

**CITY OF OWOSSO**  
Shiawassee County, Michigan

**FINANCIAL STATEMENTS**

June 30, 2024

# CITY OF OWOSSO

---

## TABLE OF CONTENTS

	PAGE
<b>Independent Auditors' Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	5
<b>Basic Financial Statements:</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.....	11
Statement of Activities .....	13
<i>Fund Financial Statements:</i>	
<i>Governmental Funds:</i>	
Balance Sheet.....	15
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	18
Reconciliation of Changes in Fund Balances of Governmental Funds to Changes in Net Position of Governmental Activities.....	20
<i>Proprietary Funds:</i>	
Statement of Net Position.....	21
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	25
Statement of Cash Flows.....	27
<i>Fiduciary Fund:</i>	
Statement of Fiduciary Net Position.....	31
Statement of Changes in Fiduciary Net Position.....	32
<i>Component Units:</i>	
Statement of Net Position.....	33
Statement of Activities .....	34
<i>Notes to Financial Statements</i> .....	36
<b>Required Supplementary Information:</b>	
Schedule of Changes in City's Net Pension Liability and Related Ratios.....	64
Schedule of City Pension Plan Contributions.....	66
Budgetary Comparison Schedule – General Fund .....	67
Budgetary Comparison Schedule – Major Street Fund .....	69
<b>Supplementary Information:</b>	
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet.....	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	74
<i>Component Units:</i>	
Combining Balance Sheet.....	77
Reconciliation of Fund Balances of Component Units to Net Position of Component Units.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	79
Reconciliation of Changes in Fund Balances of Component Units to the Changes in Net Position of Component Units.....	80
<i>Schedules of Indebtedness</i> .....	81
<b>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b> .....	93



## INDEPENDENT AUDITORS' REPORT

To the Members of City Council  
City of Owosso, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Owosso 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Owosso and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Owosso'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.

To the Members of City Council  
City of Owosso, Michigan

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Owosso's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Owosso'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 (pages 5-9), pension schedules (pages 64-66), and budgetary comparison information (pages 67-69) 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.

To the Members of City Council  
City of Owosso, Michigan

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Owosso's basic financial statements. The accompanying 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 supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of the City of Owosso's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Owosso's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Owosso's internal control over financial reporting and compliance.

*Berthiaume & Co.*

November 13, 2024  
Saginaw, Michigan

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

# CITY OF OWOSSO

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

As management of the City of Owosso (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

### FINANCIAL HIGHLIGHTS:

- The City's combined total net position is reported as \$77,424,242 for the fiscal year ended June 30, 2024, compared to \$69,791,967 for the fiscal year ended June 30, 2023 (restated).
- In the City's governmental activities, revenues generated were \$16,317,553 while expenses totaled \$13,922,342.
- In the City's business-type activities, revenues generated were \$15,877,683 while expenses totaled \$10,730,333.
- Total net position increased by \$7,632,275.

### OVERVIEW OF THE FINANCIAL STATEMENTS:

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

#### Government-wide Financial Statements:

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

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

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

**Business-type Activities** – The City charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include the sewage disposal system, water supply system, wastewater treatment system, and transportation.

**Component Units** – The City includes the Brownfield Redevelopment Authority and Downtown Development Authority as discretely presented component units.

#### Fund Financial Statements:

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

# CITY OF OWOSSO

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

The City has three types of funds:

**Governmental Funds** – Many of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The City maintains 12 individual governmental funds. Separate information is presented for the General Fund and Major Street Fund which are considered to be "major" funds. Data from the other 10 governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City's own programs.

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

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

### **Other Information:**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

### **THE CITY OF OWOSSO AS A WHOLE:**

The City's total combined net position for the fiscal year ended June 30, 2024 is \$77,424,242 consisting of \$45,671,666 in governmental activities and \$31,752,576 in business-type activities. Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$15,859,129. Governmental activities unrestricted net position is \$8,529,262. Business-type activities unrestricted net position is \$7,329,867.



# CITY OF OWOSSO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

The statement of net position provides the perspective of the City as a whole. The following table provides a summary of the City's net position, in a condensed format, as of June 30, 2024 and June 30, 2023.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>Restated 2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>Restated 2023</u>
<b>Assets:</b>						
Current and other assets	\$ 22,652,191	\$ 20,214,754	\$ 15,268,747	\$ 10,908,160	\$ 37,920,938	\$ 31,122,914
Capital assets, net	<u>40,550,210</u>	<u>38,832,461</u>	<u>41,803,415</u>	<u>29,767,528</u>	<u>82,353,625</u>	<u>68,599,989</u>
Total assets	<u>63,202,401</u>	<u>59,047,215</u>	<u>57,072,162</u>	<u>40,675,688</u>	<u>120,274,563</u>	<u>99,722,903</u>
<b>Deferred outflows of resources</b>						
	<u>1,639,231</u>	<u>3,295,569</u>	<u>449,350</u>	<u>943,544</u>	<u>2,088,581</u>	<u>4,239,113</u>
<b>Liabilities:</b>						
Current liabilities	4,502,205	2,225,851	3,719,397	1,958,685	8,221,602	4,184,536
Long-term liabilities	<u>14,533,702</u>	<u>16,491,519</u>	<u>22,006,431</u>	<u>12,944,755</u>	<u>36,540,133</u>	<u>29,436,274</u>
Total liabilities	<u>19,035,907</u>	<u>18,717,370</u>	<u>25,725,828</u>	<u>14,903,440</u>	<u>44,761,735</u>	<u>33,620,810</u>
<b>Deferred inflows of resources</b>						
	<u>134,059</u>	<u>419,789</u>	<u>43,108</u>	<u>129,450</u>	<u>177,167</u>	<u>549,239</u>
<b>Net position:</b>						
Net investment in capital assets	31,550,997	29,137,014	21,415,638	18,835,872	52,966,635	47,972,886
Restricted	5,591,407	5,963,253	3,007,071	3,441,316	8,598,478	9,404,569
Unrestricted	<u>8,529,262</u>	<u>8,105,358</u>	<u>7,329,867</u>	<u>4,309,154</u>	<u>15,859,129</u>	<u>12,414,512</u>
Total net position	<u>\$ 45,671,666</u>	<u>\$ 43,205,625</u>	<u>\$ 31,752,576</u>	<u>\$ 26,586,342</u>	<u>\$ 77,424,242</u>	<u>\$ 69,791,967</u>

### Overall Analysis of Financial Position and Change in Net Position:

The City's combined total net position increased by \$7,632,275 during the current fiscal year. Governmental activities increased by \$2,466,041 while business-type activities increased by \$5,166,234. The City continues to report a solid net position in its governmental and business-type activities, with approximately \$26.8 million reported in cash and investments.

#### Governmental Activities:

The City's total governmental revenue is reported at \$16,317,553, an increase of \$2,034,790 from the prior fiscal year. Total expenses increased by \$1,166,689 from the prior fiscal year.

#### Business-type Activities:

The City's total business-type revenue is reported at \$15,877,683, an increase of \$2,334,716 from the prior fiscal year. Capital grants increased approximately \$1.7 million for improvements to the infrastructure. Total business-type expenses increased by \$6,782 from the prior fiscal year.

# CITY OF OWOSSO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

The following table shows the comparison of the change in net position in a condensed format for the fiscal years ended June 30, 2024 and June 30, 2023.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>Restated 2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>Restated 2023</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 3,222,797	\$ 3,854,339	\$ 10,667,864	\$ 10,176,426	\$ 13,890,661	\$ 14,030,765
Operating grants	3,498,289	2,134,436	1,746,701	1,745,562	5,244,990	3,879,998
Capital grants	931,956	181,446	3,119,239	1,392,495	4,051,195	1,573,941
General revenues						
Taxes	5,129,584	4,941,682	(27)	41,923	5,129,557	4,983,605
Fees	134,293	165,527	-	-	134,293	165,527
Unrestricted grants	2,340,855	2,335,884	-	-	2,340,855	2,335,884
Investment earnings	830,829	363,272	343,906	186,561	1,174,735	549,833
Other	228,950	306,177	-	-	228,950	306,177
Total revenues	<u>16,317,553</u>	<u>14,282,763</u>	<u>15,877,683</u>	<u>13,542,967</u>	<u>32,195,236</u>	<u>27,825,730</u>
<b>Expenses:</b>						
General government	2,143,516	2,022,042	-	-	2,143,516	2,022,042
Public safety	5,498,433	5,120,087	-	-	5,498,433	5,120,087
Public works	4,068,389	4,685,992	-	-	4,068,389	4,685,992
Health and welfare	1,312,155	23,611	-	-	1,312,155	23,611
Community and economic development	130,880	140,629	-	-	130,880	140,629
Recreation and culture	536,454	527,670	-	-	536,454	527,670
Interest	232,515	235,622	-	-	232,515	235,622
Sewage disposal system	-	-	2,510,687	2,530,987	2,510,687	2,530,987
Water supply system	-	-	5,694,378	5,749,588	5,694,378	5,749,588
Wastewater treatment	-	-	2,441,195	2,380,112	2,441,195	2,380,112
Transportation	-	-	84,073	62,864	84,073	62,864
Total expenses	<u>13,922,342</u>	<u>12,755,653</u>	<u>10,730,333</u>	<u>10,723,551</u>	<u>24,652,675</u>	<u>23,479,204</u>
Excess of revenues over expenses before special items	<u>2,395,211</u>	<u>1,527,110</u>	<u>5,147,350</u>	<u>2,819,416</u>	<u>7,542,561</u>	<u>4,346,526</u>
<b>Special items:</b>						
Sale of capital assets	87,840	10,905	1,874	9,188	89,714	20,093
Transfers	(17,010)	-	17,010	-	-	-
Total special items	<u>70,830</u>	<u>10,905</u>	<u>18,884</u>	<u>9,188</u>	<u>89,714</u>	<u>20,093</u>
<b>Changes in net position</b>	<u>2,466,041</u>	<u>1,538,015</u>	<u>5,166,234</u>	<u>2,828,604</u>	<u>7,632,275</u>	<u>4,366,619</u>
Net position, beginning of year, restated	<u>43,205,625</u>	<u>41,667,610</u>	<u>26,586,342</u>	<u>23,757,738</u>	<u>69,791,967</u>	<u>65,425,348</u>
Net position, end of year	<u>\$ 45,671,666</u>	<u>\$ 43,205,625</u>	<u>\$ 31,752,576</u>	<u>\$ 26,586,342</u>	<u>\$ 77,424,242</u>	<u>\$ 69,791,967</u>

# CITY OF OWOSSO

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

Presentation of the City of Owosso's major funds begins on page 15, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the City's largest governmental fund and one of two governmental funds that is considered a major fund. It pays for most of the City's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended June 30, 2024, General Fund financing sources exceeded its financing uses by \$965,295, increasing its ending fund balance to \$8,622,704. For the year ended June 30, 2024, Major Street Fund decreased its ending fund balance by \$276,172.

### **Overall Analysis of Financial Position and Change in General Fund Fund Balance:**

The General Fund fund balance of \$8,622,704 as of June 30, 2024 is considered, by management, to be healthy in comparison to the annual General Fund expenditures of approximately \$9.5 million. The City has utilized effective budget controls in the General Fund to maintain its fund balance.

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

The General Fund adopted budget projected an increase in fund balance of \$27,603. During the year, the City made budget amendments with a projected decrease in fund balance of \$435,900. The actual results for the year yielded an increase in fund balance of \$965,295.

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

At June 30, 2024, the City of Owosso had \$82,353,625 invested in capital assets including land, buildings and improvements, machinery and other equipment, land improvements, vehicles, utility distribution systems, and infrastructure, net of accumulated depreciation. At June 30, 2023, this total was \$68,599,989 (restated). Additional information about the City's capital assets is presented in Note 1 and Note 5 of the Notes to the Financial Statements.

At June 30, 2024, the City of Owosso's total long-term indebtedness (not including compensated absences, net pension liability and the 2021 bond premiums that are being amortized to interest expense over the life of the bonds) was \$28,400,777, of which \$9,173,452 was backed by the full faith of the government and \$19,227,325 was backed by specific revenue sources. Additional information about the City's indebtedness is presented in Note 6 of the Notes to the Financial Statements.

### **Economic Factors:**

We are continuing to plan for the long term, and will continue to balance the budgets through controls over spending, while striving to provide the City's residents with the same level of service to which they have been accustomed.

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

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 show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall, 301 W. Main Street, Owosso, MI 48867.

***BASIC FINANCIAL STATEMENTS***

# CITY OF OWOSSO

## STATEMENT OF NET POSITION

June 30, 2024

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 10,052,526	\$ 4,046,697	\$ 14,099,223	\$ 307,108
Investments	7,991,388	4,756,321	12,747,709	165,793
Receivables	4,096,115	6,189,088	10,285,203	27,457
Inventory	90,510	276,641	367,151	-
Prepaid expenses	196,157	-	196,157	-
Capital assets not being depreciated	6,250,099	16,111,750	22,361,849	-
Capital assets being depreciated, net	34,300,111	25,691,665	59,991,776	18,199
Other assets	225,495	-	225,495	-
<b>Total assets</b>	<b>63,202,401</b>	<b>57,072,162</b>	<b>120,274,563</b>	<b>518,557</b>
<b>Deferred outflows of resources:</b>				
Related to pension	1,568,698	449,350	2,018,048	-
Deferred charges on refunding	70,533	-	70,533	-
<b>Total deferred outflows of resources</b>	<b>1,639,231</b>	<b>449,350</b>	<b>2,088,581</b>	<b>-</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	1,544,282	3,719,397	5,263,679	197,048
Unearned revenue	2,957,923	-	2,957,923	-
Long-term liabilities:				
Due within one year				
Long-term debt	586,000	730,626	1,316,626	25,383
Advance from primary government	-	-	-	160,344
Compensated absences payable	206,170	65,369	271,539	-
Due in more than one year				
Long-term debt	8,575,746	19,657,151	28,232,897	160,495
Net pension liability	4,959,616	1,487,915	6,447,531	-
Advance from primary government	-	-	-	1,153,118
Compensated absences payable	206,170	65,370	271,540	-
<b>Total liabilities</b>	<b>19,035,907</b>	<b>25,725,828</b>	<b>44,761,735</b>	<b>1,696,388</b>
<b>Deferred inflows of resources:</b>				
Related to pension	134,059	43,108	177,167	-

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## STATEMENT OF NET POSITION, CONTINUED

June 30, 2024

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
<b>Net position:</b>				
Net investment in capital assets	31,550,997	21,415,638	52,966,635	18,199
Restricted for:				
Construction code	238,233	-	238,233	-
Debt service	41,509	114,640	156,149	-
Future projects/purchases	183,380	-	183,380	-
Historical	59,101	-	59,101	-
Improvement/Replacement	2,763	2,892,431	2,895,194	-
Opioid	49,777	-	49,777	-
Parks	24,119	-	24,119	-
Revolving loan	1,130,661	-	1,130,661	-
Streets	3,861,864	-	3,861,864	-
Unrestricted (deficit)	8,529,262	7,329,867	15,859,129	(1,196,030)
Total net position	<u>\$ 45,671,666</u>	<u>\$ 31,752,576</u>	<u>\$ 77,424,242</u>	<u>\$ (1,177,831)</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>PRIMARY GOVERNMENT:</b>					
<i>Governmental activities:</i>					
General government	\$ 2,143,516	\$ 1,184,891	\$ 24,209	\$ -	\$ (934,416)
Public safety	5,498,433	1,499,487	46,819	199,463	(3,752,664)
Public works	4,068,389	475,061	2,083,692	732,493	(777,143)
Health and welfare	1,312,155	28,581	1,312,894	-	29,320
Community and economic development	130,880	15,235	-	-	(115,645)
Recreation and culture	536,454	19,542	30,675	-	(486,237)
Interest on long-term debt	232,515	-	-	-	(232,515)
Total governmental activities	<u>13,922,342</u>	<u>3,222,797</u>	<u>3,498,289</u>	<u>931,956</u>	<u>(6,269,300)</u>
<i>Business-type activities:</i>					
Sewage disposal system	2,510,687	3,140,950	-	49,612	679,875
Water supply system	5,694,378	4,894,991	1,743,842	1,405,851	2,350,306
Wastewater treatment system	2,441,195	2,631,923	-	1,663,776	1,854,504
Transportation	84,073	-	2,859	-	(81,214)
Total business-type activities	<u>10,730,333</u>	<u>10,667,864</u>	<u>1,746,701</u>	<u>3,119,239</u>	<u>4,803,471</u>
Total primary government	<u>\$ 24,652,675</u>	<u>\$ 13,890,661</u>	<u>\$ 5,244,990</u>	<u>\$ 4,051,195</u>	<u>\$ (1,465,829)</u>
<b>COMPONENT UNITS:</b>					
Brownfield redevelopment authority	\$ 336,504	\$ -	\$ 24,730	\$ -	\$ (311,774)
Downtown development authority	<u>317,171</u>	<u>8,069</u>	<u>105,007</u>	<u>-</u>	<u>(204,095)</u>
Total component units	<u>\$ 653,675</u>	<u>\$ 8,069</u>	<u>\$ 129,737</u>	<u>\$ -</u>	<u>\$ (515,869)</u>

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## STATEMENT OF ACTIVITIES, CONTINUED

Year Ended June 30, 2024

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (6,269,300)	\$ 4,803,471	\$ (1,465,829)	\$ (515,869)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	3,935,768	-	3,935,768	-
Property taxes, levied for brush/leaves	297,093	-	297,093	-
Property taxes, levied for debt service	650,466	-	650,466	-
Property taxes, levied for transit	-	(27)	(27)	-
Payment in lieu of property taxes	5,694	-	5,694	-
Property taxes levied and captured by component units	-	-	-	711,918
Marijuana taxes	240,563	-	240,563	-
Franchise fees	79,293	-	79,293	-
Marijuana license fees	55,000	-	55,000	-
Grants and contributions not restricted to specific programs	2,340,855	-	2,340,855	-
Unrestricted investment earnings	830,829	343,906	1,174,735	8,379
Other	228,950	-	228,950	47
Special items:				
Sale of capital assets	87,840	1,874	89,714	-
Transfers	(17,010)	17,010	-	-
Total general revenues, special items and transfers	<u>8,735,341</u>	<u>362,763</u>	<u>9,098,104</u>	<u>720,344</u>
Changes in net position	2,466,041	5,166,234	7,632,275	204,475
Net position, beginning of year, previously stated	42,965,661	26,586,342	69,552,003	(1,382,306)
Error correction	239,964	-	239,964	-
Net position, beginning of year, restated	<u>43,205,625</u>	<u>26,586,342</u>	<u>69,791,967</u>	<u>(1,382,306)</u>
Net position, end of year	<u>\$ 45,671,666</u>	<u>\$ 31,752,576</u>	<u>\$ 77,424,242</u>	<u>\$ (1,177,831)</u>

The accompanying notes are an integral part of these financial statements.



# CITY OF OWOSSO

## GOVERNMENTAL FUNDS

### BALANCE SHEET

June 30, 2024

	<u>General Fund</u>	<u>Major Street Fund</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 6,201,930	\$ 709,952
Investments	1,088,212	4,186,415
Accounts receivable	543,382	-
Special assessments receivable	241,004	639,613
Loans receivable	-	-
Due from other governments	395,655	131,531
Inventory	90,510	-
Prepaid expenditures	196,157	-
Advance to component unit	1,225,077	-
Total assets	<u>\$ 9,981,927</u>	<u>\$ 5,667,511</u>
<b>Liabilities:</b>		
Accounts payable	\$ 485,466	\$ 224,791
Payroll deductions payable	100,067	-
Accrued wages payable	98,290	2,806
Performance deposits payable	38,813	-
Unearned revenue	395,583	2,175,963
Total liabilities	<u>1,118,219</u>	<u>2,403,560</u>
<b>Deferred inflows of resources:</b>		
Unavailable revenue	<u>241,004</u>	<u>639,613</u>
<b>Fund balances:</b>		
Nonspendable	1,511,744	-
Restricted	75,077	2,624,338
Assigned	2,075,000	-
Unassigned	4,960,883	-
Total fund balances	<u>8,622,704</u>	<u>2,624,338</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,981,927</u>	<u>\$ 5,667,511</u>

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## GOVERNMENTAL FUNDS BALANCE SHEET, CONTINUED

June 30, 2024

	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,522,904	\$ 8,434,786
Investments	1,525,650	6,800,277
Accounts receivable	8,923	552,305
Special assessments receivable	311,090	1,191,707
Loans receivable	317,039	317,039
Due from other governments	242,606	769,792
Inventory	-	90,510
Prepaid expenditures	-	196,157
Advance to component unit	38,773	1,263,850
	<u>38,773</u>	<u>1,263,850</u>
Total assets	<u>\$ 3,966,985</u>	<u>\$ 19,616,423</u>
<b>Liabilities:</b>		
Accounts payable	\$ 303,878	\$ 1,014,135
Payroll deductions payable	-	100,067
Accrued wages payable	4,754	105,850
Performance deposits payable	68,894	107,707
Unearned revenue	386,377	2,957,923
	<u>386,377</u>	<u>2,957,923</u>
Total liabilities	<u>763,903</u>	<u>4,285,682</u>
<b>Deferred inflows of resources:</b>		
Unavailable revenue	311,090	1,191,707
	<u>311,090</u>	<u>1,191,707</u>
<b>Fund balances:</b>		
Nonspendable	355,812	1,867,556
Restricted	2,536,180	5,235,595
Assigned	-	2,075,000
Unassigned	-	4,960,883
	<u>-</u>	<u>4,960,883</u>
Total fund balances	<u>2,891,992</u>	<u>14,139,034</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,966,985</u>	<u>\$ 19,616,423</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

---

## RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2024

<b>Fund balances of governmental funds</b>	\$ 14,139,034
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	6,250,099
Capital assets being depreciated, net	32,185,329
Assets held on deposit with the MMRMA for self insurance are not current financial resources and, therefore, are not reported in the funds.	225,495
Certain receivables are not available to pay for current year expenditures and, therefore, are not reported in the funds.	1,191,707
Certain pension benefits, such as net pension liability and related deferred amounts, are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	
Net pension liability	(4,769,512)
Deferred outflows related to the net pension liability	1,498,289
Deferred inflows related to the net pension liability	(130,315)
Certain liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	
Accrued interest payable	(74,832)
Long-term debt	(9,161,746)
Compensated absences payable	(398,484)
Deferred charges on refunding related to the issuance of long-term refunding of debt will be amortized over the life of the debt on the statement of net position.	70,533
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position.	<u>4,646,069</u>
<b>Net position of governmental activities</b>	<u><u>\$ 45,671,666</u></u>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF OWOSSO

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2024

	<u>General Fund</u>	<u>Major Street Fund</u>
<b>Revenues:</b>		
Property taxes	\$ 4,238,591	\$ -
Marijuana taxes	240,563	-
Special assessments	41,694	124,056
Licenses and permits	80,293	-
Federal grants	239,517	493,304
State grants	2,320,776	1,522,372
Contributions from other units	87,653	102,831
Charges for services	2,548,587	34,312
Fines and forfeits	43,647	-
Interest and rents	402,390	160,903
Other revenue	244,553	500
	<u>10,488,264</u>	<u>2,438,278</u>
<b>Expenditures:</b>		
Current:		
General government	2,268,080	-
Public safety	4,960,594	-
Public works	857,270	716,840
Health and welfare	-	-
Community and economic development	88,567	-
Recreation and culture	307,866	-
Capital outlay	958,474	1,647,610
Debt service		
Principal	129,654	-
Interest and charges	17,351	-
	<u>9,587,856</u>	<u>2,364,450</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>900,408</u>	<u>73,828</u>
<b>Other financing sources (uses):</b>		
Sale of capital assets	9,897	-
Proceeds from contract financing	92,000	-
Interfund transfers in	-	-
Interfund transfers out	(37,010)	(350,000)
	<u>64,887</u>	<u>(350,000)</u>
Net other financing sources (uses)		
Changes in fund balances	965,295	(276,172)
Fund balances, beginning of year	7,657,409	2,900,510
Fund balances, end of year	<u>\$ 8,622,704</u>	<u>\$ 2,624,338</u>

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2024

	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Revenues:</b>		
Property taxes	\$ 650,430	\$ 4,889,021
Marijuana taxes	-	240,563
Special assessments	104,404	270,154
Licenses and permits	297,251	377,544
Federal grants	855,314	1,588,135
State grants	734,642	4,577,790
Contributions from other units	-	190,484
Charges for services	4,968	2,587,867
Fines and forfeits	-	43,647
Interest and rents	158,428	721,721
Other revenue	<u>529,449</u>	<u>774,502</u>
Total revenues	<u>3,334,886</u>	<u>16,261,428</u>
<b>Expenditures:</b>		
Current:		
General government	-	2,268,080
Public safety	253,530	5,214,124
Public works	673,965	2,248,075
Health and welfare	1,312,155	1,312,155
Community and economic development	41,769	130,336
Recreation and culture	82,919	390,785
Capital outlay	797,569	3,403,653
Debt service		
Principal	490,000	619,654
Interest and charges	<u>292,750</u>	<u>310,101</u>
Total expenditures	<u>3,944,657</u>	<u>15,896,963</u>
Excess (deficiency) of revenues over expenditures	<u>(609,771)</u>	<u>364,465</u>
<b>Other financing sources (uses):</b>		
Sale of capital assets	-	9,897
Proceeds from contract financing	-	92,000
Interfund transfers in	370,000	370,000
Interfund transfers out	<u>-</u>	<u>(387,010)</u>
Net other financing sources (uses)	<u>370,000</u>	<u>84,887</u>
Changes in fund balances	(239,771)	449,352
Fund balances, beginning of year	<u>3,131,763</u>	<u>13,689,682</u>
Fund balances, end of year	<u>\$ 2,891,992</u>	<u>\$ 14,139,034</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

---

## RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2024

<b>Changes in fund balances of governmental funds</b>	\$ 449,352
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Purchases of capitalized assets	3,683,034
Depreciation expense	(2,581,120)
Loss on sale of capital assets	(11,159)
Changes to the MMRMA deposit and related self-insurance liability are not shown in the fund financial statements. The amount represents the change in net position held with an agent for self-insurance.	(9,800)
Proceeds from installment purchase agreements are revenues in the governmental funds, but but increase long-term liabilities in the statement of net position.	(92,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in deferred charges	(5,190)
Change in accrued interest payable	1,006
Change in long-term debt	701,424
Change in compensated absences payable	(38,563)
Change in net pension liability and related deferred outflows/inflows of resources	23,034
Revenue in the statement of activities that do no provide current financial resources are not reported as revenue in the funds, but rather are deferred to the following fiscal year.	(131,399)
An internal service fund is used by management to charge the costs of certain activities, such as equipment usage, to individual funds. The change in net position of the internal service fund is included in the governmental activities in the statement of net position.	<u>477,422</u>
<b>Change in net position of governmental activities</b>	<u>\$ 2,466,041</u>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION

June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
<b>Assets:</b>			
<b><i>Current assets:</i></b>			
Cash and cash equivalents	\$ 1,260,679	\$ 1,873,769	\$ 912,249
Investments	1,071,345	3,233,672	449,503
Utility bills receivable	836,693	1,193,250	-
Accounts receivable	-	178,431	-
Loans receivable - current	-	6,241	-
Due from other governments	-	785,729	3,050,074
Inventory	-	276,641	-
Total current assets	<u>3,168,717</u>	<u>7,547,733</u>	<u>4,411,826</u>
<b><i>Noncurrent assets:</i></b>			
Capital assets not being depreciated	78,948	4,284,504	11,748,298
Capital assets being depreciated, net	3,108,823	17,406,074	5,176,768
Loans receivable - net of current	-	89,058	-
Advance to component unit	49,612	-	-
Total noncurrent assets	<u>3,237,383</u>	<u>21,779,636</u>	<u>16,925,066</u>
Total assets	<u>6,406,100</u>	<u>29,327,369</u>	<u>21,336,892</u>
<b>Deferred outflows of resources:</b>			
Related to pension	<u>23,798</u>	<u>148,757</u>	<u>276,795</u>
<b>Liabilities:</b>			
<b><i>Current liabilities:</i></b>			
Accounts payable	50,127	1,822,338	1,544,452
Accrued interest payable	6,201	27,997	25,849
Deposits payable	-	207,725	-
Accrued wages payable	3,380	18,958	12,370
Compensated absences payable - current	7,979	31,327	26,063
Bonds payable - current	100,000	405,626	225,000
Total current liabilities	<u>167,687</u>	<u>2,513,971</u>	<u>1,833,734</u>
<b><i>Noncurrent liabilities:</i></b>			
Compensated absences payable - net of current	7,979	31,327	26,064
Bonds payable - net of current	1,088,450	6,867,353	11,701,348
Net pension liability	134,526	520,073	833,316
Total noncurrent liabilities	<u>1,230,955</u>	<u>7,418,753</u>	<u>12,560,728</u>
Total liabilities	<u>1,398,642</u>	<u>9,932,724</u>	<u>14,394,462</u>

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
<b>Deferred inflows of resources:</b>			
Related to pension	6,183	16,196	20,729
<b>Net position:</b>			
Net investment in capital assets	1,999,321	14,417,599	4,998,718
Restricted for:			
Debt service	-	-	114,640
Improvement/Replacement	-	1,239,058	1,653,373
Unrestricted	3,025,752	3,870,549	431,765
Total net position	<u>\$ 5,025,073</u>	<u>\$ 19,527,206</u>	<u>\$ 7,198,496</u>

continued

The accompanying notes are an integral part of these financial statements.



# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>		
	<i>Transportation</i>		<i>Service</i>
	<i>Fund</i>		<i>Fund</i>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ -	\$ 4,046,697	\$ 1,617,740
Investments	1,801	4,756,321	1,191,111
Utility bills receivable	-	2,029,943	-
Accounts receivable	-	178,431	1,422
Loans receivable - current	-	6,241	-
Due from other governments	-	3,835,803	-
Inventory	-	276,641	-
Total current assets	1,801	15,130,077	2,810,273
<b>Noncurrent assets:</b>			
Capital assets not being depreciated	-	16,111,750	-
Capital assets being depreciated, net	-	25,691,665	2,114,782
Loans receivable - net of current	-	89,058	-
Advance to component unit	-	49,612	-
Total noncurrent assets	-	41,942,085	2,114,782
Total assets	1,801	57,072,162	4,925,055
<b>Deferred outflows of resources:</b>			
Related to pension	-	449,350	70,409
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	-	3,416,917	139,460
Accrued interest payable	-	60,047	-
Deposits payable	-	207,725	-
Accrued wages payable	-	34,708	2,231
Compensated absences payable - current	-	65,369	6,928
Bonds payable - current	-	730,626	-
Total current liabilities	-	4,515,392	148,619
<b>Noncurrent liabilities:</b>			
Compensated absences payable - net of current	-	65,370	6,928
Bonds payable - net current	-	19,657,151	-
Net pension liability	-	1,487,915	190,104
Total noncurrent liabilities	-	21,210,436	197,032
Total liabilities	-	25,725,828	345,651

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF NET POSITION, CONTINUED

June 30, 2024

	<u>Enterprise Funds</u>		<u>Internal Service Fund</u>
	<u>Nonmajor Fund Transportation Fund</u>	<u>Total</u>	
<b>Deferred inflows of resources:</b>			
Related to pension	-	43,108	3,744
<b>Net position:</b>			
Net investment in capital assets	-	21,415,638	2,114,782
Restricted for:			
Debt service	-	114,640	-
Improvement/Replacement	-	2,892,431	-
Unrestricted	1,801	7,329,867	2,531,287
Total net position	<u>\$ 1,801</u>	<u>\$ 31,752,576</u>	<u>\$ 4,646,069</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
<b>Operating revenues:</b>			
Charges for services	\$ 3,141,511	\$ 4,814,618	\$ 2,623,076
Equipment rental	-	-	-
Total operating revenues	<u>3,141,511</u>	<u>4,814,618</u>	<u>2,623,076</u>
<b>Operating expenses:</b>			
Personnel services	253,318	1,382,396	778,598
Supplies and chemicals	7,336	255,644	310,757
Contracted services	61,346	552,158	34,506
Plant charges	1,717,242	-	-
Project costs (not capitalized)	-	1,735,212	-
Administrative charges	304,060	475,184	227,432
Other services and charges	63,742	612,082	574,646
Depreciation	77,653	563,873	415,289
Total operating expenses	<u>2,484,697</u>	<u>5,576,549</u>	<u>2,341,228</u>
Operating income (loss)	<u>656,814</u>	<u>(761,931)</u>	<u>281,848</u>
<b>Non-operating revenues (expenses):</b>			
Property taxes	-	-	-
State grants	-	1,743,842	-
Investment income	85,889	172,773	85,228
Rental income	-	34,895	-
Reimbursements	(561)	45,478	8,847
Sale of capital assets	-	1,874	-
Interest expense	(25,990)	(117,829)	(99,967)
Net non-operating revenues (expenses)	<u>59,338</u>	<u>1,881,033</u>	<u>(5,892)</u>
Changes in net position before capital contributions	716,152	1,119,102	275,956
<b>Capital contributions:</b>			
Local contributions	49,612	1,957	-
Federal grants	-	1,403,894	1,663,776
Interfund transfers in	-	-	-
Total capital contributions	<u>49,612</u>	<u>1,405,851</u>	<u>1,663,776</u>
Changes in net position	765,764	2,524,953	1,939,732
Net position, beginning of year	<u>4,259,309</u>	<u>17,002,253</u>	<u>5,258,764</u>
Net position, end of year	<u>\$ 5,025,073</u>	<u>\$ 19,527,206</u>	<u>\$ 7,198,496</u>

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION, CONTINUED

Year Ended June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>		
	<i>Transportation</i>		<i>Service</i>
	<i>Fund</i>	<i>Total</i>	<i>Fund</i>
<b>Operating revenues:</b>			
Charges for services	\$ -	\$ 10,579,205	\$ -
Equipment rental	-	-	936,654
Total operating revenues	-	10,579,205	936,654
<b>Operating expenses:</b>			
Personnel services	-	2,414,312	183,022
Supplies and chemicals	-	573,737	76,623
Contracted services	84,073	732,083	3,224
Plant charges	-	1,717,242	-
Project costs (not capitalized)	-	1,735,212	-
Administrative charges	-	1,006,676	46,832
Other services and charges	-	1,250,470	103,074
Depreciation	-	1,056,815	288,701
Total operating expenses	84,073	10,486,547	701,476
Operating income (loss)	(84,073)	92,658	235,178
<b>Non-operating revenues (expenses):</b>			
Property taxes	(27)	(27)	-
State grants	2,859	1,746,701	-
Investment income	16	343,906	126,038
Rental income	-	34,895	-
Reimbursements	-	53,764	404
Sale of capital assets	-	1,874	89,102
Interest expense	-	(243,786)	-
Net non-operating revenues (expenses)	2,848	1,937,327	215,544
Changes in net position before capital contributions and operating transfers	(81,225)	2,029,985	450,722
<b>Capital contributions and operating transfers:</b>			
Local contributions	-	51,569	-
Federal grants	-	3,067,670	26,700
Interfund transfers in	17,010	17,010	-
Total capital contributions and operating transfers	17,010	3,136,249	26,700
Changes in net position	(64,215)	5,166,234	477,422
Net position, beginning of year	66,016	26,586,342	4,168,647
Net position, end of year	\$ 1,801	\$ 31,752,576	\$ 4,646,069

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 3,022,570	\$ 4,651,125	\$ 2,645,576
Cash received (paid) for interfund services	(28,883)	(259,552)	(7,031)
Cash paid to/on behalf of employees	(251,283)	(1,373,408)	(775,558)
Cash paid to suppliers for goods and services	<u>(2,175,357)</u>	<u>(2,586,148)</u>	<u>(190,119)</u>
Net cash provided (used) by operating activities	<u>567,047</u>	<u>432,017</u>	<u>1,672,868</u>
<b>Cash flows from non-capital financing activities:</b>			
Property taxes	-	-	-
State grants	-	1,743,842	-
Reimbursements	(561)	45,478	8,847
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>(561)</u>	<u>1,789,320</u>	<u>8,847</u>
<b>Cash flows from capital and related financing activities:</b>			
Sale of capital assets	-	1,874	-
Capital contributions	-	2,245,987	(578,565)
Acquisition/Construction of capital assets	(158,799)	(4,382,212)	(8,551,691)
Principal payments on bonds	(100,000)	(278,655)	(220,000)
Proceeds from issuance of bonds	-	2,705,749	7,349,027
Interest paid on bonds	<u>(26,552)</u>	<u>(110,430)</u>	<u>(96,010)</u>
Net cash provided (used) by capital and related financing activities	<u>(285,351)</u>	<u>182,313</u>	<u>(2,097,239)</u>
<b>Cash flows from investing activities:</b>			
Interest received	85,889	172,773	85,228
Rent received	<u>-</u>	<u>34,895</u>	<u>-</u>
Net cash provided by investing activities	<u>85,889</u>	<u>207,668</u>	<u>85,228</u>
Net change in cash, cash equivalents and investments	367,024	2,611,318	(330,296)
Cash, cash equivalents and investments, beginning of year	<u>1,965,000</u>	<u>2,496,123</u>	<u>1,692,048</u>
Cash, cash equivalents and investments, end of year	<u>\$ 2,332,024</u>	<u>\$ 5,107,441</u>	<u>\$ 1,361,752</u>

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Sewage Disposal System Fund</i>	<i>Water Supply System Fund</i>	<i>Wastewater Treatment System Fund</i>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 1,260,679	\$ 1,873,769	\$ 912,249
Investments	<u>1,071,345</u>	<u>3,233,672</u>	<u>449,503</u>
Total cash, cash equivalents and investments	<u>\$ 2,332,024</u>	<u>\$ 5,107,441</u>	<u>\$ 1,361,752</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 656,814	\$ (761,931)	\$ 281,848
Adjustments:			
Depreciation	77,653	563,873	415,289
Change in assets and liabilities:			
Utility bills receivable	(123,791)	(15,090)	-
Accounts receivable	4,850	(148,403)	22,500
Inventory	-	(65,005)	-
Accounts payable	(50,514)	842,750	950,191
Deposits payable	-	6,835	-
Accrued wages payable	214	(776)	1,218
Compensated absences payable	2,443	12,254	5,869
Net pension liability and related deferred outflows/inflows	<u>(622)</u>	<u>(2,490)</u>	<u>(4,047)</u>
Net cash provided (used) by operating activities	<u>\$ 567,047</u>	<u>\$ 432,017</u>	<u>\$ 1,672,868</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>		
	<i>Transportation</i>		<i>Service</i>
	<i>Fund</i>		<i>Fund</i>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ -	\$ 10,319,271	\$ -
Cash received (paid) for interfund services		(295,466)	936,582
Cash paid to/on behalf of employees	-	(2,400,249)	(181,420)
Cash paid to suppliers for goods and services	(84,073)	(5,035,697)	(99,821)
Net cash provided (used) by operating activities	(84,073)	2,587,859	655,341
<b>Cash flows from non-capital financing activities:</b>			
Property taxes	(27)	(27)	-
State grants	2,859	1,746,701	-
Reimbursements	-	53,764	404
Operating transfers in	17,010	17,010	-
Net cash provided (used) by non-capital financing activities	19,842	1,817,448	404
<b>Cash flows from capital and related financing activities:</b>			
Sale of capital assets	-	1,874	89,102
Capital contributions	-	1,667,422	26,700
Acquisition/Construction of capital assets	-	(13,092,702)	(915,695)
Principal payments on bonds	-	(598,655)	-
Proceeds from issuance of bonds	-	10,054,776	-
Interest paid on bonds	-	(232,992)	-
Net cash provided (used) by capital and related financing activities	-	(2,200,277)	(799,893)
<b>Cash flows from investing activities:</b>			
Interest received	16	343,906	126,038
Rent received	-	34,895	-
Net cash provided by investing activities	16	378,801	126,038
Net change in cash, cash equivalents and investments	(64,215)	2,583,831	(18,110)
Cash, cash equivalents and investments, beginning of year	66,016	6,219,187	2,826,961
Cash, cash equivalents and investments, end of year	\$ 1,801	\$ 8,803,018	\$ 2,808,851

continued

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

*PROPRIETARY FUNDS*  
**STATEMENT OF CASH FLOWS, CONTINUED**  
 Year Ended June 30, 2024

	<i>Enterprise Funds</i>		
	<i>Nonmajor Fund</i>	<i>Total</i>	<i>Internal Service Fund</i>
	<i>Transportation Fund</i>		
	<i>Fund</i>	<i>Total</i>	<i>Fund</i>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ -	\$ 4,046,697	\$ 1,617,740
Investments	1,801	4,756,321	1,191,111
Total cash, cash equivalents and investments	\$ 1,801	\$ 8,803,018	\$ 2,808,851
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (84,073)	\$ 92,658	\$ 235,178
Adjustments:			
Depreciation	-	1,056,815	288,701
Change in assets and liabilities:			
Utility bills receivable	-	(138,881)	-
Accounts receivable	-	(121,053)	(72)
Inventory	-	(65,005)	-
Accounts payable	-	1,742,427	129,932
Deposits payable	-	6,835	-
Accrued wages payable	-	656	106
Compensated absences payable	-	20,566	2,430
Net pension liability and related deferred outflows/inflows	-	(7,159)	(934)
Net cash provided (used) by operating activities	\$ (84,073)	\$ 2,587,859	\$ 655,341

*The accompanying notes are an integral part of these financial statements.*



# CITY OF OWOSSO

---

*FIDUCIARY FUNDS*  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2024

	<u><i>Custodial Fund</i></u>
	<u><i>Current Tax Collection Fund</i></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 17,680
<b>Liabilities:</b>	
Accounts payable	<u>17,680</u>
<b>Net position:</b>	
Held for others	<u><u>\$ -</u></u>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF OWOSSO

---

*FIDUCIARY FUNDS*  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2024

	<u><i>Custodial Fund</i></u>
	<u><i>Current Tax Collection Fund</i></u>
<b>Additions:</b>	
Property taxes collected for other governments	\$ 10,087,844
Total additions	<u>10,087,844</u>
<b>Deductions:</b>	
Payments of property taxes to other governments	<u>10,087,844</u>
Total deductions	<u>10,087,844</u>
Change in net position	<u>-</u>
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

*The accompanying notes are an integral part of these financial statements.*

# CITY OF OWOSSO

---

## COMPONENT UNITS STATEMENT OF NET POSITION

June 30, 2024

	<i><b>Brownfield Development Authority</b></i>	<i><b>Downtown Development Authority</b></i>	<i><b>Total</b></i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 247,129	\$ 59,979	\$ 307,108
Investments	52,686	113,107	165,793
Loans receivable	-	27,457	27,457
Capital assets being depreciated, net	-	18,199	18,199
Total assets	<u>299,815</u>	<u>218,742</u>	<u>518,557</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	183,831	13,217	197,048
Long-term liabilities:			
Due within one year			
Long-term debt	25,383	-	25,383
Advance from primary government	160,344	-	160,344
Due in more than one year			
Long-term debt	160,495	-	160,495
Advance from primary government	<u>1,153,118</u>	<u>-</u>	<u>1,153,118</u>
Total liabilities	<u>1,683,171</u>	<u>13,217</u>	<u>1,696,388</u>
<b>Net position:</b>			
Net investment in capital assets	-	18,199	18,199
Unrestricted (deficit)	<u>(1,383,356)</u>	<u>187,326</u>	<u>(1,196,030)</u>
Total net position	<u>\$ (1,383,356)</u>	<u>\$ 205,525</u>	<u>\$ (1,177,831)</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF OWOSSO

---

## COMPONENT UNITS STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	<i><b>Brownfield Development Authority</b></i>	<i><b>Downtown Development Authority</b></i>	<i><b>Total</b></i>
Expenses:			
Community and economic development	<u>\$ 336,504</u>	<u>\$ 317,171</u>	<u>\$ 653,675</u>
Program revenues:			
Charges for services	-	8,069	8,069
Operating grants and contributions	<u>24,730</u>	<u>105,007</u>	<u>129,737</u>
	<u>24,730</u>	<u>113,076</u>	<u>137,806</u>
Net (expenses) revenues	<u>(311,774)</u>	<u>(204,095)</u>	<u>(515,869)</u>
General revenues:			
Property taxes levied and captured	460,266	251,652	711,918
Unrestricted investment earnings	2,108	6,271	8,379
Other	<u>-</u>	<u>47</u>	<u>47</u>
Total general revenues	<u>462,374</u>	<u>257,970</u>	<u>720,344</u>
Changes in net position	150,600	53,875	204,475
Net position (deficit), beginning of year	<u>(1,533,956)</u>	<u>151,650</u>	<u>(1,382,306)</u>
Net position (deficit), end of year	<u>\$ (1,383,356)</u>	<u>\$ 205,525</u>	<u>\$ (1,177,831)</u>

*The accompanying notes are an integral part of these financial statements.*

***NOTES TO FINANCIAL STATEMENTS***

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The following is a summary of the significant accounting policies used by the City of Owosso (the “City”):

#### **Reporting Entity:**

The City is governed by an elected seven-member Council, and the Mayor is chosen by the elected council members. The day to day operations and administration of the City is under the responsibility of an appointed City Manager. The accounting policies of the City of Owosso conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

The accompanying financial statements present the City as the primary government. Component units are separate legal entities for which the City is financially accountable. Blended component units are, in substance, part of the primary government’s operations, and presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements. The City has determined that it has two discretely presented component units.

#### **Blended Component Unit:**

***Building Authority*** – The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were a part of the primary government because its primary purpose is to finance and construct the City’s public buildings. The Building Authority is reported as a debt service fund.

#### **Discretely Presented Component Units:**

***Brownfield Redevelopment Authority*** – The Brownfield Redevelopment Authority (“Brownfield”) was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the Brownfield Redevelopment Zone. The Brownfield’s governing body, which consists of seven members, is appointed by the City Council. In addition, the Brownfield’s annual budget and any debt issuances are subject to approval by the City Council. The financial statements of the Brownfield are included in the City’s financial statements and are not audited separately.

***Downtown Development Authority*** – The Downtown Development Authority (“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 nine-member governing body is appointed by the City Council for a fixed term. The City approves the annual budget and any debt issuances of the DDA. The financial statements of the DDA are included in the City’s financial statements and are not audited separately.

#### **Accounting and Reporting Principles:**

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

#### **Report Presentation:**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are not included in the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Basis of Accounting:**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due. Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### **Fund Accounting:**

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the City to show the particular expenditures that specific revenues were used for. The various funds are aggregated into two broad fund types:

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

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

*General Fund* is the City’s primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

*Special Revenue Fund – Major Street Fund* accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as major streets in the City.

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

*Enterprise Fund – Sewer Disposal System Fund* – accounts for the operation and maintenance of the City’s sewage disposal system.

*Enterprise Fund – Water Supply System Fund* – accounts for the operation and maintenance of the City’s water supply system.

*Enterprise Fund – Wastewater Treatment Supply System Fund* – accounts for the operation and maintenance of the City’s wastewater treatment plant. It provides treatment facilities for Owosso and Caledonia Townships, the City of Corunna, as well as the City itself.

Additionally, the City reports the following fund types:

*Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* – Debt Service Funds account for payment of principal and interest on long-term debt.

*Capital Projects Funds* – Capital Projects Funds account for the resources used for capital projects.

*Internal Service Fund* – The Internal Service Fund accounts for fleet maintenance services provided to other departments of the City on a cost reimbursement basis.

*Fiduciary Funds* – Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

#### **Specific Balances and Transactions:**

*Deposits and Investments* – Cash and cash equivalents includes cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the City considers all investments (including restricted assets) to be cash equivalents.

*Restricted Assets* – Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.



**CITY OF OWOSSO**

---

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2024

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**Inventories** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds and proprietary funds are recorded as expenditures when consumed rather than when purchased.

**Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items acquired or constructed since 1980), are defined by the City as assets with an individual cost in excess of \$10,000 with the exception of infrastructure, which must have a cost in excess of \$50,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-50 years
Infrastructure	20-50 years
Land improvements	10-20 years
Machinery and equipment	5-20 years
Office equipment	5-10 years
Utility systems and improvements	5-60 years
Vehicles and Vehicles/Equipment	4-30 years

**Compensated Absences** – It is the City’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discount. The general fund and debt service funds are generally used to liquidate governmental long-term debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Unearned Revenues** – Governmental funds and proprietary funds defer revenue recognition in connection with resources that have been received but not yet earned.

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

**Net Position Flow Assumption** – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

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

**Fund Balance Policies** – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, and the nonspendable portion of endowments. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

**CITY OF OWOSSO**

---

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2024

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

*Unassigned fund balance* is the residual classification for the City’s general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council.

The City Council has adopted a minimum fund balance policy in which the general fund will be equal to 25% of general fund operating expenses. If the fund balance of the general fund falls below the minimum range, the City will replenish shortfall by reducing expenditures, increasing revenues or a combination of expenditure reductions and revenue enhancements as detailed in the policy. If the fund balance of the general fund exceeds 25% plus an infrastructure emergency reserve of \$1 million, the City shall consider using such surpluses for one-time non-recurring expenditures that will not require additional future expenses for maintenance, additional staffing, or any other recurring expenditures, in accordance with the policy.

**Property Taxes** – Property taxes are levied each July 1 and December 1 on the taxable valuation of property, as equalized by the State, as of the preceding December 31, the lien date. The levies are considered past due on September 1 and February 15, respectively, at which time applicable penalties and interest are assessed. The City bills and collects its own property taxes as well as taxes for the various local governmental units. Collections and remittances for other units are accounted for in the trust and agency fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. The 2023 taxable valuation of the City totaled \$317,843,412 (a portion of which is captured by the DDA and Brownfield). The City levied 12.6919 mills for general operations, 1.0000 mill for Public Act 298 (brush/leaves/street cleanings), and 2.0646 mills for debt service. The taxable valuation for the DDA totaled \$18,738,433 and the DDA levied 1.8855 mills.

**Defined Benefit Plan Pension Costs** – The City offers a defined benefit pension plan to its employees. For this plan, 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.

**Proprietary Funds Operating Classification** – 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 proprietary funds are charges to customers for sales and services. The proprietary funds recognize as capital contributions the tap fees intended to recover the cost of connecting new customers to the system, if any, and as nonoperating revenues rental income and investment income. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Interfund Activity:**

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

---

### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

---

**Budgetary Information:**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year-end, except for those approved by the City Council for carry forward. The annual budget is prepared by the City’s management and adopted by the City Council; subsequent amendments are approved by the City Council. During the current year, the budget was amended in a legally permissible manner. Unexpended appropriations lapse at year end.

Budget appropriations are authorized by the City Council on a departmental basis in accordance with sections of the City Charter. Legal budgetary control is exercised at the activity level for the general fund and the activity level inclusive of capital outlay for all other funds.

**Excess of Expenditures over Appropriations in Budgeted Funds:**

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

	<u>Final Budget</u>		<u>Actual</u>		<u>Actual over Budget</u>
<b>General Fund:</b>					
General government					
Council	\$ 8,060		\$ 11,737		\$ 3,677

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The City's deposits and investments have been made in accordance with statutory authority.

The City's deposits and investments are subject to several types of risk, which are presented in more detail as follows:

**Custodial Credit Risk – Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a written deposit policy for custodial credit risk. At year end, the City had \$14,116,645 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$4,789,070 was covered by depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk - Investments.** For an investment, custodial credit risk 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. In order to minimize this risk, City policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2024, none of the City's investments were exposed to custodial credit risk.

**Interest Rate Risk - Investments:** Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of State law on investment maturities as a means on managing its exposure to fair value losses arising from increasing interest rates.

The City's investments had the following average maturity structure as of June 30, 2024:

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 Year</u>
Investment Trust Funds - Michigan CLASS	\$ 5,070,379	\$ 5,070,379
Money Market Funds - US Treasury & Government	7,843,123	7,843,123
	<u>\$ 12,913,502</u>	<u>\$ 12,913,502</u>

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a percentage of the total investment portfolio.

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

**Credit Risk – Investments:** State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The City’s investment policy does not have specific limits in excess of state law on investment credit risk.

The City’s investments had the following credit risk structure as of June 30, 2024:

<u>Investment Type</u>	<u>Market Value</u>	<u>Rating</u>	<u>Rating Organization</u>	<u>Percent of Total</u>
Investment Trust Funds - Michigan CLASS	\$ 5,070,379	AAAm	S&P	39%
Money Market Funds - US Treasury & Government	<u>7,843,123</u>	AAAm	S&P	<u>61%</u>
	<u>\$ 12,913,502</u>			<u>100%</u>

### NOTE 4: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Market Value</u>
Investment Trust Funds - Michigan CLASS	\$ -	\$ -	\$ -	\$ 5,070,379
Money Market Funds - US Treasury & Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,843,123</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,913,502</u>

The City has \$5,070,379 invested with the Michigan Cooperative Liquid Assets Security System (Michigan CLASS). Michigan CLASS is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS funds are authorized to invest in U.S. Treasuries, U.S. Agencies, commercial paper, bankers’ acceptances, repurchase agreements, certificates of deposit, and mutual funds. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however, does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1. Fair value of the City’s position in the government investment pool is the same as the value of the Michigan CLASS pool shares.

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 4: FAIR VALUE MEASUREMENTS, CONTINUED

Michigan CLASS (money market mutual fund) is recorded at amortized cost, which approximates fair value and these funds are not subject to the fair value disclosures under Governmental Accounting Standards Board (GASB) Statement No. 72. The funds do not require notification of redemptions.

The City's investment in the Money Market Funds – US Treasury & Government of \$7,843,123 are valued at net asset value. At June 30, 2024, there were no unfunded commitments or redemption restrictions.

### NOTE 5: CAPITAL ASSETS

Capital assets activity of the City's government activities, business-type activities and component units was as follows:

	<i>Restated</i> <i>July 1,</i> <i>2023</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2024</i>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,558,613	\$ -	\$ -	\$ 4,558,613
Construction in progress	361,427	1,618,735	(288,676)	1,691,486
Total capital assets not being depreciated	<u>4,920,040</u>	<u>1,618,735</u>	<u>(288,676)</u>	<u>6,250,099</u>
Capital assets being depreciated:				
Buildings and improvements	3,166,091	26,490	-	3,192,581
Infrastructure	40,723,111	1,586,191	-	42,309,302
Land improvements	4,353,883	56,275	-	4,410,158
Machinery and equipment	2,478,821	1,098,462	(242,287)	3,334,996
Office equipment	1,454,005	50,434	(7,995)	1,496,444
Vehicles	5,702,998	456,672	(214,892)	5,944,778
Total capital assets being depreciated	<u>57,878,909</u>	<u>3,274,524</u>	<u>(465,174)</u>	<u>60,688,259</u>
Accumulated depreciation				
Buildings and improvements	(2,661,713)	(40,572)	-	(2,702,285)
Infrastructure	(11,569,214)	(2,104,039)	-	(13,673,253)
Land improvements	(2,954,157)	(155,566)	-	(3,109,723)
Machinery and equipment	(1,964,841)	(174,352)	225,274	(1,913,919)
Office equipment	(1,346,304)	(30,456)	7,995	(1,368,765)
Vehicles	(3,470,259)	(364,836)	214,892	(3,620,203)
Total accumulated depreciation	<u>(23,966,488)</u>	<u>(2,869,821)</u>	<u>448,161</u>	<u>(26,388,148)</u>
Net capital assets being depreciated	<u>33,912,421</u>	<u>404,703</u>	<u>(17,013)</u>	<u>34,300,111</u>
Governmental activities, capital assets, net	<u>\$ 38,832,461</u>	<u>\$ 2,023,438</u>	<u>\$ (305,689)</u>	<u>\$ 40,550,210</u>

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 5: CAPITAL ASSETS, CONTINUED

	<i>Restated</i> <i>July 1,</i> <i>2023</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30,</i> <i>2024</i>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 365,842	\$ -	\$ -	\$ 365,842
Construction in progress	<u>5,104,968</u>	<u>11,941,364</u>	<u>(1,300,424)</u>	<u>15,745,908</u>
Total capital assets not being depreciated	<u>5,470,810</u>	<u>11,941,364</u>	<u>(1,300,424)</u>	<u>16,111,750</u>
Capital assets being depreciated:				
Buildings and improvements	13,245,204	-	-	13,245,204
Machinery and equipment	670,621	-	-	670,621
Office equipment	347,889	-	-	347,889
Utility systems and improvements	36,687,472	2,451,762	(15,232)	39,124,002
Vehicles/Equipment	<u>1,628,872</u>	<u>-</u>	<u>-</u>	<u>1,628,872</u>
Total capital assets being depreciated	<u>52,580,058</u>	<u>2,451,762</u>	<u>(15,232)</u>	<u>55,016,588</u>
Accumulated depreciation				
Buildings and improvements	(9,175,016)	(233,435)	-	(9,408,451)
Machinery and other equipment	(261,574)	(41,743)	-	(303,317)
Office equipment	(346,227)	(554)	-	(346,781)
Utility systems and improvements	(17,973,533)	(693,061)	15,232	(18,651,362)
Vehicles/Equipment	<u>(526,990)</u>	<u>(88,022)</u>	<u>-</u>	<u>(615,012)</u>
Total accumulated depreciation	<u>(28,283,340)</u>	<u>(1,056,815)</u>	<u>15,232</u>	<u>(29,324,923)</u>
Net capital assets being depreciated	<u>24,296,718</u>	<u>1,394,947</u>	<u>-</u>	<u>25,691,665</u>
Business-type activities, capital assets, net	<u>\$ 29,767,528</u>	<u>\$ 13,336,311</u>	<u>\$ (1,300,424)</u>	<u>\$ 41,803,415</u>
<b>Component units:</b>				
Capital assets being depreciated:				
Machinery and equipment	<u>\$ 34,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,257</u>
Accumulated depreciation				
Machinery and other equipment	<u>(11,776)</u>	<u>(4,282)</u>	<u>-</u>	<u>(16,058)</u>
Component units, capital assets, net	<u>\$ 22,481</u>	<u>\$ (4,282)</u>	<u>\$ -</u>	<u>\$ 18,199</u>



# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 5: CAPITAL ASSETS, CONTINUED

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

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Units</i>
General government	\$ 89,108	\$ -	\$ -
Public safety	245,009	-	-
Public works	2,394,234	-	-
Community and economic development	-	-	4,282
Recreation and culture	141,470	-	-
Sewer disposal system	-	77,653	-
Water supply system	-	563,873	-
Wastewater treatment system	-	415,289	-
	<u>\$ 2,869,821</u>	<u>\$ 1,056,815</u>	<u>\$ 4,282</u>

### NOTE 6: LONG-TERM DEBT

The City may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Other long-term obligations include compensated absences.

Long-term debt transactions for the City's governmental activities for the year ended June 30, 2024 was as follows:

	<i>July 1, 2023</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30, 2024</i>	<i>Due Within One Year</i>
<b>Governmental activities:</b>					
<i>Direct Placements</i>					
Unlimited Tax General Obligation Refunding Bonds, Series 2021A for \$9,110,000, due in annual amounts of \$285,000 to \$595,000, interest at 3.00-4.00% through May, 2039.	\$ 8,120,000	\$ -	\$ (490,000)	\$ 7,630,000	\$ 500,000
General Obligation Limited Tax Refunding Bonds, Series 2021B for \$475,000, due in annual amounts of \$50,000 to \$70,000, interest at 4.00% through May, 2029.	370,000	-	(50,000)	320,000	55,000
Premium on 2021A UTGO Bonds	1,183,828	-	(73,989)	1,109,839	-
Premium on 2021B LTGO Bonds	46,688	-	(7,781)	38,907	-

continued

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 6: LONG-TERM DEBT, CONTINUED

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
2023 General Obligation Bond for \$842,000, due in annual amounts of \$31,000 to \$54,000, interest at 3.625% through April, 2043. (not finalized)	-	92,000	(29,000)	63,000	31,000
<i>Direct Borrowings:</i>					
2023 Installment Purchase Agreement, \$111,908, due in annual installments of \$16,885 through February 2026.	50,654	-	(50,654)	-	-
<i>Other liabilities:</i>					
Compensated absences	<u>371,347</u>	<u>226,666</u>	<u>(185,673)</u>	<u>412,340</u>	<u>206,170</u>
Total governmental activities long-term debt	<u>\$ 10,142,517</u>	<u>\$ 318,666</u>	<u>\$ (887,097)</u>	<u>\$ 9,574,086</u>	<u>\$ 792,170</u>

Annual debt service requirements to maturity for the governmental activities direct placements, not including bond premiums, as of June 30, 2024 are as follows:

<i>Year Ended</i>	<u>Governmental Activities</u>		
	<u>Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 555,000	\$ 285,450	\$ 840,450
2026	575,000	263,250	838,250
2027	600,000	240,250	840,250
2028	615,000	216,250	831,250
2029	630,000	191,650	821,650
2030-2034	2,835,000	608,200	3,443,200
2035-2039	<u>2,140,000</u>	<u>171,750</u>	<u>2,311,750</u>
	\$ 7,950,000	<u>\$ 1,976,800</u>	<u>\$ 9,926,800</u>
Principal outstanding/ not finalized	<u>63,000</u>		
	<u>\$ 8,013,000</u>		

The 2023 General Obligation Bonds were issued September 25, 2023 in the amount of \$842,000. As of June 30, 2024, the City has borrowed \$92,000. The debt repayment schedule has not been finalized.

Long-term debt transactions for the City's business-type activities for the year ended June 30, 2024 was as follows:

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 6: LONG-TERM DEBT, CONTINUED

	<u>July 1,</u> <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30,</u> <u>2024</u>	<u>Due Within</u> <u>One Year</u>
<b>Business-type activities:</b>					
<i>Direct Placements:</i>					
General Obligation Limited Tax Sewer System Improvement Bond, Series 2008 for \$801,786, due in annual amounts of \$50,000 to \$51,786, interest at 2.50% through April 1, 2028.	\$ 256,786	\$ -	\$ (50,000)	\$ 206,786	\$ 50,000
Sewer System Revenue Bond, Series 2020 for \$1,141,664, due in annual amounts of \$50,000 to \$71,664, interest at 2.00% through October 1, 2040.	1,031,664	-	(50,000)	981,664	50,000
Water Supply System Revenue Bond, Series 2020 for \$2,971,023, due in annual amounts of \$126,000 to \$184,023, interest at 2.00% through October 1, 2040.	2,706,023	-	(126,000)	2,580,023	126,000
Water Supply System Revenue Bond, Series 2022B for \$715,540, due in annual amounts of \$30,000 to \$40,540, interest at 1.875% through April 1, 2042.	685,540	-	(30,000)	655,540	30,000
Water Supply System Revenue Bond, Series 2023 for \$3,033,750, due in annual amounts of \$123,750 to \$180,000, interest at 1.875% through April 1, 2044.	378,001	2,655,749	-	3,033,750	123,750
Water Supply System Junior Lien Revenue Bonds, Series 2024 for \$1,867,500, due in annual amounts of \$77,500 to \$110,000, interest at 2.00% through October 1, 2045. (not finalized)	-	50,000	-	50,000	-
Wastewater Treatment System Revenue Bonds, Series 2020 for \$2,145,000, due in annual amounts of \$90,000 to \$130,000, interest at 2.00% through October 1, 2040.	1,965,000	-	(90,000)	1,875,000	95,000
Wastewater Treatment System Revenue Bonds, Series 2022 for \$4,885,000, due in annual amounts of \$130,000 to \$230,000, interest at 2.125% through April 1, 2051.	2,832,321	2,052,679	(130,000)	4,755,000	130,000

continued

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 6: LONG-TERM DEBT, CONTINUED

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Wastewater Treatment System Revenue Bonds, Series 2023 for \$19,000,000, due in annual amounts of \$630,000 to \$820,000, interest at 1.875% through October 1, 2055. (not finalized)	-	5,293,718	-	5,293,718	-
Wastewater Treatment System Revenue Bonds, Series 2024 for \$4,275,000, due in annual amounts of \$105,000 to \$190,000, interest at 2.00% through October 1, 2055. (not finalized)	-	2,630	-	2,630	-
<i>Direct Borrowings:</i>					
2017 Installment Purchase Agreement for \$1,900,000, due due in annual amounts of \$122,655 to \$147,057, interest at 2.50% through May 15, 2031.	1,076,321	-	(122,655)	953,666	125,876
<i>Other liabilities:</i>					
Compensated absences	<u>110,173</u>	<u>75,652</u>	<u>(55,086)</u>	<u>130,739</u>	<u>65,369</u>
Total business-type activities long-term debt	<u>\$ 11,041,829</u>	<u>\$ 10,130,428</u>	<u>\$ (653,741)</u>	<u>\$ 20,518,516</u>	<u>\$ 795,995</u>

Annual debt service requirements to maturity for the business-type activities direct borrowings and direct placements as of June 30, 2024 are as follows:

<i>Year Ended</i> <u>June 30,</u>	<u>Business-type Activities</u> <i>Direct Placements</i>			<u>Business-type Activities</u> <i>Direct Borrowings</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2025	\$ 604,750	\$ 274,165	\$ 878,915	\$ 125,876	\$ 25,043
2026	621,000	265,262	886,262	129,181	21,738	150,919
2027	631,000	252,626	883,626	132,574	18,345	150,919
2028	647,786	239,654	887,440	136,055	14,864	150,919
2029	601,000	226,478	827,478	139,628	11,291	150,919
2030-2034	3,215,000	945,134	4,160,134	290,352	11,486	301,838
2035-2039	3,575,000	608,724	4,183,724	-	-	-
2040-2044	2,687,227	271,211	2,958,438	-	-	-
2045-2049	1,050,000	97,428	1,147,428	-	-	-
2050-2051	<u>455,000</u>	<u>6,990</u>	<u>461,990</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,087,763</u>	<u>\$ 3,187,672</u>	<u>\$ 17,275,435</u>	<u>\$ 953,666</u>	<u>\$ 102,767</u>	<u>\$ 1,056,433</u>
Principal outstanding/ not finalized	<u>5,346,348</u>					
	<u>\$ 19,434,111</u>					

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 6: LONG-TERM DEBT, CONTINUED

The Water Supply System Junior Lien Revenue Bonds, Series 2024 were issued May 6, 2024 in the amount of \$1,867,500. As of June 30, 2024, the City has borrowed \$50,000. Because the City is a qualified disadvantaged community, the project is being awarded principal forgiveness not to exceed \$122,500. The outstanding debt balance at June 30, 2024 of \$50,000 is not included in the above repayment schedule because the debt schedule has not been finalized.

Wastewater Treatment System Revenue Bonds, Series 2023 were issued August 28, 2023 in the amount of \$19,000,000. As of June 30, 2024, the City has borrowed \$5,293,718. Because the City is a qualified disadvantaged community, the project is being awarded principal forgiveness not to exceed \$5,300,000. The outstanding debt balance at June 30, 2024 of \$5,293,718 is not included in the above repayment schedule because the debt schedule has not been finalized.

Wastewater Treatment System Revenue Bonds, Series 2024 were issued August 28, 2024 in the amount of \$4,275,000. As of June 30, 2024, the City has borrowed \$2,630. The outstanding debt balance at June 30, 2024 of \$2,630 is not included in the above repayment schedule because the debt schedule has not been finalized.

Long-term debt transactions for the components units for the year ended June 30, 2024 was as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
<b>Component units:</b>					
<i>Direct Borrowings:</i>					
Promissory Note for \$34,257, due in annual amounts of \$1,799 to \$5,291, interest at 2.70% (paid off early)	\$ 22,044	\$ -	\$ (22,044)	\$ -	\$ -
EGLE - Brownfield Redevelopment Loan for \$287,969, due in annual amounts of \$25,383 to \$27,755, interest at 1.50% through March 31, 2031.	210,886	-	(25,008)	185,878	25,383
	<u>\$ 232,930</u>	<u>\$ -</u>	<u>\$ (47,052)</u>	<u>\$ 185,878</u>	<u>\$ 25,383</u>

Annual debt service requirements to maturity for the component units direct borrowings as of June 30, 2024 are as follows:

<i>Year Ended</i>	<u>Component Units</u>		
	<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30,			
2025	\$ 25,383	\$ 2,788	\$ 28,171
2026	25,764	2,407	28,171
2027	26,150	2,021	28,171
2028	26,542	1,629	28,171
2029	26,940	1,231	28,171
2030-2031	55,099	1,243	56,342
	<u>\$ 185,878</u>	<u>\$ 11,319</u>	<u>\$ 197,197</u>

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 7: LONG-TERM ADVANCES

The City authorized the following long-term loans or advances. Balances outstanding at year end were as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
<b>Advances:</b>					
General Fund loan to Component Unit - Brownfield Redevelopment Authority for \$2,120,497, due in annual amounts of \$140,953 to \$165,897, interest at 2.33% through March 2032.	\$ 1,362,787	\$ -	\$ (137,710)	\$ 1,225,077	\$ 140,953
Revolving Loan Fund to Component Unit - Brownfield Redevelopment Authority for \$220,880, due in annual amounts of \$19,391, interest at 0.00% through June 30, 2026.	58,164	-	(19,391)	38,773	19,391
Sewer Fund to Component Unit - Brownfield Redevelopment Authority for \$49,612. Repayment terms will be established when all costs are finalized.	-	49,612	-	49,612	-
	<u>\$ 1,420,951</u>	<u>\$ 49,612</u>	<u>\$ (157,101)</u>	<u>\$ 1,313,462</u>	<u>\$ 160,344</u>

Annual debt service requirements to maturity for the component unit advance payable to the primary government as of June 30, 2024 are as follows:

<i>Year Ended</i>	<u>Component Units</u>		
	<u>Advance Payables</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2025	\$ 160,344	\$ 27,045	\$ 187,389
2026	163,654	23,726	187,380
2027	147,670	20,328	167,998
2028	151,148	16,850	167,998
2029	154,707	13,291	167,998
2030-2033	<u>486,327</u>	<u>17,667</u>	<u>503,994</u>
	\$ 1,263,850	<u>\$ 118,907</u>	<u>\$ 1,382,757</u>
Principal outstanding/ not finalized	<u>49,612</u>		
	<u>\$ 1,313,462</u>		

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 8: INTERFUND TRANSFERS

Interfund transfers were either to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, or (2) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
Major Street Fund	Local Street Fund	\$ 350,000
	Nonmajor Governmental Funds	
General Fund	Historical Fund	20,000
General Fund	Transportation Fund	<u>17,010</u>
		<u>\$ 387,010</u>

### NOTE 9: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end in the aggregate are as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Component</u>
	<u>Activities</u>	<u>Activities</u>	<u>Primary</u>	<u>Units</u>
			<u>Government</u>	
<b>Receivables:</b>				
Utility bills receivable	\$ -	\$ 2,029,943	\$ 2,029,943	\$ -
Accounts	553,727	178,431	732,158	-
Special assessments receivable				
Current	150,000	-	150,000	-
Long-term	1,041,707	-	1,041,707	-
Loans receivable				
Current	140,000	6,241	146,241	4,370
Long-term	177,039	89,058	266,097	23,087
Intergovernmental	<u>2,033,642</u>	<u>3,885,415</u>	<u>5,919,057</u>	<u>-</u>
Total receivables	<u>\$ 4,096,115</u>	<u>\$ 6,189,088</u>	<u>\$ 10,285,203</u>	<u>\$ 27,457</u>
<b>Accounts payable and accrued expenses:</b>				
Accounts	\$ 1,153,595	\$ 3,416,917	\$ 4,570,512	\$ 194,904
Payroll and related liabilities	208,148	34,708	242,856	1,447
Interest	74,832	60,047	134,879	697
Deposits payable	<u>107,707</u>	<u>207,725</u>	<u>315,432</u>	<u>-</u>
Total accounts payable and accrued expenses	<u>\$ 1,544,282</u>	<u>\$ 3,719,397</u>	<u>\$ 5,263,679</u>	<u>\$ 197,048</u>

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The City has two employee pension plans. One plan is a Defined Contribution Plan and the other plan is a Defined Benefit Plan. Information concerning each plan follows:

#### Defined Contribution Pension Plan:

The City provides pension benefits to the city manager position along with new employees under the AFSCME collective bargaining contract and general employees under the Personnel Policy Manual (revised as of 12-19-2022) with a defined contribution plan administered under the Municipal Employees Retirement System (MERS) of Michigan, for which the City provides employer contributions. In accordance with the collective bargaining agreement and personnel policy manual, the City contributed \$252,220 during the current year and employees contributed \$319,995 during the year. At June 30, 2024, the City had no outstanding amounts due to the Plan.

#### Defined Benefit Pension Plan (Municipal Employees' Retirement System of Michigan):

**Plan Description** – The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer 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 Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

**Benefits Provided** – The following are the benefits provided from the December 31, 2023 valuation.

	<u>01 - AFSCME Council:</u> <u>Closed to new hires</u>	<u>02 - Plc. Cmnd. Emp:</u> <u>Open Division</u>	<u>05 - Fire hired bf 5/1/19:</u> <u>Closed to new hires,</u> <u>linked to Division HB</u>
Benefit Multiplier:	2.50% Multiplier (80% max)	Bridged Benefit: 2.80% Multiplier (80% max)-Frozen FAC; 2.50% Multiplier (80% max)	2.80% Multiplier for Svc < 25 yrs, 1.00% Multiplier for Svc > 25 yrs paid to SS Age, 2.38% Multiplier paid after SS Age (75% max)
Bridged Benefit Date:		6/30/2012	
Normal Retirement Age:	60	60	55
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	55/25	50/25	50/25
Early Retirement (Reduced):	50/25; 55/15	55/15	-
Final Average Compensation:	3 years	3 years	3 years
COLA for Future and Current Retirees:			1.40% (Non-Compound) payable for 10 years
Employee Contributions:	6.40%	10.00%	8.00%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)



# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

	<i>10 - AFSCME hired pr 7/1/05: Closed to new hires</i>	<i>11 - General ee's hired pr 1/1/06: Closed to new hires</i>	<i>20 - POLC - NonSupervisory: Closed to new hires, linked to Division HA</i>
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.80% Multiplier (80% max)
Normal Retirement Age:	60	60	55
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	55/25	-	50/25
Early Retirement (Reduced):	50/25; 55/15	50/25; 55/15	-
Final Average Compensation:	3 years	3 years	3 years
COLA for Future and Current Retirees:	1.40% (Non-Compound) payable for 10 years	1.40% (Non-Compound) payable for 10 years	1.40% (Non-Compound) payable for 10 years
Employee Contributions:	6.00%	6.00%	10.00%
Act 88:	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)
		<i>HA - POLC - NonSup hired aft 12/1/18: Open Division, linked to Division 20</i>	<i>HB - IAFF hired aft 5/1/19: Open Division, linked to Division 5</i>
Benefit Multiplier:		1.50% Multiplier (no max)	1.50% Multiplier (no max)
Normal Retirement Age:		60	60
Vesting:		6 years	6 years
Early Retirement (Unreduced):		55/25	55/25
Early Retirement (Reduced):		-	-
Final Average Compensation:		3 years	3 years
Employee Contributions:		0.00%	0.00%
Act 88:		Yes (Adopted 7/20/1964)	Yes (Adopted 7/20/1964)

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

Inactive employees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits (including refunds):	5
Active employees	47
Total	<u>152</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 City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may establish contribution rates to be paid by its covered employees.

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

The annual City required contributions, equal to the actuarially determined contribution based on the valuation projected payroll from the December 31, 2021 actuarial valuation, were as follows:

	<i>Employer Contribution Percentage or Flat Amount</i>	<i>Employee Contribution Percentage</i>
<b>Divisions:</b>		
01 - AFSCME Council	\$1,857/month	6.40%
02 - Plc. Cmnd. Emp	42.44%	10.00%
05 - Fire hired bf 5/1/19	\$9,880/month	8.00%
10 - AFSCME hired pr 7/1/05	\$7,693/month	6.00%
11 - General ee's hired pr 1/1/06	\$5,121/month	6.00%
20 - POLC - NonSupervisory	\$12,079/month	10.00%
HA - POLC - NonSup hired aft 12/1/18	6.56%	0.00%
HB - IAFF hired aft 5/1/19	6.37%	0.00%

**Net Pension Liability** – The City’s net pension liability reported at June 30, 2024 was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of that date.

**Actuarial assumptions** – The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.50%; Salary Increases: 3.00% in the long-term; Investment rate of return: 6.93%, net of investment and administrative expenses 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%-4%. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

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

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

Asset Class	Target Allocation	Long-term Expected			
		Long-term Expected Gross Return	Gross Return Contribution	Inflation Assumption	Long-term Expected Real Rate of Return
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.66%	0.93%	2.50%	0.43%
Private Investments	20.0%	9.00%	1.80%	2.50%	1.30%
Total	100.0%		6.93%		4.43%

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

**Discount rate** – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for the City. 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.

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/22	\$ 47,096,027	\$ 38,844,099	\$ 8,251,928
Service cost	542,632	-	542,632
Interest on total pension liability	3,304,710	-	3,304,710
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(132,792)	-	(132,792)
Changes in assumptions	280,770	-	280,770
Employer contributions	-	1,394,511	(1,394,511)
Employee contributions	-	239,355	(239,355)
Net investment income (loss)	-	4,259,737	(4,259,737)
Benefit payments, including employee refunds	(3,479,681)	(3,479,681)	-
Administrative expenses	-	(90,604)	90,604
Other changes	3,282	-	3,282
Net changes	518,921	2,323,318	(1,804,397)
Balances at 12/31/23	<u>\$ 47,614,948</u>	<u>\$ 41,167,417</u>	<u>\$ 6,447,531</u>

The net pension liability is recorded as follows:

Governmental activities	\$ 4,959,616
Business-type activities	<u>1,487,915</u>
	<u>\$ 6,447,531</u>

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability of the City, calculated using the discount rate of 7.18%, as well as what the City’s net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate.

	<i>1% Decrease Rate 6.18%</i>	<i>Current Rate 7.18%</i>	<i>1% Increase Rate 8.18%</i>
Change in net pension liability as of 12/31/23	<u>\$ 5,061,640</u>	<u>\$ -</u>	<u>\$ (4,284,058)</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 10: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** – For the year ended June 30, 2024; the City recognized pension expense, on the defined benefit plan, of \$779,680.

The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ -	\$ 177,167
Changes in assumptions	187,180	-
Net difference between projected and actual earnings on pension plan investments	1,409,170	-
Contributions subsequent to the measurement date	421,698	-
	<u>\$ 2,018,048</u>	<u>\$ 177,167</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

Governmental activities	\$ 1,568,698	\$ 134,059
Business-type activities	449,350	43,108
	<u>\$ 2,018,048</u>	<u>\$ 177,167</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$421,698), which will impact the net pension liability in fiscal year 2025, rather than pension expense.

<i>Year Ended</i>	<i>Amount</i>
2025	\$ (343,620)
2026	773,104
2027	1,292,446
2028	(302,747)

***Pension Plan Fiduciary Net Position*** – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at [www.mersofmichigan.com](http://www.mersofmichigan.com). The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 11: RISK MANAGEMENT

---

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee medical benefits and participates in the Michigan Municipal Risk Management Authority (risk pool) for claims relating to general and auto liability, auto physical damage and property loss claims, and the Michigan Municipal League for Workers' Compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority ("MMRMA") (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remain with the City.

At June 30, 2024, the City had \$225,495 on deposit in a member retention fund balance with the Authority to pay claims. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the City. The City estimates the liability for claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported.

Changes in the member retention fund balance for the past two fiscal year were as follows:

	<u>2024</u>	<u>2023</u>
<b>Unpaid claims - beginning of year</b>	\$ 41,500	\$ 65,519
Incurred claims and adjustments (including claims incurred but not reported)	47,855	86,749
Claim payments	<u>(89,355)</u>	<u>(110,768)</u>
<b>Unpaid claims - end of year</b>	-	41,500
<b>Assets held on deposit with Authority</b>	<u>225,495</u>	<u>276,795</u>
<b><i>Member retention fund balance end of year</i></b>	<u>\$ 225,495</u>	<u>\$ 235,295</u>

---

### NOTE 12: TAX ABATEMENTS

---

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. For the year ended June 30, 2024, the City's property taxes were reduced by \$17,482 under this program.

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

---

### NOTE 12: TAX ABATEMENTS, CONTINUED

---

Obsolete property rehabilitation tax abatements are granted in the State of Michigan under Public Act 146, as amended, to encourage investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use. The obsolete property rehabilitation tax (OPRA) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. OPRA exemptions can cover only real property. Property must be functionally obsolete as determined by the City Assessor as defined in the legislation. Project must be for a project that will have a commercial or commercial housing use. The taxable value of the qualifying property is set (“frozen”) at the taxable value assigned in the year immediately preceding the effective date of the exemption certificate. New taxable value in excess of the frozen taxable value is exempted from certain millages levied on real property for a period of 1-12 years. The amount of the abatement is equal to the exempted mills applied to the amount of

the taxable value created by investment in the project. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting entities) an amount equal to amount of the taxes abated, if it does not meet the job creation or private investment estimates contained in their application. For the year ended June 30, 2024, the City’s property taxes were reduced by \$10,524 under this program.

Brownfield redevelopment property tax abatements are granted in the State of Michigan under Public Act 381, as amended, to encourage investment in the revitalization, redevelopment, and reuse of certain properties considered contaminated, blighted, functionally obsolete, or historic resources. The brownfield redevelopment tax exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. Brownfield redevelopment exemptions can cover real and/or personal property. Property must be included in a Brownfield Plan and qualify as either a facility/site, functionally obsolete, blighted, historic resource, transit oriented property/development or a targeted redevelopment area. The beneficiary’s taxes are not reduced, but are captured and reimbursed, thereby reducing the effective rate of taxation. Upon paying its taxes, a participant is eligible to be reimbursed, from a portion of its taxes paid, by the Brownfield Redevelopment Authority for the documented costs of its eligible activities, thereby reducing the effective tax that is paid. In this case, the taxes are not reduced, but are used to reimburse for certain eligible activity costs. The amount of taxes not collected by local taxing authorities is generally any amount of taxes in excess of those taxes paid in the year immediately preceding approval of a Brownfield Plan Amendment. Reimbursement is made pursuant to the terms and conditions of a Development and Reimbursement Agreement between the applicant and the Brownfield Redevelopment Authority. If taxes are captured and the terms and conditions of the Development and Reimbursement Agreement for the project are violated, the taxes may be returned to the taxing authorities that would otherwise have received the taxes. From time to time, the City and/or the Brownfield Redevelopment Authority participate in a project by making investments in public infrastructure surrounding a project. For the year ended June 30, 2024, the City’s property taxes were reduced by \$107,012 under this program.

### NOTE 13: ENDOWED FUNDS

---

During the current year, the City of Owosso Historical Commission irrevocably transferred assets to the Shiawassee Community Foundation. The Fund is endowed, meaning that the Historical Commission intends that it exist in perpetuity. The assets are deemed under the power of the Community Foundation and are not reported on the financial statements of the Historical Commission. The balance at June 30, 2024 held by the Foundation was \$25,816. The Historical Commission will receive distributions from the endowment fund in accordance with the policy of the Shiawassee Community Foundation.

# CITY OF OWOSSO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024

### NOTE 14: DEFICIT NET POSITION

The City's Brownfield Redevelopment Authority, a discretely presented component unit, has a deficit unrestricted and total net position of \$1,383,356. The Brownfield Redevelopment Authority will capture property taxes in the future and use revenues from services to eliminate this deficit.

### NOTE 15: FUND BALANCES – GOVERNMENTAL FUNDS

The City reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in governmental funds. Detailed information on fund balance of governmental funds is as follows:

	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Nonmajor Funds</i>	<i>Total Governmental Funds</i>
<b>Nonspendable:</b>				
Inventory	\$ 90,510	\$ -	\$ -	\$ 90,510
Prepaid expenditures	196,157	-	-	196,157
Long-term loans receivable	-	-	317,039	317,039
Advance to component unit	1,225,077	-	38,773	1,263,850
Total nonspendable	<u>1,511,744</u>	<u>-</u>	<u>355,812</u>	<u>1,867,556</u>
<b>Restricted for:</b>				
Construction code	-	-	238,233	238,233
Debt service	-	-	41,509	41,509
Future projects/purchases	75,077	-	108,303	183,380
Historical	-	-	59,101	59,101
Housing and redevelopment	-	-	2,763	2,763
Opioid	-	-	49,777	49,777
Parks	-	-	24,119	24,119
Revolving loan	-	-	774,849	774,849
Streets	-	2,624,338	1,237,526	3,861,864
Total restricted	<u>75,077</u>	<u>2,624,338</u>	<u>2,536,180</u>	<u>5,235,595</u>
<b>Assigned for:</b>				
Ambulance	400,000	-	-	400,000
Economic development	500,000	-	-	500,000
Fire truck	825,000	-	-	825,000
Special assessments - streets	350,000	-	-	350,000
Total assigned	<u>2,075,000</u>	<u>-</u>	<u>-</u>	<u>2,075,000</u>
<b>Unassigned</b>				
	<u>4,960,883</u>	<u>-</u>	<u>-</u>	<u>4,960,883</u>
Total fund balances	<u>\$ 8,622,704</u>	<u>\$ 2,624,338</u>	<u>\$ 2,891,992</u>	<u>\$ 14,139,034</u>

# CITY OF OWOSSO

---

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

---

### NOTE 16: SUBSEQUENT EVENT

---

On August 28, 2024, the Michigan Finance Authority authorized financial assistance to the City of Owosso for wastewater treatment system improvements. The final grant amount and loan total will be recalculated at the completion of the project but are currently estimated as: eligible project cost \$6,875,000; loan total \$4,275,000 and grant amount \$2,600,000.

---

### NOTE 17: RESTATEMENT TO NET POSITION

---

The beginning net position has been restated to record a prior period adjustment to correct capital asset acquisitions recorded in prior years. The effect of the restatement is as follows.

	<i><u>Government- wide Statements</u></i> <i><u>Governmental Activities</u></i>
Beginning net position, as previously stated	\$ 42,965,661
Corrections to capital acquisitions - Governmental Funds	<u>239,964</u>
Beginning net position, restated	<u>\$ 43,205,625</u>



***REQUIRED SUPPLEMENTARY INFORMATION***

# CITY OF OWOSSO

## SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS

<b>Calendar Year</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Total pension liability</b>					
Service cost	\$ 542,632	\$ 511,755	\$ 490,586	\$ 511,427	\$ 206,341
Interest on total pension liability	3,304,710	3,300,298	3,396,971	751,518	392,133
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(132,792)	(265,918)	(1,115,880)	36,158,635	5,515,134
Changes in assumptions	280,770	-	1,502,391	299,435	164,399
Benefit payments, including employee refunds	(3,479,681)	(3,431,169)	(3,489,410)	(2,314,615)	(572,986)
Other changes	3,282	-	-	-	-
<b>Net change in total pension liability</b>	<b>518,921</b>	<b>114,966</b>	<b>784,658</b>	<b>35,406,400</b>	<b>5,705,021</b>
<b>Total pension liability - beginning</b>	<b>47,096,027</b>	<b>46,981,061</b>	<b>46,196,403</b>	<b>10,790,003</b>	<b>5,084,982</b>
<b>Total pension liability - ending</b>	<b>\$ 47,614,948</b>	<b>\$ 47,096,027</b>	<b>\$ 46,981,061</b>	<b>\$ 46,196,403</b>	<b>\$ 10,790,003</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 1,394,511	\$ 1,042,571	\$ 1,467,148	\$ 25,564,961	\$ 5,953,640
Contributions - employee	239,355	256,962	256,479	2,857,659	85,826
Net investment income (loss)	4,259,737	(4,736,113)	5,808,757	6,810,907	543,653
Benefit payments, including employee refunds	(3,479,681)	(3,431,169)	(3,489,410)	(2,314,615)	(572,986)
Administrative expenses	(90,604)	(83,066)	(66,679)	(52,632)	(9,039)
<b>Net change in plan fiduciary net position</b>	<b>2,323,318</b>	<b>(6,950,815)</b>	<b>3,976,295</b>	<b>32,866,280</b>	<b>6,001,094</b>
<b>Plan fiduciary net position - beginning</b>	<b>38,844,099</b>	<b>45,794,914</b>	<b>41,818,619</b>	<b>8,952,339</b>	<b>2,951,245</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 41,167,417</b>	<b>\$ 38,844,099</b>	<b>\$ 45,794,914</b>	<b>\$ 41,818,619</b>	<b>\$ 8,952,339</b>
<b>City's net pension liability</b>	<b>\$ 6,447,531</b>	<b>\$ 8,251,928</b>	<b>\$ 1,186,147</b>	<b>\$ 4,377,784</b>	<b>\$ 1,837,664</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86%</b>	<b>82%</b>	<b>97%</b>	<b>91%</b>	<b>83%</b>
<b>Covered payroll</b>	<b>\$ 3,385,402</b>	<b>\$ 3,151,094</b>	<b>\$ 3,081,347</b>	<b>\$ 3,262,120</b>	<b>\$ 1,347,302</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>190%</b>	<b>262%</b>	<b>38%</b>	<b>134%</b>	<b>136%</b>

continued

# CITY OF OWOSSO

## SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS, CONTINUED

<u>Calendar Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>					
Service cost	\$ 58,387	\$ 60,121	\$ 58,476	\$ 59,072	\$ 56,663
Interest on total pension liability	386,699	372,940	370,415	367,218	364,054
Changes in benefit terms	-	7,111	5,931	50,916	-
Difference between expected and actual experience	33,459	128,899	(6,914)	(109,144)	-
Changes in assumptions	-	-	-	203,319	-
Benefit payments, including employee refunds	(396,219)	(396,218)	(398,083)	(385,997)	(381,134)
Other changes	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>82,326</b>	<b>172,853</b>	<b>29,825</b>	<b>185,384</b>	<b>39,583</b>
<b>Total pension liability - beginning</b>	<b>5,002,656</b>	<b>4,829,803</b>	<b>4,799,978</b>	<b>4,614,594</b>	<b>4,575,011</b>
<b>Total pension liability - ending</b>	<b>\$ 5,084,982</b>	<b>\$ 5,002,656</b>	<b>\$ 4,829,803</b>	<b>\$ 4,799,978</b>	<b>\$ 4,614,594</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 140,293	\$ 139,100	\$ 206,166	\$ 45,863	\$ 50,484
Contributions - employee	42,775	43,917	45,641	59,586	59,724
Net investment income (loss)	(122,935)	399,865	328,921	(45,980)	205,685
Benefit payments, including employee refunds	(396,219)	(396,218)	(398,083)	(385,997)	(381,134)
Administrative expenses	(6,245)	(6,346)	(6,486)	(6,899)	(7,495)
<b>Net change in plan fiduciary net position</b>	<b>(342,331)</b>	<b>180,318</b>	<b>176,159</b>	<b>(333,427)</b>	<b>(72,736)</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,293,576</b>	<b>3,113,258</b>	<b>2,937,099</b>	<b>3,270,526</b>	<b>3,343,262</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 2,951,245</b>	<b>\$ 3,293,576</b>	<b>\$ 3,113,258</b>	<b>\$ 2,937,099</b>	<b>\$ 3,270,526</b>
<b>City's net pension liability</b>	<b>\$ 2,133,737</b>	<b>\$ 1,709,080</b>	<b>\$ 1,716,545</b>	<b>\$ 1,862,879</b>	<b>\$ 1,344,068</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>58%</b>	<b>66%</b>	<b>64%</b>	<b>61%</b>	<b>71%</b>
<b>Covered payroll</b>	<b>\$ 427,743</b>	<b>\$ 418,961</b>	<b>\$ 413,925</b>	<b>\$ 313,381</b>	<b>\$ 339,241</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>499%</b>	<b>408%</b>	<b>415%</b>	<b>594%</b>	<b>396%</b>

# CITY OF OWOSSO

## SCHEDULE OF CITY DEFINED BENEFIT PENSION CONTRIBUTIONS

<i>Fiscal Year Ended June 30,</i>	<i>Actuarially Determined Contribution</i>	<i>Employer Contributions</i>	<i>Contribution (Excess) Deficiency</i>	<i>Covered Payroll</i>	<i>ADC as Percentage of Covered Payroll</i>	<i>Employer Contributions as Percentage of Covered Payroll</i>
2015	\$ 46,402	\$ 46,402	\$ -	\$ 339,241	13.68%	13.7%
2016	81,621	81,621	-	313,381	26.05%	26.0%
2017	128,079	128,079	-	413,925	30.94%	30.9%
2018	139,100	139,100	-	418,961	33.20%	33.2%
2019	140,293	140,293	-	427,743	32.80%	32.8%
2020	5,138,223	5,953,640	(815,417)	1,347,302	381.37%	441.9%
2021	846,081	1,350,393	(504,312)	3,262,120	25.94%	41.4%
2022	1,024,696	1,025,418	(722)	3,081,347	33.25%	33.3%
2023	1,029,996	1,534,773	(504,777)	3,151,094	32.69%	48.7%
2024	701,574	810,807	(109,233)	3,385,402	20.72%	24.0%

### Notes to Schedule

Valuation date Actuarially determined contribution rates are calculated as of December 31, 18 months prior to the beginning of the fiscal year in which contributions are required.

### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open and closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.0% wage inflation with 0.00%-11.00% merit and longevity increases (3.75% for 2015 through 2019)
Investment rate of return	6.93%, net of investment and administrative expense including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 and fully generational MP-2019

# CITY OF OWOSSO

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2024

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
<b>Revenues:</b>				
Property taxes	\$ 4,182,615	\$ 4,251,937	\$ 4,238,591	\$ (13,346)
Marijuana tax	207,000	240,563	240,563	-
Special assessments	-	-	41,694	41,694
Licenses and permits	94,668	81,500	80,293	(1,207)
Federal grants	1,050,000	406,205	239,517	(166,688)
State grants	2,184,075	2,339,889	2,320,776	(19,113)
Contributions from other units	15,453	82,183	87,653	5,470
Charges for services	2,246,216	2,632,083	2,548,587	(83,496)
Fines and forfeits	11,000	18,500	43,647	25,147
Interest and rents	52,200	389,207	402,390	13,183
Other revenue	110,100	185,081	244,553	59,472
Total revenues	<u>10,153,327</u>	<u>10,627,148</u>	<u>10,488,264</u>	<u>(138,884)</u>
<b>Expenditures:</b>				
Current				
General government				
Council	5,560	8,060	11,737	(3,677)
Manager	294,181	336,579	333,333	3,246
Finance	242,732	243,945	221,219	22,726
Clerk	292,291	280,940	266,168	14,772
Information technology	186,900	186,900	156,601	30,299
Treasurer	180,203	233,055	216,070	16,985
Assessor	214,803	214,442	202,907	11,535
General administration	333,690	385,939	338,221	47,718
Elections	-	66,949	65,761	1,188
Building and grounds	199,985	205,023	144,959	60,064
Attorney	120,000	121,000	101,918	19,082
Human resources	218,345	218,945	209,186	9,759
Total general government	<u>2,288,690</u>	<u>2,501,777</u>	<u>2,268,080</u>	<u>233,697</u>
Public safety				
Police	2,841,196	2,915,930	2,740,256	175,674
Fire	2,196,311	2,322,078	2,190,496	131,582
Building and safety	29,880	29,880	29,842	38
Total public safety	<u>5,067,387</u>	<u>5,267,888</u>	<u>4,960,594</u>	<u>307,294</u>
Public works				
Department of public works	396,453	373,898	335,838	38,060
Street lighting	210,300	204,847	204,847	-
Leaf and brush collection	299,315	331,898	284,814	47,084
Parking	37,444	32,474	31,771	703
Total public works	<u>943,512</u>	<u>943,117</u>	<u>857,270</u>	<u>85,847</u>

continued

# CITY OF OWOSSO

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended June 30, 2024

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Community and economic development				
Community development	80,376	199,067	55,235	143,832
Economic development	33,921	33,921	33,332	589
Total community and economic development	114,297	232,988	88,567	144,421
Recreation and culture				
Parks	329,956	399,984	307,866	92,118
Capital outlay				
General government				
Information technology	107,755	107,755	80,275	27,480
Treasurer	500	500	153	347
General administration	21,235	363	363	-
Elections	-	7,656	7,656	-
Public safety				
Police	178,329	284,918	284,918	-
Fire	924,063	924,063	363,809	560,254
Public works				
Department of public works	10,000	18,150	8,106	10,044
Parking	-	39,830	39,830	-
Recreation and culture				
Parks	92,000	173,364	173,364	-
Total capital outlay	1,333,882	1,556,599	958,474	598,125
Debt service				
Principal	-	129,654	129,654	-
Interest expense	-	17,351	17,351	-
Total debt service	-	147,005	147,005	-
Total expenditures	10,077,724	11,049,358	9,587,856	1,461,502
Excess (deficiency) of revenues over expenditures	75,603	(422,210)	900,408	1,322,618
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	6,397	9,897	3,500
Proceeds from bond issuance	-	16,923	92,000	75,077
Interfund transfers out	(48,000)	(37,010)	(37,010)	-
Net other financing sources (uses)	(48,000)	(13,690)	64,887	78,577
Change in fund balance	27,603	(435,900)	965,295	1,401,195
Fund balance, beginning of year	7,657,409	7,657,409	7,657,409	-
Fund balance, end of year	\$ 7,685,012	\$ 7,221,509	\$ 8,622,704	\$ 1,401,195

# CITY OF OWOSSO

*MAJOR STREET FUND*  
**BUDGETARY COMPARISON SCHEDULE**  
 Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Actual</i>
	<u>Original</u>	<u>Final</u>		<i>Over (Under)</i>
				<u>Final Budget</u>
<b>Revenues:</b>				
Special assessments	\$ -	\$ -	\$ 124,056	\$ 124,056
Federal grants	692,500	701,399	493,304	(208,095)
State grants	1,506,387	1,732,762	1,522,372	(210,390)
Contributions from other units	-	102,831	102,831	-
Charges for services	41,585	42,948	34,312	(8,636)
Interest and rents	10,000	150,000	160,903	10,903
Other revenue	-	-	500	-
Total revenues	<u>2,250,472</u>	<u>2,729,940</u>	<u>2,438,278</u>	<u>(292,162)</u>
<b>Expenditures:</b>				
Current				
Public works	1,099,184	1,223,186	716,840	506,346
Capital outlay	<u>1,956,250</u>	<u>2,200,250</u>	<u>1,647,610</u>	<u>552,640</u>
Total expenditures	<u>3,055,434</u>	<u>3,423,436</u>	<u>2,364,450</u>	<u>1,058,986</u>
Excess (deficiency) of revenues over expenditures	<u>(804,962)</u>	<u>(693,496)</u>	<u>73,828</u>	<u>767,324</u>
<b>Other financing sources (uses):</b>				
Interfund transfer out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Change in fund balance	(1,154,962)	(1,043,496)	(276,172)	766,824
Fund balance, beginning of year	<u>2,900,510</u>	<u>2,900,510</u>	<u>2,900,510</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,745,548</u>	<u>\$ 1,857,014</u>	<u>\$ 2,624,338</u>	<u>\$ 766,824</u>

***SUPPLEMENTARY INFORMATION***



# CITY OF OWOSSO

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

June 30, 2024

	<i>Special Revenue Funds</i>			
	<i>Local Streets Fund</i>	<i>Park/ Recreation Sites Fund</i>	<i>Revolving Loan Fund</i>	<i>Building Inspection Fund</i>
<b>Assets:</b>				
Cash and cash equivalents	\$ 832,627	\$ (6,040)	\$ 655,478	\$ 121,109
Investments	421,712	31,983	119,371	162,178
Accounts receivable	-	-	-	7,245
Special assessments receivable	311,090	-	-	-
Loans receivable, net allowance	-	-	317,039	-
Due from other governments	44,307	-	-	-
Advance to component unit	-	-	38,773	-
Total assets	<u>\$ 1,609,736</u>	<u>\$ 25,943</u>	<u>\$ 1,130,661</u>	<u>\$ 290,532</u>
<b>Liabilities:</b>				
Accounts payable	\$ 58,629	\$ 1,824	\$ -	\$ 36,781
Accrued wages payable	2,491	-	-	1,872
Performance deposits payable	-	-	-	-
Unearned revenue	-	-	-	13,646
Total liabilities	<u>61,120</u>	<u>1,824</u>	<u>-</u>	<u>52,299</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	<u>311,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable	-	-	355,812	-
Restricted	<u>1,237,526</u>	<u>24,119</u>	<u>774,849</u>	<u>238,233</u>
Total fund balances	<u>1,237,526</u>	<u>24,119</u>	<u>1,130,661</u>	<u>238,233</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,609,736</u>	<u>\$ 25,943</u>	<u>\$ 1,130,661</u>	<u>\$ 290,532</u>

continued

# CITY OF OWOSSO

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2024

	<i>Special Revenue Funds</i>			
	<i>Housing and Redevelopment Fund</i>	<i>Historical Fund</i>	<i>Opioid Settlement Fund</i>	<i>ARPA Fund</i>
<b>Assets:</b>				
Cash and cash equivalents	\$ 39,003	\$ 3,986	\$ 23,396	\$ (188,164)
Investments	40,293	54,534	26,381	669,198
Accounts receivable	-	1,678	-	-
Special assessments receivable	-	-	-	-
Loans receivable, net allowance	-	-	-	-
Due from other governments	198,299	-	-	-
Advance to component unit	-	-	-	-
Total assets	<u>\$ 277,595</u>	<u>\$ 60,198</u>	<u>\$ 49,777</u>	<u>\$ 481,034</u>
<b>Liabilities:</b>				
Accounts payable	\$ 205,938	\$ 706	\$ -	\$ -
Accrued wages payable	-	391	-	-
Performance deposits payable	68,894	-	-	-
Unearned revenue	-	-	-	372,731
Total liabilities	<u>274,832</u>	<u>1,097</u>	<u>-</u>	<u>372,731</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	-	-	-
<b>Fund balances:</b>				
Nonspendable	-	-	-	-
Restricted	2,763	59,101	49,777	108,303
Total fund balances	<u>2,763</u>	<u>59,101</u>	<u>49,777</u>	<u>108,303</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 277,595</u>	<u>\$ 60,198</u>	<u>\$ 49,777</u>	<u>\$ 481,034</u>

continued

# CITY OF OWOSSO

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED

June 30, 2024

	<u>Debt Service Funds</u>		
	<u>General Obligation Bonds Fund</u>	<u>Building Authority Fund</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 41,509	\$ -	\$ 1,522,904
Investments	-	-	1,525,650
Accounts receivable	-	-	8,923
Special assessments receivable	-	-	311,090
Loans receivable, net allowance	-	-	317,039
Due from other governments	-	-	242,606
Advance to component unit	-	-	38,773
	<u>41,509</u>	<u>-</u>	<u>3,966,985</u>
Total assets	<u>\$ 41,509</u>	<u>\$ -</u>	<u>\$ 3,966,985</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 303,878
Accrued wages payable	-	-	4,754
Performance deposits payable	-	-	68,894
Unearned revenue	-	-	386,377
	<u>-</u>	<u>-</u>	<u>763,903</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>763,903</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	-	311,090
	<u>-</u>	<u>-</u>	<u>311,090</u>
<b>Fund balances:</b>			
Nonspendable	-	-	355,812
Restricted	41,509	-	2,536,180
	<u>41,509</u>	<u>-</u>	<u>2,891,992</u>
Total fund balances	<u>41,509</u>	<u>-</u>	<u>2,891,992</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,509</u>	<u>\$ -</u>	<u>\$ 3,966,985</u>

# CITY OF OWOSSO

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2024

	<i>Special Revenue Funds</i>			
	<i>Local Streets Fund</i>	<i>Park/ Recreation Sites Fund</i>	<i>Revolving Loan Fund</i>	<i>Building Inspection Fund</i>
<b>Revenues:</b>				
Property taxes	\$ -	\$ (36)	\$ -	\$ -
Special assessments	104,404	-	-	-
Licenses and permits	-	-	-	297,251
Federal grants	85,621	-	-	-
State grants	585,357	-	-	-
Charges for services	-	-	176	-
Investment income and rentals	41,386	1,804	21,140	9,105
Other revenue	-	8,046	15,059	25
Total revenues	<u>816,768</u>	<u>9,814</u>	<u>36,375</u>	<u>306,381</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Public safety	-	-	-	253,530
Public works	673,965	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	41,769	-
Recreation and culture	-	10,271	-	-
Capital outlay	781,188	4,199	-	-
Debt service				
Principal	-	-	-	-
Interest and charges	-	-	-	-
Total expenditures	<u>1,455,153</u>	<u>14,470</u>	<u>41,769</u>	<u>253,530</u>
Excess (deficiency) of revenues over expenditures	<u>(638,385)</u>	<u>(4,656)</u>	<u>(5,394)</u>	<u>52,851</u>
<b>Other financing sources (uses):</b>				
Interfund transfers in	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances	(288,385)	(4,656)	(5,394)	52,851
Fund balances (deficit), beginning of year	<u>1,525,911</u>	<u>28,775</u>	<u>1,136,055</u>	<u>185,382</u>
Fund balances, end of year	<u>\$ 1,237,526</u>	<u>\$ 24,119</u>	<u>\$ 1,130,661</u>	<u>\$ 238,233</u>

continued

# CITY OF OWOSSO

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2024

	<i>Special Revenue Funds</i>			
	<i>Housing and Redevelopment Fund</i>	<i>Historical Fund</i>	<i>Opioid Settlement Fund</i>	<i>ARPA Fund</i>
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	769,693	-	-	-
State grants	87,757	335	-	-
Charges for services	-	4,792	-	-
Investment income and rentals	2,793	18,878	459	62,030
Other revenue	455,444	22,294	28,581	-
Total revenues	<u>1,315,687</u>	<u>46,299</u>	<u>29,040</u>	<u>62,030</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,312,155	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	72,648	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and charges	-	-	-	-
Total expenditures	<u>1,312,155</u>	<u>72,648</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,532</u>	<u>(26,349)</u>	<u>29,040</u>	<u>62,030</u>
<b>Other financing sources (uses):</b>				
Interfund transfers in	-	20,000	-	-
Changes in fund balances	3,532	(6,349)	29,040	62,030
Fund balances (deficit), beginning of year	<u>(769)</u>	<u>65,450</u>	<u>20,737</u>	<u>46,273</u>
Fund balances, end of year	<u>\$ 2,763</u>	<u>\$ 59,101</u>	<u>\$ 49,777</u>	<u>\$ 108,303</u>

continued

# CITY OF OWOSSO

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended June 30, 2024

	<i>Debt Service Funds</i>		
	<i>General Obligation Bonds Fund</i>	<i>Building Authority Fund</i>	<i>Total</i>
<b>Revenues:</b>			
Property taxes	\$ 650,466	\$ -	\$ 650,430
Special assessments	-	-	104,404
Licenses and permits	-	-	297,251
Federal grants	-	-	855,314
State grants	61,193	-	734,642
Charges for services	-	-	4,968
Investment income and rentals	276	557	158,428
Other revenue	-	-	529,449
	<u>711,935</u>	<u>557</u>	<u>3,334,886</u>
<b>Expenditures:</b>			
<i>Current:</i>			
Public safety	-	-	253,530
Public works	-	-	673,965
Health and welfare	-	-	1,312,155
Community and economic development	-	-	41,769
Recreation and culture	-	-	82,919
Capital outlay	-	12,182	797,569
Debt service			
Principal	490,000	-	490,000
Interest and charges	292,750	-	292,750
	<u>782,750</u>	<u>12,182</u>	<u>3,944,657</u>
Excess (deficiency) of revenues over expenditures	<u>(70,815)</u>	<u>(11,625)</u>	<u>(609,771)</u>
<b>Other financing sources (uses):</b>			
Interfund transfers in	-	-	370,000
Changes in fund balances	(70,815)	(11,625)	(239,771)
Fund balances (deficit), beginning of year	<u>112,324</u>	<u>11,625</u>	<u>3,131,763</u>
Fund balances, end of year	<u>\$ 41,509</u>	<u>\$ -</u>	<u>\$ 2,891,992</u>

# CITY OF OWOSSO

---

## COMPONENT UNITS COMBINING BALANCE SHEET

June 30, 2024

	<u><i>Brownfield Development Authority</i></u>	<u><i>Downtown Development Authority</i></u>	<u><i>Total</i></u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 247,129	\$ 59,979	\$ 307,108
Investments	52,686	113,107	165,793
Loan receivable	<u>-</u>	<u>27,457</u>	<u>27,457</u>
Total assets	<u>\$ 299,815</u>	<u>\$ 200,543</u>	<u>\$ 500,358</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 183,134	\$ 11,770	\$ 194,904
Accrued wages payable	-	1,447	1,447
Advances from primary government	<u>1,313,462</u>	<u>-</u>	<u>1,313,462</u>
Total liabilities	<u>1,496,596</u>	<u>13,217</u>	<u>1,509,813</u>
<b>Fund Balances:</b>			
Unassigned (deficit)	<u>(1,196,781)</u>	<u>187,326</u>	<u>(1,009,455)</u>
Total liabilities and fund balances	<u>\$ 299,815</u>	<u>\$ 200,543</u>	<u>\$ 500,358</u>

# CITY OF OWOSSO

---

## RECONCILIATION OF FUND BALANCES OF COMPONENT UNITS TO NET POSITION OF COMPONENT UNITS

June 30, 2024

**Fund balances of component units** \$ (1,009,455)

Net position reported for component units in the statement of net position is different because:

Capital assets used in component units are not financial resources and therefore are not reported in the component units fund statements.

Capital assets being depreciated, net 18,199

Certain liabilities are not due and payable in the current year and, therefore, are not reported in the component units fund statements.

Accrued interest payable (697)

Long-term debt (185,878)

\$ (1,177,831)



# CITY OF OWOSSO

*COMPONENT UNITS*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE**

Year Ended June 30, 2024

	<i>Brownfield Development Authority</i>	<i>Downtown Development Authority</i>	<i>Total</i>
<b>Revenues:</b>			
Property taxes	\$ 460,266	\$ 251,652	\$ 711,918
State grants	7,180	55,988	63,168
Investment income	2,108	6,271	8,379
Other revenue	17,550	57,135	74,685
Total revenues	487,104	371,046	858,150
<b>Expenditures:</b>			
Current			
Community and economic development	303,146	312,877	616,023
Debt service			
Principal	25,008	22,044	47,052
Interest and fees	33,452	12	33,464
Total expenditures	361,606	334,933	696,539
Changes in fund balances	125,498	36,113	161,611
Fund balances (deficit), beginning of year	(1,322,279)	151,213	(1,171,066)
Fund balances (deficit), end of year	\$ (1,196,781)	\$ 187,326	\$ (1,009,455)

# CITY OF OWOSSO

---

## RECONCILIATION OF CHANGES IN FUND BALANCES OF COMPONENT UNITS TO CHANGES IN NET POSITION OF COMPONENT UNITS

Year Ended June 30, 2024

<b>Changes in fund balances of component units</b>	\$ 161,611
Change in net position reported for governmental activities in the statement of activities is different because:	
Component units report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	-
Less depreciation expense	(4,282)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the component units.	
Change in long-term debt	47,052
Change in accrued interest	<u>92</u>
<b>Change in net position of component units</b>	<u>\$ 204,473</u>

# CITY OF OWOSSO

---

## GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021A

Issue dated June 23, 2021 in the amount of	\$	9,110,000
Less: Principal paid in prior years		(990,000)
Principal paid in current year		<u>(490,000)</u>
Balance payable at June 30, 2024	\$	<u>7,630,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>November 1,</u>	<i>Principal due</i> <u>May 1,</u>	<i>Interest due</i> <u>May 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	4.00%	\$ 136,325	\$ 500,000	\$ 136,325	\$ 772,650
2026	4.00%	126,325	515,000	126,325	767,650
2027	4.00%	116,025	535,000	116,025	767,050
2028	4.00%	105,325	545,000	105,325	755,650
2029	4.00%	94,425	560,000	94,425	748,850
2030	4.00%	83,225	575,000	83,225	741,450
2031	4.00%	71,725	595,000	71,725	738,450
2032	4.00%	59,825	550,000	59,825	669,650
2033	3.00%	48,825	555,000	48,825	652,650
2034	3.00%	40,500	560,000	40,500	641,000
2035	3.00%	32,100	510,000	32,100	574,200
2036	3.00%	24,450	530,000	24,450	578,900
2037	3.00%	16,500	530,000	16,500	563,000
2038	3.00%	8,550	285,000	8,550	302,100
2039	3.00%	4,275	285,000	4,275	293,550
		<u>\$ 968,400</u>	<u>\$ 7,630,000</u>	<u>\$ 968,400</u>	<u>\$ 9,566,800</u>

# CITY OF OWOSSO

---

## GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, SERIES 2021B

Issue dated June 23, 2021 in the amount of	\$	475,000
Less: Principal paid in prior years		(105,000)
Principal paid in current year		<u>(50,000)</u>
Balance payable at June 30, 2024	\$	<u>320,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>November 1,</u>	<i>Principal due</i> <u>May 1,</u>	<i>Interest due</i> <u>May 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	4.00%	\$ 6,400	\$ 55,000	\$ 6,400	\$ 67,800
2026	4.00%	5,300	60,000	5,300	70,600
2027	4.00%	4,100	65,000	4,100	73,200
2028	4.00%	2,800	70,000	2,800	75,600
2029	4.00%	<u>1,400</u>	<u>70,000</u>	<u>1,400</u>	<u>72,800</u>
		<u>\$ 20,000</u>	<u>\$ 320,000</u>	<u>\$ 20,000</u>	<u>\$ 360,000</u>

# CITY OF OWOSSO

---

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### GENERAL OBLIGATION LIMITED TAX SEWER SYSTEM IMPROVEMENT BOND, SERIES 2008

Issue dated June 23, 2008 in the amount of	\$	801,786
Less: Principal paid in prior years		(545,000)
Principal paid in current year		<u>(50,000)</u>
Balance payable at June 30, 2024	\$	<u>206,786</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>October 1,</u>	<i>Principal due</i> <u>April 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	2.50%	\$ 2,585	\$ 50,000	\$ 2,585	\$ 55,170
2026	2.50%	1,960	50,000	1,960	53,920
2027	2.50%	1,335	55,000	1,335	57,670
2028	2.50%	<u>647</u>	<u>51,786</u>	<u>647</u>	<u>53,080</u>
		<u>\$ 6,527</u>	<u>\$ 206,786</u>	<u>\$ 6,527</u>	<u>\$ 219,840</u>

# CITY OF OWOSSO

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### SEWER SYSTEM REVENUE BOND, SERIES 2020

Issue dated June 12, 2020 in the amount of	\$ 1,141,664
Less: Principal paid in prior years	(110,000)
Principal paid in current year	<u>(50,000)</u>
Balance payable at June 30, 2024	<u>\$ 981,664</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>October 1,</u>	<i>Interest due</i> <u>October 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	2.00%	\$ 50,000	\$ 9,817	\$ 9,317	\$ 69,134
2026	2.00%	50,000	9,317	8,817	68,134
2027	2.00%	50,000	8,817	8,317	67,134
2028	2.00%	50,000	8,317	7,817	66,134
2029	2.00%	50,000	7,817	7,317	65,134
2030	2.00%	55,000	7,317	6,767	69,084
2031	2.00%	55,000	6,767	6,217	67,984
2032	2.00%	55,000	6,217	5,667	66,884
2033	2.00%	55,000	5,667	5,117	65,784
2034	2.00%	55,000	5,117	4,567	64,684
2035	2.00%	60,000	4,567	3,967	68,534
2036	2.00%	60,000	3,967	3,367	67,334
2037	2.00%	65,000	3,367	2,717	71,084
2038	2.00%	65,000	2,717	2,067	69,784
2039	2.00%	65,000	2,067	1,417	68,484
2040	2.00%	70,000	1,417	717	72,134
2041	2.00%	71,664	717	-	72,381
		<u>\$ 981,664</u>	<u>\$ 93,989</u>	<u>\$ 84,172</u>	<u>\$ 1,159,825</u>

# CITY OF OWOSSO

---

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### 2017 INSTALLMENT PURCHASE AGREEMENT

Issue dated May 15, 2017 in the amount of	\$	1,900,000
Less: Principal paid in prior years		(823,679)
Principal paid in current year		<u>(122,655)</u>
Balance payable at June 30, 2024	\$	<u>953,666</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>May 15,</u>	<i>Interest due</i> <u>May 15,</u>	<i>Total</i> <i>Annual</i> <u>Requirement</u>
2025	2.50%	\$ 125,876	\$ 25,043	\$ 150,919
2026	2.50%	129,181	21,738	150,919
2027	2.50%	132,574	18,345	150,919
2028	2.50%	136,055	14,864	150,919
2029	2.50%	139,628	11,291	150,919
2030	2.50%	143,295	7,624	150,919
2031	2.50%	<u>147,057</u>	<u>3,862</u>	<u>150,919</u>
		<u>\$ 953,666</u>	<u>\$ 102,767</u>	<u>\$ 1,056,433</u>

# CITY OF OWOSSO

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2024

### WATER SUPPLY SYSTEM REVENUE BOND, SERIES 2020

Issue dated March 27, 2020 in the amount of	\$	2,971,023
Less: Principal paid in prior years		(265,000)
Principal paid in current year		<u>(126,000)</u>
Balance payable at June 30, 2024	\$	<u>2,580,023</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>October 1,</u>	<i>Interest due</i> <u>October 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	2.000%	\$ 126,000	\$ 25,800	\$ 24,540	\$ 176,340
2026	2.000%	131,000	24,540	23,230	178,770
2027	2.000%	131,000	23,230	21,920	176,150
2028	2.000%	136,000	21,920	20,560	178,480
2029	2.000%	136,000	20,560	19,200	175,760
2030	2.000%	141,000	19,200	17,790	177,990
2031	2.000%	146,000	17,790	16,330	180,120
2032	2.000%	146,000	16,330	14,870	177,200
2033	2.000%	151,000	14,870	13,360	179,230
2034	2.000%	156,000	13,360	11,800	181,160
2035	2.000%	156,000	11,800	10,240	178,040
2036	2.000%	161,000	10,240	8,630	179,870
2037	2.000%	166,000	8,630	6,970	181,600
2038	2.000%	166,000	6,970	5,310	178,280
2039	2.000%	171,000	5,310	3,600	179,910
2040	2.000%	176,000	3,600	1,840	181,440
2041	2.000%	184,023	1,840	-	185,863
		<u>\$ 2,580,023</u>	<u>\$ 245,990</u>	<u>\$ 220,190</u>	<u>\$ 3,046,203</u>



# CITY OF OWOSSO

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2022B

Issue dated May 6, 2022 in the amount of	\$ 941,500
Less:	
Loan principal forgiven	(225,960)
Principal paid in prior years	(30,000)
Principal paid in current year	<u>(30,000)</u>
Balance payable at June 30, 2024	<u>\$ 655,540</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Interest due</i> <u>October 1,</u>	<i>Principal due</i> <u>April 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	1.875%	\$ 6,146	\$ 30,000	\$ 6,146	\$ 42,292
2026	1.875%	5,864	30,000	5,864	41,728
2027	1.875%	5,583	30,000	5,583	41,166
2028	1.875%	5,302	35,000	5,302	45,604
2029	1.875%	4,974	35,000	4,974	44,948
2030	1.875%	4,646	35,000	4,646	44,292
2031	1.875%	4,318	35,000	4,318	43,636
2032	1.875%	3,989	35,000	3,989	42,978
2033	1.875%	3,661	35,000	3,661	42,322
2034	1.875%	3,333	35,000	3,333	41,666
2035	1.875%	3,005	40,000	3,005	46,010
2036	1.875%	2,630	40,000	2,630	45,260
2037	1.875%	2,255	40,000	2,255	44,510
2038	1.875%	1,880	40,000	1,880	43,760
2039	1.875%	1,505	40,000	1,505	43,010
2040	1.875%	1,130	40,000	1,130	42,260
2041	1.875%	755	40,000	755	41,510
2042	1.875%	380	40,540	380	41,300
		<u>\$ 61,356</u>	<u>\$ 655,540</u>	<u>\$ 61,356</u>	<u>\$ 778,252</u>

# CITY OF OWOSSO

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2024

### WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2023

Issue dated March 24, 2023 in the amount of	\$ 3,033,750
Less: Principal paid in prior years	-
Principal paid in current year	<u>-</u>
Balance payable at June 30, 2024	<u>\$ 3,033,750</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due October 1,</i>	<i>Principal due April 1,</i>	<i>Interest due April 1,</i>	<i>Total Annual Requirement</i>
2025	1.875%	\$ 26,301	\$ 123,750	\$ 28,441	\$ 178,492
2026	1.875%	27,281	130,000	27,281	184,562
2027	1.875%	26,063	130,000	26,063	182,126
2028	1.875%	24,844	135,000	24,844	184,688
2029	1.875%	23,578	135,000	23,578	182,156
2030	1.875%	22,313	140,000	22,313	184,626
2031	1.875%	21,000	140,000	21,000	182,000
2032	1.875%	19,688	145,000	19,688	184,376
2033	1.875%	18,328	145,000	18,328	181,656
2034	1.875%	16,969	150,000	16,969	183,938
2035	1.875%	15,563	155,000	15,563	186,126
2036	1.875%	14,109	155,000	14,109	183,218
2037	1.875%	12,656	160,000	12,656	185,312
2038	1.875%	11,156	160,000	11,156	182,312
2039	1.875%	9,656	165,000	9,656	184,312
2040	1.875%	8,109	165,000	8,109	181,218
2041	1.875%	6,563	170,000	6,563	183,126
2042	1.875%	4,969	175,000	4,969	184,938
2043	1.875%	3,328	175,000	3,328	181,656
2044	1.875%	1,688	180,000	1,688	183,376
		<u>\$ 314,162</u>	<u>\$ 3,033,750</u>	<u>\$ 316,302</u>	<u>\$ 3,664,214</u>

# CITY OF OWOSSO

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS, CONTINUED

June 30, 2024

### WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2020

Issue dated June 12, 2020 in the amount of	\$ 2,145,000
Less: Principal paid in prior years	(180,000)
Principal paid in current year	<u>(90,000)</u>
Balance payable at June 30, 2024	<u>\$ 1,875,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i> <u>October 1,</u>	<i>Interest due</i> <u>October 1,</u>	<i>Interest due</i> <u>April 1,</u>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	2.000%	\$ 95,000	\$ 18,750	\$ 17,800	\$ 131,550
2026	2.000%	95,000	17,800	16,850	129,650
2027	2.000%	95,000	16,850	15,900	127,750
2028	2.000%	100,000	15,900	14,900	130,800
2029	2.000%	100,000	14,900	13,900	128,800
2030	2.000%	105,000	13,900	12,850	131,750
2031	2.000%	105,000	12,850	11,800	129,650
2032	2.000%	110,000	11,800	10,700	132,500
2033	2.000%	110,000	10,700	9,600	130,300
2034	2.000%	110,000	9,600	8,500	128,100
2035	2.000%	115,000	8,500	7,350	130,850
2036	2.000%	115,000	7,350	6,200	128,550
2037	2.000%	120,000	6,200	5,000	131,200
2038	2.000%	120,000	5,000	3,800	128,800
2039	2.000%	125,000	3,800	2,550	131,350
2040	2.000%	125,000	2,550	1,300	128,850
2041	2.000%	<u>130,000</u>	<u>1,300</u>	<u>-</u>	<u>131,300</u>
		<u>\$ 1,875,000</u>	<u>\$ 177,750</u>	<u>\$ 159,000</u>	<u>\$ 2,211,750</u>

# CITY OF OWOSSO

## BUSINESS-TYPE ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2024

### WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2022

Issue dated March 25, 2022 in the amount of	\$ 4,885,000
Less: Principal paid in prior years	-
Principal paid in current year	<u>(130,000)</u>
Balance payable at June 30, 2024	<u>\$ 4,755,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Interest due October 1,</i>	<i>Principal due April 1,</i>	<i>Interest due April 1,</i>	<i>Total Annual Requirement</i>
2025	2.125%	\$ 47,307	\$ 130,000	\$ 48,630	\$ 225,937
2026	2.125%	47,249	135,000	47,249	229,498
2027	2.125%	45,815	140,000	45,815	231,630
2028	2.125%	44,327	140,000	44,327	228,654
2029	2.125%	42,840	145,000	42,840	230,680
2030	2.125%	41,299	145,000	41,299	227,598
2031	2.125%	39,759	150,000	39,759	229,518
2032	2.125%	38,165	155,000	38,165	231,330
2033	2.125%	36,518	155,000	36,518	228,036
2034	2.125%	34,871	160,000	34,871	229,742
2035	2.125%	33,171	165,000	33,171	231,342
2036	2.125%	31,418	165,000	31,418	227,836
2037	2.125%	29,665	170,000	29,665	229,330
2038	2.125%	27,859	175,000	27,859	230,718
2039	2.125%	25,999	175,000	25,999	226,998
2040	2.125%	24,140	180,000	24,140	228,280
2041	2.125%	22,227	185,000	22,227	229,454
2042	2.125%	20,262	190,000	20,262	230,524
2043	2.125%	18,243	195,000	18,243	231,486
2044	2.125%	16,171	195,000	16,171	227,342
2045	2.125%	14,099	200,000	14,099	228,198
2046	2.125%	11,974	205,000	11,974	228,948
2047	2.125%	9,796	210,000	9,796	229,592
2048	2.125%	7,565	215,000	7,565	230,130
2049	2.125%	5,280	220,000	5,280	230,560
2050	2.125%	2,943	225,000	2,943	230,886
2051	2.125%	552	230,000	552	231,104
		<u>\$ 719,514</u>	<u>\$ 4,755,000</u>	<u>\$ 720,837</u>	<u>\$ 6,195,351</u>

# CITY OF OWOSSO

---

## COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

### SCHEDULE OF INDEBTEDNESS

June 30, 2024

#### PROMISSORY NOTE - ELECTRIC VEHICLE CHARGING STATION

Note dated September 18, 2020 in the amount of	\$	34,257
Less:		
Principal paid in prior years		(12,213)
Principal paid in current year		<u>(22,044)</u>
Balance payable at June 30, 2024	\$	<u>          -</u>

# CITY OF OWOSSO

---

## COMPONENT UNIT – BROWNFIELD REDEVELOPMENT AUTHORITY

### SCHEDULE OF INDEBTEDNESS

June 30, 2024

#### EGLE - BROWNFIELD REDEVELOPMENT LOAN

Loan dated March 31, 2016 in the amount of	\$	287,969
Less: Principal paid in prior years		(77,083)
Principal paid in current year		<u>(25,008)</u>
Balance payable at June 30, 2024	\$	<u>185,878</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2025	1.50%	\$ 25,383	\$ 2,788	\$ 28,171
2026	1.50%	25,764	2,407	28,171
2027	1.50%	26,150	2,021	28,171
2028	1.50%	26,542	1,629	28,171
2029	1.50%	26,940	1,231	28,171
2030	1.50%	27,344	827	28,171
2031	1.50%	<u>27,755</u>	<u>416</u>	<u>28,171</u>
		<u>\$ 185,878</u>	<u>\$ 11,319</u>	<u>\$ 197,197</u>



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

To the Members of City Council  
City of Owosso, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Owosso, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Owosso's basic financial statements, and have issued our report thereon dated November 13, 2024.

**Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

To the Members of City Council  
City of Owosso, Michigan

**Purpose of this Report**

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

*Berthiaume & Co.*

November 13, 2024  
Saginaw, Michigan