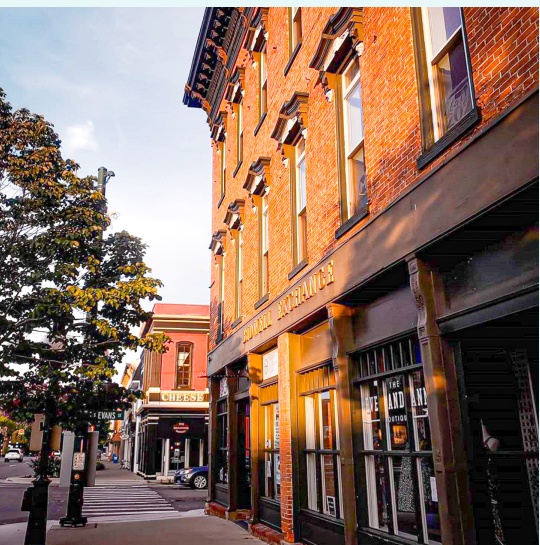




State of Michigan

Popular Annual Financial Report

For Fiscal Year Ended June 30, 2024



Tecumseh, Michigan

Innovative Timeless Inviting



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Message to the Citizens

To the Citizens of the City of Tecumseh:

We are pleased to present to you the city of Tecumseh's fifteenth Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024. The intent of this report is to summarize and report the city's financial condition in a concise and user-friendly manner.



Dan Swallow
City Manager

The information in this report is derived primarily from the City's Annual Comprehensive Financial Report (ACFR), which contains more technical and complex information, for the fiscal year ended June 30, 2024. The financial information in the ACFR was prepared in accordance with generally accepted accounting principles (GAAP) and was independently audited by Rehmann Robson, LLC, Certified Public Accountants. The City received an unmodified ("clean") opinion from our auditors, which is the highest form of financial assurance that an auditor can issue.

Unlike the ACFR, this PAFR is unaudited and not prepared in accordance with GAAP. Only the financial data for the primary government is included in this report and all of the City's discretely presented component units are excluded. Information in this report is condensed and summarized and certain financial statements and note disclosures required by GAAP are not included. A copy of the City's 2024 ACFR prepared in accordance with GAAP is located at https://www.mytecumseh.org/departments/city_treasurer/citizen_s_guide.php

We are proud to have received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for the 26th consecutive year for the fiscal year ended June 30, 2023, ACFR.

Thank you for your interest in the City of Tecumseh. We welcome any questions, comments or suggestions regarding the information included in this report.

Sincerely,

Daniel E. Swallow
City Manager
*(Signatures not shown for
security purposes.)*

Rachel L. Peters
City Treasurer



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Tecumseh
Michigan**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Glossary of Terms (found in this PAFR)

Debt - Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The City has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either **general obligation** debt, meaning that the City pays back the debt with regular tax collections and other revenues, or **special revenue** debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.

Fiscal year (FY) - The 12-month period of time during which budgets are allocated or finances are planned. Most households have a fiscal year that runs from January 1 to December 31 (that's the period for which we pay personal income taxes in April), while the City uses a July 1 to June 30 fiscal year.

Fund balance - Once all of the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.

About Tecumseh

Tecumseh, Michigan, is a vibrant community, situated 25 miles southwest of Ann Arbor, Michigan, and 40 miles northwest of Toledo, Ohio. The city currently has a land area of approximately 5.4 square miles and a population of 8,596 estimated as of July 2023.

The Mission and Vision of the City of Tecumseh is to provide excellent services and embrace change that enhances the quality of life, encourages a strong economy, and promotes a world class place to live, work and play.

The government is empowered to levy a property tax on both real and personal property located within its boundaries. The city has operated under the council-manager form of government since 1954. Policymaking and legislative authorities are vested in the governing council, a seven-member council including the mayor. The City Council is required to adopt a final budget prior to the start of the fiscal year to which it pertains.

While lingering inflation and the EV transition in the automotive industry have created challenges for our businesses, the City continued to experience an overall positive economic environment in the 23-24 fiscal year. As of June 30, 2024, Lenawee County experienced a higher unemployment rate at 5.1%, compared to a national rate of 4.1%. Nevertheless, the most significant challenge businesses share remains finding an adequate workforce to meet demand. This fiscal year showed an on-going strong construction market with permits for 23 new residential units, one new commercial/industrial building, one commercial/industrial building addition, and sales data indicating rising or stable values.

The manufacturing business base within the City was stable, but both price and labor challenges were cause for growing uncertainty. Kirchhoff Automotive, the City's largest employer, settled a major labor agreement, but were compelled to follow significant wage increases seen under the UAW and other collection bargaining agreements. Additionally, changes in the automotive industry, led by electrification, have produced mixed results for local suppliers. The City continues to work with these businesses to offer any type of assistance it can.

Despite overall positive trends in property values, the growth in property tax revenues continues to be constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5% or the rate of inflation, whichever is less). For fiscal year 2024, the Michigan Department of Treasury accepted inflation rate for property tax purposes was 5%. As of the end of the fiscal year, inflation rates had slowed, but other cost pressures such as wages and benefits continue to impact the City budgets.



Community Profile

- The City of Tecumseh was founded in 1824 and incorporated as a city in 1954.
- Population: 8,596 (Estimate as of July 2023)
- Per capita income: \$47,538 (2023)
- Landmass: Area - Total 5.4 square miles
- Median Age: 40 (2023)
- Unemployment rate: 5.1% (2023)



City Council Goals

The basic goals include maintaining our small-town values, managing our growth, financial strength and superior services.



2024 Top 10 Principal Employers

Employer	Employees
Kirchoff Van-Rob Tecumseh	451
Tecumseh Public Schools	352
Busch's	109
GLOV Enterprises	100
Cambrian Assisted Living	72
Ervin Technologies	69
City of Tecumseh	59
Old National Bank	56
Ackers Packing	54
Ididit	44

2024 Top 10 Principal Property Taxpayers

Taxpayer	Taxable Value
Consumers Energy Company	\$ 9,235,513
Kirchoff Van-Rob Tecumseh	9,181,536
Newburg Meadows Partners	3,688,300
Cambrian of Tecumseh LLC	3,440,302
Ervin Technologies	3,199,828
D Martin Investments, LLC	2,441,356
Busch's	2,354,711
Tecumseh Place Apartments	2,240,434
RFT Group	1,635,585
Henning Properties	1,392,407

Location



City of
Tecumseh

25

Ann Arbor

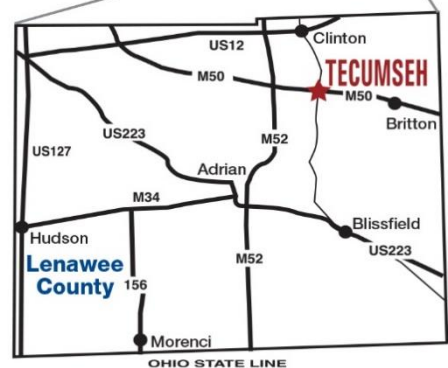
60

Detroit

40

Toledo

**Tecumseh is located in
Lenawee County, MI:**
60 miles SW of Detroit
25 miles south of Ann Arbor
40 miles NW of Toledo, OH



Area Attractions



Downtown Tecumseh

Nestled inside historic buildings you'll find an interesting mix of specialty shops, boutiques and dining options. Tecumseh hosts many great festivals and events throughout the year,

including an Ice Sculpture Festival in January, a Sand Sculpting Event in July and our largest event in October, the Appleumpkin Festival, which brings over 35,000 people to town each year. Our merchants also host many other smaller events during the year which showcase our unique shops and restaurants. To learn more, visit the website at <https://downtowntecumseh.com/>.



Art Trail Tecumseh

Art Trail Tecumseh is a free self-guided outdoor sculpture exhibit, waiting for you to explore, on your own time, at your own pace. The sculptures will be on display in Tecumseh throughout the year, with new sculptures installed in the spring each year. It is a pleasant way to spend an afternoon with family and friends.



Kiwanis Regional Trail

Run, bike, rollerblade, or stroll the Kiwanis Trail! Stretching from downtown Adrian to Cal Zorn Park in Tecumseh, this non-motorized path has multiple easy access points.

Accessible year-round means you can get out and stay active!

Tecumseh's River Raisin Run - Looped Canoe Adventure

The River Raisin Run is a looped water trail nestled into the heart of Indian Crossing Trails. Grab your canoe or kayak and enjoy nearly three miles of waterways as you take in the splendor of a natural Michigan forest, filled with native plant species and wildlife.



Tecumseh Center for the Arts

TCA has a state-of-the-art projection, sound and technical system, which can accommodate local productions as well as national touring companies. Before or after the show, don't miss the TCA Music Park! These colorful, whimsical sound sculptures are interactive art great for all ages. Enjoy the Street Art Trail and MaryJo Mensing Sculpture Garden right next door!



Government Structure



Financial Highlights

The government's total net position increased by \$1,035,956.

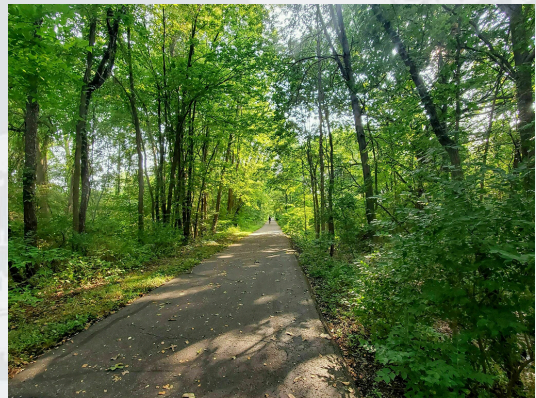
The unassigned fund balance for the general fund was \$4,750,746 or 56.8 percent of total general fund expenditures and transfers out.

The City's total bonded debt decreased by a net amount of \$1,500,065 during the current fiscal year. The City has an "AA" rating from Standard & Poor's, resulting in competitive interest rates on debt.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,744,207 (net position). Of this amount, there is (\$2,207,455) in unrestricted net position which is in a deficit due to a calculated increase in pension and other post-employment benefit liabilities resulting from actuarial assumption changes.

Governmental Funds - Governmental funds include the General Fund (the chief operating fund of the City) the Major Street & Trunkline Fund, and the Capital Improvements Fund. They include most of the basic services of the city.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,394,976, a decrease of \$501,435 from the prior year. Approximately 57 percent of this total amount, or \$4,750,746, is available for spending at the government's discretion (unassigned fund balance).



Where The Money Comes From

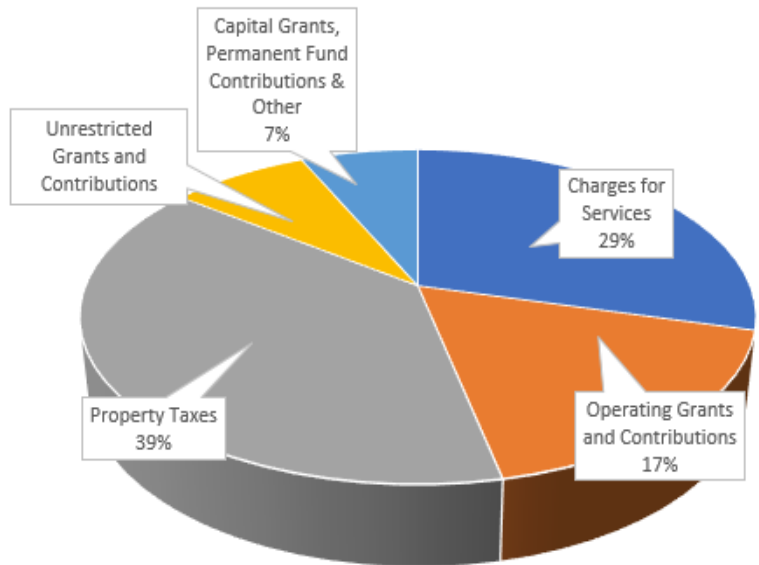
The revenue chart to the right presents the percentage of sources of total revenues from the City's Statement of Activities, including charges for services, operating and capital grants, and property taxes. The City's major revenue sources are property taxes (39%) and charges for services (29%). Revenues are the monies brought in to run the city.

Operating Grant. Provides support for the day-to-day costs of government operations.

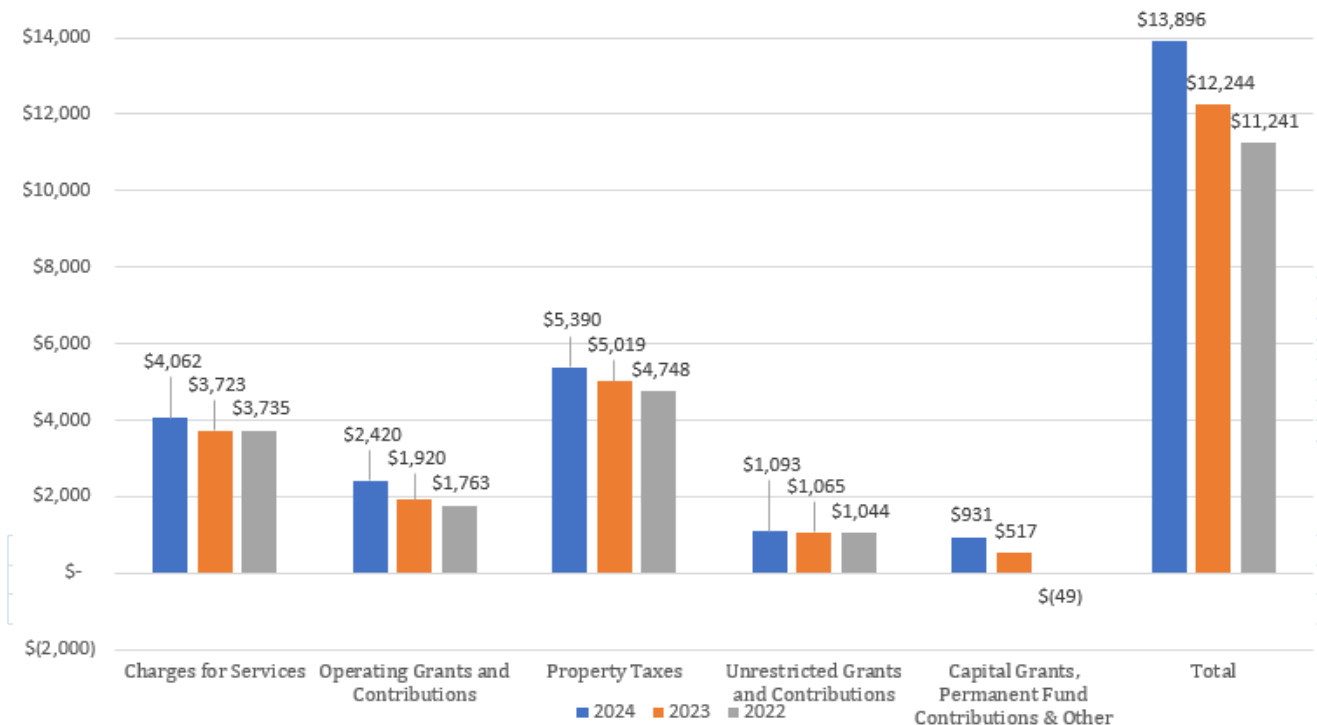
Capital Grant. Provides support specifically for capital costs.

Program Revenues. Revenues derived directly from specific government programs.

Revenue by Source - 2024

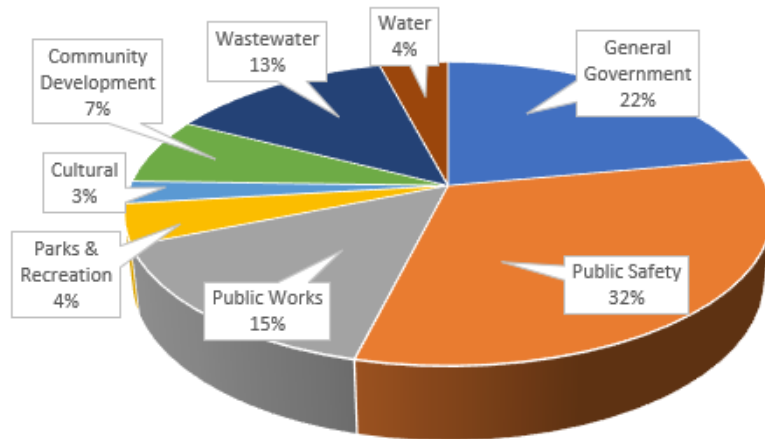


Revenue by Source (in thousands) 2022-2024



Where The Money Goes

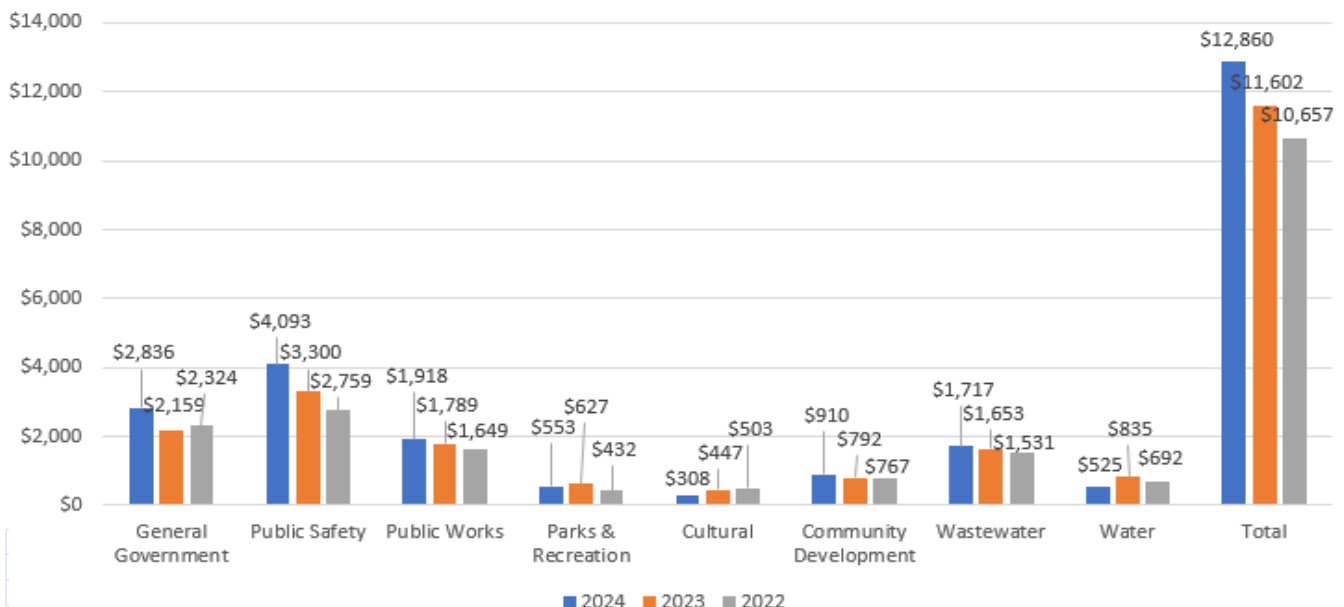
Expenses by Function - 2024



The expense chart above presents the percentage of the City's total expenses by function from the Statement of Activities. The City's largest expenses are Public Safety (32%), General Government (22%), and Public Works (15%). Expenses are the costs that the city incurs to run the city.

Expenses increased primarily due to increases in personnel expenses including payroll, healthcare (14% in 2023, and 4% in 2024), and retirement. This impacted all departments with the highest dollar impact in public safety due to the number of employees. In addition, inflation continued to increase the cost of supplies, equipment, and utilities.

Expenses by Function (in thousands) 2022-2024



Expenses and Total Revenues (Governmental Activities)

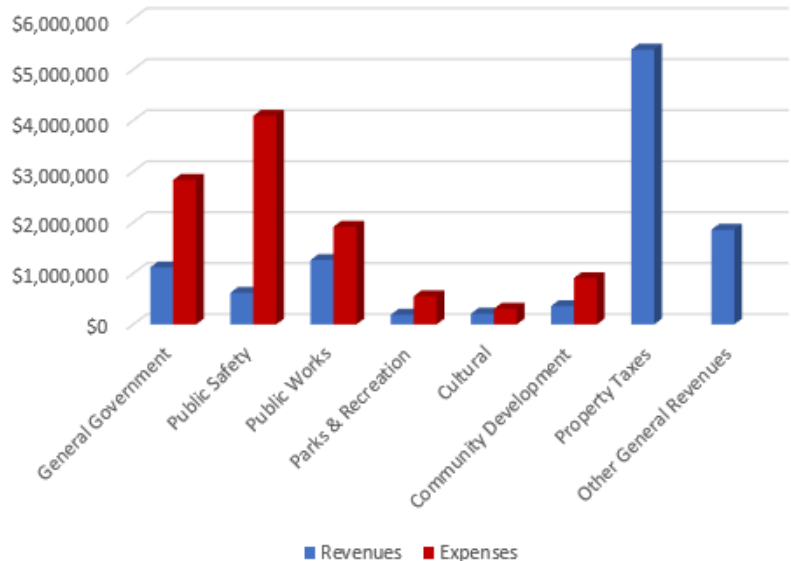
Governmental activities are the services the City provides to citizens such as protection of life and property, public works, parks and recreation programs and culture and social services. The revenues are what the City brings in from taxes, permits and fines. Governmental activities increased the City's net position by \$403,361 in the current fiscal year; by comparison, in the prior year, governmental activities net position increased by \$601,620. Key elements of this change include property tax revenues that grew strongly with larger increases in assessed values and "uncapping's" due to a higher volume of home sales. The City's use of APRA funds also increased the reporting of federal grant revenue. Finally, the continued elevated interest rates led to higher interest revenue. However, increased expenses due to inflation and personnel costs offset the increases in revenues at a higher rate than the previous year.

Expenses and Program Revenues (Business-Type Activities)

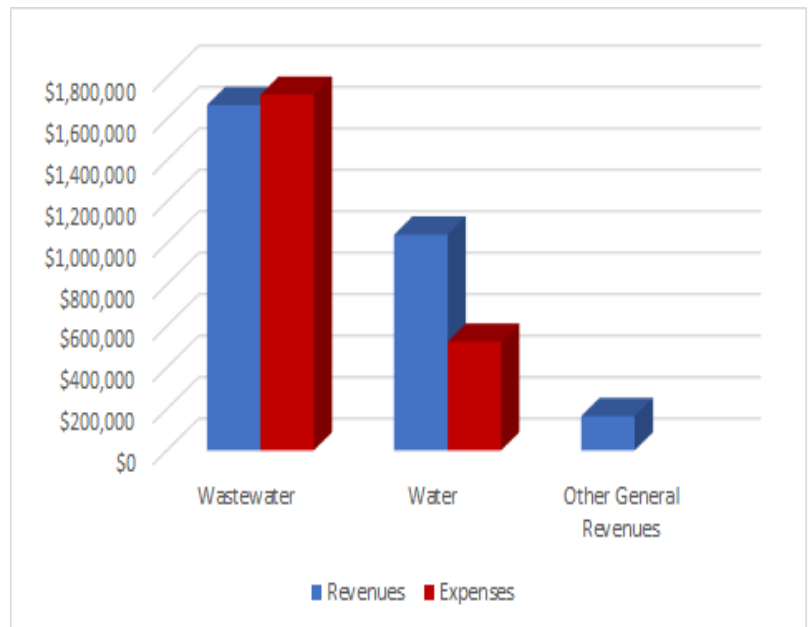
Business-type activities are commercial type activities of the City and include the City's water and wastewater utilities. Business-type activities increased the City's net position by \$632,595 as compared to an increase of \$40,240 in the prior year. Key elements of this change include:

- Small increases in user fees to ensure the City is covering operational expenses, capital projects, and debt obligations related to the utilities
- A decrease in the number of new meters purchased, and a reduction in the number of repairs and upgrades

Governmental Activities



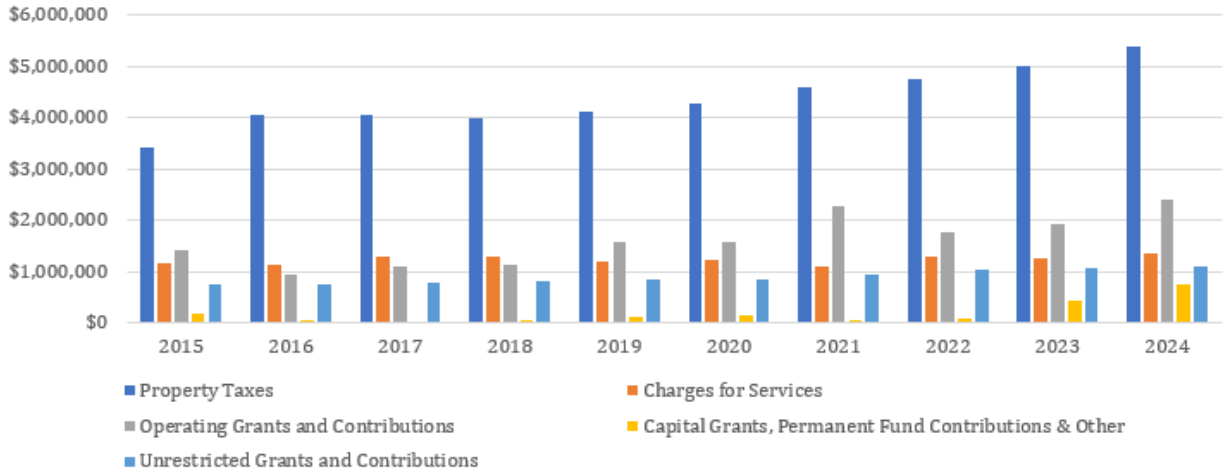
Business-type Activities



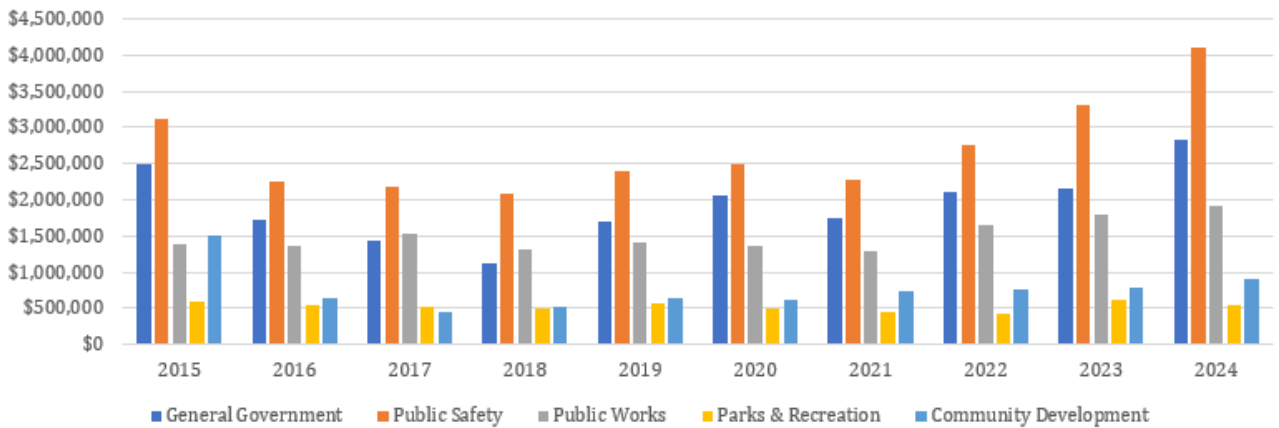
Last Ten Fiscal Years

Financial Trends in Revenues and Expenses Governmental Activities

Top Five Revenues



Top Five Expenses



The significant increase in fiscal year 2015 expenses was due to the City adopting GASB 68, *Accounting and Financial Reporting for Pensions*, which significantly increased pension expense.

Tecumseh's Change in Net Position At June 30, 2024

When looking at the financial position of the city, there are two different sets of numbers to look at. The first set would be the Net Position of the city. When one looks at this number, they want to make sure the city has enough assets to cover their liabilities.

-Assets are items of value owned by the City that will provide future economic benefits.

-Deferred Outflows of Resources represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources until then.

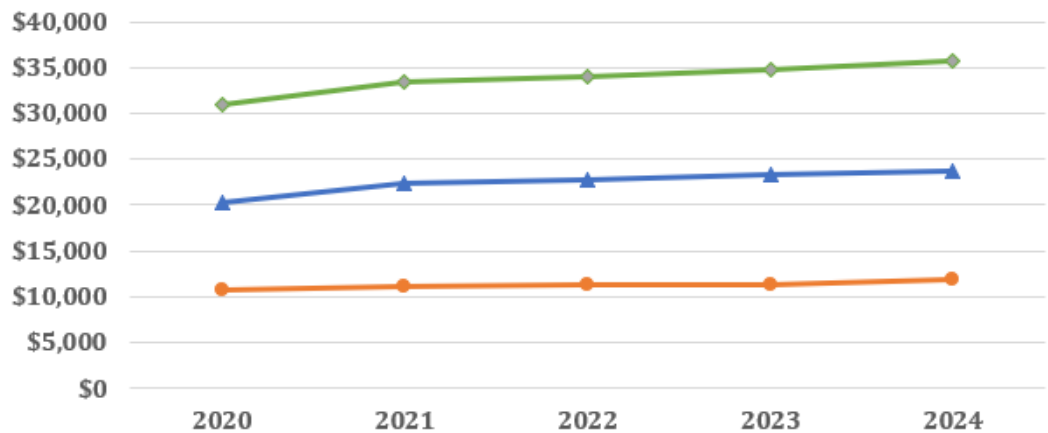
-Liabilities are amounts owed to others.

-Deferred Inflows of Resources represents revenue that applies to one or more future periods and so will not be recognized as an inflow of resources until that time.

-Net Position equals assets and deferred outflows minus liabilities and deferred inflows and may serve as a useful indicator of the City's financial position.

At the close of the most recent fiscal year, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$35,744,207, which reflects good financial position for the City as of June 30, 2024. The steady increases in net position of the city over time demonstrate the stability of the City's finances and dedication to remaining fiscally responsible.

**Total Net Position (in thousands)
2020-2024**



▲ Total Governmental Activities Net Position	\$	20,216	\$	22,438	\$	22,770	\$	23,372	\$	23,775
● Total Business-Type Activities Net Position	\$	10,795	\$	11,044	\$	11,296	\$	11,336	\$	11,969
◆ Total Primary Government Net Position	\$	31,011	\$	33,482	\$	34,066	\$	34,708	\$	35,744

City Departments

City Manager

The City Manager reports to the City Council and is responsible for the day-to-day operations of the City, including the various departments. Dan is also responsible for preparing and administering the various city budgets and ensuring the various goals of the City are met.

Dan Swallow was appointed the Director of Economic and Community Development for the City of Monroe in January of 2011, where he served for 5 years, until starting as City Manager in Tecumseh in December of 2015. He has credentials from the American Institute of Certified Planners and actively participates in the Michigan Association of Planning and Michigan Economic Developers Association.



City Clerk

The City Clerk administers elections, registers voters, serves as clerk to City Council and is the official record keeper for the City. The City Clerk's office is responsible for maintenance of City records, which includes all recorded actions of the City Council as well as deeds, easements, contracts and other general records, including Brookside Cemetery, which is owned and managed by the City.

Brookside Cemetery

Brookside Cemetery has a serene park-like setting, filled with historic monuments and tombstones, dating back to the early 1800's.



City Departments

City Assessor

The Assessing Department has a website that taxpayers can access regarding their property taxes free of charge. The City's Tax and Assessing Software allows citizens to access property details, such as current assessments, digital photos, building data, sales transactions, and recent tax bills. This website is also found on the City Treasurer's home page under Tax and Assessing Info.

Fire Department

The Fire Department provides fire, rescue, and EMS response to the community. The department is involved in providing fire prevention education, fire suppression and Medical First Response. The number of calls answered in 2024 was 1,547.



Police Department

The Police Department provides public safety services for the community.

2024 Service Accomplishments

<u>Accomplishment</u>	<u>Number</u>
• Uniform crime reporting	280
• Traffic Violations	523
• Arrests	77
• Parking violations	9



City Departments

Parks and Recreation Department

There are over 300 acres of parkland within Tecumseh, brimming with green space, wildlife, waterways, and hiking/biking trails.

In addition to parks, we offer a full slate of activities, such as basketball, soccer, lacrosse, volleyball, tennis and golf lessons, and activities at the recreation center.



Tecumseh Center for the Arts (TCA)

The TCA provides arts and entertainment events for the community. There were 24 shows at the TCA in 2024, with an average attendance of 232.



Public Works

The Public Works Department is responsible for construction and maintenance of streets and storm sewers, as well as snow removal of streets and city-owned parking lots. There were 28 miles of local streets and 17 miles of major streets maintained in 2024.

City Departments

Economic Development

The Economic Development Department is the resource center and liaison for commercial and industrial businesses.



Utilities Department

The Utilities Department takes care of public water as well as wastewater treatment. For 2024, there were 4,603 service connections and 488 fire hydrants. In 2024, the Utilities Department maintained 53 miles of sanitary sewers, 20 miles of storm sewers, and 56 miles of water mains.

City Treasurer

The Treasurer's office is responsible for all financial transactions of the City, including the collection of taxes and fees. Under the direction of the Treasurer's Department, the City has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the past twenty-six years.

Building Services

This department oversees all new construction or additions to existing buildings in the city, including industrial, commercial and residential properties.



Tecumseh, Michigan

Innovative Timeless Inviting

