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# City of Allen Park, Michigan

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**Financial Report  
with Supplemental Information  
June 30, 2021**

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## **Independent Auditor's Report**

To the Honorable Mayor and the City Council  
City of Allen Park, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen Park, Michigan (the "City") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Allen Park, Michigan's basic financial statements, as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Allen Park Housing Commission, which represents approximately 21 percent and 9 percent of the assets and revenue, respectively, of the aggregate discretely presented component units. The City of Allen Park Housing Commission's net position is \$1,661,158 compared to a deficit of \$2,139,997 in the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, 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 Allen Park, Michigan as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and the City Council  
City of Allen Park, Michigan

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, the City adopted the new accounting pronouncement called Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Allen Park, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021 on our consideration of the City of Allen Park, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Allen Park, Michigan's internal control over financial reporting and compliance.



December 7, 2021

As management of the City of Allen Park, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2021.

### ***Financial Highlights***

- The General Fund reported revenue in excess of expenditures and transfers of \$390,824, resulting in fund balance increasing from \$4,116,957 to \$4,507,781.
- Property taxes revenue in the General Fund increased by \$282,081 to \$13,828,986.
- Included in the General Fund was a transfer of \$500,000 to finish the new Department of Public Services facility. There was also a transfer from the General Fund to the Capital Projects Fund of \$1,517,500 to fund the 2020-2021 approved projects in the five-year capital plan.
- The millage approved by the residents of Allen Park in November 2020 to change the millage from 12.5 to 20.0 mills secured the public safety dollars (\$5,285,494) to help offset the police and fire budgets and continue the 1.9015 mills dedicated to fund road projects in the city beyond the 2022 millage expiration.
- Grants for parks, fire, water, and sewer from Wayne County, Michigan; FEMA; and state and federal sources totaled \$1,290,753. Included in that amount is a federal reimbursement through the CARES Act for COVID-19-related payroll in the amount of \$922,424.
- The General Fund was again able to contribute \$500,000 to the Retiree Healthcare Fund. This conforms to the State of Michigan plan per P.A. 202.
- The City Council-approved DPS project to develop the 12.3 acres of vacant property purchased from Baker College was mostly completed and operational by June 2021. That project started in June 2020 and was delayed several months due to COVID-19.
- All labor contracts are settled through June 30, 2022.
- In addition to the new DPS project, the capital projects in 2020-2021 included equipment for the new DPS facility, park equipment upgrades, salt truck, fire department equipment upgrades, and the start of the city-wide water meter placement program.

### ***Overview of the Financial Statements***

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

### **Government-wide Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., the cost of pension and other postemployment benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community and economic development, and culture and recreation. The business-type activities of the City include providing water and sewage disposal.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Brownfield Redevelopment Authority, a legally separate Downtown Development Authority, and a legally separate Housing Commission for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The Building Authority, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as part of the primary government.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

- Governmental funds - The majority of the City's basic services, including the governmental funds, not only focus on how cash and other financial assets can readily be converted to cash flows in and out but also the year-end balances that are available to finance future city programs. Because this information does not include the additional long-term focus of the government-wide statements, reconciliation statements are provided to explain the difference between the two methods of reporting.
- Proprietary funds - The City reports the water and sewer activity.
- Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside the government. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance city operations.

# City of Allen Park, Michigan

## Management's Discussion and Analysis (Continued)

### Government-wide Overall Financial Analysis

The tables below show the net position and changes in net position as of June 30, 2021 and 2020. Following the tables is an explanation of the reasons for significant fluctuations. The adjustments described above have been reflected in the tables below:

#### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets:						
Cash and investments	\$ 7,731,986	\$ 8,735,427	\$ 2,373,376	\$ 4,507,045	\$ 10,105,362	\$ 13,242,472
Receivables	2,166,448	1,557,070	4,480,977	5,121,006	6,647,425	6,678,076
Other assets	571,725	2,402,198	1,050,596	4,170,447	1,622,321	6,572,645
Capital assets	41,617,319	35,273,752	66,693,613	61,858,514	108,310,932	97,132,266
Total assets	52,087,478	47,968,447	74,598,562	75,657,012	126,686,040	123,625,459
<b>Deferred Outflows of Resources</b>	4,403,088	2,569,188	321,636	186,916	4,724,724	2,756,104
<b>Liabilities</b>						
Current liabilities	3,133,241	2,722,438	1,545,138	1,473,149	4,678,379	4,195,587
Noncurrent liabilities	75,477,370	79,234,646	25,084,930	27,319,209	100,562,300	106,553,855
Total liabilities	78,610,611	81,957,084	26,630,068	28,792,358	105,240,679	110,749,442
<b>Deferred Inflows of Resources</b>	8,448,612	7,105,681	673,192	425,941	9,121,804	7,531,622
<b>Net Position (Deficit)</b>						
Net investment in capital assets	35,617,931	30,716,914	47,374,800	42,830,630	82,992,731	73,547,544
Restricted	2,640,202	2,846,578	-	599,152	2,640,202	3,445,730
Unrestricted	(68,826,790)	(72,088,622)	242,138	3,195,847	(68,584,652)	(68,892,775)
Total net position (deficit)	<u>\$ (30,568,657)</u>	<u>\$ (38,525,130)</u>	<u>\$ 47,616,938</u>	<u>\$ 46,625,629</u>	<u>\$ 17,048,281</u>	<u>\$ 8,100,499</u>

# City of Allen Park, Michigan

## Management's Discussion and Analysis (Continued)

### The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 4,153,957	\$ 4,168,648	\$ 11,464,890	\$ 11,107,767	\$ 15,618,847	\$ 15,276,415
Operating grants	5,049,420	3,636,744	-	-	5,049,420	3,636,744
Capital grants	279,368	-	-	-	279,368	-
General revenue:						
Property taxes	18,321,458	17,893,573	991,815	1,486,833	19,313,273	19,380,406
Intergovernmental	3,798,746	3,740,926	-	-	3,798,746	3,740,926
Investment earnings	19,874	101,263	4,480	79,140	24,354	180,403
Other revenue	806,959	695,714	6,629	6,500	813,588	702,214
Total revenue	32,429,782	30,236,868	12,467,814	12,680,240	44,897,596	42,917,108
<b>Expenses</b>						
General government	6,079,327	5,564,605	-	-	6,079,327	5,564,605
District court	1,925,776	1,825,294	-	-	1,925,776	1,825,294
Public safety	8,559,153	10,277,713	-	-	8,559,153	10,277,713
Public works	5,093,180	6,550,140	-	-	5,093,180	6,550,140
Recreation and culture	1,919,863	2,170,212	-	-	1,919,863	2,170,212
Debt service	1,018,617	2,986,741	-	-	1,018,617	2,986,741
Water and Sewer Fund	-	-	11,476,505	9,724,429	11,476,505	9,724,429
Total expenses	24,595,916	29,374,705	11,476,505	9,724,429	36,072,421	39,099,134
<b>Change in Net Position</b>	7,833,866	862,163	991,309	2,955,811	8,825,175	3,817,974
<b>Net Position (Deficit) -</b>						
Beginning of year, as restated	(38,402,523)	(39,387,293)	46,625,629	43,669,818	8,223,106	4,282,525
<b>Net Position (Deficit) - End of year</b>	<b>\$ (30,568,657)</b>	<b>\$ (38,525,130)</b>	<b>\$ 47,616,938</b>	<b>\$ 46,625,629</b>	<b>\$ 17,048,281</b>	<b>\$ 8,100,499</b>

### **Governmental Activities**

Net position may serve over time as a useful indicator of a government's financial position. The City's financial position is the product of a number of transactions, including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The City's deficit in the governmental activities decreased by \$7,833,866 to a deficit of \$30,568,657, which is due to a reduction to the City's net pension liability and related balances, reduction to the City's net OPEB liability and related balances, and increased grant funding.

### **Business-type Activities**

The City increased net position by \$991,309 in its business-type activities for the fiscal year ended June 30, 2021. Although there were no significant changes in its operations during the current fiscal year, the City continues to follow the five-year capital plan that is refreshed every year and has invested \$2.4 million in infrastructure, equipment, and facility upgrades to the water and sewer system during the 2021 fiscal year.

### **Financial Analysis of Individual Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$7,540,602, a change of \$(2,544,060) in comparison with the prior year. This change is mostly attributable to expenditure of bond funds to complete the new DPS facility.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$3,939,001, while total fund balance was \$4,507,781. As a measure of the General Fund's liquidity and financial stability, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 16.5 percent of total General Fund expenditures, while total fund balance represented 19.7 percent of expenses.

Total fund balance of the City's General Fund increased by \$390,824, during the fiscal year. The federal CARES Act funds affected fund balance in fiscal year 2021.

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

The City Council-approved DPS facility construction was mostly completed and operational by fiscal year end. The dedication of the new facility was in September 2021.

New equipment, including cardiac monitors and defibrillators, was purchased for the fire department.

The City received a grant for replacing lead sanitary household leads.

The \$1.5 million water meter replacement program was started and roughly 85.93 percent completed by fiscal year end.

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

The City of Allen Park, Michigan's continued investment in capital assets for its governmental and business-type activities, as of June 30, 2021, amounts to \$108,310,932 (net of accumulated depreciation).

More detailed information about capital assets and debt can be found in Notes 5 and 7 to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

The major sources of revenue for the City are property taxes and state-shared revenue. While the City's taxable property values have decreased or remained relatively flat over the last several years, the City continues to work diligently to cut operating costs as expenditures continue to increase amid uncertainty due to the lingering effects of the COVID-19 pandemic.

Although taxable values have stabilized in southeastern Michigan, it is anticipated the property values will remain small or flat (0.5 to 1.4 percent) in the next fiscal year.

Also, the following future efforts are in progress to continue to move the City forward:

- In the 2021 construction season, the street improvement millage (collected in December 2020) was spent on Park Avenue (Regina to Angelique) and Hanfor (Allen to Roger). For 2022, construction is scheduled for portions of Park Avenue (Angelique to Champaign), Rosedale (Wick to Moore), and a new water main on Winona (Ecorse to Champaign).
- The City constructed the new DPS facility in 2020-2021 without increasing the debt burden on the taxpayers. This was accomplished with existing funds, a budgeted loan from Comerica, and the sale of excise property, which should be completed in fall of 2021.
- Capital outlay for 2020-2021 included \$1,517,500 in capital outlay from the Capital Projects Fund. This figure includes installment purchase payments and capital.

***Requests for Further Information***

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. The entire budget is available for review on the city website ([www.cityofallenpark.org](http://www.cityofallenpark.org)). For additional questions about this report or additional information, requests should be directed to the city administrator at (313) 928-1883 or mailed to 15915 Southfield Road, Allen Park, MI 48101.

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 7,731,986	\$ 2,373,376	\$ 10,105,362	\$ 3,085,736
Receivables:				
Customer receivables	-	3,449,481	3,449,481	57,200
Other receivables	129,610	-	129,610	-
Due from other governments	2,068,334	1,000,000	3,068,334	-
Due from primary government (Note 6)	-	-	-	3,617
Internal balances (Note 6)	(31,496)	31,496	-	-
Inventory	-	193,131	193,131	-
Prepaid expenses and other assets	166,634	3,473	170,107	20,478
Restricted assets (Note 4)	405,091	853,992	1,259,083	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,749,080	560,180	2,309,260	152,343
Assets subject to depreciation - Net	39,868,239	66,133,433	106,001,672	4,932,237
<b>Total assets</b>	<b>52,087,478</b>	<b>74,598,562</b>	<b>126,686,040</b>	<b>8,251,611</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding (Note 7)	61,183	1,403	62,586	23,131
Deferred pension costs (Note 11)	3,545,472	228,253	3,773,725	-
Deferred OPEB costs (Note 12)	796,433	91,980	888,413	-
<b>Total deferred outflows of resources</b>	<b>4,403,088</b>	<b>321,636</b>	<b>4,724,724</b>	<b>23,131</b>
<b>Liabilities</b>				
Accounts payable	2,026,594	999,564	3,026,158	214,030
Due to component units (Note 6)	3,617	-	3,617	-
Refundable deposits, bonds, etc.	90,802	-	90,802	19,672
Accrued liabilities and other	860,428	545,574	1,406,002	93,769
Unearned revenue	151,800	-	151,800	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	200,077	3,986	204,063	2,371
Current portion of bonds payable (Note 7)	910,000	2,262,618	3,172,618	960,000
Due in more than one year:				
Compensated absences (Note 7)	1,800,695	35,872	1,836,567	13,433
Bonds payable - Net of current portion (Note 7)	24,981,146	17,910,187	42,891,333	9,111,464
Net pension liability (Note 11)	12,196,769	785,216	12,981,985	-
Net OPEB obligation (Note 12)	35,388,683	4,087,051	39,475,734	-
<b>Total liabilities</b>	<b>78,610,611</b>	<b>26,630,068</b>	<b>105,240,679</b>	<b>10,414,739</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 11)	5,919,258	381,076	6,300,334	-
Deferred OPEB cost reductions (Note 12)	2,529,354	292,116	2,821,470	-
<b>Total deferred inflows of resources</b>	<b>8,448,612</b>	<b>673,192</b>	<b>9,121,804</b>	<b>-</b>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	35,617,931	47,374,800	82,992,731	3,639,729
Restricted:				
Roads	1,014,941	-	1,014,941	-
Debt service	271,717	-	271,717	-
Police	78,932	-	78,932	-
Rubbish	319,777	-	319,777	-
Building	576,370	-	576,370	-
Library	189,271	-	189,271	-
Grants	189,194	-	189,194	-
Unrestricted	(68,826,790)	242,138	(68,584,652)	(5,779,726)
<b>Total net position (deficit)</b>	<b>\$ (30,568,657)</b>	<b>\$ 47,616,938</b>	<b>\$ 17,048,281</b>	<b>\$ (2,139,997)</b>

# City of Allen Park, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 6,079,327	\$ 775,998	\$ 58,354	\$ 226,368
District court	1,925,776	1,857,896	233,605	-
Public safety	8,559,153	1,225,935	1,454,987	-
Public works	5,093,180	31,781	3,297,153	-
Recreation and culture	1,919,863	262,347	5,321	53,000
Interest on long-term debt	1,018,617	-	-	-
Total governmental activities	24,595,916	4,153,957	5,049,420	279,368
Business-type activities - Water and Sewer Fund	11,476,505	11,464,890	-	-
Total primary government	<b>\$ 36,072,421</b>	<b>\$ 15,618,847</b>	<b>\$ 5,049,420</b>	<b>\$ 279,368</b>
Component units:				
Brownfield Redevelopment Authority	\$ 1,736,997	\$ -	\$ -	\$ -
Downtown Development Authority	1,164,247	-	-	-
Housing Commission	458,092	267,763	81,392	6,414
Total component units	<b>\$ 3,359,336</b>	<b>\$ 267,763</b>	<b>\$ 81,392</b>	<b>\$ 6,414</b>
General revenue:				
Taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				

### Change in Net Position

**Net Position (Deficit)** - Beginning of year - As restated (Note 1)

**Net Position (Deficit)** - End of year

## Statement of Activities

**Year Ended June 30, 2021**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,018,607)	\$ -	\$ (5,018,607)	\$ -
165,725	-	165,725	-
(5,878,231)	-	(5,878,231)	-
(1,764,246)	-	(1,764,246)	-
(1,599,195)	-	(1,599,195)	-
(1,018,617)	-	(1,018,617)	-
(15,113,171)	-	(15,113,171)	-
-	(11,615)	(11,615)	-
(15,113,171)	(11,615)	(15,124,786)	-
-	-	-	(1,736,997)
-	-	-	(1,164,247)
-	-	-	(102,523)
-	-	-	(3,003,767)
18,321,458	991,815	19,313,273	3,292,391
3,798,746	-	3,798,746	452,059
19,874	4,480	24,354	2,580
529,732	-	529,732	-
-	6,629	6,629	-
277,227	-	277,227	2,752
22,947,037	1,002,924	23,949,961	3,749,782
7,833,866	991,309	8,825,175	746,015
(38,402,523)	46,625,629	8,223,106	(2,886,012)
<b>\$ (30,568,657)</b>	<b>\$ 47,616,938</b>	<b>\$ 17,048,281</b>	<b>\$ (2,139,997)</b>

Governmental Funds  
Balance Sheet

June 30, 2021

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 3,914,955	\$ 639,537	\$ 3,177,494	\$ 7,731,986
Receivables:				
Other receivables	129,610	-	-	129,610
Due from other governments	1,263,256	189,194	615,884	2,068,334
Due from other funds (Note 6)	-	-	27,290	27,290
Prepaid expenses and other assets	163,689	-	2,945	166,634
Restricted assets (Note 4)	405,091	-	-	405,091
<b>Total assets</b>	<b>\$ 5,876,601</b>	<b>\$ 828,731</b>	<b>\$ 3,823,613</b>	<b>\$ 10,528,945</b>
<b>Liabilities</b>				
Accounts payable	\$ 629,443	\$ 415,822	\$ 981,329	\$ 2,026,594
Due to component units (Note 6)	3,617	-	-	3,617
Due to other funds (Note 6)	58,786	-	-	58,786
Refundable deposits, bonds, etc.	-	-	90,802	90,802
Accrued liabilities and other	644,327	-	7,096	651,423
Unearned revenue	32,647	-	119,153	151,800
<b>Total liabilities</b>	<b>1,368,820</b>	<b>415,822</b>	<b>1,198,380</b>	<b>2,983,022</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>5,321</b>	<b>5,321</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,368,820</b>	<b>415,822</b>	<b>1,203,701</b>	<b>2,988,343</b>
<b>Fund Balances</b>				
Nonspendable	163,689	-	2,945	166,634
Restricted:				
Roads	-	-	1,014,941	1,014,941
Police	-	-	78,932	78,932
Debt service	405,091	-	271,717	676,808
Grants	-	189,194	-	189,194
Building	-	-	576,370	576,370
Library	-	-	186,326	186,326
Rubbish	-	-	319,777	319,777
Committed	-	-	168,904	168,904
Assigned:				
Subsequent year's budget	166,890	-	-	166,890
Capital projects	1,000,000	223,715	-	1,223,715
Unassigned	2,772,111	-	-	2,772,111
<b>Total fund balances</b>	<b>4,507,781</b>	<b>412,909</b>	<b>2,619,912</b>	<b>7,540,602</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,876,601</b>	<b>\$ 828,731</b>	<b>\$ 3,823,613</b>	<b>\$ 10,528,945</b>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

<b>Fund Balances Reported in Governmental Funds</b>	\$ 7,540,602
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	41,617,319
Receivables that are not collected soon after year end are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds	5,321
Bonds payable, including deferred charges on bond refundings, and capital lease obligations are not due and payable in the current period and are not reported in the funds	(25,829,963)
Accrued interest is not due and payable in the current period and is not reported in the funds	(209,005)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(2,000,772)
Pension benefits	(14,570,555)
Retiree health care benefits	(37,121,604)
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u>\$ (30,568,657)</u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Taxes	\$ 13,828,986	\$ -	\$ 4,492,472	\$ 18,321,458
Intergovernmental:				
Federal grants	1,263,298	-	-	1,263,298
State sources	3,693,217	226,368	3,636,621	7,556,206
Local grants and contributions	-	53,000	-	53,000
Charges for services	3,259,513	-	771,579	4,031,092
Fines and forfeitures	1,857,896	-	20,346	1,878,242
Licenses and permits	559,402	-	-	559,402
Interest and rentals	5,987	11,968	1,919	19,874
Other revenue	335,434	-	28,261	363,695
<b>Total revenue</b>	<b>24,803,733</b>	<b>291,336</b>	<b>8,951,198</b>	<b>34,046,267</b>
<b>Expenditures</b>				
Current services:				
General government	6,035,349	-	706,557	6,741,906
District court	1,753,441	-	172,335	1,925,776
Public safety	10,789,979	-	81,784	10,871,763
Public works	1,743,809	-	7,272,422	9,016,231
Recreation and culture	1,020,848	-	660,123	1,680,971
Capital outlay	-	4,517,144	-	4,517,144
Debt service:				
Principal	655,000	-	250,000	905,000
Interest and fiscal charges	896,983	-	157,250	1,054,233
<b>Total expenditures</b>	<b>22,895,409</b>	<b>4,517,144</b>	<b>9,300,471</b>	<b>36,713,024</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>1,908,324</b>	<b>(4,225,808)</b>	<b>(349,273)</b>	<b>(2,666,757)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,517,500	-	1,517,500
Transfers out	(1,517,500)	-	-	(1,517,500)
<b>Total other financing (uses) sources</b>	<b>(1,517,500)</b>	<b>1,517,500</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>390,824</b>	<b>(2,708,308)</b>	<b>(349,273)</b>	<b>(2,666,757)</b>
<b>Fund Balances - Beginning of year - As restated (Note 1)</b>	<b>4,116,957</b>	<b>3,121,217</b>	<b>2,969,185</b>	<b>10,207,359</b>
<b>Fund Balances - End of year</b>	<b>\$ 4,507,781</b>	<b>\$ 412,909</b>	<b>\$ 2,619,912</b>	<b>\$ 7,540,602</b>

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities

Year Ended June 30, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ (2,666,757)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	8,483,169
Depreciation expense	(2,006,651)
Net book value of assets disposed of	(132,951)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(101,808)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	929,997
Interest expense is recognized in the government-wide statements as it accrues	10,619
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>3,318,248</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 7,833,866</u></u></b>

Proprietary Fund  
Statement of Net Position

**June 30, 2021**

	Water and Sewer Fund
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 2,373,376
Receivables:	
Customer receivables	3,449,481
Due from other governments	500,000
Due from other funds	31,496
Inventory	193,131
Prepaid expenses and other assets	3,473
Total current assets	6,550,957
Noncurrent assets:	
Restricted assets (Note 4)	853,992
Capital assets: (Note 5)	
Assets not subject to depreciation	560,180
Assets subject to depreciation - Net	66,133,433
Due from other governments	500,000
Total noncurrent assets	68,047,605
Total assets	74,598,562
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 7)	1,403
Deferred pension costs	228,253
Deferred OPEB costs	91,980
Total deferred outflows of resources	321,636
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	999,564
Accrued liabilities and other	545,574
Compensated absences (Note 7)	3,986
Current portion of bonds payable (Note 7)	2,262,618
Total current liabilities	3,811,742
Noncurrent liabilities:	
Compensated absences (Note 7)	35,872
Net pension liability	785,216
Net OPEB obligation	4,087,051
Bonds payable - Net of current portion (Note 7)	17,910,187
Total noncurrent liabilities	22,818,326
Total liabilities	26,630,068
<b>Deferred Inflows of Resources</b>	
Deferred pension cost reductions	381,076
Deferred OPEB cost reductions	292,116
Total deferred inflows of resources	673,192
<b>Net Position</b>	
Net investment in capital assets	47,374,800
Unrestricted	242,138
Total net position	<b>\$ 47,616,938</b>

Proprietary Fund  
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2021

	<u>Water and Sewer Fund</u>
<b>Operating Revenue</b>	
Sale of water	\$ 6,026,361
Sewage disposal charges	5,178,984
Other sales to customers	57,950
Interest and penalty charges	<u>201,595</u>
Total operating revenue	11,464,890
<b>Operating Expenses</b>	
Cost of water	2,833,132
Cost of sewage treatment	2,591,026
Other operating and maintenance costs	1,724,275
Billing and administrative costs	1,614,250
Depreciation	<u>2,091,038</u>
Total operating expenses	<u>10,853,721</u>
<b>Operating Income</b>	611,169
<b>Nonoperating Revenue (Expense)</b>	
Property tax revenue	991,815
Investment income	4,480
Interest expense	(622,784)
Gain on disposal of asset	<u>6,629</u>
Total nonoperating revenue	<u>380,140</u>
<b>Change in Net Position</b>	991,309
<b>Net Position - Beginning of year</b>	<u>46,625,629</u>
<b>Net Position - End of year</b>	<u><u>\$ 47,616,938</u></u>

Proprietary Fund  
Statement of Cash Flows

Year Ended June 30, 2021

	<u>Water and Sewer Fund</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 11,405,165
Payments to suppliers	(6,635,942)
Payments to employees and fringes	<u>(1,274,577)</u>
Net cash provided by operating activities	3,494,646
<b>Cash Flows from Capital and Related Financing Activities</b>	
Property taxes restricted for debt items	991,815
Purchase of capital assets	(6,294,301)
Principal and interest paid on capital debt	<u>(2,829,159)</u>
Net cash used in capital and related financing activities	(8,131,645)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	<u>4,480</u>
<b>Net Decrease in Cash</b>	(4,632,519)
<b>Cash</b> - Beginning of year	<u>7,005,895</u>
<b>Cash</b> - End of year	<u><u>\$ 2,373,376</u></u>
<b>Classification of Cash</b> - Cash and investments	<u><u>\$ 2,373,376</u></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 611,169
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,091,038
Changes in assets and liabilities:	
Receivables	(59,725)
Due to and from other funds	199,754
Inventories	(4,369)
Prepaid and other assets	163
Accounts payable	543,260
Net pension or OPEB liability	(8,942)
Deferrals related to pension or OPEB	111,128
Accrued and other liabilities	<u>11,170</u>
Total adjustments	<u>2,883,477</u>
Net cash provided by operating activities	<u><u>\$ 3,494,646</u></u>

**Noncash Capital and Related Financing Activities** - During the current year, there was a decrease in the City's debt of \$66,772 due to a decrease in the City's allocation of the Downriver Utility Wastewater System debt due to a decrease in the City's sewage flow compared to the total sewage flow of the system. In addition, during the current year, the Downriver Utility Wastewater System issued long-term debt for future capital improvements. The City's allocation of the long-term debt and capital improvements totaled \$636,085.

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2021

	Pension and Other Employee Benefit Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,168,574	\$ -	\$ 2,168,574
Investments:			
Treasury bonds	10,108,934	-	10,108,934
Agency securities	2,036,627	-	2,036,627
Mutual funds - Fixed income	5,117,968	-	5,117,968
Mortgage securities	535,300	-	535,300
Stocks	14,259,602	-	14,259,602
Corporate bonds	10,052,152	-	10,052,152
Other fixed income	892,731	-	892,731
ETF - Equity	20,716,901	-	20,716,901
Mutual funds - Equity	40,964,923	-	40,964,923
Receivables - Accrued interest	150,800	-	150,800
Total assets	107,004,512	-	107,004,512
<b>Liabilities</b>			
	-	-	-
<b>Net Position - Restricted</b>			
Pension	102,634,588	-	102,634,588
Postemployment benefits other than pension	4,369,924	-	4,369,924
Total net position	\$ 107,004,512	\$ -	\$ 107,004,512

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	Pension and Other Employee Benefit Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 1,968,239	\$ -	\$ 1,968,239
Net increase in fair value of investments	10,320,807	-	10,320,807
Investment costs	(336,662)	-	(336,662)
Net investment income	11,952,384	-	11,952,384
Contributions:			
Employer contributions	5,868,579	-	5,868,579
Employee contributions	443,413	-	443,413
Total contributions	6,311,992	-	6,311,992
Property tax collections	-	28,367,234	28,367,234
Total additions	18,264,376	28,367,234	46,631,610
<b>Deductions</b>			
Benefit payments	10,250,484	-	10,250,484
Property tax disbursements	-	28,367,234	28,367,234
Total deductions	10,250,484	28,367,234	38,617,718
<b>Net Increase in Fiduciary Net Position</b>	8,013,892	-	8,013,892
<b>Net Position - Beginning of year</b>	98,990,620	-	98,990,620
<b>Net Position - End of year</b>	<b>\$ 107,004,512</b>	<b>\$ -</b>	<b>\$ 107,004,512</b>

Component Units  
Statement of Net Position

June 30, 2021

	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission - December 31, 2020	Total
<b>Assets</b>				
Cash and investments	\$ 863,815	\$ 2,148,827	\$ 73,094	\$ 3,085,736
Receivables	-	-	57,200	57,200
Due from primary government	-	3,617	-	3,617
Prepaid expenses and other assets	-	1,079	19,399	20,478
Capital assets:				
Assets not subject to depreciation	-	84,293	68,050	152,343
Assets subject to depreciation - Net	-	3,405,831	1,526,406	4,932,237
Total assets	863,815	5,643,647	1,744,149	8,251,611
<b>Deferred Outflows of Resources</b> - Deferred charges on bond refunding	17,982	5,149	-	23,131
<b>Liabilities</b>				
Accounts payable	-	200,649	13,381	214,030
Refundable deposits, bonds, etc.	-	-	19,672	19,672
Accrued liabilities and other	52,292	7,343	34,134	93,769
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	-	2,371	2,371
Current portion of bonds payable	600,000	360,000	-	960,000
Due in more than one year:				
Compensated absences	-	-	13,433	13,433
Bonds payable - Net of current portion	8,021,464	1,090,000	-	9,111,464
Total liabilities	8,673,756	1,657,992	82,991	10,414,739
<b>Net Position (Deficit)</b>				
Net investment in capital assets	-	2,045,273	1,594,456	3,639,729
Unrestricted	(7,791,959)	1,945,531	66,702	(5,779,726)
Total net position (deficit)	\$ (7,791,959)	\$ 3,990,804	\$ 1,661,158	\$ (2,139,997)

**City of Allen Park, Michigan**

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	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Brownfield Redevelopment Authority	\$ 1,736,997	\$ -	\$ -	\$ -
Downtown Development Authority	1,164,247	-	-	-
Housing Commission	458,092	267,763	81,392	6,414
Total	<b><u>\$ 3,359,336</u></b>	<b><u>\$ 267,763</u></b>	<b><u>\$ 81,392</u></b>	<b><u>\$ 6,414</u></b>

General revenue:

- Taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position (Deficit) - Beginning of year**

**Net Position (Deficit) - End of year**

Component Units  
Statement of Activities

Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position			
Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission	Total
\$ (1,736,997)	\$ -	\$ -	\$ (1,736,997)
-	(1,164,247)	-	(1,164,247)
-	-	(102,523)	(102,523)
(1,736,997)	(1,164,247)	(102,523)	(3,003,767)
2,364,356	928,035	-	3,292,391
-	452,059	-	452,059
2,477	-	103	2,580
-	-	2,752	2,752
2,366,833	1,380,094	2,855	3,749,782
629,836	215,847	(99,668)	746,015
(8,421,795)	3,774,957	1,760,826	(2,886,012)
<b>\$ (7,791,959)</b>	<b>\$ 3,990,804</b>	<b>\$ 1,661,158</b>	<b>\$ (2,139,997)</b>

June 30, 2021

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The City of Allen Park, Michigan (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 Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the City:

***Reporting Entity***

The City is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the city operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**Blended Component Unit**

The City's Building Authority is governed by a five-member board appointed by the City's governing body. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

**Discretely Presented Component Units**

***Downtown Development Authority***

The Downtown Development Authority (the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of 10 individuals, is appointed by the mayor and confirmed by the City Council. In addition, the Authority's budget is subject to approval by the City Council.

***Brownfield Redevelopment Authority***

The Brownfield Redevelopment Authority (the "Brownfield") was created to facilitate the long-term redevelopment and remediation of environmentally contaminated sites within the City. The Brownfield Redevelopment Authority's governing body consists of a seven-member board that is appointed by the mayor and confirmed by the City Council. The City can significantly influence the operations of the brownfield board since the City Council approves the Brownfield Redevelopment Authority's budget.

***Housing Commission***

The Housing Commission (the "Commission") was created in the state of Michigan under the provisions of Public Act 18 of the Extra Session of 1933, as amended (MCL 125.651 through 125.709e). A five-member board appointed by the mayor and confirmed by the City Council administers the Housing Commission. The Housing Commission makes annual payments in lieu of taxes to the City; therefore, a financial benefit exists for the City. Complete financial reports can be obtained at the administrative offices at 17000 Champaign Road, Allen Park, MI 48101.

**Fiduciary Component Units**

The Employees Retirement System is governed by a seven-member pension board that includes the finance director, a retiree appointed by the board and approved by the City Council, two citizens appointed by the mayor and approved by the City Council, a police officer and firefighter member appointed from the respective unions, and a general member elected by the general members. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City. The Employees Retirement System's fiscal year end is December 31, 2020.

**Note 1 - Significant Accounting Policies (Continued)**

The City of Allen Park Retiree Healthcare Plan (the "Plan") is governed by the City Council. Although it is legally separate from the City, it is reported as a fiduciary component unit because the Plan is governed by the City Council and the Plan imposes a financial burden on the City.

**Jointly Governed Organization**

The City is a member of the 24th District Court, which provides judicial services to the City of Allen Park, Michigan and the City of Melvindale, Michigan. The City provides two-thirds of the funding for the 24th District Court.

The participating communities provide annual funding for the 24th District Court's operations and receive a portion of fines and fees collected. During the current year, the City contributed approximately \$1,753,000 for the 24th District Court's operations and received approximately \$1,858,000 in fines and forfeitures. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the 24th District Court can be obtained from its administrative offices at 6515 Roosevelt Road, Allen Park, Michigan.

**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 financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 revenue includes: (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 revenue 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 water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

***Fund Accounting***

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Capital Projects Fund accounts for certain capital expenditures of the City's various capital projects and is funded primarily through transfers from other funds of the City.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The City reports the following fund as a major enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Pension Trust Fund accumulates resources for pension benefit payments to retirees.
- The Retiree Healthcare Fund accumulates resources for future retiree health care payments to retirees.
- The Custodial Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and remits the taxes to each authority.

**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. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, 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. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

***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.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is 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: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period.

Proprietary funds and fiduciary 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.

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Investments**

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates.

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**

The City has pledged, as security for certain bonds issued by the City, a portion of the City's state-shared revenue to pay debt service for certain bonds. The cash is held by a trustee and has been reported as restricted cash in the governmental activities. The restricted assets in the business-type activities result from the establishment of debt reserves and unspent bond proceeds related to the Downriver Utility Wastewater Authority bonds.

**Note 1 - Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 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 acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Roads and sidewalks	40
Water and sewer lines	40-60
Buildings	40
Buildings and improvements	20-30
Machinery and equipment	5-20
Vehicles	5-10

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Unavailable revenue (those not collected within the period of availability) - Reported only at the modified accrual level		✓
Deferred charge on bond refunding	✓	
Deferred pension costs (outflow) and cost reductions (inflow)	✓	✓
Deferred OPEB costs (outflow) and cost reductions (inflow)	✓	✓

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The City will sometimes fund outlays for a particular purpose from both restricted (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 government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

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

**Fund Balance 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. 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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

Effective July 1, 2014, the City approved a fund balance reserve policy. The City desires to maintain a prudent level of financial resources to maintain the City's ability to meet obligations as they come due throughout the year. The fund balance policy prescribes a fund balance reserve of 15-20 percent of the General Fund annual operating expenditures.

**Property Tax Revenue**

Property taxes are levied on each July 1 and December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2020 property tax revenue was levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2021 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the City totaled \$831.4 million (a portion of which is abated and a portion of which is captured by the Brownfield and the Authority). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	10.4926	\$ 7,870,000
Police special voted	6.6825	5,285,000
Rubbish	2.5181	1,894,000
Library	0.8394	631,000
Debt - Community center	0.4888	405,000
Debt - Sewer	0.9352	777,000
EPA judgment - Sewer	0.1301	108,000
Roads	1.8825	1,558,000
Total		<u>\$ 18,528,000</u>

**Pension**

The City offers a defined benefit pension plan to eligible employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees Retirement System 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.

**Other Postemployment Benefit Costs**

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

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation and Sick Leave)**

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate the obligations.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

**Note 1 - Significant Accounting Policies (Continued)**

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

**Adoption of New Accounting Pronouncement**

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the following activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within governmental funds: building fund activity and activities reported in the Special Projects Fund (special revenue fund).

The effect of this new standard on fund balance/net position was as follows:

	Primary Government	
	Special Projects (special revenue fund)	Governmental Activities
Net position/fund balance - June 30, 2020 - As previously reported	\$ -	\$ (38,525,130)
Adjustment for GASB Statement No. 84 - To change fund type from a fiduciary fund to a governmental fund	122,607	122,607
Net position/fund balance - June 30, 2020 - As restated	<u>\$ 122,607</u>	<u>\$ (38,402,523)</u>

June 30, 2021

**Note 2 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except that debt service and transfers out are budgeted as expenditures. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and department. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. State law requires the City to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits the City to amend its budget during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

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

	Budget	Actual
General Fund:		
General government - City hall	\$ 197,000	\$ 205,944
General government - Retiree health care	3,092,000	3,173,361
Public safety - Police	6,256,726	6,280,023
Public safety - Fire	4,354,009	4,509,956
Public service	1,666,534	1,743,809
Debt service	1,547,310	1,551,983

***Fund Deficits***

The Brownfield Redevelopment Authority has a deficit of \$7,791,959 as of June 30, 2021. The authority plans to pay future debt service with tax increment revenue.

**Note 3 - Deposits and Investments**

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Fiduciary	Component Units
Cash and investments	\$ 7,731,986	\$ 2,373,376	\$ 106,853,712	\$ 3,085,736
Restricted cash (Note 4)	405,091	-	-	-
Total deposits and investments	\$ 8,137,077	\$ 2,373,376	\$ 106,853,712	\$ 3,085,736

June 30, 2021

**Note 3 - Deposits and Investments (Continued)**

The investments, excluding the restricted assets held at the Downriver Sewage Disposal System and Downriver Utility Wastewater Authority, are classified into the following categories:

	Governmental Activities	Business-type Activities	Fiduciary	Component Units
Deposits with financial institutions	\$ 4,478,792	\$ 846,490	\$ 2,168,574	\$ 3,080,422
Investments:				
Deposits with financial institutions - Certificate of deposit	846,879	324,860	-	5,314
Reported at fair value:				
Treasury bonds	-	-	10,108,934	-
Agency securities	-	-	2,036,627	-
Other fixed income	-	-	892,731	-
Mutual funds - Equity	-	-	40,964,923	-
Mutual funds - Fixed income	-	-	5,117,968	-
Stocks	-	-	14,259,602	-
Corporate bonds	-	-	10,052,152	-
ETF - Equity	-	-	20,716,901	-
Mortgage securities	-	-	535,300	-
Municipal bonds	2,111,284	902,686	-	-
Commercial paper	700,122	299,340	-	-
Total	<u>\$ 8,137,077</u>	<u>\$ 2,373,376</u>	<u>\$ 106,853,712</u>	<u>\$ 3,085,736</u>

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 law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 Pension Trust Fund and Retiree Healthcare Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

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

June 30, 2021

**Note 3 - Deposits and Investments (Continued)**

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank 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 deposit policy for custodial credit risk. At year end, the City had bank deposits of \$5,501,610 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City had the following investments and maturities:

Primary Government	Fair Value	Less Than 1 Year	1-5 Years	More Than 5 Years	
Municipal bonds	\$ 3,013,970	\$ 304,271	\$ 2,519,699	\$ 190,000	
Commercial paper	999,462	999,462	-	-	
Total	<u>\$ 4,013,432</u>	<u>\$ 1,303,733</u>	<u>\$ 2,519,699</u>	<u>\$ 190,000</u>	
Fiduciary Funds	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Treasury bonds and agency securities	\$ 12,145,561	-	\$ 6,983,836	\$ 3,280,114	\$ 1,881,611
Corporate bonds and other fixed income	10,944,883	806,079	5,463,185	4,262,173	413,446
Mutual funds - Fixed income	5,117,968	-	5,117,968	-	-
Mortgage securities	535,300	-	144,929	228,766	161,605
Total	<u>\$ 28,743,712</u>	<u>\$ 806,079</u>	<u>\$ 17,709,918</u>	<u>\$ 7,771,053</u>	<u>\$ 2,456,662</u>

June 30, 2021

**Note 3 - Deposits and Investments (Continued)**

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Municipal bonds	\$ 566,675	A1	Moody's
Municipal bonds	352,367	A	S&P
Municipal bonds	106,750	A-	S&P
Municipal bonds	641,269	AA	S&P
Municipal bonds	1,245,124	AA-	S&P
Municipal bonds	101,785	AA+	S&P
Commercial paper	999,462	A2	S&P
Total	<u>\$ 4,013,432</u>		

Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Fund - Pension Trust Fund - December 31, 2020</b>			
Fixed-income securities	\$ 15,182,041	Not rated	N/A
Fixed-income securities	11,199,281	Aaa	Moody's
Fixed-income securities	227,033	Aa2	Moody's
Fixed-income securities	155,824	Aa3	Moody's
Fixed-income securities	804,160	A1	Moody's
Total	<u>\$ 27,568,339</u>		

Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Fund - Retiree Healthcare Fund</b>			
Mutual funds - Fixed income	\$ 1,175,373	Not rated	N/A

**Component Units**

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$2,835,736.

**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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

June 30, 2021

**Note 3 - Deposits and Investments (Continued)**

In instances where 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's primary government has the following recurring fair value measurements as of June 30, 2021:

- Municipal bonds of \$3,013,970 are valued using a matrix pricing model (Level 2 inputs).

The City's Pension Trust Fund (fiduciary fund) has the following recurring fair value measurements as of December 31, 2020:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
<b>Assets</b>				
Fixed income:				
Treasury bonds	\$ 10,108,934	\$ -	\$ -	\$ 10,108,934
Agency securities	-	2,036,627	-	2,036,627
Mortgage securities	-	535,300	-	535,300
Mutual funds	3,942,595	-	-	3,942,595
Corporate bonds	-	10,052,152	-	10,052,152
Other fixed income	-	892,731	-	892,731
Total fixed income	14,051,529	13,516,810	-	27,568,339
Equity:				
Stocks	14,259,602	-	-	14,259,602
ETF	19,907,297	-	-	19,907,297
Mutual funds	38,672,516	-	-	38,672,516
Total equity	72,839,415	-	-	72,839,415
Total assets	\$ 86,890,944	\$ 13,516,810	\$ -	\$ 100,407,754

June 30, 2021

**Note 3 - Deposits and Investments (Continued)**

The City's Retiree Healthcare Fund (fiduciary fund) has the following recurring fair value measurements as of June 30, 2021:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			Balance at June 30, 2021
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets</b>				
Fixed income - Mutual funds	\$ 1,175,373	\$ -	\$ -	\$ 1,175,373
Equity:				
ETF	809,604	-	-	809,604
Mutual funds	2,292,407	-	-	2,292,407
Total equity	3,102,011	-	-	3,102,011
Total assets	\$ 4,277,384	\$ -	\$ -	\$ 4,277,384

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of agency bonds, corporate bonds, mortgage securities, and other fixed income at June 30, 2021 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

**Note 4 - Restricted Assets**

The City's bond ordinances require the bond proceeds to be spent solely for the project expenditures; any unspent proceeds are reported as restricted cash. In addition, the City has pledged, as security for certain bonds issued by the City, a portion of the City's state-shared revenue to pay debt service for certain bonds. The cash is held by a trustee and has been reported as restricted cash.

The restricted assets in the business-type activities result from the establishment of debt reserves and unspent bond proceeds related to the Downriver Utility Wastewater Authority bonds.

At June 30, 2021, restricted assets are composed of the following:

Description	Governmental Activities	Business-type Activities
Cash held by trustee for debt service	\$ 405,091	\$ -
Downriver Utility Wastewater Authority - Assets held at the Authority for future capital projects	-	853,992
Total	\$ 405,091	\$ 853,992

The cash reserves held at the Downriver Utility Wastewater Authority were not restricted net position, as the cash reserves were generated from unspent bond proceeds.

June 30, 2021

**Note 5 - Capital Assets**

Capital asset activity of the City's governmental and business-type activities was as follows:

**Governmental Activities**

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,216,013	\$ -	\$ -	\$ -	\$ 1,216,013
Construction in progress	479,825	(479,824)	533,066	-	533,067
Subtotal	1,695,838	(479,824)	533,066	-	1,749,080
Capital assets being depreciated:					
Roads and sidewalks	142,097,602	479,824	3,083,901	-	145,661,327
Buildings and improvements	21,187,516	-	3,723,913	(247,536)	24,663,893
Furniture and equipment	7,925,352	-	669,483	(341,045)	8,253,790
Vehicles	5,194,571	-	191,144	-	5,385,715
Land improvements	2,240,256	-	281,662	(7,000)	2,514,918
Subtotal	178,645,297	479,824	7,950,103	(595,581)	186,479,643
Accumulated depreciation:					
Roads and sidewalks	125,709,655	-	545,545	-	126,255,200
Buildings and improvements	8,148,871	-	469,946	(116,160)	8,502,657
Furniture and equipment	6,161,278	-	511,043	(341,045)	6,331,276
Vehicles	3,234,688	-	387,457	-	3,622,145
Land improvements	1,812,891	-	92,660	(5,425)	1,900,126
Subtotal	145,067,383	-	2,006,651	(462,630)	146,611,404
Net capital assets being depreciated	33,577,914	479,824	5,943,452	(132,951)	39,868,239
Net governmental activities capital assets	<u>\$ 35,273,752</u>	<u>\$ -</u>	<u>\$ 6,476,518</u>	<u>\$ (132,951)</u>	<u>\$ 41,617,319</u>

June 30, 2021

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 560,180	\$ -	\$ -	\$ -	\$ 560,180
Construction in progress	268,750	(268,750)	-	-	-
Subtotal	828,930	(268,750)	-	-	560,180
Capital assets being depreciated:					
Water and sewer lines	87,661,608	-	1,955,089	-	89,616,697
Buildings and improvements	2,390,874	268,750	3,296,941	-	5,956,565
Furniture and equipment	2,866,354	-	540,852	(364,180)	3,043,026
Meters	2,551,095	-	1,126,626	(959,766)	2,717,955
Subtotal	95,469,931	268,750	6,919,508	(1,323,946)	101,334,243
Accumulated depreciation:					
Water and sewer lines	28,550,222	-	1,779,010	-	30,329,232
Buildings and improvements	1,943,688	-	60,881	-	2,004,569
Furniture and equipment	1,649,848	-	209,585	(370,809)	1,488,624
Meters	2,296,589	-	41,562	(959,766)	1,378,385
Subtotal	34,440,347	-	2,091,038	(1,330,575)	35,200,810
Net capital assets being depreciated	61,029,584	268,750	4,828,470	6,629	66,133,433
Net business-type activities capital assets	\$ 61,858,514	\$ -	\$ 4,828,470	\$ 6,629	\$ 66,693,613

June 30, 2021

**Note 5 - Capital Assets (Continued)**

Capital asset activity for the City's Housing Commission (component unit) for the year ended December 31, 2020 was as follows:

***Housing Commission - Component Unit***

	Balance January 1, 2020	Reclassification	Additions	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 68,050	\$ -	\$ -	\$ 68,050
Construction in progress	4,159	(4,159)	-	-
Subtotal	72,209	(4,159)	-	68,050
Capital assets being depreciated:				
Buildings and improvements	3,214,480	4,159	6,414	3,225,053
Furniture, equipment, and machinery - Dwelling	37,031	-	-	37,031
Furniture, equipment, and machinery - Administration	35,169	-	-	35,169
Subtotal	3,286,680	4,159	6,414	3,297,253
Accumulated depreciation	1,684,348	-	86,499	1,770,847
Net capital assets being depreciated	1,602,332	4,159	(80,085)	1,526,406
Net housing commission - Component unit capital assets	<u>\$ 1,674,541</u>	<u>\$ -</u>	<u>\$ (80,085)</u>	<u>\$ 1,594,456</u>

Capital asset activity for the City's Downtown Development Authority (component unit) for the year ended June 30, 2021 was as follows:

***Downtown Development Authority - Component Unit***

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated - Land	\$ 84,293	\$ -	\$ -	\$ -	\$ 84,293
Capital assets being depreciated:					
Site improvements	12,440,430	-	133,374	-	12,573,804
Buildings	386,721	-	-	(386,721)	-
Furniture and equipment	17,816	-	26,885	-	44,701
Subtotal	12,844,967	-	160,259	(386,721)	12,618,505
Accumulated depreciation:					
Site improvements	8,721,007	-	472,204	-	9,193,211
Buildings	186,452	-	-	(186,452)	-
Furniture and equipment	17,816	-	1,647	-	19,463
Subtotal	8,925,275	-	473,851	(186,452)	9,212,674
Net capital assets being depreciated	3,919,692	-	(313,592)	(200,269)	3,405,831
Net downtown development authority - Component unit capital assets	<u>\$ 4,003,985</u>	<u>\$ -</u>	<u>\$ (313,592)</u>	<u>\$ (200,269)</u>	<u>\$ 3,490,124</u>

June 30, 2021

**Note 5 - Capital Assets (Continued)**

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

Governmental activities:		
General government	\$	409,135
Public safety		419,530
Public works		760,518
Economic development		1,030
Recreation and culture		<u>416,438</u>
Total governmental activities	\$	<u>2,006,651</u>
Business-type activities - Water and sewer	\$	2,091,038
Component unit activities:		
Housing Commission - December 31, 2020	\$	86,499
Downtown Development Authority		<u>473,851</u>
Total component unit activities	\$	<u>560,350</u>

**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund	\$ 31,496
Nonmajor governmental funds	General Fund	<u>27,290</u>
	Total	<u>\$ 58,786</u>

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
Downtown Development Authority	General Fund	\$ 3,617

These balances result from the time lag between the dates the goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Projects Fund	\$ 1,517,500

The transfers from the General Fund to the Capital Projects Fund was made to fund public safety projects, recreation projects, and various DPW projects.

June 30, 2021

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2014 State of Michigan Emergency Loan:							
Amount of issue:							
\$2,600,000		\$265,000 -					
Maturing through 2025	2.30%	\$285,000	\$ 1,360,000	\$ -	\$ (260,000)	\$ 1,100,000	\$ 265,000
2015B Michigan Finance Authority - Local Government Loan Program Revenue Bonds - Southfield Lease Properties:							
Amount of issue:							
\$16,750,000	3.16% -	\$220,000 -					
Maturing through 2045	4.80%	\$1,195,000	16,750,000	-	-	16,750,000	-
Total direct borrowings and direct placements principal outstanding			18,110,000	-	(260,000)	17,850,000	265,000
Other debt:							
2019 Unlimited Tax General Obligation Refunding Bonds:							
Amount of issue:							
\$4,540,000	3.00% -	\$250,000 -					
Maturing through 2033	4.00%	\$425,000	4,265,000	-	(250,000)	4,015,000	250,000
2019 Limited Tax General Obligation Refunding Bonds - Southfield Lease Properties:							
Amount of issue:							
\$2,170,000	2.00% -	\$110,000 -					
Maturing through 2034	4.00%	\$190,000	2,060,000	-	(110,000)	1,950,000	110,000
2020 Limited Tax General Obligation Capital Improvement Bond							
Amount of issue:							
\$2,000,000		\$285,000 -					
Maturing through 2027	2.36%	\$290,000	2,000,000	-	(285,000)	1,715,000	285,000
Total other debt principal outstanding			8,325,000	-	(645,000)	7,680,000	645,000
Unamortized bond premiums			391,242	-	(30,096)	361,146	-
Total bonds and contracts payable			26,826,242	-	(935,096)	25,891,146	910,000
Compensated absences			2,041,153	163,734	(204,115)	2,000,772	200,077
Total governmental activities long-term debt			\$ 28,867,395	\$ 163,734	\$ (1,139,211)	\$ 27,891,918	\$ 1,110,077

June 30, 2021

**Note 7 - Long-term Debt (Continued)**

***Business-type Activities***

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2009 Michigan Municipal Bond Authority - Clean Water Program:							
Amount of issue: \$12,278,881							
Maturing through 2032	2.50%	\$595,000 - \$760,881	\$ 8,015,881	\$ -	\$ (580,000)	\$ 7,435,881	\$ 595,000
Wayne County - Downriver Sewage Disposal System:							
Amount of issue: Various							
Maturing through 2028	Various	Various	1,152,948	-	(679,489)	473,459	58,014
Downriver Utility Wastewater Authority Bonds							
Amount of Issue: Various							
Maturing through 2042	Various	Various	8,257,452	636,085	(425,572)	8,467,965	369,104
2020 Installment Purchase Agreement - Water meters							
Amount of issue: \$1,035,000							
Maturing through 2022	2.20%	\$535,500	1,035,500	-	(500,000)	535,500	535,500
Total direct borrowings and direct placements principal outstanding			18,461,781	636,085	(2,185,061)	16,912,805	1,557,618
Other debt:							
2019 Limited Tax General Obligation Refunding Bonds:							
Amount of issue \$540,000							
Maturing through 2022	3.25%	\$195,000	365,000	-	(170,000)	195,000	195,000
2020 Limited Tax General Obligation Refunding Bonds							
Amount of issue: \$1,580,000							
Maturing through 2025	1.40%	\$225,000 - \$380,000	1,580,000	-	(230,000)	1,350,000	225,000
2020 Limited Tax General Obligation Capital Improvement Bond							
Amount of issue: \$2,000,000							
Maturing through 2027	2.36%	\$285,000 - \$290,000	2,000,000	-	(285,000)	1,715,000	285,000
Total other debt principal outstanding			3,945,000	-	(685,000)	3,260,000	705,000
Total bonds and contracts payable			22,406,781	636,085	(2,870,061)	20,172,805	2,262,618
Compensated absences			31,912	11,068	(3,122)	39,858	3,986
Total business-type activities long-term debt			\$ 22,438,693	\$ 647,153	\$ (2,873,183)	\$ 20,212,663	\$ 2,266,604

June 30, 2021

**Note 7 - Long-term Debt (Continued)**

**Component Units**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
2019 Limited Tax General Obligation Redevelopment Refunding Bonds - Brownfield Authority: Original issue: \$9,215,000	3.50% -	\$600,000 -	\$ 8,635,000	\$ -	\$ (575,000)	\$ 8,060,000	\$ 600,000
Maturing through 2032	4.00%	\$880,000					
2019 Limited Tax General Obligation Downtown Development Refunding Bonds Original issue: \$1,805,000	1.36%	\$360,000 -	1,805,000	-	(355,000)	1,450,000	360,000
Maturing through 2025		\$370,000					
Total other debt principal outstanding			10,440,000	-	(930,000)	9,510,000	960,000
Unamortized bond premiums			633,738	-	(52,812)	580,926	-
Unamortized bond discounts			(21,231)	-	1,769	(19,462)	-
Total bonds and contracts payable			11,052,507	-	(981,043)	10,071,464	960,000
Compensated absences - Housing Commission - December 31, 2020			15,495	2,633	(2,324)	15,804	2,371
Total component unit long-term debt			<u>\$ 11,068,002</u>	<u>\$ 2,633</u>	<u>\$ (983,367)</u>	<u>\$ 10,087,268</u>	<u>\$ 962,371</u>

The City, including component units, had deferred outflows of \$85,717 related to deferred charges on bond refundings at June 30, 2021.

**General Obligation Bonds and Contracts**

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and capital leases are also general obligations of the City.

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

June 30, 2021

**Note 7 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 265,000	\$ 766,368	\$ 645,000	\$ 253,761	\$ 1,930,129
2023	490,000	756,215	650,000	234,835	2,131,050
2024	505,000	746,937	705,000	212,509	2,169,446
2025	520,000	733,001	715,000	188,983	2,156,984
2026	530,000	721,798	740,000	164,557	2,156,355
2027-2031	2,955,000	3,306,810	2,830,000	485,772	9,577,582
Thereafter	12,585,000	4,938,593	1,395,000	61,550	18,980,143
<b>Total</b>	<b>\$ 17,850,000</b>	<b>\$ 11,969,722</b>	<b>\$ 7,680,000</b>	<b>\$ 1,601,967</b>	<b>\$ 39,101,689</b>

  

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,557,618	\$ 509,502	\$ 705,000	\$ 62,349	\$ 2,834,469
2023	1,080,131	476,896	660,000	46,135	2,263,162
2024	1,369,615	441,871	665,000	34,159	2,510,645
2025	1,141,233	414,707	655,000	22,113	2,233,053
2026	1,177,658	382,231	285,000	10,207	1,855,096
2027-2031	6,018,140	1,401,810	290,000	3,422	7,713,372
Thereafter	4,568,410	1,092,351	-	-	5,660,761
<b>Total</b>	<b>\$ 16,912,805</b>	<b>\$ 4,719,368</b>	<b>\$ 3,260,000</b>	<b>\$ 178,385</b>	<b>\$ 25,070,558</b>

  

Years Ending June 30	Component Unit Activities		
	Other Debt		
	Principal	Interest	Total
2022	\$ 960,000	\$ 333,470	\$ 1,293,470
2023	985,000	304,574	1,289,574
2024	1,015,000	274,810	1,289,810
2025	1,030,000	243,978	1,273,978
2026	700,000	212,150	912,150
2027-2031	3,940,000	617,750	4,557,750
Thereafter	880,000	30,800	910,800
<b>Total</b>	<b>\$ 9,510,000</b>	<b>\$ 2,017,532</b>	<b>\$ 11,527,532</b>

June 30, 2021

**Note 7 - Long-term Debt (Continued)**

**Revenue Pledged in Connection with Debt**

The City has pledged, as security for 2015B Michigan Finance Authority - Local Government Loan Program Revenue bonds and the 2014 State of Michigan Emergency Loan (collectively, the "Bonds") issued by the City, a portion of the City's state-shared revenue, as authorized by Act 227 and the State Revenue Sharing Act. The state treasurer sends 100 percent of the state-shared revenue due to the City to the city master trustee for as long as the Bonds are outstanding. The city master trustee accumulates state-shared revenue in sufficient amounts to pay debt service on the Bonds. Any amounts remaining after setting aside the amounts necessary to satisfy debt service are released to the City's General Fund. Total principal and interest remaining on the 2015B Michigan Finance Authority - Local Government Loan Program Revenue bonds total \$28,668,411, with annual requirements ranging from \$744,141 in 2022 to \$1,252,360 in the final year.

Subsequent to June 30, 2021, the City amended the 2014 State of Michigan Emergency Loan to reduce the interest rate to 1.20 percent effective July 1, 2022. Total principal and interest remaining on the 2014 State of Michigan Emergency Loan total \$1,134,537, with annual requirements ranging from \$284,363 in 2022 to \$286,701 in the final year. The state-shared revenue, from which the appropriations will be made, have averaged approximately \$2,939,000 over the last three years. For the current year, the principal and interest paid by the City and the total state-shared revenue recognized by the City were \$288,274 and \$3,181,585, respectively.

**Note 8 - 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 participates in the Michigan Municipal League (risk pool) for claims relating to general liability, property loss, and workers' compensation. The City has assumed a significant amount of financial responsibility for medical claim costs, subject to certain limitations of \$75,000 per specific claim, with no limit in aggregate claims. 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 City estimates the liability for health and prescription claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the fiscal year were as follows:

	<u>Medical Claims</u>
Estimated liability - Beginning of year	\$ 325,000
Estimated claims incurred, including changes in estimates	3,056,700
Claim payments	<u>(2,776,900)</u>
Estimated liability - End of year	<u>\$ 604,800</u>

**Note 9 - Brownfield Redevelopment Authority Commitment**

The Brownfield Redevelopment Authority has committed to reimburse the costs paid by Clay Park Development (the "Developer") for a development project in the amount of \$10,715,702, plus interest at 5 percent per year. The reimbursement is contingent upon future tax increment revenue through June 30, 2032. During the year, the Brownfield Redevelopment Authority reimbursed the Developer \$848,216 and paid interest of \$284,784. At June 30, 2021, the outstanding commitment is \$5,230,498.

June 30, 2021

**Note 10 - Litigation**

The City is named a party to a number of lawsuits in the normal course of business. In the opinion of management, the resolution of these lawsuits will not have a material adverse effect on the City's financial position or results of operations.

**Note 11 - Pension Plan**

***Plan Description***

The City of Allen Park, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Employees Retirement System (the "Pension Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the board of trustees (the "pension board"). There are two participating employers in the Pension Plan, the City of Allen Park, Michigan and the 24th District Court.

The financial statements of the pension system are included in these financial statements as a pension trust fund (a fiduciary fund).

Management of the Pension Plan is vested in the pension board, which consists of seven members - the finance director, a retiree appointed by the board and approved by the City Council, two citizens appointed by the mayor and approved by the City Council, a police officer and firefighter member appointed from the respective unions, and a general member elected by the general members.

***Benefits Provided***

The Employees Retirement System provides retirement, deferred retirement, duty disability, nonduty disability, duty death, and nonduty death benefits to lieutenants and sergeants, police, fire, general, and administrative appointees. Retirement benefits are calculated as various percentages (ranging from 2.0 to 2.9 percent) of the employee's final average compensation (as defined by each employee group) times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 10 to 25 years) and must meet minimum retirement age (ranging from 52 to 55). Certain employees who leave city service may withdraw their contributions, plus any accumulated interest.

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

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	Employees Retirement System
Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	219
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	83
	<hr/>
Total employees covered by the Pension Plan	310
	<hr/> <hr/>

June 30, 2021

**Note 11 - Pension Plan (Continued)**

**Contributions**

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2021, the active employee contribution rate was 7.0 percent of covered compensation, and the City contributed the actuarial required contribution of \$2,709,942, of which \$553,475 was paid by the 24th District Court.

**Net Pension Liability**

The net pension liability of \$16,402,495 has been allocated separately to the City and to the 24th District Court. A special funding situation does not exist in accordance with Governmental Accounting Standards Board Statement No. 68, and, therefore, the City has not recorded the court's proportionate share of the net pension liability. The City's proportionate share of the net pension liability is \$12,981,985 at June 30, 2021.

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2021 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the Pension Plan's net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2019</b>	\$ 111,835,081	\$ 96,088,915	\$ 15,746,166
Changes for the year:			
Service cost	1,342,785	-	1,342,785
Interest	7,612,547	-	7,612,547
Changes in benefits	671,957	-	671,957
Differences between expected and actual experience	731,250	-	731,250
Changes in assumptions	4,355,062	-	4,355,062
Contributions - Employer	-	2,629,494	(2,629,494)
Contributions - Employee	-	443,413	(443,413)
Net investment income	-	11,035,732	(11,035,732)
Benefit payments, including refunds	(7,511,599)	(7,511,599)	-
Administrative expenses	-	(51,367)	51,367
Net changes	7,202,002	6,545,673	656,329
<b>Balance at December 31, 2020</b>	<u>\$ 119,037,083</u>	<u>\$ 102,634,588</u>	<u>\$ 16,402,495</u>

The Pension Plan's fiduciary net position represents 86.2 percent of the total pension liability.

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

For the year ended June 30, 2021, the City recognized pension expense of \$1,404,585.

June 30, 2021

**Note 11 - Pension Plan (Continued)**

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 362,666	\$ (410,898)
Changes in assumptions	2,159,911	-
Net difference between projected and actual earnings on pension plan investments	-	(5,889,436)
Employer contributions to the Pension Plan subsequent to the measurement date	1,251,148	-
Total	\$ 3,773,725	\$ (6,300,334)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2022	\$ (804,988)
2023	297,882
2024	(2,563,610)
2025	(707,041)
Total	\$ (3,777,757)

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.75 percent, assumed salary increases (including inflation) of 2.75 to 6.3 percent, an investment rate of return (net of investment expenses) of 6.75 percent, and the Pub-2010 mortality tables.

The actuarial assumptions used in the December 31, 2020 actuarial valuation date valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2018. The results of the experience study were first used in the December 31, 2020 actuarial valuation.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. The discount rate used to measure the total pension liability in the prior year was 7.0 percent.

Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make 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.

June 30, 2021

**Note 11 - Pension Plan (Continued)**

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2020 measurement date for each major asset class included in the Pension Plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	66.00 %	6.65 %
Real estate	3.00	8.00
Fixed income	30.00	2.00
Cash	1.00	-

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

The following presents the net pension liability of the Pension Plan, calculated using the discount rate of 6.75 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability of the Employees Retirement System	\$ 30,012,943	\$ 16,402,495	\$ 5,022,977

**Assumption Changes**

The following assumptions were changed based on an experience study for the five-year period ended December 31, 2018:

- The inflation assumption was reduced to 2.75 percent.
- The salary increases decreased to a range of 2.75 percent to 6.30 percent.
- The investment rate of return was reduced to 6.75 percent.
- The mortality rates were updated to be based on the Pub-2010 mortality tables.

**Benefit Changes**

An annuity withdrawal is not available to APPOA/APPLSA members hired on or after July 1, 2020. In addition, effective July 1, 2020, APPOA members are eligible for the automatic 70 percent to survivor option. The maximum benefit for lieutenants and sergeants increased from \$80,000 to \$90,000.

**Note 11 - Pension Plan (Continued)**

**Investment Policy**

The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The pension board's adopted asset allocation policy as of December 31, 2020 is included in the investment rate of return section above.

**Rate of Return**

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.67 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Plan Reserves**

In accordance with the city ordinance, the following reserves are required to be set aside within the Pension Plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the Pension Plan maintains a record of the amount contributed by each employee and credits interest annually. For any employees who terminate before vesting in the Pension Plan, their balances are returned to them; for those who stay until retirement, the balances are transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the Pension Plan after funding the above two reserves.

The balances of the reserve accounts at December 31, 2020 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 83,854,970	\$ 83,854,970
Employee reserve	5,911,625	5,911,625
Employer reserve	12,867,993	12,867,993
	<u>102,634,588</u>	<u>102,634,588</u>
Total	<u>\$ 102,634,588</u>	<u>\$ 102,634,588</u>

**Note 12 - Other Postemployment Benefit Plan**

**Plan Description**

The City administers the City of Allen Park Retiree Healthcare Plan a cost-sharing defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for police, fire, nonunion, and TPOAM (AFSCME) groups. There are two participating employers in the Plan, the City of Allen Park, Michigan and the 24th District Court.

Management of the Plan is vested with the City Council.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

June 30, 2021

**Note 12 - Other Postemployment Benefit Plan (Continued)**

**Benefits Provided**

The City of Allen Park Retiree Healthcare Plan provides health care, dental, vision, and life insurance benefits for eligible retirees and their dependents. Dental and vision are covered until the age of 65. Life insurance is currently provided between \$7,500 and \$10,000. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan, except for participant contributions, as described below. The Plan is closed to TPOAM (AFSCME) members hired after April 1, 2005. The Plan is closed to nonunion employees hired after July 1, 2011. The Plan is closed to police and fire employees hired after July 1, 2013.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	City of Allen Park Retiree Healthcare Plan - As of June 30, 2021
Inactive plan members or beneficiaries currently receiving benefits	205
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	73
Total plan members	281

**Contributions**

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the City paid postemployment health care premiums of \$2,739,085, plus it contributed \$500,000 into a prefunded retiree health care fund, which is reported in this financial statement as a pension and other employee benefit trust fund type. Inactive plan members share in the cost of OPEB as follows:

**TPOAM (AFSCME)**

Employees hired before April 1, 2005 with 15 to 20 years of service contribute 40 percent of plan premiums. Employees hired before April 1, 2005 with 21 to 24 years of service contribute 20 percent of plan premiums. Employees hired before April 1, 2005 with 25 or more years of service have no employee contribution requirement.

**Nonunion**

Employees hired before July 1, 2011 contribute 20 percent of plan premiums.

**Police and Fire**

Employees hired before July 1, 2013 contribute the full plan premium minus 4 percent times years of service.

**Net OPEB Liability**

The net OPEB liability of \$43,915,958 has been allocated separately to the City and to the 24th District Court. A special funding situation does not exist in accordance with Governmental Accounting Standards Board Statement No. 75, and, therefore, the City has not recorded the court's proportionate share of the net OPEB liability. The City's proportionate share of the net OPEB liability is \$39,475,734 at June 30, 2021.

June 30, 2021

**Note 12 - Other Postemployment Benefit Plan (Continued)**

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2021 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2021 measurement date. The June 30, 2021 total OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, which used update procedures to roll forward the estimated liability to June 30, 2021.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2020</b>	\$ 50,102,319	\$ 2,901,705	\$ 47,200,614
Changes for the year:			
Service cost	736,582	-	736,582
Interest	3,462,857	-	3,462,857
Differences between expected and actual experience	(5,253,504)	-	(5,253,504)
Changes in assumptions	1,976,683	-	1,976,683
Contributions - Employer	-	3,239,085	(3,239,085)
Net investment income	-	968,974	(968,974)
Benefit payments, including refunds	(2,739,085)	(2,739,085)	-
Administrative expenses	-	(785)	785
<b>Net changes</b>	<b>(1,816,467)</b>	<b>1,468,189</b>	<b>(3,284,656)</b>
<b>Balance at June 30, 2021</b>	<b>\$ 48,285,852</b>	<b>\$ 4,369,894</b>	<b>\$ 43,915,958</b>

The Plan's fiduciary net position represents 9.05 percent of the total OPEB liability.

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$873,548.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,361,168)
Changes in assumptions	888,413	-
Net difference between projected and actual earnings on OPEB plan investments	-	(460,302)
<b>Total</b>	<b>\$ 888,413</b>	<b>\$ (2,821,470)</b>

June 30, 2021

**Note 12 - Other Postemployment Benefit Plan (Continued)**

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

Years Ending June 30	Amount
2022	\$ (1,583,620)
2023	(106,627)
2024	(108,267)
2025	(134,543)
Total	<u>\$ (1,933,057)</u>

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using an inflation assumption of 3 percent; assumed salary increases (including inflation) of 3.7 to 6.8 percent; an investment rate of return (net of investment expenses) of 6.75 percent; a health care cost trend rate of 7.5 percent for 2022, decreasing by 0.25 to 0.50 percent per year to an ultimate rate of 5 percent for 2033 and later years; and the Pub-2010 Public Retirement Plan mortality tables.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75 percent and is based on the assumption that the benefits to be paid each year will be funded entirely from pay-as-you-go contributions provided by the City.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense 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 adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the June 30, 2021 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Nominal Rate of Return
Large-cap core equity	30.00 %	6.75 %
Mid-cap equity	10.00	7.60
Small-cap equity	6.00	7.95
International equity - Developed	16.00	1.50
International equity - Emerging markets	4.00	10.00
Real estate	3.00	7.50
Domestic fixed income	25.00	3.15
Domestic high yield	5.00	5.35
Cash	1.00	-

June 30, 2021

**Note 12 - Other Postemployment Benefit Plan (Continued)**

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

The following presents the net OPEB liability of the Plan, calculated using the discount rate of 6.75 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net OPEB liability of the City of Allen Park Retiree Healthcare Plan	\$ 49,561,279	\$ 43,915,958	\$ 39,214,820

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the Plan, calculated using the current health care cost trend rate, as well as what the Plan's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the City of Allen Park Retiree Healthcare Plan	\$ 38,338,172	\$ 43,915,958	\$ 50,666,185

***Assumption Changes***

The investment rate of return and discount rate was reduced from 7.0 percent to 6.75 percent.

***Investment Policy***

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. It is the policy of the City Council to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy objective is preservation of capital. The asset allocation approved is included in the investment rate of return section above.

***Rate of Return***

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 30.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2021

**Note 13 - Defined Contribution Retirement Plan and Health Care Savings Plan**

The City sponsors a 401(k) plan for certain employees who meet the eligibility requirements. Effective April 1, 2005, a defined contribution plan was established for all new hires. For each employee in the defined contribution plan, the City contributes 7.0 percent of annual salary. Employees contribute 5.0 percent of annual salary and are permitted to make contributions to the plan up to applicable Internal Revenue Code limits. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in city contributions and earnings on city contributions 20 percent after three years, 40 percent after four years, 60 percent after five years, 80 percent after six years, and 100 percent after seven years of creditable service with the City. Appointees are fully vested after two years of creditable service. Nonvested city contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses. Loans are allowed from the plan effective September 11, 2012, and rollovers are allowed in the plan. The benefits are administered by MERS. Contributions to the plan totaled \$139,086 for the year ended June 30, 2021.

The City provides a Health Care Savings Plan for employees not eligible for retiree health care benefits. The plan is administered by MERS. For police and fire members, the City contributes 3 percent of an employee's base salary and requires a 3 percent employee contribution. There is no vesting period for police and fire employees. For TPOAM (AFSCME) employees, the City contributes \$100 per month for active plan members. City contributions vest after seven years of service for AFSCME (TPOAM) employees. Expenses under the plan amounted to \$71,456 for the year ended June 30, 2021.

**Note 14 - Pension and Other Employee Benefit Trust Funds**

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	Pension Trust Fund - December 31, 2019	Retiree Healthcare Fund	Pension and Other Employee Benefit Funds
<b>Statement of Net Position</b>			
Investments	\$ 100,407,754	\$ 4,277,384	\$ 104,685,138
Other assets	2,226,834	92,540	2,319,374
Net position	<u>\$ 102,634,588</u>	<u>\$ 4,369,924</u>	<u>\$ 107,004,512</u>
<b>Statement of Changes in Net Position</b>			
Investment income	\$ 10,984,165	\$ 968,219	\$ 11,952,384
Contributions	3,072,907	3,239,085	6,311,992
Benefit payments	7,511,399	2,739,085	10,250,484
Net change in net position	<u>\$ 6,545,673</u>	<u>\$ 1,468,219</u>	<u>\$ 8,013,892</u>

**Note 15 - Tax Abatements**

The City receives reduced property tax revenue as a result of brownfield redevelopment agreements granted by cities within the boundaries of the City. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2021, the City's property tax revenue was reduced by \$1,133,000 under this program.

**Note 16 - Joint Venture**

***Downriver Utility Wastewater Authority***

The City, along with 12 other communities, jointly participates in Downriver Utility Wastewater Authority (DUWA). Previously, this sewer system was operated by Wayne County and was known as the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the County of Wayne, Michigan to the Downriver Utility Wastewater Authority (DUWA). DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 12 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the authority. The System's assets and all of the System's debt except for the judgment levy debt were transferred to DUWA. The judgment levy debt from the System still remains as an obligation of the County and will continue to be paid from the communities to the County.

The City's share of capital assets, restricted cash (for debt service), and related debt is recorded in the Water and Sewer Fund. For DUWA, the City paid \$858,848 for operations of the authority and paid \$653,648 for debt service. For the judgment levy debt, the City paid \$98,514 to Wayne County for debt service. The City is not aware of any circumstances that would cause additional benefit or burden to the participating governments in the near future. Financial statements for the joint venture, DUWA, can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes:				
Property taxes	\$ 8,619,457	\$ 8,619,457	\$ 8,543,492	\$ (75,965)
Police and fire millage	5,318,300	5,318,300	5,285,494	(32,806)
Intergovernmental:				
Federal grants	20,000	20,000	1,263,298	1,243,298
State sources	3,658,000	3,858,000	3,693,217	(164,783)
Charges for services:				
Charges to other funds	878,500	878,500	1,029,091	150,591
User fees	2,566,500	2,566,500	2,230,422	(336,078)
Fines and forfeitures	1,866,666	1,866,666	1,857,896	(8,770)
Licenses and permits:				
Cable franchise fees	540,000	540,000	529,732	(10,268)
Business licenses	36,000	36,000	29,670	(6,330)
Interest and rentals	75,000	75,000	5,987	(69,013)
Other revenue	146,270	146,270	335,434	189,164
Total revenue	23,724,693	23,924,693	24,803,733	879,040
<b>Expenditures</b>				
Current services:				
General government:				
Mayor and City Council	49,715	49,715	47,147	2,568
Finance	353,528	344,528	324,334	20,194
Cable/Information technology	149,000	119,000	89,522	29,478
Treasurer	155,980	155,980	151,132	4,848
Assessing	168,500	153,500	149,069	4,431
Clerk	235,411	290,911	283,660	7,251
Administration	1,628,130	1,688,130	1,611,180	76,950
City hall	197,000	197,000	205,944	(8,944)
Retiree health care	3,092,000	3,092,000	3,173,361	(81,361)
District court	1,753,441	1,753,441	1,753,441	-
Public safety:				
Police	6,130,726	6,256,726	6,280,023	(23,297)
Fire	3,774,009	4,354,009	4,509,956	(155,947)
Public service	1,666,534	1,666,534	1,743,809	(77,275)
Recreation and culture:				
Parks and recreation	550,116	440,116	326,429	113,687
Community center	743,433	773,433	681,655	91,778
Historical	12,360	12,960	12,764	196
Debt service	1,547,310	1,547,310	1,551,983	(4,673)
Total expenditures	22,207,193	22,895,293	22,895,409	(116)
<b>Excess of Revenue Over Expenditures</b>	1,517,500	1,029,400	1,908,324	878,924
<b>Other Financing Uses - Transfers out</b>	(1,517,500)	(1,517,500)	(1,517,500)	-
<b>Net Change in Fund Balance</b>	-	(488,100)	390,824	878,924
<b>Fund Balance - Beginning of year</b>	4,116,957	4,116,957	4,116,957	-
<b>Fund Balance - End of year</b>	<u>\$ 4,116,957</u>	<u>\$ 3,628,857</u>	<u>\$ 4,507,781</u>	<u>\$ 878,924</u>

Required Supplemental Information  
Schedule of Changes in the Net Pension Liability and Related Ratios

**Last Six Plan Years**

	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 1,342,785	\$ 1,322,978	\$ 1,308,576	\$ 1,348,167	\$ 1,318,028	\$ 1,171,406
Interest	7,612,547	7,657,947	7,486,903	7,358,871	7,273,210	7,053,955
Changes in benefit terms	671,957	10,863	-	(42,368)	(655,066)	279,525
Differences between expected and actual experience	731,250	(2,183,943)	1,011,357	422,650	316,565	1,491,147
Changes in assumptions	4,355,062	-	-	-	-	-
Benefit payments, including refunds	(7,511,599)	(7,421,048)	(7,320,046)	(7,156,947)	(6,931,182)	(6,943,101)
<b>Net Change in Total Pension Liability</b>	<b>7,202,002</b>	<b>(613,203)</b>	<b>2,486,790</b>	<b>1,930,373</b>	<b>1,321,555</b>	<b>3,052,932</b>
<b>Total Pension Liability - Beginning of year</b>	<b>111,835,081</b>	<b>112,448,284</b>	<b>109,961,494</b>	<b>108,031,121</b>	<b>106,709,566</b>	<b>103,656,634</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 119,037,083</b>	<b>\$ 111,835,081</b>	<b>\$ 112,448,284</b>	<b>\$ 109,961,494</b>	<b>\$ 108,031,121</b>	<b>\$ 106,709,566</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 2,629,494	\$ 2,832,930	\$ 2,646,084	\$ 2,659,008	\$ 2,641,242	\$ 2,699,151
Contributions - Member	443,413	469,853	465,864	448,132	512,597	404,395
Net investment income (loss)	11,035,732	17,383,741	(5,315,188)	13,121,110	4,649,658	650,672
Administrative expenses	(51,367)	(41,966)	(29,838)	(47,674)	(26,857)	(78,030)
Benefit payments, including refunds	(7,511,599)	(7,421,048)	(7,320,046)	(7,156,947)	(6,931,182)	(6,943,101)
Other	-	(1,777)	(5,544)	(6,319)	(6,005)	(1,172)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>6,545,673</b>	<b>13,221,733</b>	<b>(9,558,668)</b>	<b>9,017,310</b>	<b>839,453</b>	<b>(3,268,085)</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>96,088,915</b>	<b>82,867,182</b>	<b>92,425,850</b>	<b>83,408,540</b>	<b>82,569,087</b>	<b>85,837,172</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 102,634,588</b>	<b>\$ 96,088,915</b>	<b>\$ 82,867,182</b>	<b>\$ 92,425,850</b>	<b>\$ 83,408,540</b>	<b>\$ 82,569,087</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 16,402,495</b>	<b>\$ 15,746,166</b>	<b>\$ 29,581,102</b>	<b>\$ 17,535,644</b>	<b>\$ 24,622,581</b>	<b>\$ 24,140,479</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	86.22 %	85.92 %	73.69 %	84.05 %	77.21 %	77.38 %
<b>Covered Payroll</b>	\$ 6,526,884	\$ 6,514,824	\$ 6,495,009	\$ 6,306,637	\$ 6,205,866	\$ 5,846,208
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	251.31 %	241.70 %	455.44 %	278.05 %	396.76 %	412.93 %

Required Supplemental Information  
Schedule of Pension Plan Contributions

Last Ten Fiscal Years  
Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,709,942	\$ 3,000,105	\$ 2,665,764	\$ 2,659,008	\$ 2,641,242	\$ 2,699,151	\$ 2,995,152	\$ 3,334,274	\$ 4,032,651	\$ 2,971,831
Contributions in relation to the actuarially determined contribution	2,709,942	3,000,105	2,665,764	2,659,008	2,641,242	2,699,151	5,028,314	2,204,685	1,310,580	2,971,831
<b>Contribution Excess (Deficiency)</b>	<b>\$ -</b>	<b>\$ 2,033,162</b>	<b>\$ (1,129,589)</b>	<b>\$ (2,722,071)</b>	<b>\$ -</b>					
<b>Covered Payroll</b>	<b>\$ 6,526,884</b>	<b>\$ 6,514,824</b>	<b>\$ 6,495,009</b>	<b>\$ 6,306,637</b>	<b>\$ 6,205,866</b>	<b>\$ 5,846,208</b>	<b>\$ 5,250,588</b>	<b>\$ 5,800,000</b>	<b>\$ 6,800,000</b>	<b>\$ 7,100,000</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>41.52 %</b>	<b>46.05 %</b>	<b>41.04 %</b>	<b>42.16 %</b>	<b>42.56 %</b>	<b>46.17 %</b>	<b>95.77 %</b>	<b>38.01 %</b>	<b>19.27 %</b>	<b>41.86 %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	General (AFSCME): Level dollar, closed Police and Fire: Level percentage of payroll, closed
Remaining amortization period	General (AFSCME): 13 years (out of 20) Police and Fire: 19 years (out of 25)
Asset valuation method	4-year smoothed market; 25 percent corridor
Inflation	2.50 percent - Approximate
Salary increase	3.0 percent to 6.8 percent including inflation at 2.5 percent
Investment rate of return	7.0 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Mortality Tables projected five years to 2019, with MP-2014

## City of Allen Park, Michigan

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### Required Supplemental Information Schedule of Pension Plan Investment Returns

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#### Last Five Plan Years Years Ended December 31

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	11.67 %	21.43 %	(5.92)%	16.03 %	5.71 %

Required Supplemental Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 Employees Retirement System

	<b>Last Six Plan Years</b>					
	<b>Plan Years Ended December 31</b>					
	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	79.14640 %	79.85371 %	79.11474 %	79.43957 %	75.85075 %	78.53700 %
City's proportionate share of the net pension liability \$	12,981,985 \$	12,573,899 \$	23,403,011 \$	13,930,240 \$	18,676,413 \$	18,959,205
City's covered payroll \$	5,165,002 \$	5,202,329 \$	5,138,509 \$	5,009,965 \$	5,640,041 \$	5,645,256
City's proportionate share of the net pension liability as a percentage of its covered payroll	251.35 %	241.70 %	455.44 %	278.05 %	331.14 %	335.84 %
Plan fiduciary net position as a percentage of total pension liability	86.22 %	85.92 %	73.69 %	84.05 %	77.21 %	77.38 %

Required Supplemental Information  
Schedule of Changes in the Net OPEB Liability and Related Ratios

	<b>Last Four Fiscal Years</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 736,582	\$ 816,659	\$ 781,151	\$ 733,684
Interest	3,462,857	3,458,074	3,535,732	3,438,175
Differences between expected and actual experience	(5,253,504)	(3,679,415)	(4,372,588)	-
Changes in assumptions	1,976,683	2,156,813	1,463,911	(285,488)
Benefit payments, including refunds	<u>(2,739,085)</u>	<u>(2,468,596)</u>	<u>(2,637,395)</u>	<u>(2,442,993)</u>
<b>Net Change in Total OPEB Liability</b>	(1,816,467)	283,535	(1,229,189)	1,443,378
<b>Total OPEB Liability - Beginning of year</b>	<u>50,102,319</u>	<u>49,818,784</u>	<u>51,047,973</u>	<u>49,604,595</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 48,285,852</u></b>	<b><u>\$ 50,102,319</u></b>	<b><u>\$ 49,818,784</u></b>	<b><u>\$ 51,047,973</u></b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 3,239,085	\$ 2,968,596	\$ 3,137,395	\$ 2,942,993
Net investment income	968,974	36,170	129,977	119,620
Administrative expenses	(785)	(766)	(1,604)	(7,525)
Benefit payments, including refunds	<u>(2,739,085)</u>	<u>(2,468,596)</u>	<u>(2,637,395)</u>	<u>(2,442,993)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,468,189	535,404	628,373	612,095
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>2,901,705</u>	<u>2,366,301</u>	<u>1,737,928</u>	<u>1,125,833</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 4,369,894</u></b>	<b><u>\$ 2,901,705</u></b>	<b><u>\$ 2,366,301</u></b>	<b><u>\$ 1,737,928</u></b>
<b>Net OPEB Liability - Ending</b>	<b><u>\$ 43,915,958</u></b>	<b><u>\$ 47,200,614</u></b>	<b><u>\$ 47,452,483</u></b>	<b><u>\$ 49,310,045</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	9.05 %	5.79 %	4.75 %	3.40 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

Required Supplemental Information  
Schedule of OPEB Investment Returns

Last Four Fiscal Years  
Years Ended June 30

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	30.5 %	1.3 %	6.3 %	7.9 %

## City of Allen Park, Michigan

### Required Supplemental Information Schedule of the City's Proportionate Share of the Net OPEB Liability City of Allen Park Retiree Healthcare Plan

	<b>Last Four Fiscal Years Years Ended June 30</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability	89.88927 %	90.41103 %	90.87438 %	90.76752 %
City's proportionate share of the net OPEB liability	\$ 39,475,734	\$ 42,674,561	\$ 43,122,146	\$ 44,787,507
Plan fiduciary net position as a percentage of total OPEB liability	9.05 %	5.79 %	4.75 %	3.40 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

Required Supplemental Information  
Schedule of OPEB Contributions

Last Ten Fiscal Years  
Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 4,825,711	\$ 4,697,591	\$ 4,809,582	\$ 4,691,771	\$ 5,848,567	\$ 5,848,567	\$ 5,848,567	\$ 5,955,493	\$ 5,955,493	\$ 8,651,503
Contributions in relation to the actuarially determined contribution	3,239,085	2,968,353	3,137,395	2,942,993	3,198,255	3,565,360	2,908,544	2,392,414	3,154,563	3,146,929
<b>Contribution Deficiency</b>	<b>\$ (1,586,626)</b>	<b>\$ (1,729,238)</b>	<b>\$ (1,672,187)</b>	<b>\$ (1,748,778)</b>	<b>\$ (2,650,312)</b>	<b>\$ (2,283,207)</b>	<b>\$ (2,940,023)</b>	<b>\$ (3,563,079)</b>	<b>\$ (2,800,930)</b>	<b>\$ (5,504,574)</b>
<b>Covered-employee Payroll</b>	<b>\$ 4,828,537</b>	<b>\$ 4,828,537</b>	<b>\$ 5,299,317</b>	<b>\$ 5,299,317</b>	<b>\$ 7,158,292</b>	<b>\$ 7,158,292</b>	<b>\$ 6,077,675</b>	<b>\$ 6,077,675</b>	<b>\$ 7,088,572</b>	<b>\$ 7,088,572</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>67.08 %</b>	<b>61.48 %</b>	<b>59.20 %</b>	<b>55.54 %</b>	<b>44.68 %</b>	<b>49.81 %</b>	<b>47.86 %</b>	<b>39.36 %</b>	<b>44.50 %</b>	<b>44.39 %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	Pre-65: 7.50 percent then graded down to 5.0 percent; Post-65: 5.0 percent
Salary increase	3.7 percent to 6.8 percent
Investment rate of return	7.0 percent
Retirement age	52-65 years
Mortality	Pub-2010 Public Retirement Plans

***Pension Information***

**Benefit Changes**

2020: The following benefit changes were made: An annuity withdrawal is not available to APPOA/APPLSA members hired on or after July 1, 2020. In addition, effective July 1, 2020, APPOA members are eligible for the automatic 70 percent to survivor option. The maximum benefit for lieutenants and sergeants increased from \$80,000 to \$90,000.

**Changes in Assumptions**

2020: The following assumptions were changed based on an experience study for the five-year period ended December 31, 2018:

- The inflation assumption was reduced to 2.75 percent.
- The salary increases decreased to a range of 2.75 percent to 6.30 percent.
- The investment rate of return was reduced to 6.75 percent.
- The mortality rates were updated to be based on the Pub-2010 mortality tables.

***OPEB Information***

**Changes in Assumptions**

2021: The investment rate of return was reduced from 7.0 percent to 6.75 percent

2020: The mortality rates were updated to the Society of Actuaries Pub-2010 Public Retirement Plan mortality tables.

2019: The mortality rates were updated to the RPH-2014 mortality tables using the MP-2018 improvement scale.

2018: The mortality rates were updated to the RPH-2014 mortality tables using the MP-2017 improvement scale.

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## Other Supplemental Information

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Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2021

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Fund	Total
	Major Highway Fund	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Indigent Defense Fund	Library Fund	Rubbish Fund	Special Projects	Community Center Debt Fund	
<b>Assets</b>										
Cash and investments	\$ 1,127,922	\$ 297,325	\$ 688,269	\$ 79,632	\$ 119,153	\$ 94,410	\$ 325,317	\$ 173,749	\$ 271,717	\$ 3,177,494
Receivables - Due from other governmental units	383,712	138,690	-	-	-	93,482	-	-	-	615,884
Due from other funds	-	-	13,291	-	-	13,999	-	-	-	27,290
Prepaid expenses and other assets	-	-	-	-	-	2,945	-	-	-	2,945
<b>Total assets</b>	<b>\$ 1,511,634</b>	<b>\$ 436,015</b>	<b>\$ 701,560</b>	<b>\$ 79,632</b>	<b>\$ 119,153</b>	<b>\$ 204,836</b>	<b>\$ 325,317</b>	<b>\$ 173,749</b>	<b>\$ 271,717</b>	<b>\$ 3,823,613</b>
<b>Liabilities</b>										
Accounts payable	\$ 632,903	\$ 299,805	\$ 30,560	\$ 700	\$ -	\$ 7,419	\$ 5,540	\$ 4,402	\$ -	\$ 981,329
Refundable deposits and bonds	-	-	90,802	-	-	-	-	-	-	90,802
Accrued liabilities and other	-	-	3,828	-	-	2,825	-	443	-	7,096
Unearned revenue	-	-	-	-	119,153	-	-	-	-	119,153
<b>Total liabilities</b>	<b>632,903</b>	<b>299,805</b>	<b>125,190</b>	<b>700</b>	<b>119,153</b>	<b>10,244</b>	<b>5,540</b>	<b>4,845</b>	<b>-</b>	<b>1,198,380</b>
<b>Deferred Inflows of Resources -</b>										
Unavailable revenue	-	-	-	-	-	5,321	-	-	-	5,321
<b>Total liabilities and deferred inflows of resources</b>	<b>632,903</b>	<b>299,805</b>	<b>125,190</b>	<b>700</b>	<b>119,153</b>	<b>15,565</b>	<b>5,540</b>	<b>4,845</b>	<b>-</b>	<b>1,203,701</b>
<b>Fund Balances</b>										
Nonspendable - Prepays	-	-	-	-	-	2,945	-	-	-	2,945
Restricted:										
Roads	878,731	136,210	-	-	-	-	-	-	-	1,014,941
Police	-	-	-	78,932	-	-	-	-	-	78,932
Debt service	-	-	-	-	-	-	-	-	271,717	271,717
Building	-	-	576,370	-	-	-	-	-	-	576,370
Library	-	-	-	-	-	186,326	-	-	-	186,326
Rubbish	-	-	-	-	-	-	319,777	-	-	319,777
Committed	-	-	-	-	-	-	-	168,904	-	168,904
<b>Total fund balances</b>	<b>878,731</b>	<b>136,210</b>	<b>576,370</b>	<b>78,932</b>	<b>-</b>	<b>189,271</b>	<b>319,777</b>	<b>168,904</b>	<b>271,717</b>	<b>2,619,912</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,511,634</b>	<b>\$ 436,015</b>	<b>\$ 701,560</b>	<b>\$ 79,632</b>	<b>\$ 119,153</b>	<b>\$ 204,836</b>	<b>\$ 325,317</b>	<b>\$ 173,749</b>	<b>\$ 271,717</b>	<b>\$ 3,823,613</b>

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

**Year Ended June 30, 2021**

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Fund	Total
	Major Highway Fund	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Indigent Defense Fund	Library Fund	Rubbish Fund	Special Projects	Community Center Debt Fund	
<b>Revenue</b>										
Taxes	\$ -	\$ 1,561,186	\$ -	\$ -	\$ -	\$ 631,508	\$ 1,894,575	\$ -	\$ 405,203	\$ 4,492,472
Intergovernmental	2,343,442	963,727	-	-	172,335	112,723	37,294	-	7,100	3,636,621
Charges for services	-	-	689,781	-	-	-	-	81,798	-	771,579
Fines and forfeitures	-	-	-	20,270	-	76	-	-	-	20,346
Interest and rentals	-	-	1,919	-	-	-	-	-	-	1,919
Other revenue	-	-	-	-	-	1,683	1,380	25,198	-	28,261
<b>Total revenue</b>	<b>2,343,442</b>	<b>2,524,913</b>	<b>691,700</b>	<b>20,270</b>	<b>172,335</b>	<b>745,990</b>	<b>1,933,249</b>	<b>106,996</b>	<b>412,303</b>	<b>8,951,198</b>
<b>Expenditures</b>										
Current services:										
General government	-	-	706,557	-	-	-	-	-	-	706,557
District court	-	-	-	-	172,335	-	-	-	-	172,335
Public safety	-	-	-	74,252	-	-	-	7,532	-	81,784
Public works	2,104,600	3,345,095	-	-	-	-	1,822,727	-	-	7,272,422
Recreation and culture	-	-	-	-	-	606,956	-	53,167	-	660,123
Debt service:										
Principal	-	-	-	-	-	-	-	-	250,000	250,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	157,250	157,250
<b>Total expenditures</b>	<b>2,104,600</b>	<b>3,345,095</b>	<b>706,557</b>	<b>74,252</b>	<b>172,335</b>	<b>606,956</b>	<b>1,822,727</b>	<b>60,699</b>	<b>407,250</b>	<b>9,300,471</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>238,842</b>	<b>(820,182)</b>	<b>(14,857)</b>	<b>(53,982)</b>	<b>-</b>	<b>139,034</b>	<b>110,522</b>	<b>46,297</b>	<b>5,053</b>	<b>(349,273)</b>
<b>Net Change in Fund Balances</b>	<b>238,842</b>	<b>(820,182)</b>	<b>(14,857)</b>	<b>(53,982)</b>	<b>-</b>	<b>139,034</b>	<b>110,522</b>	<b>46,297</b>	<b>5,053</b>	<b>(349,273)</b>
<b>Fund Balances - Beginning of year - As restated</b>	<b>639,889</b>	<b>956,392</b>	<b>591,227</b>	<b>132,914</b>	<b>-</b>	<b>50,237</b>	<b>209,255</b>	<b>122,607</b>	<b>266,664</b>	<b>2,969,185</b>
<b>Fund Balances - End of year</b>	<b>\$ 878,731</b>	<b>\$ 136,210</b>	<b>\$ 576,370</b>	<b>\$ 78,932</b>	<b>\$ -</b>	<b>\$ 189,271</b>	<b>\$ 319,777</b>	<b>\$ 168,904</b>	<b>\$ 271,717</b>	<b>\$ 2,619,912</b>

Other Supplemental Information  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2021

	Pension Trust Fund - December 31, 2020	Retiree Healthcare Fund	Pension and Other Employee Benefit Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,081,637	\$ 86,937	\$ 2,168,574
Investments:			
Treasury bonds	10,108,934	-	10,108,934
Agency securities	2,036,627	-	2,036,627
Mutual funds - Fixed income	3,942,595	1,175,373	5,117,968
Mortgage securities	535,300	-	535,300
Stocks	14,259,602	-	14,259,602
Corporate bonds	10,052,152	-	10,052,152
Other fixed income	892,731	-	892,731
ETF - Equity	19,907,297	809,604	20,716,901
Mutual funds - Equity	38,672,516	2,292,407	40,964,923
Receivables - Accrued interest receivable	145,197	5,603	150,800
Total assets	102,634,588	4,369,924	107,004,512
<b>Liabilities</b>	-	-	-
<b>Net Position</b>			
Restricted:			
Pension	102,634,588	-	102,634,588
Postemployment benefits other than pension	-	4,369,924	4,369,924
Total net position	<b>\$ 102,634,588</b>	<b>\$ 4,369,924</b>	<b>\$ 107,004,512</b>

**Other Supplemental Information**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**

**Year Ended June 30, 2021**

	Pension Trust Fund - December 31, 2020	Retiree Healthcare Fund	Pension and Other Employee Benefit Funds
<b>Additions</b>			
Investment income (expense):			
Interest and dividends	\$ 1,897,712	\$ 70,527	\$ 1,968,239
Net increase in fair value of investments	9,404,726	916,081	10,320,807
Investment costs	<u>(318,273)</u>	<u>(18,389)</u>	<u>(336,662)</u>
Total investment income	10,984,165	968,219	11,952,384
Contributions:			
Employer contributions	2,629,494	3,239,085	5,868,579
Employee contributions	<u>443,413</u>	<u>-</u>	<u>443,413</u>
Total contributions	<u>3,072,907</u>	<u>3,239,085</u>	<u>6,311,992</u>
Total additions	14,057,072	4,207,304	18,264,376
<b>Deductions - Benefit payments</b>	<u>7,511,399</u>	<u>2,739,085</u>	<u>10,250,484</u>
<b>Net Increase in Net Position Restricted for Pension and Other Employee Benefits</b>	6,545,673	1,468,219	8,013,892
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<u>96,088,915</u>	<u>2,901,705</u>	<u>98,990,620</u>
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u><b>\$ 102,634,588</b></u>	<u><b>\$ 4,369,924</b></u>	<u><b>\$ 107,004,512</b></u>