b>Fund balance, end of year</b>	<b>\$ 1,492,882</b>	<b>\$ 165,320</b>	<b>\$ 131,593</b>	<b>\$ -</b>	<b>\$ 1,789,795</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, 2020

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Change in fund balances - total governmental funds \$ 17,837

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	404,848
Deduct: Depreciation expense	(412,600)
Deduct: Loss on disposal	(3,841)

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	125,000
Add: 2002 Special Assessments principal payment	49,162
Add: 2017 Series Bonds proceeds (39% Major St)	25,350

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.

Add: Change in net position of internal service fund	26,163
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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	(96,291)
Deduct: Change in deferred outflow - related to other post-employment benefits	(308)
Add: Change in net pension liability	157,957
Add: Change in net other post-employment benefit liability	58,762
Add: Change in deferred inflow - related to pension	1,091
Deduct: Change in deferred inflow - related to other post-employment benefits	(45,592)
Deduct: Change in accrual for compensated absences	(19,269)

Change in net position - governmental activities	\$ 288,269
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City of Williamston  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

	<b>Business-Type Activities</b>		Total Enterprise Funds	<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Activities</b>
	Sewer Fund	Water Fund		Internal Service Fund
<b>Assets</b>				
Current assets				
Cash and cash equivalents - unrestricted	\$ 353,715	\$ 232,167	\$ 585,882	\$ 85,877
Cash and cash equivalents - restricted				
USDA Bond Reserve	13,000	17,200	30,200	-
USDA RRI Reserve	91,548	108,747	200,295	-
Other	1,964	13,146	15,110	-
Investments - unrestricted	-	-	-	292,514
Investments - restricted				
USDA Bond Reserve	154,812	209,373	364,185	-
USDA RRI Reserve	381,828	-	381,828	-
Other	14,573	139,031	153,604	-
Accounts receivable	118,792	111,380	230,172	-
Total current assets	<u>1,130,232</u>	<u>831,044</u>	<u>1,961,276</u>	<u>378,391</u>
Noncurrent assets				
Capital assets not being depreciated	18,692	417,865	436,557	-
Capital assets being depreciated, net	9,750,454	7,415,251	17,165,705	494,294
Total noncurrent assets	<u>9,769,146</u>	<u>7,833,116</u>	<u>17,602,262</u>	<u>494,294</u>
Total assets	<u>10,899,378</u>	<u>8,664,160</u>	<u>19,563,538</u>	<u>872,685</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflow - related to pension	41,007	20,504	61,511	-
Deferred outflow - related to other post-employee benefits	533	266	799	-
Total deferred outflows of resources	<u>41,540</u>	<u>20,770</u>	<u>62,310</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	48,381	52,278	100,659	22,115
Advance from General Fund	-	100,552	100,552	-
Accrued liabilities	8,024	5,706	13,730	1,901
Compensated absences, due within one year	3,300	1,992	5,292	-
Capital lease payable, due within one year	-	-	-	92,245
USDA bonds payable, due within one year	59,000	80,000	139,000	-
Bonds payable, due within one year	7,000	100,700	107,700	-
Total current liabilities	<u>125,705</u>	<u>341,228</u>	<u>466,933</u>	<u>116,261</u>
Noncurrent liabilities				
Compensated absences, due beyond one year	18,703	11,285	29,988	-
Capital lease payable, due beyond one year	-	-	-	210,004
USDA bonds payable, due beyond one year	2,978,000	4,035,000	7,013,000	-
Bonds payable, due beyond one year	100,000	1,245,000	1,345,000	-
Net pension liability	273,070	136,536	409,606	-
Net other post-employment benefit liability	87,787	43,894	131,681	-
Total noncurrent liabilities	<u>3,457,560</u>	<u>5,471,715</u>	<u>8,929,275</u>	<u>210,004</u>
Total liabilities	<u>3,583,265</u>	<u>5,812,943</u>	<u>9,396,208</u>	<u>326,265</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflow - related to pension	45,479	22,739	68,218	-
Deferred inflow - related to other post-employee benefits	15,172	7,586	22,758	-
Total deferred inflows of resources	<u>60,651</u>	<u>30,325</u>	<u>90,976</u>	<u>-</u>
<b>Net position</b>				
Net investment in capital assets	6,625,146	2,372,416	8,997,562	192,045
Restricted	273,933	487,497	761,430	-
Unrestricted	397,923	(18,251)	379,672	354,375
Total net position	<u>\$ 7,297,002</u>	<u>\$ 2,841,662</u>	<u>\$ 10,138,664</u>	<u>\$ 546,420</u>

City of Williamston  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020

	<b>Business-Type Activities</b>		Total Enterprise Funds	<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Activities</b>
	Sewer Fund	Water Fund		Internal Service Fund
<b>Operating revenues</b>				
Charges for services	\$ 1,209,071	\$ 1,069,758	\$ 2,278,829	\$ 222,274
Miscellaneous revenues	33,836	9,083	42,919	-
Total operating revenues	<u>1,242,907</u>	<u>1,078,841</u>	<u>2,321,748</u>	<u>222,274</u>
<b>Operating expenses</b>				
Salaries and wages	239,409	145,707	385,116	45,940
Fringe benefits	82,005	54,985	136,990	18,821
Administrative expenses	40,000	40,000	80,000	1,500
Supplies	72,637	92,308	164,945	20,706
Professional and contractual	78,476	43,080	121,556	500
Other services and charges	27,884	29,268	57,152	16,176
Utilities	93,120	64,391	157,511	-
Repairs and maintenance	78,518	17,401	95,919	45,752
Equipment rental	20,419	44,064	64,483	2,700
Depreciation	360,597	235,573	596,170	130,194
Total operating expenses	<u>1,093,065</u>	<u>766,777</u>	<u>1,859,842</u>	<u>282,289</u>
Operating income (loss)	149,842	312,064	461,906	(60,015)
<b>Nonoperating revenues (expenses)</b>				
Interest revenue	9,986	7,595	17,581	4,200
Interest expense	(94,810)	(181,534)	(276,344)	(10,072)
Gain on sale of assets	-	-	-	66,050
Total nonoperating revenues (expenses)	<u>(84,824)</u>	<u>(173,939)</u>	<u>(258,763)</u>	<u>60,178</u>
<b>Transfers in (out)</b>				
Transfer in	-	-	-	26,000
<b>Change in net position</b>	65,018	138,125	203,143	26,163
<b>Net position, beginning of year</b>	<u>7,231,984</u>	<u>2,703,537</u>	<u>9,935,521</u>	<u>520,257</u>
<b>Net position, end of year</b>	<u>\$ 7,297,002</u>	<u>\$ 2,841,662</u>	<u>\$ 10,138,664</u>	<u>\$ 546,420</u>

City of Williamston  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020

	<b>Business-Type Activities</b>		Total Enterprise Funds	<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Activities</b>
	Sewer Fund	Water Fund		Internal Service Fund
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,312,843	\$ 1,105,708	\$ 2,418,551	\$ 222,274
Payments to suppliers / outsiders	(401,080)	(293,157)	(694,237)	(84,979)
Payments to employees and related fringe benefits	(338,712)	(207,312)	(546,024)	(64,761)
Other receipts	33,836	9,083	42,919	-
Net cash provided by operating activities	<u>606,887</u>	<u>614,322</u>	<u>1,221,209</u>	<u>72,534</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	(25,000)	(25,000)	26,515
Net cash flows from noncapital financing activities	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>26,515</u>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(70,081)	(71,989)	(142,070)	-
Proceeds from sale of capital assets	-	-	-	66,050
Principal paid on debt	(63,500)	(171,150)	(234,650)	(88,810)
Interest expense	(94,810)	(181,534)	(276,344)	(10,072)
Net cash provided by capital and related financing activities	<u>(228,391)</u>	<u>(424,673)</u>	<u>(653,064)</u>	<u>(32,832)</u>
<b>Cash flows from investing activities</b>				
(Purchase)/sale of investments	(36,714)	38,718	2,004	(94,461)
Interest revenue	9,986	7,595	17,581	4,200
Net cash flows from investing activities	<u>(26,728)</u>	<u>46,313</u>	<u>19,585</u>	<u>(90,261)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	351,768	210,962	562,730	(24,044)
<b>Cash and cash equivalents, beginning of year</b>	<u>108,459</u>	<u>160,298</u>	<u>268,757</u>	<u>109,921</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 460,227</u>	<u>\$ 371,260</u>	<u>\$ 831,487</u>	<u>\$ 85,877</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 149,842	\$ 312,064	\$ 461,906	\$ (60,015)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	360,597	235,573	596,170	130,194
Change in assets and liabilities				
Accounts receivable	103,772	35,950	139,722	-
Prepaid expenses	4,843	1,878	6,721	428
Deferred outflow - related to pension	27,512	13,756	41,268	-
Deferred outflow - related to other post-employ. benefits	88	44	132	-
Accounts payable	4,257	34,035	38,292	1,314
Accrued liabilities	874	1,442	2,316	613
Compensated absences	4,307	4,181	8,488	-
Net pension liability	(45,131)	(22,565)	(67,696)	-
Net other post employment benefit liability	(16,789)	(8,393)	(25,182)	-
Deferred inflow - related to pension	(312)	(156)	(468)	-
Deferred inflow - related to other post-employ. benefits	13,027	6,513	19,540	-
Net cash provided by operating activities	<u>\$ 606,887</u>	<u>\$ 614,322</u>	<u>\$ 1,221,209</u>	<u>\$ 72,534</u>

City of Williamston  
Statement of Net Position - Fiduciary Funds  
June 30, 2020

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	<u>Custodial Fund</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 816</u>
Total assets	816
<b>Liabilities</b>	
Due to other governmental units	<u>816</u>
Total liabilities	816
<b>Net position</b>	
Unrestricted	<u>-</u>
Total net position	<u><u>\$ -</u></u>

City of Williamston  
Combining Statement of Net Position - Component Units  
June 30, 2020

	Economic Development Corporation	Tax Increment Finance Authority 2A	Tax Increment Finance Authority 2B	Downtown Development Authority	Total
<b>Assets</b>					
Current assets					
Cash and cash equivalents - unrestricted	\$ 7,974	\$ 6,733	\$ 83,393	\$ 71,648	\$ 169,748
Investments - unrestricted	66,172	-	551,300	11	617,483
Investments - restricted	-	-	-	7,550	7,550
Total current assets	<u>74,146</u>	<u>6,733</u>	<u>634,693</u>	<u>79,209</u>	<u>794,781</u>
Noncurrent assets					
Capital assets not being depreciated	-	-	265,623	319,552	585,175
Capital assets being depreciated, net	-	26,074	1,282,457	1,080,033	2,388,564
Total noncurrent assets	<u>-</u>	<u>26,074</u>	<u>1,548,080</u>	<u>1,399,585</u>	<u>2,973,739</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	270	-	479	3,155	3,904
Accrued liabilities	-	-	-	1,154	1,154
Bonds payable, due within one year	-	-	-	140,000	140,000
Total current liabilities	<u>270</u>	<u>-</u>	<u>479</u>	<u>144,309</u>	<u>145,058</u>
Noncurrent liabilities					
Bonds payable, due beyond one year	-	-	-	480,000	480,000
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,000</u>	<u>480,000</u>
<b>Net position</b>					
Net investment in capital assets	-	26,074	1,548,080	779,585	2,353,739
Restricted for:					
Economic development programs	73,876	-	-	-	73,876
Downtown development plan	-	-	-	74,900	74,900
Tax increment finance plans	-	6,733	634,214	-	640,947
Total net position	<u>\$ 73,876</u>	<u>\$ 32,807</u>	<u>\$ 2,182,294</u>	<u>\$ 854,485</u>	<u>\$ 3,143,462</u>

City of Williamston  
Combining Statement of Activities - Component Units  
For the Year Ended June 30, 2020

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	\$ 1,541	\$ (1,541)	\$ -	\$ -	\$ -	\$ -
<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	146,430	-	-	(146,430)	-	-
<b>Downtown Development Authority</b>						
Community and economic development	199,549	-	-	-	(199,549)	-
Interest and other debt related expenses	21,505	-	-	-	(21,505)	-
Total Downtown Development Authority	<u>\$ 221,054</u>	-	-	-	(221,054)	-
<b>General Revenues</b>						
Property taxes		-	-	231,513	329,709	561,222
Unrestricted investment earnings		1,108	16	7,713	4,223	13,060
Other revenues		-	-	31,091	8,642	39,733
Total general revenues		<u>1,108</u>	<u>16</u>	<u>270,317</u>	<u>342,574</u>	<u>614,015</u>
<b>Change in net position</b>		(433)	(1,847)	123,887	121,520	243,127
<b>Net position, beginning of year</b>		<u>74,309</u>	<u>34,654</u>	<u>2,058,407</u>	<u>732,965</u>	<u>2,900,335</u>
<b>Net position, end of year</b>		<u>\$ 73,876</u>	<u>\$ 32,807</u>	<u>\$ 2,182,294</u>	<u>\$ 854,485</u>	<u>\$ 3,143,462</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.

**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.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which

rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to consumers who purchase, use or directly benefit from services provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items, including taxes and intergovernmental payments, not properly included among program revenues, are reported instead as general revenues.

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - 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 collected within 60 days of the end of the current fiscal year end. 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 severance pay, are recorded only when payment is due.

Proprietary Fund Financial Statements – The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

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

Fiduciary Fund Financial Statements – Fiduciary funds account for assets held by the City in a trustee or custodial capacity on behalf of others and, therefore, are not available to support City operations. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the City available to support the City's operations. The City currently maintains a custodial fund to account for the monies collected and paid to various governmental entities for property tax collections.

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.

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.
- 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 an custodial capacity. These funds are not reported in the City's government-wide financial statements.

### **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 1<sup>st</sup>, 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.

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Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the City intends to hold the investment until maturity.

State statutes authorize the City to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in 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 City is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

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, which include property, plant and equipment, 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 \$2,000 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.

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.

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Land and construction in process are not depreciated. Other property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land	Not Depreciated
Construction in Process	Not Depreciated
Land Improvements	4 – 30
Buildings and Improvements	14 – 50
Office equipment	4 – 10
Machinery and Equipment	4 – 10
Vehicles	3 – 10
Capital Leases	5
Infrastructure – Roads and Sidewalks	20
Infrastructure – Bridges	30
Sewer and Water Systems	15 – 50
Sewer and Water Equipment	5 – 30

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. These amounts are expensed 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 in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Accrued Liabilities

Accrued liabilities relate to salaries and wages earned in September but not paid until October, 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.

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.

#### 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, 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.

#### Net Position and Fund Balances

Restricted net position shown in the government-wide financial statements will generally be different from amounts reported as reserved/designated fund balances in the governmental funds financial statements. This occurs because of differences in the measurement focus and basis of accounting used in the government-wide and fund financial statements and because of the use of funds to imply that restrictions exist.

#### Net Position – Restrictions

Net position in the government-wide financial statements are reported as restricted when constraints placed on net position use is either:

- Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or
- Imposed by law through constitutional provisions or enabling legislation.

#### Fund Balance

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- The City would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.
- Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the city council or by an official or body to which the city council delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

#### 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 2019 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).

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The 2019 taxable valuation of property located in the City for operating purposes totaled \$118.9 million, on which ad valorem taxes levied consisted of 15.0933 mills for operating purposes.

Use of Estimates

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

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

At June 30<sup>th</sup>, the carrying amount of the City's cash, cash equivalents and investments was as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
<b>Unrestricted</b>				
Petty cash	300	-	300	-
Cash and cash equivalents	564,141	585,882	1,150,023	169,748
Cash held in investment account	196,483	-	196,483	-
Investments (Michigan CLASS)	1,304,886	-	1,304,886	617,033
Total cash and inv. - unrestricted	2,065,810	585,882	2,651,692	786,781
<b>Restricted</b>				
Cash and cash equivalents	4,119	245,605	249,724	-
Investments (Michigan CLASS)	-	899,617	899,617	7,550
Total cash and investments - restricted	4,119	1,145,222	1,149,341	7,550

The bank balance of the primary government's deposits is \$1,748,019, of which \$446,483 is covered by federal depository insurance. The remaining amount is uninsured and uncollateralized. The component units' deposits had a bank balance of \$169,748, of which the entire balance is covered by federal depository insurance. Deposits which exceed FDIC insurance coverage limits are held at local banks.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits government funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Restricted Cash, Cash Equivalents, and Investments

The revenue bonds issued by the City include covenants to set aside amounts in bond reserve funds. These bond reserves are reported as "Restricted Cash" in the Statement of Net Position for the respective funds. The USDA bonds require a specific amount to be set aside each year for a bond payment reserve as well as a repairs, replacements and improvements (RRI) reserve. These funds make up \$976,508 of the restricted cash.

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As of year-end, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (years)	Standard & Poor's Rating	%
Total Primary Government				
Michigan Cooperative Liquid Assets Securities System (Michigan CLASS)	1,304,886	0.1377	AAAm	100%
Total Business Type				
Michigan Cooperative Liquid Assets Securities System (Michigan CLASS)	899,617	0.1377	AAAm	100%
Total Component Unit				
Michigan Cooperative Liquid Assets Securities System (Michigan CLASS)	625,033	0.1377	AAAm	100%
1 day maturity equals 0.0027, one year equals 1.00				

**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.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**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.

**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. See above for amount of deposits held by the City that are exposed to custodial credit risk because it is uninsured and uncollateralized.

**Custodial credit risk – investments.** For an investment, it 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 prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business.

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

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***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.

Michigan Class investments are subject to the fair value measurement and are level 2.

**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	Advance to Water Fund	Advance from General Fund
General fund	100,552	-
Water fund	-	100,552
Total	100,552	100,552

The City has established a long-term advance from the General fund to the Water Fund to assist with cash flow.

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

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	48,710
Major Street Fund – State of Michigan Act 51	43,230
Local Street Fund – State of Michigan Act 51	13,581
Total	105,521

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**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	59,834	-	-	(59,834)	-
Total capital assets not being depr.	450,466	-	-	(59,834)	390,632
Capital assets being depreciated					
Land Improvements	943,168	45,453	-	-	988,621
Buildings and Improvements	1,224,121	-	(15,434)	-	1,208,687
Office equipment	45,938	10,362	(16,361)	-	39,939
Machinery and Equipment	353,747	-	-	-	353,747
Vehicles	1,014,744	-	-	-	510,652
Capital Leases	510,652	-	(228,993)	-	785,751
Infrastructure	6,742,016	349,033	-	59,834	7,150,883
Total capital assets being depr.	10,834,386	404,848	(260,788)	59,834	11,038,280
Accumulated depreciation	(4,912,405)	(542,794)	256,947	-	(5,198,252)
Capital assets being depreciated, net	5,921,981	(137,946)	(3,841)	-	5,840,028
Net capital assets	6,372,447	(137,946)	(3,841)		6,230,660

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	436,557	-	-	-	436,557
Construction in Process	142,636	-	-	(142,636)	-
Total capital assets not being depr.	579,193	-	-	(142,636)	436,557
Capital assets being depreciated					
Sewer System	17,396,656	2,992	-	103,289	17,502,937
Water System	10,137,230	50,168	-	39,347	10,226,745
Sewer System Equipment	303,011	67,090	-	-	370,101
Water System Equipment	333,386	21,821	-	-	355,207
Total capital assets being depr.	28,170,283	142,071	-	142,636	28,454,990
Accumulated Depreciation	(10,693,115)	(596,170)	-	-	(11,289,285)
Capital assets being depreciated, net	17,477,168	(454,099)	-	142,636	17,165,705
Net capital assets	18,056,361	(454,099)	-	-	17,602,262

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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 depr.	55,879	-	-	-	55,879
Accumulated Depreciation	(27,942)	(1,863)	-	-	(29,805)
Capital assets being depreciated, net	27,937	(1,863)	-	-	26,074

TIFA 2B:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated					
Land	265,623	-	-	-	265,623
Total capital assets not being depr.	265,623	-	-	-	265,623
Capital assets being depreciated					
Land and Improvements	4,491	-	-	-	4,491
Buildings and Improvements	1,858,260	-	-	-	1,858,260
Total capital assets being depr.	1,862,751	-	-	-	1,862,751
Accumulated Depreciation	(487,382)	(92,912)	-	-	(580,294)
Capital assets being depreciated, net	1,375,369	(92,912)	-	-	1,282,457
Net capital assets	1,640,992	(92,912)	-	-	1,548,080

DDA:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated					
Land	319,552	-	-	-	319,552
Construction in Process	17,723	-	-	(17,723)	-
Total capital assets not being depr.	337,275	-	-	(17,723)	319,552
Capital assets being depreciated					
Land Improvements	1,646,832	318,345	(99,620)	17,723	1,883,280
Total capital assets being depr.	1,646,832	318,345	(99,620)	17,723	1,883,280
Accumulated Depreciation	(860,754)	(42,113)	99,620	-	(803,247)
Capital assets being depreciated, net	786,078	276,232	-	17,723	1,080,033
Net capital assets	1,123,353	276,232	-	-	1,399,585

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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	21,777
Public Safety	32,099
Public Works	306,645
Recreation and Cultural	52,079
Internal Service Fund	130,194
Total Governmental Activities	542,794
Business-Type Activities	
Sewer	360,597
Water	235,573
Total Business-Type Activities	596,170

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
<ul style="list-style-type: none"> <li>• 2002 limited tax bonds due in annual installments of \$20,000 to \$140,000 through May 1, 2022 with an interest rate from 4.95% to 5.10%</li> </ul>	270,000
<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% (Major Street portion = 39% of total)</li> </ul>	417,300
Total general obligation bonds:	687,300

Direct borrowings and direct placements:

<ul style="list-style-type: none"> <li>• Capital lease – 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>	67,872
<ul style="list-style-type: none"> <li>• Capital lease – 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>	234,378
<ul style="list-style-type: none"> <li>• Special assessment/Loan agreement with Ingham County – April 2002 financing of Tobias/Linn Road Branch Drain. Loan due in annual installments of \$49,162 through May 1, 2022 with an interest rate of 5.00%.</li> </ul>	98,323
Total direct borrowings and direct placements:	400,573

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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

General obligation bonds:	Amount
<ul style="list-style-type: none"> <li>• 2004 water revenue bonds due in annual installments of \$5,000 to \$210,000 through March 1, 2030 with an interest rate from 3.20% to 5.00%</li> </ul>	315,000
<ul style="list-style-type: none"> <li>• 2005 water revenue bonds due in annual installments of \$20,000 to \$60,000 through March 1, 2030 with an interest rate from 3.00% to 5.00%</li> </ul>	485,000
<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>	3,037,000
<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>	4,115,000
<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>	652,700
Total general obligation bonds:	8,604,700

Long-term debt – Component Unit

General obligation bonds:	Amount
<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>	515,000
Total general obligation bonds:	515,000

Direct borrowings and direct placements:

<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>	105,000
Total general direct borrowings and direct placements:	105,000

The City's outstanding bonds from direct borrowings and direct placements related to component unit 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.

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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	79,020	31,122	(11,853)	98,289	14,743
General Obligation Bonds	837,650	-	(150,350)	687,300	157,300
Direct borrowings and Direct Placements	538,544	-	(137,971)	400,573	141,407
Total Government-Wide	1,455,214	31,122	(300,174)	1,186,162	313,450
<i>Business-Type Activities</i>					
Compensated Absences	26,792	12,507	(4,019)	35,280	5,292
General Obligation Bonds	8,839,350	-	(234,650)	8,604,700	246,700
Total Business-Type	8,866,142	12,507	(238,669)	8,639,980	251,992
<i>Component Unit</i>					
General Obligation Bonds	635,000	-	(120,000)	515,000	120,000
Direct borrowings and Direct Placements	125,000	-	(20,000)	105,000	20,000
Tot Component Unit	760,000	-	(140,000)	620,000	140,000

The requirements to pay principal and interest on the long-term debt outstanding at June 30, 2020, are shown below:

Year Ended June 30	General Obligation Bonds		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	524,000	307,628	161,407	22,397
2022	549,000	288,636	174,973	14,641
2023	418,000	268,773	144,193	7,144
2024	438,000	255,520	25,000	625
2025	308,000	243,478	-	-
2026 - 2030	1,742,000	1,049,631	-	-
2031 - 2035	1,312,000	784,872	-	-
2036 - 2040	1,201,000	607,275	-	-
2041 - 2045	1,408,000	411,870	-	-
2046 - 2050	1,652,000	182,910	-	-
2051 - 2055	255,000	5,580	-	-
Total long-term debt	9,807,000	4,406,171	505,573	44,807

**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).

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%
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

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June 30, 2020

<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

<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, 2019 valuation date, the following employees were covered by the benefit terms:

Active employees	15
Inactive employees entitled to but not yet receiving benefits	6
Inactive employees or beneficiaries currently receiving benefits	22
Total	43

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 \$43,392 for the closed general employee's division, \$91,638 for the closed police division, \$36,144 for the closed nonunion employee's division, \$12,246 for general employees and \$15,801 for nonunion employees.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2019, 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, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Salary Increases: 3.00% in the long-term
- Investment rate of return: 7.35%, net of 0.25% of investment and administrative expenses

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Although no specific price inflation assumptions are used in this valuation, the long-term annual rate of inflation implicit in the 3.00% base was inflation is 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study conducted in 2015.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60% for 2019. 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  
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Changes in Net Pension Liability

Calculating the Net Pension Liability			
Changes in net pension liability	Total pension liability (a)	Increase (decrease) plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at 12/31/18	4,802,870	3,211,863	1,591,007
Changes for the year			
Service cost	73,181	-	73,181
Interest on total pension liability	370,351	-	370,351
Changes in benefits	-	-	-
Difference between expected and actual experience	(160,512)	-	(160,512)
Changes in assumptions	138,005	-	138,005
Employer contributions	-	199,220	(199,220)
Employee contributions	-	25,967	(25,967)
Net investment income	-	428,896	(428,896)
Benefit payments, including employee refunds	(420,137)	(420,137)	-
Administrative expense	-	(7,405)	7,405
Other changes	-	-	-
Net changes	888	226,542	(225,654)
Balances as of 12/31/19	4,803,758	3,438,405	1,365,353

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.60%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability at 12/31/19	1,365,353	1,365,353	1,365,353
Change in Net Pension Liability (NPL)	543,327	-	(448,130)
Calculated Net Pension Liability	1,908,680	1,365,353	917,223
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, 2020, the City recognized pension expense of \$109,612. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (Deficit) Investment Returns	3,320	-
Differences in Experience	-	227,394
Differences in Assumptions	103,504	-
Contributions Subsequent to 12/31/19*	98,214	-
Total	205,038	227,394

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the

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measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2020.

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
2020	(122,885)
2021	3,926
2022	36,886
2023	(38,497)

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 6 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. Employees are 100% vested in the employer contributions after five years of service with the City.

During the year, the contributions to the plan amounted to \$19,729, 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.

Forfeitures

Employee contributions are 100% vested. The vesting schedule for the employer contributions are as follows: 25% after 4 years, 50% after 6 years, 75% after 8 years and 100% after 10 years.

During the year, the employer contributions to the plan (reduced by \$0 of forfeitures) amounted to \$19,079 and employee contribution amounted to \$19,079. 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 \$39,084. 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

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employee only. However, the employee at their expense may continue to carry their spouse under the group 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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	12
Total	16

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, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019 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: 3.50%
- Price Inflation: 2.50%
- Healthcare cost trend rate 8.00%
- Investment Rate of Return: N/A
- Actuarial Value of Assets: N/A

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. 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.

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June 30, 2020

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 6/30/19	522,880	-	522,880
Changes for the year			
Service cost	15,271	-	15,271
Interest on total OPEB liability	13,713	-	13,713
Changes in benefits	-	-	-
Difference between expected and actual experience	(54,449)	-	(54,449)
Changes in assumptions	(21,866)	-	(21,866)
Employer contributions	-	36,614	(36,614)
Employee contributions	-	-	-
Net investment income	-	-	-
Benefit payments, including employee refunds	(36,614)	(36,614)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(83,945)	-	(83,945)
Balances as of 6/30/20	438,935	-	438,935

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 2.66%, as well as what the City's Net OPEB Liability would be using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate.

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Calculated Net OPEB Liability	406,369	438,935	474,120

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	491,081	438,935	394,536

City of Williamston  
Notes to the Financial Statements  
June 30, 2020

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$18,241. 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	-	(47,735)
Differences in Assumptions	2,664	(28,124)
Total	2,664	(75,859)

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
2021	(10,743)
2022	(10,743)
2023	(10,743)
2024	(10,743)
2025	(10,743)
Thereafter	(19,481)

**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	390,632
Capital asset being depreciated, net	5,840,028
Capital related general obligation bonds	(687,300)
Capital related direct borrowings and direct placements	(400,572)
Net investment in capital assets	5,142,788

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	436,557
Capital asset being depreciated, net	17,165,705
Capital related general obligation bonds	(8,604,700)
Net investment in capital assets	8,997,562

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	585,175
Capital asset being depreciated, net	2,388,564
Capital related general obligation bonds	(620,000)
Net investment in capital assets	2,353,739

**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	-	286,000
Major Street	200,000	144,995
Local Street	60,000	-
2003 Act 342 Bond Debt	144,995	-
Internal service	26,000	-
<b>Total Interfund Transfers</b>	<b>430,995</b>	<b>430,995</b>

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 Major Street and Local Street Funds for the purpose of general operations. 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	45,793

**NOTE 13 – CONSTRUCTION CODE FEES**

The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since March 1, 2007 is as follows:

	Amount
(Deficit) at June 30, 2019	(133,462)
Current year construction permit revenue	45,224
Related expenses – direct costs	(46,922)
Related expenses – indirect costs	(4,292)
Current year surplus (deficit)	(5,990)
Cumulative (deficit) at June 30, 2020	(139,452)

**NOTE 14 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

*GASB Statement No. 84, Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the City's 2020-2021 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Municipalities with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

*GASB Statement No. 87, Leases*, was issued by the GASB in June 2017 and will be effective for the City's 2021-2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases 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 an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**REQUIRED SUPPLEMENTARY INFORMATION**



City of Williamston  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2020

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Taxes and penalties	\$ 1,587,380	\$ 1,587,380	\$ 1,610,949	\$ 23,569
Licenses and permits	58,900	58,900	71,709	12,809
Federal grants	-	-	353	353
State grants	365,500	365,500	387,077	21,577
Charges for services	2,800	2,800	3,256	456
Fines and forfeits	8,000	8,000	9,214	1,214
Interest and rentals	30,000	30,000	29,582	(418)
Other revenues	24,800	24,800	81,421	56,621
<b>Total revenues</b>	<b>2,077,380</b>	<b>2,077,380</b>	<b>2,193,561</b>	<b>116,181</b>
<b>Expenditures</b>				
General government	665,705	665,705	606,399	59,306
Public safety	837,000	837,000	779,506	57,494
Public works	221,680	221,860	192,184	29,676
Community and economic development	60,985	57,985	44,830	13,155
Recreation and cultural	116,545	116,545	83,339	33,206
Capital outlay	137,570	196,270	69,027	127,243
Debt service	63,000	63,000	58,687	4,313
<b>Total expenditures</b>	<b>2,102,485</b>	<b>2,158,365</b>	<b>1,833,972</b>	<b>324,393</b>
Excess of revenues over (under) expenditures	(25,105)	(80,985)	359,589	440,574
<b>Other financing sources (uses)</b>				
Transfers out	(286,000)	(286,000)	(286,000)	-
<b>Total other financing sources (uses)</b>	<b>(286,000)</b>	<b>(286,000)</b>	<b>(286,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(311,105)</b>	<b>(366,985)</b>	<b>73,589</b>	<b>440,574</b>
<b>Fund balance, beginning of year</b>	<b>1,419,293</b>	<b>1,419,293</b>	<b>1,419,293</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1,108,188</b>	<b>\$ 1,052,308</b>	<b>\$ 1,492,882</b>	<b>\$ 440,574</b>

City of Williamston  
 Budgetary Comparison Schedule - Major Street Fund  
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
State grants	\$ 311,060	\$ 311,060	\$ 324,140	\$ 13,080
Interest and rentals	1,000	1,000	935	(65)
Other revenues	200	200	449	249
Total revenues	312,260	312,260	325,524	13,264
<b>Expenditures</b>				
Public works	405,270	405,270	374,115	31,155
Total Expenditures	405,270	405,270	374,115	31,155
Excess of revenues over (under) expenditures	(93,010)	(93,010)	(48,591)	44,419
<b>Other financing sources (uses)</b>				
Transfers in	200,000	200,000	200,000	-
Transfers out	(144,960)	(144,960)	(144,955)	5
Total other financing sources (uses)	55,040	55,040	55,045	5
<b>Net change in fund balance</b>	(37,970)	(37,970)	6,454	44,424
<b>Fund balance, beginning of year</b>	158,866	158,866	158,866	-
<b>Fund balance, end of year</b>	\$ 120,896	\$ 120,896	\$ 165,320	\$ 44,424

City of Williamston  
 Budgetary Comparison Schedule - Local Street Fund  
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
State grants	\$ 94,045	\$ 94,045	\$ 97,303	\$ 3,258
Interest and rentals	-	-	1,221	1,221
Other revenues	2,800	2,800	3,050	250
Total revenues	96,845	96,845	101,574	4,729
<b>Expenditures</b>				
Public works	245,220	245,220	223,780	21,440
Excess of revenues over (under) expenditures	(148,375)	(148,375)	(122,206)	(16,711)
<b>Other financing sources (uses)</b>				
Transfers in	60,000	60,000	60,000	-
<b>Net change in fund balance</b>	(88,375)	(88,375)	(62,206)	(16,711)
<b>Fund balance, beginning of year</b>	193,799	193,799	193,799	-
<b>Fund balance, end of year</b>	\$ 105,424	\$ 105,424	\$ 131,593	\$ (16,711)

City of Williamston  
Required Supplemental Information  
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	2019
<b>Total Pension Liability</b>						
Service Cost	98,706	88,758	97,175	91,819	79,229	73,181
Interest	343,261	357,602	369,819	378,204	381,675	370,351
Difference between expected & actual experience	-	(60,877)	(59,724)	(118,347)	(232,272)	(160,512)
Changes of assumptions	-	184,926	-	-	-	138,005
Benefit payments including employee refunds	(263,163)	(263,163)	(309,732)	(289,809)	(314,179)	(420,137)
Other changes	-	-	(1)	2	-	-
<b>Net Change in Total Pension Liability</b>	178,804	307,246	97,537	61,869	(85,547)	888
<b>Total Pension Liability beginning</b>	4,242,961	4,421,765	4,729,011	4,826,548	4,888,417	4,802,870
<b>Total Pension Liability ending</b>	4,421,765	4,729,011	4,826,548	4,888,417	4,802,870	4,803,758
<b>Plan Fiduciary Net Position</b>						
Contributions-employer	130,642	125,626	143,279	165,165	189,226	199,220
Contributions-employee	45,976	45,289	42,249	42,637	35,670	25,967
Net Investment income	187,084	(45,441)	327,551	410,789	(133,575)	428,896
Benefit payments including employee refunds	(263,163)	(263,163)	(309,732)	(289,809)	(314,179)	(420,137)
Administrative expense	(6,862)	(6,676)	(6,475)	(6,505)	(6,656)	(7,405)
<b>Net Change in Plan Fiduciary Net Position</b>	93,677	(144,365)	196,872	322,277	(229,514)	226,541
<b>Plan Fiduciary Net Position beginning</b>	2,972,917	3,066,594	2,922,229	3,119,101	3,441,378	3,211,864
<b>Plan Fiduciary Net Position ending</b>	3,066,594	2,922,229	3,119,101	3,441,378	3,211,864	3,438,405
<b>Employer Net Pension Liability</b>	1,355,171	1,806,782	1,707,447	1,447,039	1,591,006	1,365,353
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	69.4%	61.8%	64.6%	70.4%	66.9%	71.6%
<b>Covered Employee Payroll (from GASB 68 actuarial page)</b>	863,134	786,514	897,292	849,082	790,231	786,614
<b>Employer's Net Pension Liability as a percentage of covered employee payroll</b>	157.0%	229.7%	190.3%	170.4%	201.3%	173.6%

**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".*

*Changes to the actuarial assumptions and methods based on the 2015 Experience Study are phased-in over a 5-year period. This valuation reflects the fourth year of the phase in. (This information can be found in the actuarial valuation section titled: "Plan Provisions, Actuarial Assumptions and Actuarial Funding Method; and also in the Appendix link of the actuarial valuation.)*

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

	Fiscal years ending June 30th									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarial Determined Contributions	\$ 99,316	\$ 91,228	\$ 100,193	\$ 121,382	\$ 130,642	\$ 125,893	\$ 152,459	\$ 180,415	\$ 195,758	\$ 199,265
Contributions in relation to the actuarially determined contribution	99,316	91,228	100,193	121,382	130,642	125,893	152,459	180,415	195,758	199,265
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	765,918	750,515	757,014	804,404	863,134	786,514	897,292	924,609	836,595	824,650
Contributions as a Percentage of Covered Employee Payroll	13.0%	12.2%	13.2%	15.1%	15.1%	16.0%	17.0%	19.5%	23.4%	24.2%

**Notes to Schedule of Contributions**

Valuation Date December 31, 2019

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	19 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Female/50% Male based on RP-2014 Group Annuity Mortality Table

\*Actuarially Determined Contributions are found in the actuarial valuation in Table 5.

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

Note that these are employer contributions not employee contributions.

City of Williamston  
Required Supplemental Information  
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
<b>Total OPEB Liability</b>			
Service Cost	16,288	15,324	15,271
Interest	16,203	17,872	13,713
Difference between expected & actual experience	-	-	(54,449)
Changes of assumptions	(14,273)	3,545	(21,866)
Benefit payments including employee refunds	(27,023)	(33,108)	(36,614)
Other changes	-	-	-
<b>Net Change in Total OPEB Liability</b>	(8,805)	3,633	(83,945)
<b>Total OPEB Liability beginning</b>	528,052	519,247	522,880
<b>Total OPEB Liability ending</b>	519,247	522,880	438,935
<b>Plan Fiduciary Net Position</b>			
Contributions-employer	27,023	33,108	36,614
Contributions-employee	-	-	-
Net Investment income	-	-	-
Benefit payments including employee refunds	(27,023)	(33,108)	(36,614)
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>Employer Net OPEB Liability</b>	519,247	522,880	438,935
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	0%	0%	0%
<b>Covered Employee Payroll</b>	733,642	589,640	463,766
<b>Employer's Net OPEB Liability as a percentage of covered employee payroll</b>	70.8%	88.7%	94.6%

**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
Actuarial Determined Contributions	\$ 273,351	\$ 33,108	\$ 36,614
Contributions in relation to the actuarially determined contribution	273,351	33,108	36,614
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	733,642	589,640	463,766
Contributions as a Percentage of Covered Employee Payroll	37.3%	5.6%	7.9%

**Notes to Schedule of Contributions**

Valuation Date July 1, 2019

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	28 years
Asset valuation method	N/A
Inflation	2.50%
Salary increases	3.50%
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 Table

\*Actuarially Determined Contributions are found in the actuarial valuation in Table 5.

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, 2020

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

City of Williamston  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2020

	2003 Act 342 Bond Debt	Total Non-Major Funds
<b>Revenues</b>	\$ -	\$ -
<b>Expenditures</b>		
Principal	125,000	125,000
Interest and fees	19,955	19,955
Total expenditures	144,955	144,955
Excess of revenues over (under) expenditures	(144,955)	(144,955)
<b>Other financing sources (uses)</b>		
Transfers in	144,955	144,955
<b>Net change in fund balances</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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 25, 2020.

**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  
November 25, 2020