

**CITY OF LATHRUP VILLAGE
OAKLAND COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)**

YEAR ENDED JUNE 30, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Lathrup Village, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lathrup Village (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lathrup Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lathrup Village, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Maney Costeiron PC

December 1, 2024

CITY OF LATHRUP VILLAGE MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of City of Lathrup Village's (the City's) financial performance and position, providing an overview of the activities for the year ended June 30, 2024. This analysis should be read in conjunction with the *Independent Auditors Report* and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- Total net position was \$24,964,269 (excluding component units).
- Governmental activities net position was \$16,363,429.
- Business-type activity net position was \$8,600,840.
- Component unit net position was \$1,437,735.

Fund Level

- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$2,053,146 with \$1,486,854 being nonspendable, restricted, committed, or assigned for specific purposes.
- The General Fund realized \$146,248 more in revenues and other financing sources than anticipated for the fiscal year. The General Fund operations also expended \$11,223 less than appropriated for expenditures and other financing uses.
- Overall, the General Fund balance increased by \$162,315 to \$745,602.

Capital and Long-term Debt Activities

- The total additions to the capital asset schedule for the primary government were \$3,402,269. Major additions were the Southfield Road resurfacing and the City-wide paving program.
- The total long-term obligations for the primary government were \$11,487,351, a decrease of \$692,198 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's annual financial report. The annual financial report of the City consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), and 4) *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds.

Government-wide Financial Statements (Reporting the City as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the City as a whole, and about its activities. Their purpose is to assist in answering the question, is the City, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned*, and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

CITY OF LATHRUP VILLAGE MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position (page 13) presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources recording the difference between the two as "net position". Over time, increases or decreases in net position measure whether the City's financial position is improving or deteriorating.

The Statement of Activities (page 14) presents information showing how the City's net position changed during 2023/2024. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee vacation leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the City's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City's general government departments, public safety, public works, community and economic development, recreation activities are reported under these activities.
- **Business-type Activities** - These activities operate like private businesses. The City charges fees to recover the cost of the services provided. The Water and Sewer Fund and is an example of these activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the City Council and Administration appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. The Downtown Development Authority is considered a discretely presented component unit of the City.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 16 and 18 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental fund. Capital assets and depreciation expense are reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities, such as amounts accrued for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Long-term debt proceeds are reported as liabilities on the government-wide statements but are recorded as other financing sources on the fund financial statements.

CITY OF LATHRUP VILLAGE MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements (Reporting the City's Major Funds)

The fund financial statements, which begin on page 15, provide information on the City's significant (major) funds, and non-major funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, total revenues or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for the City of Lathrup Village include the General Fund, the Major Street Fund, the Local Steet Fund, and the Site Improvement Bond Fund. The Capital Acquisitions Fund is classified as a non-major fund.

The City's funds are divided into two categories - governmental and proprietary - and use different accounting approaches:

- **Governmental Funds** - Most of the City's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted, e.g., income tax, major street, local street, and recreation funds), *Capital Projects Funds* (used to report major capital acquisitions and construction, e.g., the Site Improvement Bond Fund), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest, e.g., the Capital Acquisition fund).
- **Proprietary Funds** - Services for which the City charges customers (whether outside the City structure or a City department) a fee is generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Water and Sewer Fund.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 25 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund as well as schedules of funding progress and schedules of employer contributions related to pension and other post-employment benefit plans.

**CITY OF LATHRUP VILLAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As previously stated, the City of Lathrup Village's combined net position was \$24,964,269 at the end of this fiscal year's operations. The net position of the governmental activities was \$16,363,429; the business-type activities were \$8,600,840.

Net Position as of June 30, 2023 and 2024

This table shows, in a condensed format, a comparative analysis of the net position, as of June 30, 2024 and June 30, 2023:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current Assets	\$ 5,490,148	\$ 8,209,982	\$ 2,497,603	\$ 4,719,194	\$ 7,987,751	\$ 12,929,176
Capital Assets	22,537,662	22,079,509	14,531,464	12,770,899	37,069,126	34,850,408
TOTAL ASSETS	\$ 28,027,810	\$ 30,289,491	\$ 17,029,067	\$ 17,490,093	\$ 45,056,877	\$ 47,779,584
DEFERRED OUTFLOWS OF RESOURCES	\$ 452,627	\$ 667,787	\$ 61,722	\$ 92,253	\$ 514,349	\$ 760,040
LIABILITIES						
Current Liabilities	\$ 1,428,798	\$ 2,288,549	\$ 1,243,266	\$ 465,719	\$ 2,672,064	\$ 2,754,268
Noncurrent Liabilities	8,430,014	11,019,907	7,246,293	8,786,782	15,676,307	19,806,689
TOTAL LIABILITIES	\$ 9,858,812	\$ 13,308,456	\$ 8,489,559	\$ 9,252,501	\$ 18,348,371	\$ 22,560,957
DEFERRED INFLOWS OF RESOURCES	\$ 2,258,196	\$ 2,345,435	\$ 390	\$ -	\$ 2,258,586	\$ 2,345,435
NET POSITION						
Net investment in Capital Assets	\$ 18,074,686	\$ 17,123,759	\$ 7,515,288	\$ 5,572,827	\$ 25,589,974	\$ 22,696,586
Restricted	1,401,770	1,880,792	-	-	1,401,770	1,880,792
Unrestricted	(3,113,027)	(3,701,164)	1,085,552	2,757,018	(2,027,475)	(944,146)
TOTAL NET POSITION	\$ 16,363,429	\$ 15,303,387	\$ 8,600,840	\$ 8,329,845	\$ 24,964,269	\$ 23,633,232

**CITY OF LATHRUP VILLAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table illustrates the varying results of the governmental activities and business-type activities, which combine to capture the City's total net position, for the years ended June 30, 2023 and 2024.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	\$ 1,068,909	\$ 389,972	\$ 2,508,524	\$ 2,592,269	\$ 3,577,433	\$ 2,982,241
Grants and contributions	53,482	598,959	-	-	53,482	598,959
Capital grants and contributions	-	541,764	34,525	130,945		672,709
General revenues						
Property taxes	3,923,048	3,869,756	-	-	3,923,048	3,869,756
State shared revenue	1,141,350	526,916	-	-	1,141,350	526,916
Investment earnings	180,315	217,680	145,172	152,424	325,487	370,104
Miscellaneous	315,336	389,646	-	-	315,336	389,646
TOTAL REVENUES	6,682,440	6,534,693	2,688,221	2,875,638	9,336,136	9,410,331
EXPENSES						
General government	1,767,033	1,787,321	-	-	1,767,033	1,787,321
Public safety	2,328,123	2,393,353	-	-	2,328,123	2,393,353
Public works	1,394,717	629,339	-	-	1,394,717	629,339
Community development	-	-	-	-	-	-
Recreation and culture	2,300	26,710	-	-	2,300	26,710
Water and Sewer	-	-	2,417,226	2,423,281	2,417,226	2,423,281
Interest on long-term obligations	130,225	106,334	-	-	130,225	106,334
TOTAL EXPENSES	5,622,398	4,943,057	2,417,226	2,423,281	8,039,624	7,366,338
Change in net position	1,060,042	1,591,636	270,995	452,357	1,331,037	2,043,993
Net position - beginning	15,303,387	13,711,751	8,329,845	7,877,488	23,633,232	21,589,239
Net position - ending	<u>\$ 16,363,429</u>	<u>\$ 15,303,387</u>	<u>\$ 8,600,840</u>	<u>\$ 8,329,845</u>	<u>\$ 24,964,269</u>	<u>\$ 23,633,232</u>

Governmental Activities

The result of 2023/2024 governmental activity was an increase of \$1,060,042 in net position to \$16,363,429. Of the total governmental activities net position, \$18,074,686 is invested in capital assets less related debt, \$1,401,770 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the City government. The balance of (\$3,113,027) is listed as unrestricted, having no legal commitment.

Revenues

The three largest revenue categories were property taxes at 42%, charges for services at 38%, and state shared revenue at 12%. The City levied a property tax millage for the year ended June 30, 2024, for general government operations at 17.5618 mills, 2.6341 mills for refuse, 3.9307 for debt service, and 1.8823 mills for the DDA. Charges for services, which reimburse the City for specific activities, examples include items such as building and trade permits, room rental fees, police fees, recreation fees and contributions, and administrative charges.

**CITY OF LATHRUP VILLAGE
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Expenses

Public Safety is the largest governmental activity, expending approximately 29% of the governmental activities total on law enforcement, fire protection, and code enforcement. Water & Sewer is the second largest governmental activity, expended 30% of the governmental activities total. General government is the third largest area, expending approximately 22% of the governmental activities total.

Business-type Activities

Net position in business-type activities increased by \$270,995 during fiscal year 2023/2024. Of the business-type activities net position, \$7,515,288 is invested in capital assets net of related debt. The balance of \$1,085,552 is listed as unrestricted, having no legal commitment.

FINANCIAL ANALYSIS OF THE CITY’S MAJOR AND NONMAJOR FUNDS

As the City completed 2023/2024, its governmental funds reported *combined* fund balances of \$2,053,146. This is a net decrease of \$380,714. The net changes are summarized in the following chart:

	General Fund	Major Street Fund	Local Street Fund	Street Improvement Fund	Nonmajor Capital Acquisition	Total Governmental Funds
Fund Balance June 30, 2023	\$ 583,287	\$ 1,269,447	\$ 540,525	\$ -	\$ 40,601	\$ 2,433,860
Fund Balance June 30, 2024	\$ 745,602	\$ 894,492	\$ 321,392	\$ 74,367	\$ 17,293	\$ 2,053,146
Net Change	\$ 162,315	\$ (374,955)	\$ (219,133)	\$ 74,367	\$ (23,308)	\$ (380,714)

General Fund

The General Fund is the chief operating fund of the City. Unless otherwise required by statute, contractual agreement, or Council policy, all City revenues and expenditures are recorded in the General Fund. As of June 30, 2024, the General Fund reported a fund balance of \$745,602. This amount is a net increase of \$162,315 from the fund balance of \$583,287 reported as of June 30, 2023. The 2024/2025 original budget had called for a \$12,077 increase in fund balance.

The General Fund 2023/2024 revenues exceeded 2023/2024 expenditures by \$162,315 due to special assessments (sidewalk/ditch/culvert) revenue and interest earnings.

General Fund Budgetary Highlights

The City of Lathrup Village’s budget is a dynamic document. Although adopted in May (prior to the start of the year), the budget is routinely amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled \$5,203,844, which is \$146,248 more than the final amended budget.

**CITY OF LATHRUP VILLAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Actual City expenditures and other financing uses for 2023/2024 were \$11,223 more than the final budget. This was due to employee health insurance.

Enterprise Funds

As the City completed 2023/2024, its Water and Sewer fund reported *combined* net position of \$8,600,840. This is a net increase of \$270,995 resulting from current year operations. Of the entire net position, \$7,515,288 is invested in capital assets, net of related debt and \$1,085,552 is unrestricted. The net changes are summarized in the following chart.

	Water and Sewer
Net Position June 30, 2023	\$ 8,329,845
Net Position June 30, 2024	\$ 8,600,840
Net Change	\$ 270,995

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2023/2024, the City had invested \$36,922,503, net of accumulated depreciation, in a broad range of capital assets (see table below). Additional information related to capital assets is detailed in Note 6 of the Financial Statements.

	Governmental Activities	Business-type Activities	Totals
Land	\$ 299,678	\$ -	\$ 299,678
Construction in progress	-	2,090,463	2,090,463
Right of ways	12,402,720	-	12,402,720
Buildings, net	323,438	-	323,438
Utility system, net	-	12,164,138	12,164,138
Machinery and equipment, net	373,758	130,240	503,998
Infrastructure	9,138,068	-	9,138,068
Capital assets, net	<u>\$ 22,537,662</u>	<u>\$ 14,384,841</u>	<u>\$ 36,922,503</u>

Long-term Obligations - As of June 30, 2024, the City had \$11,487,351 in long-term obligations outstanding for the primary government. This level of net obligation is \$692,198 less than the obligation recorded as of June 30, 2023.

**CITY OF LATHRUP VILLAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OUTSTANDING DEBT AS OF JUNE 30, 2024

	Balance <u>June 30, 2023</u>	Additions	Deletions	Balance <u>June 30, 2024</u>
Primary Government				
Governmental activities				
Other debt	\$ 4,934,319	\$ -	\$ (487,415)	\$ 4,446,904
Direct borrowings and direct placements	21,431	-	(5,359)	16,072
Compensated absences	183,991	8,457	(43,255)	149,193
Business-type activities				
Other debt	5,837,683	-	(294,352)	5,543,331
Direct borrowings and direct placements	1,194,084	167,138	(35,000)	1,326,222
Compensated absences	8,041	3,486	(5,898)	5,629
	<u>\$ 12,179,549</u>	<u>\$ 179,081</u>	<u>\$ (871,279)</u>	<u>\$ 11,487,351</u>

A more detailed discussion of the City's long-term debt obligations is presented in Note 7 to the financial statements.

CITY OF LATHRUP VILLAGE'S GOVERNMENT ECONOMIC OUTLOOK

The City's budget for next year will require tough decisions by the City Council and the citizens of Lathrup Village, being mindful of our long-term obligations. There are several economic factors that will challenge the City. The challenges include inflation, potential cuts to personal property tax, health insurance increases, pension costs, potential prefunding of retiree health care (GASB Statement No. 45), our overall millage rate, and state laws limiting the growth in property taxes. The 1978 Headlee Amendment (Headlee) and Proposal A passed in 1993 both limit growth to the rate of inflation. Headlee requires a rollback in the overall millage rate if total property values grow at a rate higher than inflation, and Proposal A limits increases in individual property tax assessments to the rate of inflation. Previously, city residents approved a Headlee rollback in May 2010; however, the rollback expired, and the continued shortfalls in revenue have required the City to rely on its fund balances in previous years. This practice is not financially or fiscally responsible. A Headlee rollback will need to be considered by the City Council and voted on by the citizens to maintain or expand its level of services.

CONTACTING THE CITY

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of Lathrup Village's Finance Director at (248) 557-2600, ext. 227.

BASIC FINANCIAL STATEMENTS

**CITY OF LATHRUP VILLAGE
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash, cash equivalents, and investments	\$ 2,621,309	\$ 250,982	\$ 2,872,291	\$ 963,489
Cash, cash equivalents, and investments - restricted	174,781	1,215,587	1,390,368	-
Receivables, net	412,541	718,946	1,131,487	9,697
Leases receivable	2,395,830	-	2,395,830	-
Internal balances	(305,483)	305,483	-	-
Due from other governmental units	115,988	-	115,988	-
Due from primary government	-	-	-	46,106
Prepays	75,182	6,605	81,787	802
Total current assets	5,490,148	2,497,603	7,987,751	1,020,094
Noncurrent assets				
Cash on hand at the county	-	146,623	146,623	-
Capital assets not being depreciated	12,702,398	2,090,463	14,792,861	27,972
Capital assets being depreciated, net	9,835,264	12,294,378	22,129,642	438,596
Total noncurrent assets	22,537,662	14,531,464	37,069,126	466,568
TOTAL ASSETS	28,027,810	17,029,067	45,056,877	1,486,662
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	452,627	61,722	514,349	-
LIABILITIES				
Current liabilities				
Accounts payable	104,279	169,474	273,753	39,032
Accrued liabilities	532,520	46,659	579,179	9,895
Due to other governmental units	-	682,152	682,152	-
Due to component unit	46,106	-	46,106	-
Unearned revenue	219,529	-	219,529	-
Current portion of compensated absences	3,590	5,629	9,219	-
Current portion of long-term obligations	522,774	339,352	862,126	-
Total current liabilities	1,428,798	1,243,266	2,672,064	48,927
Noncurrent liabilities				
Noncurrent portion of compensated absences	145,603	-	145,603	-
Noncurrent portion of long-term obligations	3,940,202	6,530,201	10,470,403	-
Accrued interest	45,750	-	45,750	-
Net pension liability	2,304,734	314,281	2,619,015	-
Net OPEB liability	1,993,725	401,811	2,395,536	-
Total noncurrent liabilities	8,430,014	7,246,293	15,676,307	-
TOTAL LIABILITIES	9,858,812	8,489,559	18,348,371	48,927
DEFERRED INFLOWS OF RESOURCES				
Lease related	2,256,003	-	2,256,003	-
Deferred inflows related to OPEB	2,193	390	2,583	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,258,196	390	2,258,586	-
NET POSITION				
Net investment in capital assets	18,074,686	7,515,288	25,589,974	466,568
Restricted for:				
Roads and street improvements	1,268,987	-	1,268,987	-
Police forfeitures	4,326	-	4,326	-
Rubbish	99,840	-	99,840	-
Debt service	28,617	-	28,617	-
Unrestricted	(3,113,027)	1,085,552	(2,027,475)	971,167
TOTAL NET POSITION	\$ 16,363,429	\$ 8,600,840	\$ 24,964,269	\$ 1,437,735

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,767,033	\$ 474,882	\$ 20,425	\$ -	\$ (1,271,726)	\$ -	\$ (1,271,726)	\$ -
Public safety	2,328,123	25,524	-	-	(2,302,599)	-	(2,302,599)	-
Public works	1,394,717	568,503	33,057	-	(793,157)	-	(793,157)	-
Recreation and culture	2,300	-	-	-	(2,300)	-	(2,300)	-
Interest on long-term obligations	130,225	-	-	-	(130,225)	-	(130,225)	-
Total governmental activities	5,622,398	1,068,909	53,482	-	(4,500,007)	-	(4,500,007)	-
Business-type activities								
Water and Sewer	2,417,226	2,508,524	-	34,525	-	125,823	125,823	-
Total primary government	\$ 8,039,624	\$ 3,577,433	\$ 53,482	\$ 34,525	(4,500,007)	125,823	(4,374,184)	-
Component unit								
Downtown Development Authority	\$ 418,737	\$ 3,025	\$ -	\$ -	-	-	-	(415,712)
General revenues								
Property taxes					3,923,048	-	3,923,048	517,009
Intergovernmental					1,141,350	-	1,141,350	-
Investment earnings					180,315	145,172	325,487	49,625
Miscellaneous					315,336	-	315,336	3,120
Total general revenues					5,560,049	145,172	5,705,221	569,754
Change in net position					1,060,042	270,995	1,331,037	154,042
Net position, beginning of the year					15,303,387	8,329,845	23,633,232	1,283,693
Net position, end of the year					\$ 16,363,429	\$ 8,600,840	\$ 24,964,269	\$ 1,437,735

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General Fund	Major Street Fund	Local Street Fund	Street Improvement Bond Fund	Nonmajor Capital Acquisition Fund	Total Governmental Funds
ASSETS						
Cash, cash equivalents, and investments	\$ 1,459,230	\$ 824,790	\$ 319,996	\$ -	\$ 17,293	\$ 2,621,309
Cash, cash equivalents, and investments - restricted	99,840	-	-	74,941	-	174,781
Receivables						
Property taxes	6,032	-	-	-	-	6,032
Special assessments	225,424	-	53,141	-	-	278,565
Accounts	62,524	65,420	-	-	-	127,944
Leases receivable	2,395,830	-	-	-	-	2,395,830
Due from other governmental units	85,394	-	30,594	-	-	115,988
Due from other funds	194	17,430	250	-	-	17,874
Prepaid expenditures	75,144	19	19	-	-	75,182
TOTAL ASSETS	\$ 4,409,612	\$ 907,659	\$ 404,000	\$ 74,941	\$ 17,293	\$ 5,813,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 90,477	\$ 7,341	\$ 6,461	\$ -	\$ -	\$ 104,279
Accrued liabilities	532,006	257	257	-	-	532,520
Due to component unit	46,106	-	-	-	-	46,106
Due to other funds	294,465	5,569	22,749	574	-	323,357
Unearned revenue	219,529	-	-	-	-	219,529
TOTAL LIABILITIES	1,182,583	13,167	29,467	574	-	1,225,791
DEFERRED INFLOWS OF RESOURCES						
Lease related	2,256,003	-	-	-	-	2,256,003
Unavailable revenue - special assessments	225,424	-	53,141	-	-	278,565
TOTAL DEFERRED INFLOWS OF RESOURCES	2,481,427	-	53,141	-	-	2,534,568
FUND BALANCES						
Nonspendable						
Prepays	75,144	19	19	-	-	75,182
Restricted						
Roads and street improvements	-	894,473	321,373	-	-	1,215,846
Police forfeitures	4,326	-	-	-	-	4,326
Rubbish	99,840	-	-	-	-	99,840
Debt service	-	-	-	74,367	-	74,367
Assigned						
Capital projects	-	-	-	-	17,293	17,293
Unassigned	566,292	-	-	-	-	566,292
TOTAL FUND BALANCES	745,602	894,492	321,392	74,367	17,293	2,053,146
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,409,612	\$ 907,659	\$ 404,000	\$ 74,941	\$ 17,293	\$ 5,813,505

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balances - governmental funds \$ 2,053,146

Amounts reported for the 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 as assets in the governmental funds.

The cost of capital assets is	\$ 32,799,137	
Accumulated depreciation is	<u>(10,261,475)</u>	
Capital assets, net		22,537,662

Long-term receivables are not available to pay for current period expenditures and are therefore deferred inflows of resources in the funds. 278,565

Governmental funds report actual pension and OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability and net OPEB liability as of the measurement date. Resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension/OPEB plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	452,627	
Deferred inflows of resources related to OPEB	<u>(2,193)</u>	
		450,434

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Accrued interest payable	(45,750)	
Net other post-employment benefits (OPEB) liability	(1,993,725)	
Compensated absences	(149,193)	
Net pension liability	(2,304,734)	
Long-term obligations	<u>(4,462,976)</u>	
		<u>(8,956,378)</u>

Net position of governmental activities \$ 16,363,429

**CITY OF LATHRUP VILLAGE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	General Fund	Major Street Fund	Local Street Fund	Street Improvement Bond Fund	Nonmajor Capital Acquisition Fund	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,394,550	\$ -	\$ -	\$ 633,036	\$ -	\$ 4,027,586
Special assessments	369,377	-	-	-	-	369,377
Licenses and permits	149,763	-	-	-	-	149,763
Intergovernmental	562,911	408,044	223,877	-	-	1,194,832
Charges for services	193,796	-	-	-	-	193,796
Fines and forfeitures	83,068	-	-	-	-	83,068
Interest and rents	209,887	17,002	11,001	18,580	3,996	260,466
Other	240,193	-	-	-	-	240,193
TOTAL REVENUES	5,203,545	425,046	234,878	651,616	3,996	6,519,081
EXPENDITURES						
Current						
General government	1,752,027	-	-	-	-	1,752,027
Public safety	2,598,553	-	-	-	-	2,598,553
Public works	681,532	450,162	123,765	-	-	1,255,459
Recreation and culture	9,417	-	-	-	-	9,417
Debt service	-	-	-	577,249	-	577,249
Capital outlay	-	349,839	330,246	-	27,304	707,389
TOTAL EXPENDITURES	5,041,529	800,001	454,011	577,249	27,304	6,900,094
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	162,016	(374,955)	(219,133)	74,367	(23,308)	(381,013)
OTHER FINANCING SOURCES						
Proceeds from sale of asset	299	-	-	-	-	299
NET CHANGE IN FUND BALANCES	162,315	(374,955)	(219,133)	74,367	(23,308)	(380,714)
Fund balances, beginning of year	583,287	1,269,447	540,525	-	40,601	2,433,860
Fund balances, end of year	\$ 745,602	\$ 894,492	\$ 321,392	\$ 74,367	\$ 17,293	\$ 2,053,146

See accompanying notes to financial statements.

CITY OF LATHRUP VILLAGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ (380,714)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,393,599	
Depreciation expense	(936,961)	
Gain on disposal/reclassification of items	<u>1,515</u>	

Excess of capital outlay over depreciation expense and other capital-related items		458,153
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		163,060
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Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Principal retirement		380,359
Amortization of bond premium		112,415

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Change in accrued interest payable	(45,750)	
Change in other post-employment benefits liability	341,518	
Change in deferred inflows related to OPEB	1,241	
Change in deferred outflows related to OPEB	(11,216)	
Change in net pension liability	213,556	
Change in deferred outflows related to pensions	(207,378)	
Change in accrued compensated absences	<u>34,798</u>	

326,769

Change in net position of governmental activities **\$ 1,060,042**

**CITY OF LATHRUP VILLAGE
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2024**

	Business-type Activities
	Water and Sewer
ASSETS	
Current assets	
Cash, cash equivalents, and investments	\$ 250,982
Cash, cash equivalents, and investments - restricted	1,215,587
Accounts receivable	718,946
Due from other funds	305,565
Prepays	6,605
Total current assets	2,497,685
Noncurrent assets	
Cash on hand at the county	146,623
Capital assets not being depreciated	2,090,463
Capital assets being depreciated, net	12,294,378
Total noncurrent assets	14,531,464
TOTAL ASSETS	17,029,149
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	61,722
LIABILITIES	
Current liabilities	
Accounts payable	169,474
Due to other funds	82
Due to other governmental units	682,152
Accrued liabilities	46,659
Current portion of compensated absences	5,629
Current portion of long-term obligations	339,352
Total current liabilities	1,243,348
Noncurrent liabilities	
Noncurrent portion of long-term obligations	6,530,201
Net pension liability	314,281
Net OPEB liability	401,811
Total noncurrent liabilities	7,246,293
TOTAL LIABILITIES	8,489,641
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	390
NET POSITION	
Net investment in capital assets	7,515,288
Unrestricted	1,085,552
TOTAL NET POSITION	\$ 8,600,840

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2024**

	Business-type Activities
	Water and Sewer
OPERATING REVENUES	
Sale of water	\$ 719,283
Sewage disposal charges	1,329,069
Meter charge revenue	80,663
Industrial surcharge	36,967
Penalties and fees	69,485
Other	43,938
TOTAL OPERATING REVENUES	2,279,405
OPERATING EXPENSES	
Cost of water	270,151
Cost of sewage	1,074,726
Industrial surcharge	17,275
Other operating and maintenance costs	300,486
General and administrative	219,691
Depreciation	394,728
TOTAL OPERATING EXPENSES	2,277,057
OPERATING INCOME	2,348
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	145,172
Interest expense and fees	(140,169)
CIP debt service surcharge	229,119
TOTAL NONOPERATING REVENUES (EXPENSES)	234,122
INCOME BEFORE CAPITAL CONTRIBUTIONS	236,470
CAPITAL CONTRIBUTIONS	34,525
CHANGE IN NET POSITION	270,995
Net position, beginning of year	8,329,845
Net position, end of the year	\$ 8,600,840

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2024**

	Business-type Activities
	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 2,230,973
Cash paid to/for employees	(548,258)
Cash paid to suppliers/vendors	(1,233,677)
NET CASH PROVIDED BY OPERATING ACTIVITIES	449,038
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
(Payment) of interfund balances	(1,280,454)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of debt	167,138
Capital contributions	34,525
Capital asset acquisitions	(2,008,670)
Principal paid on long-term debt	(310,000)
Interest and fees paid on long-term debt	(159,521)
CIP debt service charge	229,119
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,047,409)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	145,172
NET DECREASE IN CASH, CASH EQUIVALENTS, AND INVESTMENTS	(2,733,653)
Cash, cash equivalents, and investments, end of year	4,346,845
Cash, cash equivalents, and investments, end of year	\$ 1,613,192
Classification of cash and cash equivalents	
Cash, cash equivalents, and investments	\$ 250,982
Cash, cash equivalents, and investments - restricted	1,215,587
Restricted assets - cash on hand at the county	146,623
	\$ 1,613,192

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS (continued)
 YEAR ENDED JUNE 30, 2024**

	Business-type Activities
	Water and Sewer
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 2,348
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	394,728
(Increase) decrease in:	
Accounts receivable	(48,432)
Deferred outflows related to pensions	28,280
Deferred outflows related to OPEB	2,251
Prepays	(6,605)
Increase (decrease) in:	
Accounts payable	(80,281)
Accrued liabilities	(3,000)
Due to other governmental units	515,847
Net pension liability	(29,122)
Other post-employment benefits liability	(324,954)
Compensated absences	(2,412)
Deferred inflows related to OPEB	390
	390
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 449,038

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2024**

	OPEB Trust Fund	Custodial Fund Current Tax Collection
ASSETS		
Investments	\$ 502,425	\$ -
NET POSITION		
Restricted for other postemployment benefits	\$ 502,425	\$ -

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024**

	OPEB Trust Fund	Custodial Fund Current Tax Collection
ADDITIONS		
Net investment income	\$ 42,312	\$ -
Employee contributions	212,573	-
Collection of taxes for other governments	-	10,547,719
TOTAL ADDITIONS	254,885	10,547,719
DEDUCTIONS		
Administrative expenses	904	-
Benefit payments including employee refunds	162,573	-
Payment of taxes collected for other governments	-	10,547,719
TOTAL DEDUCTIONS	163,477	10,547,719
NET CHANGE IN FIDUCIARY NET POSITION	91,408	-
Net position, beginning of year	411,017	-
Net position, end of year	\$ 502,425	\$ -

See accompanying notes to financial statements.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lathrup Village (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

The City is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America; these financial statements present the financial activities of the City of Lathrup Village (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended components, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Blended Component Unit

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

Discretely Presented Component Unit

These component units are reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for this entity or the nature and significance of the relationship between these entities and the City is such that exclusion of the entity would render the financial statements misleading. The financial statements contain the following discretely presented component unit:

Downtown Development Authority - The Downtown Development Authority (DDA) is reported within the component unit column in the financial statements. It is reported in a separate column to emphasize that it is legally separate from the City. The DDA was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA's governing body, which consists of eight individuals, is selected by the mayor with the City Council's approval. In addition, the Authority's budget is subject to approval by the City Council. The DDA does not issue separate financial statements.

Fiduciary Component Unit

The City of Lathrup Village OPEB plan is governed by the City Council. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the board, and the plan imposes a financial burden to the City.

Joint Ventures

The City is a part of two joint ventures. The government-wide financial statements do not reflect any financial interest in either entity as there is not a definable interest to recognize at this time. The joint ventures are as follows:

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Ventures (continued)

The City is a member of Southeastern Oakland County Resource Recovery Authority (the "Authority"), which consists of 12 municipalities in Oakland County. The Authority provides refuse disposal services for the benefit of member municipalities. The City appoints one member to the joint venture's governing board, which approves the annual budget. The participating communities provided annual funding for its operations. During the current year, the City expensed approximately \$390,000 related to payments to the Authority. The City is unaware of any circumstances that would cause any significant additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Authority can be obtained from the administrative offices at 3910 Webster, Royal Oak, MI 48073.

The City is a member of Southeastern Oakland County Water Authority (the "Water Authority"), which consists of 11 municipalities in Oakland County, Michigan. The City purchases water from the Water Authority. The City appoints one member to the joint venture's governing board, which approves the annual budget. The participating communities provide annual funding for its operations. During the current year, the City expensed approximately \$270,000 related to payments to the Water Authority. The City is unaware of any circumstances that would cause any significant additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Water Authority can be obtained from the administrative offices at 3910 Webster, Royal Oak, MI 48073.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients for goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

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

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

The City reports the following *Major Governmental Funds*:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources used to provide government services other than those specifically assigned to another fund. General fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.
- The *Major Street Fund* is a special revenue fund because it accounts for all financial resources received from the State of Michigan under Act 51 in order to provide maintenance and improvement activities for streets designated as major within the City.
- The *Local Street Fund* is a special revenue fund because it accounts for all financial resources received from the State of Michigan under Act 51 in order to provide maintenance and improvement activities for streets designated as local within the City.
- The *Street Improvement Bond Fund* is a debt service fund used to record the street improvement bond proceeds, the proceeds from the voter-approved bond millage, and payment of debt service interest and principal.

The City reports the following *Major Enterprise Fund*:

- The *Water and Sewer Fund* is used to account for the operations required to provide water and sewer services to citizens that are financed primarily by a user charge for the provision of those services.

The City also reports *Fiduciary Funds*, which include amounts held in a fiduciary capacity for others.

- The *Opeb Trust Fund* accumulates resources for future retiree health care payments to retirees.
- The *Custodial Fund* is the *Current Tax Collection Fund* and accounts for taxes collected and distributed to other governments.

Additionally, the City reports the following *Fund Types*:

- *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Measurement Focus

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus (continued)

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and unearned revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event occurred that compels the City to disburse fiduciary resources.

If/when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end; encumbrances are not included in expenditures. During the year, the budget was amended in a legally permissible manner.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level (i.e., the level at which expenditures may not legally exceed appropriations). The preceding schedules show the activity in more detail than the legal level of control. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once goods are delivered or the services rendered.

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

- On or before the third Monday in April, the City shall submit to the City Council a recommended budget covering the next fiscal year.
- A public hearing on the proposed budget shall be held before its final adoption at such time and place as the City Council shall direct.
- The budget shall be adopted no later than the third Monday in May of each year.
- The budget is adopted by department on an activity basis in the General Fund and in total in the special revenue funds. Subsequent amendments thereto shall be submitted from time to time by the city administrator for the consideration of the City Council.

The budgetary comparison schedule for the General Fund is presented on the same basis of accounting used in preparing the adopted budget.

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

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments consist of certificates of deposits with original maturities of greater than 90 days as well as Michigan CLASS funds.

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1955 PA 105, MCL 21.146.
- c. 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.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Cash, Cash Equivalents, and Investments (continued)

- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

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

The OPEB Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The OPEB Trust has designated one bank for deposit of its funds. The trust's deposits and investment policies are in accordance with statutory authority.

Receivables

Receivables consist of amounts due related to charges for services, property taxes, special assessments, leases,, and other amounts owed to the City at year-end.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for various payments and grants and accounts receivable for charges for services provided to local governmental units.

Prepaid Expenditures

Prepays consist of amounts paid in the current year that pertain to the following fiscal year. Nonspendable fund balances have been recorded in the applicable funds to indicate that prepaids are not currently available, spendable components of fund balance.

Leases

Lessor: The City is a lessor for two cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Leases (continued)

Key estimates and judgements include how the City determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

Land, construction in progress, and right of ways are not depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	5-80 years
Machinery, equipment, and vehicles	2-25 years
Infrastructure	10-50 years
Utility system	50 years

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Unearned Revenue

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts being received through exchange transactions prior to goods or services being provided. The City has one item related to funds received from the American Rescue Plan Act, which qualified for reporting in this category.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. City employees are also permitted to accumulate earned but unused sick leave. All vacation pay and 50% of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Compensated absences will be liquidated primarily by the general fund and water and sewer fund.

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

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

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Other Postemployment Benefits

The City offers retiree healthcare benefits to its employees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has several items that qualify for reporting in these categories. These items correspond the City's net pension and net other post-employment benefits liabilities and are related, when applicable, to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions subsequent to the measurement date. These amounts are deferred in the government-wide financial statements and are recognized as an outflow or inflow of resources in the period to which they apply. The City also reports unavailable revenues from leases recorded in government-wide and fund level. These amounts are long-term leases entered into by the City in which the City is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

The City also reports deferred inflows of resources which arise only under a modified accrual basis of accounting and which qualify for reporting in this category. Accordingly, unavailable revenue is reported only on the governmental funds balance sheet for revenues collected subsequent to 60 days after year end. The deferral in the current year is for taxes levied for subsequent periods, which is related to special assessment revenue and property taxes. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Flow Assumptions

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

Fund Balance Classification Policies and Procedures

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

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Classification Policies and Procedures (continued)

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

Net Position

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

Net Position Flow Assumption

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

Revenues and Expenditures/Expense

Property Tax

The City of Lathrup Village bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraphs:

Property taxes are levied by the City on July 1 and December 1 and are payable without penalty through September 15 and February 14, respectively. The July 1 levy is composed of the City's operating millage, refuse services, and debt service. The December 1 levy is composed of non-City millages and collections and remittances of all taxes are accounted for in the Current Tax Collection custodial fund. The City's 2023 property tax revenue was levied and collectible on July 1, 2023, when the proceeds of the levy are budgeted and available for the financing of operations.

The City is permitted by charter levy taxes up to 17.5618 mills (\$17.5618 per \$1,000 of taxable valuation) for general governmental services other than the payment of refuse and Debt Service Fund expenditures. The 2023 taxable valuation of the City totaled \$176,723,640 (a portion of which is abated and a portion of which is captured by the TIFA and DDA) on which taxes levied consisted of 17.5618 mills for operating purposes, 2.6341 mills for refuse services, 3.9307 mills for debt service, and 1.8823 for DDA operations.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expense (continued)

Proprietary Funds Operating Classification

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

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Tax Abatements

The City's tax revenues have been reduced by tax abatements. Management has determined these amounts to be immaterial to the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the City had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2024, \$3,965,708 of the City's bank balance of \$4,715,708 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure call deposits.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan CLASS Investment Pool	\$ 750,056	0.0810

One day maturity equals 0.0027, one year equals 1.00.

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.

Investment Type	Fair Value	Rating	Rating Agency
Michigan CLASS Investment Pool	\$ 750,056	AAAm	Standard & Poor's

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The City had no investments that were valued at fair value as of June 30, 2024.

Investments in Entities that Calculate Net Asset Value per Share

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

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The OPEB Trust Fund holds shares or interests in the MERS total market fund where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 750,056	\$ -	No restrictions	None
FIDUCIARY FUNDS				
MERS Total Market Portfolio	502,425	-	No restrictions	None
Total investments at NAV	<u>\$ 1,252,481</u>	<u>\$ -</u>		

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share (continued)

The deposits and investments referred to above have been reported in the cash and cash equivalents and investments captions on the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2024:

	Primary Government	Component Units	Fiduciary Funds	Total
Cash, cash equivalents, and investments	\$ 2,872,291	\$ 963,489	\$ -	\$ 3,835,780
Cash, cash equivalents, and investments - restricted	1,390,368	-	-	1,390,368
Investments	-	-	502,425	502,425
	<u>\$ 4,262,659</u>	<u>\$ 963,489</u>	<u>\$ 502,425</u>	<u>\$ 5,728,573</u>
Deposits				
Checking				\$ 4,075,649
Certificates of deposit				399,843
Petty cash				600
Michigan CLASS Investment Pool				750,056
MERS Total Market Portfolio				502,425
Total cash, cash equivalents, and investments				<u>\$ 5,728,573</u>

NOTE 3 - CASH AND CASH EQUIVALENTS - RESTRICTED

Certain revenues and resources in the government and proprietary fund types are classified as restricted on the balance sheet. The following summarizes the restricted cash and cash equivalents as of June 30, 2024:

	Refuse	Bond Proceeds	Total
Governmental Funds	\$ 99,840	\$ 74,941	\$ 174,781
Enterprise Funds	-	1,215,587	1,215,587
Total	<u>\$ 99,840</u>	<u>\$ 1,290,528</u>	<u>\$ 1,390,368</u>

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LEASE RECEIVABLES

Significant details regarding outstanding lease receivables are presented below:

Due in monthly installments that vary from \$3,347 to \$6,285 through March 2046, with imputed interest at 3.25%. The lease is for a tower owned by the City. The City recognized \$30,168 in lease revenue and \$34,992 in interest revenue during the fiscal year related to this lease. As of June 30, 2024, the City's receivable for lease payments was \$1,060,254. Also, the City has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 2024, the balance of the deferred inflow of resources was \$1,001,084. \$ 1,060,254

Due in monthly installments that vary from \$5,074 to \$6,800 through May 2053, with imputed interest at 3.25%. The lease is for a tower owned by the City. The City recognized \$20,281 in lease revenue and \$43,655 in interest revenue during the fiscal year related to this lease. As of June 30, 2024, the City's receivable for lease payments was \$1,335,576. Also, the City has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 2024, the balance of the deferred inflow of resources was \$1,254,919. 1,335,576

\$ 2,395,830

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2024, are as follows:

	General Fund	Major Street Fund	Local Street Fund	Site Improvement Bond Fund	Water and Sewer Fund	Total
Due to other funds:						
General Fund	\$ -	\$ 19	\$ 19	\$ 74	\$ 82	\$ 194
Major Street Fund	-	-	17,180	250	-	17,430
Local Street Fund	-	-	-	250	-	250
Water and Sewer Fund	294,465	5,550	5,550	-	-	305,565
Total	<u>\$ 294,465</u>	<u>\$ 5,569</u>	<u>\$ 22,749</u>	<u>\$ 574</u>	<u>\$ 82</u>	<u>\$ 323,439</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year result from the time lag of purchases and payments made between funds.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

Primary Government

	<u>Balance July 1, 2023</u>	<u>Additions/ Reclassification</u>	<u>Deletions/ Reclassification</u>	<u>Balance June 30, 2024</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 299,678	\$ -	\$ -	\$ 299,678
Construction in progress	5,567,082	557,336	(6,124,418)	-
Right of ways	<u>12,402,720</u>	<u>-</u>	<u>-</u>	<u>12,402,720</u>
Subtotal	<u>18,269,480</u>	<u>557,336</u>	<u>(6,124,418)</u>	<u>12,702,398</u>
Capital assets being depreciated				
Buildings and improvements	1,309,023	2,300	-	1,311,323
Machinery and equipment	2,126,157	37,195	(32,274)	2,131,078
Infrastructure	<u>9,733,152</u>	<u>6,921,186</u>	<u>-</u>	<u>16,654,338</u>
Subtotal	<u>13,168,332</u>	<u>6,960,681</u>	<u>(32,274)</u>	<u>20,096,739</u>
Less accumulated depreciation for:				
Buildings and improvements	(962,902)	(24,983)	-	(987,885)
Machinery and equipment	(1,669,032)	(122,077)	33,789	(1,757,320)
Infrastructure	<u>(6,726,369)</u>	<u>(789,901)</u>	<u>-</u>	<u>(7,516,270)</u>
Subtotal	<u>(9,358,303)</u>	<u>(936,961)</u>	<u>33,789</u>	<u>(10,261,475)</u>
Net capital assets being depreciated	<u>3,810,029</u>	<u>6,023,720</u>	<u>1,515</u>	<u>9,835,264</u>
Capital assets, net	<u>\$ 22,079,509</u>	<u>\$ 6,581,056</u>	<u>\$ (6,122,903)</u>	<u>\$ 22,537,662</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 46,613
Public safety	63,838
Public works	816,661
Recreation and culture	<u>9,849</u>
 Total depreciation expense	 <u>\$ 936,961</u>

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance <u>July 1, 2023</u>	Additions	Deletions	Balance <u>June 30, 2024</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 1,088,247	\$ 1,002,216	\$ -	\$ 2,090,463
Capital assets being depreciated				
Utility system	19,630,733	938,016	-	20,568,749
Machinery and equipment	564,704	68,438	-	633,142
Vehicles	69,487	-	-	69,487
Subtotal	<u>20,264,924</u>	<u>1,006,454</u>	<u>-</u>	<u>21,271,378</u>
Less accumulated depreciation for:				
Utility system	(8,025,317)	(379,294)	-	(8,404,611)
Machinery and equipment	(487,468)	(15,434)	-	(502,902)
Vehicles	(69,487)	-	-	(69,487)
Subtotal	<u>(8,582,272)</u>	<u>(394,728)</u>	<u>-</u>	<u>(8,977,000)</u>
Net capital assets being depreciated	<u>11,682,652</u>	<u>611,726</u>	<u>-</u>	<u>12,294,378</u>
Capital assets, net	<u>\$ 12,770,899</u>	<u>\$ 1,613,942</u>	<u>\$ -</u>	<u>\$ 14,384,841</u>

Discretely Presented Component Units

	Balance <u>July 1, 2023</u>	Additions	Deletions	Balance <u>June 30, 2024</u>
Downtown Development Authority				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 27,972	\$ -	\$ 27,972
Capital assets being depreciated				
Infrastructure	360,290	280,656	-	640,946
Furniture and equipment	25,243	50,189	-	75,432
Subtotal	<u>385,533</u>	<u>330,845</u>	<u>-</u>	<u>716,378</u>
Less accumulated depreciation for:				
Infrastructure	(208,825)	(41,138)	-	(249,963)
Furniture and equipment	(20,191)	(7,628)	-	(27,819)
Subtotal	<u>(229,016)</u>	<u>(48,766)</u>	<u>-</u>	<u>(277,782)</u>
Net capital assets being depreciated	<u>156,517</u>	<u>282,079</u>	<u>-</u>	<u>438,596</u>
Capital assets, net	<u>\$ 156,517</u>	<u>\$ 310,051</u>	<u>\$ -</u>	<u>\$ 466,568</u>

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended June 30, 2024:

	Amount of Issue	Interest Rate Ranges	Principal Maturity Ranges	Balance Jul 1, 2023	Additions	Deletions	Balance Jun 30, 2024	Due within 1 year
Governmental Activities								
Direct borrowings and direct placements								
Michigan Suburbs Alliance Loan - Energy efficiency and renewable energy projects, maturing in 2027	\$ 80,380	N/A	\$5,359	\$ 21,431	\$ -	\$ (5,359)	\$ 16,072	\$ 5,359
Other debt								
2021 General Obligation Bond, maturing in 2031	4,720,000	5.00%	\$405,000 - \$655,000	4,035,000	-	(375,000)	3,660,000	405,000
Unamortized bond premiums				899,319	-	(112,415)	786,904	112,415
Total bonds and contracts payable				4,955,750	-	(492,774)	4,462,976	522,774
Other long-term obligations								
Compensated absences				183,991	8,457	(43,255)	149,193	3,590
Total governmental activities				<u>\$ 5,139,741</u>	<u>\$ 8,457</u>	<u>\$ (536,029)</u>	<u>\$ 4,612,169</u>	<u>\$ 526,364</u>
Business-type Activities								
Direct borrowings and direct placements								
State Revolving Fund Obligation, maturing in 2028	\$ 626,570	N/A	\$35,000-\$42,142	\$ 272,142	\$ -	\$ (35,000)	\$ 237,142	\$ 35,000
Evergreen-Farmington Saintry Drain Drainage District - Bond Series 2023 - CWSRF #5834-01	3,512,345	1.88%	\$146,118 - \$208,717	921,942	167,138	-	1,089,080	-
Total direct borrowings and direct placements				1,194,084	167,138	(35,000)	1,326,222	35,000
Other debt								
2007 General Obligation Bond, maturing in 2027	995,000	4.75%	\$70,000 - \$75,000	290,000	-	(70,000)	220,000	70,000
2021 Capital Improvement Bond, maturing in 2042	5,380,000	2.00% - 5.00%	\$215,000 - \$350,000	5,180,000	-	(205,000)	4,975,000	215,000
Total other debt				5,470,000	-	(275,000)	5,195,000	285,000
Unamortized bond premiums				367,683	-	(19,352)	348,331	19,352
Total bonds and contracts payable				7,031,767	167,138	(329,352)	6,869,553	339,352
Other long-term obligations								
Compensated absences				8,041	3,486	(5,898)	5,629	5,629
Total business-type activities				<u>\$ 7,039,808</u>	<u>\$ 170,624</u>	<u>\$ (335,250)</u>	<u>\$ 6,875,182</u>	<u>\$ 344,981</u>

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

The City's outstanding notes from direct borrowings and direct placements related to governmental and business-type activities of \$16,072 and \$1,326,222, respectively, 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.

The annual requirements to pay the debt principal and interest outstanding for bonds are as follows:

Governmental Activities				
June 30,	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 405,000	\$ 183,000	\$ 5,359	\$ -
2026	440,000	162,750	5,359	-
2027	480,000	140,750	5,354	-
2028	515,000	116,750	-	-
2029	560,000	91,000	-	-
2030-2034	1,260,000	95,750	-	-
	<u>\$ 3,660,000</u>	<u>\$ 790,000</u>	<u>\$ 16,072</u>	<u>\$ -</u>
Business-type Activities				
June 30,	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 285,000	\$ 144,601	\$ 35,000	\$ 26,348
2026	295,000	130,282	40,000	25,474
2027	300,000	115,594	40,000	24,474
2028	230,000	102,438	186,118	22,104
2029	240,000	90,688	188,922	18,338
2030-2034	1,310,000	326,565	836,182	39,126
2035-2039	1,515,000	181,640	-	-
2040-2042	1,020,000	32,095	-	-
	<u>\$ 5,195,000</u>	<u>\$ 1,123,903</u>	<u>\$ 1,326,222</u>	<u>\$ 155,864</u>

The City entered into an agreement with the drainage board for the Evergreen-Farmington Sanitary Drain Drainage District to allow for the issuance of bonds to finance increasing outlet capacity as part of a corrective action plan submitted to the State of Michigan on behalf of the 15 Oakland County municipalities served by the Evergreen-Farmington Sewage Disposal System. The Evergreen-Farmington Sanitary Drain Drainage District Bonds, Series 2023, were issued in the amount of \$121,070,000, with \$12,107,000 of the bonds anticipated to be forgiven. The City will be responsible for 3.22343 percent of the debt service payments associated with this issuance. As of June 30, 2024, the total balance drawn on these bonds is \$33,786,363, of which \$1,089,080 will be the responsibility of the City. The bonds bear interest at 1.875 percent, and principal payments commence in October 2027.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RETIREMENT 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 the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's 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 MERS website at www.mersofmich.com.

Summary of Significant Accounting Policies

For the 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) of Michigan 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.

Benefits Provided

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

The MERS plan covers general employees, police employees, and department heads. The plan is closed to new hired employees.

Retirement benefits for general employees and nonunion employees hired before January 1, 2008, are calculated as 2.5 percent (80 percent max) of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 10 years.

Retirement benefits for police employees are calculated as 2.5 percent (80 percent max) of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 10 years.

Retirement benefits for nonunion employees hired after January 1, 2008, are calculated as 2.0 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 10 years.

Retirement benefits for patrol employees are calculated as 2.8 percent (80 percent max) of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 10 years.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

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

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RETIREMENT PLAN (continued)

At the December 31, 2023, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>2</u>
Total employees covered	<u><u>28</u></u>

Contributions

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

Employee contributions range from 3.00% to 6.98% based on annual payroll.

Payable to the Pension Plan

At June 30, 2024, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2024.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2023, 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, 2023, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 3.00% plus merit and longevity, 3.00% in the long-term.

Investment Rate of Return: 7.18%, net of investment and administrative expense including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3.00 - 4.00%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

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

Projected Cash Flows

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.

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 geographic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Total Allocation Gross Rate of Return</u>	<u>Expected Long-term Real Rate of Return</u>
Global Equity	60.00%	4.20%	2.63%
Global Fixed Income	20.00%	0.90%	0.40%
Private Investments	<u>20.00%</u>	1.90%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.18%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. 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. 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 LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RETIREMENT PLAN (continued)

Change in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at July 1, 2023	\$ 8,986,549	\$ 6,124,856	\$ 2,861,693
Changes for the year			
Service cost	33,370	-	33,370
Interest on total pension liability	627,904	-	627,904
Difference between expected and actual experience	19,035	-	19,035
Changes in assumptions	55,168	-	55,168
Employer contributions	-	292,272	(292,272)
Employee contributions	-	22,442	(22,442)
Net investment income	-	677,538	(677,538)
Benefit payments, including employee refunds	(684,942)	(684,942)	-
Administrative expense	-	(14,097)	14,097
Net changes	50,535	293,213	(242,678)
Balances at June 30, 2024	\$ 9,037,084	\$ 6,418,069	\$ 2,619,015

The governmental activities and business-type activities share of the net pension liability were \$2,304,734 and \$314,281, respectively.

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

The following presents the Net Pension Liability of the employer, calculated using the discount rates of 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 3,477,361	\$ 2,619,015	\$ 1,883,993

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RETIREMENT PLAN (continued)

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

For the year ended June 30, 2024, the City recognized pension expense of \$279,849. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 370,913	\$ -
Contributions subsequent to the measurement date*	143,436	-
Total	\$ 514,349	\$ -

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2025.

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

Year Ending June 30,	Pension Expense
2025	\$ 62,051
2026	138,652
2027	216,976
2028	(46,766)
	\$ 370,913

Changes in Assumptions

Change in discount rate from 7.25% to 7.18%.

Changes in Benefits

There were no changes of benefit terms during plan year 2023.

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Lathrup Village Retiree Healthcare Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the City of Lathrup Village. Benefit provisions are established by the City Council. The plan does not issue separate stand-alone financial statements.

Summary of Plan Participants

At the July 1, 2023, valuation date with a roll forward measurement date to June 30, 2024, the following employees were covered by the benefit terms:

Eligible retirees/Non-active employees	20
Active employees	<u>2</u>
Total employees covered	<u><u>22</u></u>

Benefits Provided

The City provides medical and pharmacy benefits for eligible retirees and their spouses. Benefits are provided through fully insured plans administered by Blue Cross Blue Shield of Michigan. The plan is closed to new administrative employees hired prior to July 1, 2013 and police employees hired prior to January 1, 2008.

Net OPEB Liability

The City has chosen to use the June 30, 2024 measurement date as its measurement date for the net OPEB liability. The June 30, 2024 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2024 measurement date. The June 30, 2024 measurement date total OPEB liability was determined by an actuarial valuation performed as of July 1, 2023 and was rolled forward to the measurement dated as of June 30, 2024.

Contributions

Retirees health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2024, the City made payments for postemployment health benefit premiums of \$212,573.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll
- Discount Rate: 5.66%
- Annual Wage Increases: 2.00%
- Price Inflation: 2.50%
- Investment Rate of Return: 7.00%

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Healthcare Trend Rate:	
Current year trend	7.25%
Ultimate trend	4.50%
Year ultimate trend is reached:	2036 and later years

Mortality Assumptions: Pub-2010 mortality tables using scale MP-2021.

Change in Net OPEB Liability

The change in the net OPEB liability for the year ended June 30, 2024 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at July 1, 2023	\$ 3,473,025	\$ 411,017	\$ 3,062,008
Changes for the year			
Service cost	5,755	-	5,755
Interest on total pension liability	174,118	-	174,118
Difference between expected and actual experience	(213,636)	-	(213,636)
Changes in assumptions	(378,728)	-	(378,728)
Employer contributions	-	212,573	(212,573)
Net investment income	-	42,312	(42,312)
Benefit payments, including employee refunds	(162,573)	(162,573)	-
Administrative expense	-	(904)	904
Net changes	(575,064)	91,408	(666,472)
Balances at June 30, 2024	\$ 2,897,961	\$ 502,425	\$ 2,395,536

The governmental activities and business-type activities share of the net OPEB liability were \$1,993,725 and \$401,811, respectively.

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

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 a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 2,729,811	\$ 2,395,536	\$ 2,119,117

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 cost trends rates that are 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 2,089,858	\$ 2,395,536	\$ 2,760,628

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

For the year ended June 30, 2024, the City recognized OPEB benefit of \$441,284. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ (2,583)

Changes in Benefit Terms: No changes in benefit terms during plan year 2024.

Changes in Assumptions:

- Discount rate was decreased from 5.81% to 5.66%.
- Per-capita premiums were updated to reflect experience.

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

Year Ending June 30,	OPEB Expense
2025	\$ 790
2026	2,876
2027	(3,886)
2028	(2,363)
	\$ (2,583)

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN

The City provides additional pension benefits to all full-time employees hired after July 1, 2013 through a defined contribution plan administered by MERS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Under the plan, all employees contribute five percent of gross earnings to the plan, and the City matches their contributions at a rate of eight percent for police employees and five percent for all other employees. In accordance with these provisions, the City contributed \$81,589 for the year ended June 30, 2024.

NOTE 11 - RETIREMENT HEALTH CARE SAVINGS PLAN

The City provides additional other postemployment benefits to all full-time employees hired after July 1, 2008 through a retiree health care savings plan administered by ICMA - Meritain Health. Under the plan, there are no employee contributions, and the City contributes 2 percent of employees' base salaries into eligible employees' health savings accounts for retirement health care. Contributions to the health savings accounts by the City were \$31,914 for the year ended June 30, 2024.

NOTE 12 - RISK MANAGEMENT

The City participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a State pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

NOTE 13 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

In accordance with the Michigan Public Act 245 of 1999, the City is required to maintain a separate accounting of revenues and expenditures related to the building department functions.

The City has elected to report the financial activities of the code enforcement department in the General Fund. The following is the required information as it relates to this department for the year ended June 30, 2024:

Deficit at June 30, 2023	\$	(363,604)
Construction code revenue		149,892
Related expenditures - direct costs		(139,871)
Estimated indirect costs		<u>(60,758)</u>
Deficit at June 30, 2024	\$	<u><u>(414,341)</u></u>

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

**CITY OF LATHRUP VILLAGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LATHRUP VILLAGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
REVENUES				
Property taxes	\$ 3,601,695	\$ 3,448,877	\$ 3,394,550	\$ (54,327)
Special assessments	250,000	221,735	369,377	147,642
Licenses and permits	123,500	142,422	149,763	7,341
Intergovernmental	502,818	548,046	562,911	14,865
Charges for services	259,400	189,291	193,796	4,505
Fines and forfeitures	70,000	75,000	83,068	8,068
Interest and rents	99,917	227,345	209,887	(17,458)
Other	182,889	204,581	240,193	35,612
TOTAL REVENUES	<u>5,090,219</u>	<u>5,057,297</u>	<u>5,203,545</u>	<u>146,248</u>
EXPENDITURES				
Current				
General government				
Government services	606,050	727,787	707,352	20,435
Administration	898,503	856,500	902,185	(45,685)
Buildings and grounds	127,859	142,859	142,490	369
Total general government	<u>1,632,412</u>	<u>1,727,146</u>	<u>1,752,027</u>	<u>(24,881)</u>
Public safety	<u>2,559,061</u>	<u>2,613,766</u>	<u>2,598,553</u>	<u>15,213</u>
Public works	<u>870,784</u>	<u>669,309</u>	<u>681,532</u>	<u>(12,223)</u>
Recreation and cultural	<u>23,250</u>	<u>20,085</u>	<u>9,417</u>	<u>10,668</u>
TOTAL EXPENDITURES	<u>5,085,507</u>	<u>5,030,306</u>	<u>5,041,529</u>	<u>(11,223)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,712</u>	<u>26,991</u>	<u>162,016</u>	<u>135,025</u>
OTHER FINANCING SOURCES				
Proceeds from sale of asset	<u>-</u>	<u>299</u>	<u>299</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4,712	27,290	162,315	135,025
Fund balance, beginning of year	<u>583,287</u>	<u>583,287</u>	<u>583,287</u>	<u>-</u>
Fund balance, end of year	<u>\$ 587,999</u>	<u>\$ 610,577</u>	<u>\$ 745,602</u>	<u>\$ 135,025</u>

**CITY OF LATHRUP VILLAGE
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 404,143	\$ 404,143	\$ 408,044	\$ 3,901
Interest and rents	600	-	17,002	17,002
TOTAL REVENUES	<u>404,743</u>	<u>404,143</u>	<u>425,046</u>	<u>20,903</u>
EXPENDITURES				
Current				
Public works	270,933	445,800	450,162	(4,362)
Capital outlay	<u>300,000</u>	<u>352,400</u>	<u>349,839</u>	<u>2,561</u>
TOTAL EXPENDITURES	<u>570,933</u>	<u>798,200</u>	<u>800,001</u>	<u>(1,801)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(166,190)</u>	<u>(394,057)</u>	<u>(374,955)</u>	<u>19,102</u>
OTHER FINANCING SOURCES				
Transfer in	<u>300,000</u>	-	-	-
NET CHANGE IN FUND BALANCE	133,810	(394,057)	(374,955)	19,102
Fund balance, beginning of year	<u>1,269,447</u>	<u>1,269,447</u>	<u>1,269,447</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,403,257</u>	<u>\$ 875,390</u>	<u>\$ 894,492</u>	<u>\$ 19,102</u>

**CITY OF LATHRUP VILLAGE
LOCAL STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES				
Intergovernmental	\$ 205,185	\$ 214,685	\$ 223,877	\$ 9,192
Interest and rents	600	-	11,001	11,001
TOTAL REVENUES	<u>205,785</u>	<u>214,685</u>	<u>234,878</u>	<u>20,193</u>
EXPENDITURES				
Current				
Public works	346,693	140,044	123,765	16,279
Capital outlay	<u>300,000</u>	<u>325,000</u>	<u>330,246</u>	<u>(5,246)</u>
TOTAL EXPENDITURES	<u>646,693</u>	<u>465,044</u>	<u>454,011</u>	<u>11,033</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(440,908)</u>	<u>(250,359)</u>	<u>(219,133)</u>	<u>31,226</u>
OTHER FINANCING SOURCES				
Transfer in	<u>300,000</u>	-	-	-
NET CHANGE IN FUND BALANCE	(140,908)	(250,359)	(219,133)	31,226
Fund balance, beginning of year	<u>540,525</u>	<u>540,525</u>	<u>540,525</u>	<u>-</u>
Fund balance, end of year	<u>\$ 399,617</u>	<u>\$ 290,166</u>	<u>\$ 321,392</u>	<u>\$ 31,226</u>

**CITY OF LATHRUP VILLAGE
RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT DATES
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes in Total Pension Liability										
Service cost	\$ 33,370	\$ 58,960	\$ 56,707	\$ 58,205	\$ 59,127	\$ 61,401	\$ 65,460	\$ 82,950	\$ 84,814	\$ 102,340
Interest	627,904	610,178	615,604	610,908	623,086	623,735	637,504	612,822	588,230	576,312
Difference between expected and actual experience	19,035	272,856	22,665	(263,611)	(83,540)	(73,176)	(211,835)	252,035	29,891	-
Changes of assumptions	55,168	-	270,517	267,386	264,344	-	-	-	377,460	-
Benefit payments including employee refunds	(684,942)	(684,405)	(616,440)	(604,252)	(621,481)	(616,381)	(612,152)	(554,952)	(543,571)	(507,237)
Other	-	-	-	-	-	-	(93,953)	-	-	-
Net Change in Total Pension Liability	50,535	257,589	349,053	68,636	241,536	(4,421)	(214,976)	392,855	536,824	171,415
Total Pension Liability, beginning	8,986,549	8,728,960	8,379,907	8,311,271	8,069,735	8,074,156	8,289,132	7,896,277	7,359,453	7,188,038
Total Pension Liability, ending	<u>\$ 9,037,084</u>	<u>\$ 8,986,549</u>	<u>\$ 8,728,960</u>	<u>\$ 8,379,907</u>	<u>\$ 8,311,271</u>	<u>\$ 8,069,735</u>	<u>\$ 8,074,156</u>	<u>\$ 8,289,132</u>	<u>\$ 7,896,277</u>	<u>\$ 7,359,453</u>
Changes in Plan Fiduciary Net Position										
Contributions - employer	292,272	\$ 294,918	\$ 258,690	\$ 211,512	\$ 199,230	\$ 157,170	\$ 100,914	\$ 74,706	\$ 64,182	\$ 53,795
Contributions - employee	22,442	26,948	28,427	29,489	30,089	31,517	38,023	135,489	49,191	61,176
Net investment income (loss)	677,538	(802,841)	891,818	846,102	784,097	(244,887)	809,627	671,396	(94,420)	409,055
Benefit payments including employee refunds	(684,942)	(684,405)	(616,440)	(604,252)	(621,481)	(616,381)	(612,152)	(554,952)	(543,571)	(507,237)
Administrative expense	(14,097)	(13,156)	(10,587)	(12,378)	(13,498)	(12,458)	(12,866)	(13,283)	(14,080)	(14,946)
Other	-	-	-	-	-	-	(93,953)	-	-	-
Net Change in Plan Fiduciary Net Position	293,213	(1,178,536)	551,908	470,473	378,437	(685,039)	229,593	313,356	(538,698)	1,843
Plan Fiduciary Net Position, beginning	6,124,856	7,303,392	6,751,484	6,281,011	5,902,574	6,587,613	6,358,020	6,044,664	6,583,362	6,581,519
Plan Fiduciary Net Position, ending	<u>\$ 6,418,069</u>	<u>\$ 6,124,856</u>	<u>\$ 7,303,392</u>	<u>\$ 6,751,484</u>	<u>\$ 6,281,011</u>	<u>\$ 5,902,574</u>	<u>\$ 6,587,613</u>	<u>\$ 6,358,020</u>	<u>\$ 6,044,664</u>	<u>\$ 6,583,362</u>
Employer's Net Pension Liability	<u>\$ 2,619,015</u>	<u>\$ 2,861,693</u>	<u>\$ 1,425,568</u>	<u>\$ 1,628,423</u>	<u>\$ 2,030,260</u>	<u>\$ 2,167,161</u>	<u>\$ 1,486,543</u>	<u>\$ 1,931,112</u>	<u>\$ 1,851,613</u>	<u>\$ 776,091</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.02%	68.16%	83.67%	80.57%	75.57%	73.14%	81.59%	76.70%	76.55%	89.45%
Covered Payroll	\$ 309,205	\$ 366,011	\$ 385,192	\$ 447,808	\$ 457,801	\$ 477,215	\$ 504,653	\$ 647,096	\$ 723,381	\$ 877,424
Employer's Net Pension Liability as a percentage of covered payroll	847.02%	781.86%	370.09%	363.64%	443.48%	454.13%	294.57%	298.43%	255.97%	88.45%

**CITY OF LATHRUP VILLAGE
RETIREMENT SYSTEM
SCHEDULE OF EMPLOYERS PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 286,872	\$ 297,672	\$ 292,164	\$ 225,216	\$ 197,808	\$ 200,652	\$ 113,688	\$ 88,140	\$ 64,182	\$ 67,092
Contributions in relation to the actuarially determined contribution	<u>286,872</u>	<u>297,672</u>	<u>292,164</u>	<u>225,216</u>	<u>197,808</u>	<u>200,652</u>	<u>113,688</u>	<u>88,140</u>	<u>64,182</u>	<u>67,082</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10)</u>
Covered payroll	\$ 309,205	\$ 322,968	\$ 321,064	\$ 461,803	\$ 457,801	\$ 477,215	\$ 504,653	\$ 647,096	\$ 723,381	\$ 877,424
Contributions as a percentage of covered payroll	92.78%	92.17%	91.00%	48.77%	43.21%	42.05%	22.53%	13.62%	8.87%	7.65%

CITY OF LATHRUP VILLAGE
RETIRED EMPLOYEES' HEALTH CARE BENEFITS
SCHEDULE OF CHANGES IN CITY'S NET OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2024	2023	2022	2021	2020	2019	2018
Changes in Total OPEB Liability							
Service cost	\$ 5,755	\$ 7,977	\$ 16,282	\$ 80,712	\$ 64,528	\$ 53,004	\$ 58,875
Interest	174,118	183,331	135,804	184,803	205,246	194,817	180,037
Difference between actual and expected experience	(213,636)	(9,780)	(141,665)	(48,359)	123,103	-	-
Change in Assumptions	(378,728)	(339,497)	(2,809,918)	(299,252)	688,405	307,745	(280,471)
Benefit payments including employee refunds	(162,573)	(189,703)	(161,023)	(136,024)	(147,716)	(167,338)	(177,091)
Net Change in Total OPEB Liability	(575,064)	(347,672)	(2,960,520)	(218,120)	933,566	388,228	(218,650)
Total OPEB Liability - beginning	3,473,025	3,820,697	6,781,217	6,999,337	6,065,771	5,677,543	5,896,193
Total OPEB Liability - ending	<u>\$ 2,897,961</u>	<u>\$ 3,473,025</u>	<u>\$ 3,820,697</u>	<u>\$ 6,781,217</u>	<u>\$ 6,999,337</u>	<u>\$ 6,065,771</u>	<u>\$ 5,677,543</u>
Changes in Plan Fiduciary Net Position							
Contributions-employer	\$ 212,573	\$ 239,703	\$ 311,023	\$ 336,024	\$ -	\$ -	\$ -
Net investment income	42,312	25,334	(26,190)	13,080	-	-	-
Benefit payments including employee refunds	(162,573)	(189,703)	(161,023)	(136,024)	-	-	-
Administrative expense	(904)	(637)	(469)	(101)	-	-	-
Net Change in Plan Fiduciary Net Position	91,408	74,697	123,341	212,979	-	-	-
Plan Fiduciary Net Position - beginning	411,017	336,320	212,979	-	-	-	-
Plan Fiduciary Net Position - ending	<u>\$ 502,425</u>	<u>\$ 411,017</u>	<u>\$ 336,320</u>	<u>\$ 212,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Net OPEB Liability	<u>\$ 2,395,536</u>	<u>\$ 3,062,008</u>	<u>\$ 3,484,377</u>	<u>\$ 6,568,238</u>	<u>\$ 6,999,337</u>	<u>\$ 6,065,771</u>	<u>\$ 5,677,543</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	17.34%	11.83%	8.80%	3.14%	0.00%	0.00%	0.00%
Covered Payroll	\$ 172,200	\$ 204,228	\$ 264,171	\$ 340,772	\$ 340,935	\$ 311,227	\$ 316,913
Employer's Net OPEB Liability as a percentage of covered payroll	1391.14%	1499.31%	1318.99%	1927.46%	2052.98%	1948.99%	1791.51%

**CITY OF LATHRUP VILLAGE
 RETIRED EMPLOYEES' HEALTH CARE BENEFITS
 SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
 LAST TEN FISCAL YEARS
 (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 189,867	\$ 238,079	\$ 240,805	\$ 409,275	\$ 407,962	\$ 200,426	\$ 181,840	\$ 288,836	\$ 288,836	\$ 259,097
Contributions in relation to the actuarially determined contribution	<u>212,573</u>	<u>239,703</u>	<u>311,023</u>	<u>336,024</u>	<u>147,716</u>	<u>167,338</u>	<u>177,091</u>	<u>143,679</u>	<u>138,020</u>	<u>165,208</u>
Contribution excess (deficiency)	<u>\$ 22,706</u>	<u>\$ 1,624</u>	<u>\$ 70,218</u>	<u>\$ (73,251)</u>	<u>\$ (260,246)</u>	<u>\$ (33,088)</u>	<u>\$ (4,749)</u>	<u>\$ (145,157)</u>	<u>\$ (150,816)</u>	<u>\$ (93,889)</u>
Covered Payroll	\$ 172,200	\$ 204,228	\$ 264,171	\$ 340,772	\$ 340,935	\$ 311,227	\$ 316,913	\$ 723,381	\$ 723,381	\$ 877,424
Contributions as a percentage of covered payroll	123.45%	117.37%	117.74%	98.61%	43.33%	53.77%	55.88%	19.86%	19.08%	18.83%

**CITY OF LATHRUP VILLAGE
RETIRED EMPLOYEES' HEALTH CARE BENEFITS
SCHEDULE OF OPEB INVESTMENT RETURNS
LAST FOUR FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	Annual Money-weighted Rate of Return - Net of <u>Investment Expense</u>
2024	10.21%
2023	7.45%
2022	(9.90)%
2021	25.11%

Note: the OPEB Trust Fund was established during the fiscal year ended June 30, 2021. As a result, full ten-year information is not available. This schedule is being build prospectively.

**CITY OF LATHRUP VILLAGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 2 - OTHER POST-EMPLOYMENT BENEFIT PLAN (continued)

Actuarial Assumptions (continued)

Mortality Assumptions: Pub-2010 mortality tables using scale MP-2021.

NOTE 3 - BUDGET APPROPRIATIONS

In required supplementary information to the financial statements, the City's budgeted expenditures in the General Fund and major special revenue funds have been shown at the functional classification level. The approved budgets of the City have been adopted at the activity level for the General Fund and total expenditures for the major special revenue funds.

During the year ended June 30, 2024, the City incurred expenditures in excess of the amounts appropriated in various funds as follows:

	Amounts Appropriated	Amounts Expended	Variance
General Fund			
Current			
General government			
Administration	\$ 856,500	\$ 902,185	\$ 45,685
Public works	669,309	681,532	12,223
Major Streets Fund	798,200	800,001	1,801

OTHER SUPPLEMENTARY INFORMATION

**CITY OF LATHRUP VILLAGE
 COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
 BALANCE SHEET
 JUNE 30, 2024**

ASSETS	
Cash, cash equivalents, and investments	\$ 963,489
Receivables	9,697
Due from primary government	46,106
Prepaid expenditures	<u>802</u>
TOTAL ASSETS	<u><u>\$ 1,020,094</u></u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 39,032
Accrued liabilities	<u>9,895</u>
TOTAL LIABILITIES	<u>48,927</u>
 FUND BALANCE	
Unassigned	<u>971,167</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,020,094</u></u>

**CITY OF LATHRUP VILLAGE
 COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
 RECONCILIATION OF THE BALANCE SHEET TO
 THE STATEMENT ON NET POSITION
 JUNE 30, 2024**

Total fund balance - governmental fund \$ 971,167

Amounts reported for the 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 as assets in the governmental funds.

The cost of capital assets is		\$ 744,350	
Accumulated depreciation is		<u>(277,782)</u>	

Capital assets, net			<u>466,568</u>
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Net position of governmental activities			<u><u>\$ 1,437,735</u></u>
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**CITY OF LATHRUP VILLAGE
 COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2024**

REVENUES	
Taxes	\$ 517,009
Charges for services	3,025
Interest and rents	49,625
Other	<u>3,120</u>
TOTAL REVENUES	<u>572,779</u>
EXPENDITURES	
Current	
Community and economic development	<u>728,788</u>
NET CHANGE IN FUND BALANCE	(156,009)
Fund balance, beginning of year	<u>1,127,176</u>
Fund balance, end of year	<u><u>\$ 971,167</u></u>

**CITY OF LATHRUP VILLAGE
 COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2024**

Net change in fund balance - governmental fund \$ (156,009)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the

Capital outlay	\$ 358,817	
Depreciation expense	<u>(48,766)</u>	
Excess of capital outlay over depreciation expense		<u>310,051</u>

Change in net position of governmental activities \$ 154,042