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# City of Allen Park, Michigan

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**Financial Report  
with Supplemental Information  
June 30, 2020**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-8
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10-11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenue, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Proprietary Fund:	
Statement of Net Position	16
Statement of Revenue, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Fiduciary Funds:	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Component Units:	
Statement of Net Position	21
Statement of Activities	22-23
Notes to Financial Statements	24-60
<b>Required Supplemental Information</b>	61
Budgetary Comparison Schedule - General Fund	62
Schedule of Changes in the Net Pension Liability and Related Ratios	63
Schedule of Pension Plan Contributions	64
Schedule of Pension Plan Investment Returns	65
Schedule of the City's Proportionate Share of the Net Pension Liability	66
Schedule of Changes in the Net OPEB Liability and Related Ratios	67
Schedule of OPEB Investment Returns	68
Schedule of the City's Proportionate Share of the Net OPEB Liability	69
Schedule of OPEB Contributions	70
Note to Required Supplemental Information	71
<b>Other Supplemental Information</b>	72
Nonmajor Governmental Funds:	
Combining Balance Sheet	73
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	74
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	75
Combining Statement of Changes in Fiduciary Net Position	76
Combining Statement of Assets and Liabilities	77

## 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, 2020 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 22 percent and 10 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 \$1,706,826 compared to a deficit of \$2,886,012 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. 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, 2020 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

**Other Matters**

*Required Supplementary 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.

*Plante & Moran, PLLC*

November 23, 2020

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, 2020.

### ***Financial Highlights***

- The General Fund reported revenue in excess of expenditures and transfers of \$77,622, resulting in fund balance increasing from \$4,039,335 to \$4,116,957.
- Property taxes revenue in the General Fund increased by \$606,234 to \$13,546,905.
- Included again in the General Fund was a transfer of \$500,000 to the local road construction fund. There was also a transfer from the General Fund to the Capital Projects Fund of \$1,171,115 to fund the 2019-2020 approved projects in the five-year capital plan.
- The millage increase approved by the residents of Allen Park in August 2013 for public safety added \$5,100,092 to help offset the police and fire budgets.
- Grants for parks, fire, water, and sewer from Wayne County, Michigan; FEMA; state; and federal sources totaled approximately \$65,322.
- The self-insurance health care plan came within budget, and the General Fund was able to contribute \$500,000 to the Retiree Healthcare Fund.
- A loan (\$4 million seven-year note) from Comerica was approved by the City Council in January 2020 to develop the 12.3 acres of vacant property purchased from Baker College. That project started in June 2020.
- All labor contracts, with the exception of Police Patrol and Command, are settled through June 30, 2020.
- In addition to the new DPS project, the capital projects in 2019-2020 included new equipment for the DPW, park equipment upgrades, the last installment payments for the sewer vector and fire truck, police computer system upgrades, and a new ambulance and power cots for the fire department.

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

The discussion and analysis provided here are intended to serve as an introduction to 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 flow 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, 2019 and 2018. 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	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets:						
Cash and investments	\$ 8,735,427	\$ 7,390,549	\$ 4,507,045	\$ 2,735,774	\$ 13,242,472	\$ 10,126,323
Receivables	1,510,555	1,978,165	5,121,006	5,443,030	6,631,561	7,421,195
Other assets	2,448,713	479,208	4,170,447	1,827,627	6,619,160	2,306,835
Capital assets	35,273,752	35,410,903	61,858,514	62,399,518	97,132,266	97,810,421
Total assets	47,968,447	45,258,825	75,657,012	72,405,949	123,625,459	117,664,774
<b>Deferred Outflows of Resources</b>	2,569,188	7,575,207	186,916	507,161	2,756,104	8,082,368
<b>Liabilities</b>						
Current liabilities	2,722,438	1,755,245	1,473,149	1,063,560	4,195,587	2,818,805
Noncurrent liabilities	79,234,646	88,334,439	27,319,209	27,493,537	106,553,855	115,827,976
Total liabilities	81,957,084	90,089,684	28,792,358	28,557,097	110,749,442	118,646,781
<b>Deferred Inflows of Resources</b>	7,105,681	2,131,641	425,941	686,195	7,531,622	2,817,836
<b>Net Position (Deficit)</b>						
Net investment in capital assets	30,716,914	30,343,473	42,830,630	41,621,888	73,547,544	71,965,361
Restricted	2,846,578	3,961,043	599,152	728,173	3,445,730	4,689,216
Unrestricted	(72,088,622)	(73,691,809)	3,195,847	1,319,757	(68,892,775)	(72,372,052)
Total net position (deficit)	<b>\$ (38,525,130)</b>	<b>\$ (39,387,293)</b>	<b>\$ 46,625,629</b>	<b>\$ 43,669,818</b>	<b>\$ 8,100,499</b>	<b>\$ 4,282,525</b>

# City of Allen Park, Michigan

## Management's Discussion and Analysis (Continued)

### The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 4,168,648	\$ 5,485,127	\$ 11,107,767	\$ 10,807,867	\$ 15,276,415	\$ 16,292,994
Operating grants	3,653,060	3,963,704	-	-	3,653,060	3,963,704
Capital grants	-	262,757	-	-	-	262,757
General revenue:						
Property taxes	17,893,573	17,198,164	1,486,833	1,619,734	19,380,406	18,817,898
Intergovernmental	3,740,926	3,809,567	-	-	3,740,926	3,809,567
Investment earnings	101,263	123,407	79,140	61,998	180,403	185,405
Other revenue	695,714	1,031,620	6,500	1,470,476	702,214	2,502,096
Total revenue	30,253,184	31,874,346	12,680,240	13,960,075	42,933,424	45,834,421
<b>Expenses</b>						
General government	5,792,233	6,983,379	-	-	5,792,233	6,983,379
District court	1,825,294	1,675,549	-	-	1,825,294	1,675,549
Public safety	10,317,733	13,136,858	-	-	10,317,733	13,136,858
Public works	8,298,808	7,920,135	-	-	8,298,808	7,920,135
Recreation and culture	2,170,212	1,956,331	-	-	2,170,212	1,956,331
Debt service	986,741	(2,246,544)	-	-	986,741	(2,246,544)
Payment to bond refunding escrow agent	-	(4,679,456)	-	-	-	(4,679,456)
Water and Sewer Fund	-	-	9,724,429	8,909,122	9,724,429	8,909,122
Total expenses	29,391,021	24,746,252	9,724,429	8,909,122	39,115,450	33,655,374
Special and extraordinary items	-	-	-	(1,376,892)	-	(1,376,892)
<b>Change in Net Position</b>	862,163	7,128,094	2,955,811	3,674,061	3,817,974	10,802,155
<b>Net Position - Beginning of year, as restated</b>	(39,387,293)	(46,515,387)	43,669,818	41,466,233	4,282,525	(5,049,154)
<b>Net Position - End of year</b>	<b>\$ (38,525,130)</b>	<b>\$ (39,387,293)</b>	<b>\$ 46,625,629</b>	<b>\$ 45,140,294</b>	<b>\$ 8,100,499</b>	<b>\$ 5,753,001</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 \$862,163 to a deficit of \$38,525,130. There were no significant factors for the decrease in net position.

### Business-type Activities

The City increased net position by \$2,955,811 in its business-type activities for the fiscal year ended June 30, 2020. Although there were no significant changes in its operations during the current fiscal year, the City continues to follow the capital plan created three years ago and has invested another \$2.4 million in infrastructure and equipment upgrades to the water and sewer system during the 2020 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 \$10,084,752, a change of \$1,873,050 in comparison with the prior year. This change is mostly attributable to the refinance of remaining city bonds.

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 \$3,668,244, while total fund balance was \$4,116,957. 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 17 percent of total General Fund expenditures, while total fund balance was about the same amount.

Total fund balance of the City's General Fund increased modestly by \$77,622 during the fiscal year. No notable items affected fund balance in fiscal year 2020.

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

The City Council approved the \$4.0 million loan (\$2 million to the General Fund and \$2 million to the Water and Sewer Fund) with Comerica to begin work on the purchased 12-acre site on Outer Drive for the new public works department facility.

A new ambulance was purchased for the fire department.

The City received a grant for the fire station roof and body cameras for the police department.

A large dump truck was purchased for Department of Public Works.

### ***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, 2020, amounts to \$97,132,266 (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 COVID-19 pandemic.

Although taxable values have stabilized in southeastern Michigan, it is anticipated the property values will be 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 November 2020, voters will be asked to approve a charter amendment to increase the general millage from 12.5 mills to 20.00 mills. If the amendment is approved, the City would incorporate the police and fire millage (6.6825 mills) and the road millage (1.8825 mills) into the 20 mills, which would allow the City to plan for the future. The public safety millage and road millage generated \$5.1 million and \$1.46 million, respectively, in 2020.
- In 2020, the street improvement millage (collected in December 2019) was spent on Park Avenue (Wick to Moore), Robinson (Champaign to Berkshire), Meyer (Arno to Allen), and Thomas (Park to Quandt). For 2021, construction is scheduled for portions of Park Avenue and Hanfor (Allen to Roger). Hanfor is also scheduled for a new water main.
- In 2020, the City called and refinanced the remaining 2005 Water and Sewer bonds (\$1,580,000) and DDA bonds (\$1,805,000). This cost avoidance move will reduce liability to the residents of Allen Park by approximately \$200,000 in future interest payments.
- The City hopes to construct a new DPS facility in 2020-21 without increasing the debt burden on the taxpayers. This will be accomplished with existing funds, a budgeted loan from Comerica, and the sale of excise property.
- Capital outlay for 2019-2020 includes \$1,771,115 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, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 8,735,427	\$ 4,507,045	\$ 13,242,472	\$ 2,540,129
Receivables:				
Customer receivables	-	3,389,756	3,389,756	50,999
Other receivables	139,505	-	139,505	-
Due from other governments	1,602,300	1,500,000	3,102,300	-
Internal balances (Note 6)	(231,250)	231,250	-	-
Inventory	-	188,762	188,762	-
Prepaid expenses and other assets	46,515	3,636	50,151	18,995
Restricted assets (Note 4)	2,402,198	3,978,049	6,380,247	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,695,838	828,930	2,524,768	156,502
Assets subject to depreciation - Net	33,577,914	61,029,584	94,607,498	5,522,024
<b>Total assets</b>	<b>47,968,447</b>	<b>75,657,012</b>	<b>123,625,459</b>	<b>8,288,649</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding (Note 7)	66,282	2,806	69,088	26,076
Deferred pension costs (Note 11)	1,340,070	49,221	1,389,291	-
Deferred OPEB costs (Note 12)	1,162,836	134,889	1,297,725	-
<b>Total deferred outflows of resources</b>	<b>2,569,188</b>	<b>186,916</b>	<b>2,756,104</b>	<b>26,076</b>
<b>Liabilities</b>				
Accounts payable	1,624,396	956,304	2,580,700	45,375
Refundable deposits, bonds, etc.	12,746	-	12,746	19,712
Accrued liabilities and other	970,328	516,845	1,487,173	67,648
Unearned revenue	114,968	-	114,968	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	204,115	3,122	207,237	2,324
Current portion of bonds and leases payable (Note 7)	905,000	2,806,210	3,711,210	930,000
Due in more than one year:				
Compensated absences (Note 7)	1,837,038	28,097	1,865,135	13,171
Bonds and leases payable - Net of current portion (Note 7)	25,921,242	19,600,571	45,521,813	10,122,507
Net pension liability (Note 11)	12,128,417	445,482	12,573,899	-
Net OPEB liability (Note 12)	38,238,834	4,435,727	42,674,561	-
<b>Total liabilities</b>	<b>81,957,084</b>	<b>28,792,358</b>	<b>110,749,442</b>	<b>11,200,737</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 11)	5,024,874	184,566	5,209,440	-
Deferred OPEB cost reductions (Note 12)	2,080,807	241,375	2,322,182	-
<b>Total deferred inflows of resources</b>	<b>7,105,681</b>	<b>425,941</b>	<b>7,531,622</b>	<b>-</b>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	30,716,914	42,830,630	73,547,544	3,879,985
Restricted:				
Roads	1,596,281	-	1,596,281	-
Debt service	266,664	599,152	865,816	-
Police	132,914	-	132,914	-
Rubbish	209,255	-	209,255	-
Building	591,227	-	591,227	-
Library	50,237	-	50,237	-
Unrestricted	(72,088,622)	3,195,847	(68,892,775)	(6,765,997)
<b>Total net position (deficit)</b>	<b>\$ (38,525,130)</b>	<b>\$ 46,625,629</b>	<b>\$ 8,100,499</b>	<b>\$ (2,886,012)</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	\$ 5,792,233	\$ 703,912	\$ 157,406	\$ -
District court	1,825,294	1,846,772	135,422	-
Public safety	10,317,733	1,243,183	357,621	-
Public works	8,298,808	12,791	3,002,611	-
Recreation and culture	2,170,212	361,990	-	-
Interest on long-term debt	986,741	-	-	-
Total governmental activities	29,391,021	4,168,648	3,653,060	-
Business-type activities - Water and Sewer Fund	9,724,429	11,107,767	-	-
Total primary government	<u>\$ 39,115,450</u>	<u>\$ 15,276,415</u>	<u>\$ 3,653,060</u>	<u>\$ -</u>
Component units:				
Brownfield Redevelopment Authority	\$ 1,769,749	\$ -	\$ -	\$ -
Downtown Development Authority	998,065	575	-	-
Housing Commission	444,380	267,007	120,721	6,571
Total component units	<u>\$ 3,212,194</u>	<u>\$ 267,582</u>	<u>\$ 120,721</u>	<u>\$ 6,571</u>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position (Deficit) - Beginning of year</b>				
<b>Net Position (Deficit) - End of year</b>				

# Statement of Activities

**Year Ended June 30, 2020**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,930,915)	\$ -	\$ (4,930,915)	\$ -
156,900	-	156,900	-
(8,716,929)	-	(8,716,929)	-
(5,283,406)	-	(5,283,406)	-
(1,808,222)	-	(1,808,222)	-
(986,741)	-	(986,741)	-
(21,569,313)	-	(21,569,313)	-
-	1,383,338	1,383,338	-
(21,569,313)	1,383,338	(20,185,975)	-
-	-	-	(1,769,749)
-	-	-	(997,490)
-	-	-	(50,081)
-	-	-	(2,817,320)
17,893,573	1,486,833	19,380,406	3,165,480
3,740,926	-	3,740,926	447,400
101,263	79,140	180,403	9,430
533,395	-	533,395	-
8,960	6,500	15,460	-
153,359	-	153,359	22,423
22,431,476	1,572,473	24,003,949	3,644,733
862,163	2,955,811	3,817,974	827,413
(39,387,293)	43,669,818	4,282,525	(3,713,425)
<b>\$ (38,525,130)</b>	<b>\$ 46,625,629</b>	<b>\$ 8,100,499</b>	<b>\$ (2,886,012)</b>

Governmental Funds  
Balance Sheet

June 30, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 3,860,714	\$ 4,874,713	\$ 8,735,427
Receivables:			
Other receivables	139,505	-	139,505
Due from other governments	1,107,870	494,430	1,602,300
Due from other funds (Note 6)	-	15,745	15,745
Prepaid expenses and other assets	46,515	-	46,515
Restricted assets (Note 4)	402,198	2,000,000	2,402,198
	<u>\$ 5,556,802</u>	<u>\$ 7,384,888</u>	<u>\$ 12,941,690</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 612,196	\$ 1,012,200	\$ 1,624,396
Due to other funds (Note 6)	-	246,995	246,995
Refundable deposits, bonds, etc.	-	12,746	12,746
Accrued liabilities and other	720,520	30,184	750,704
Unearned revenue	-	114,968	114,968
	<u>1,332,716</u>	<u>1,417,093</u>	<u>2,749,809</u>
Total liabilities			
<b>Deferred Inflows of Resources - Unavailable revenue</b>	107,129	-	107,129
	<u>1,439,845</u>	<u>1,417,093</u>	<u>2,856,938</u>
Total liabilities and deferred inflows of resources			
<b>Fund Balances</b>			
Nonspendable	46,515	-	46,515
Restricted:			
Roads	-	1,596,281	1,596,281
Police	-	132,914	132,914
Debt service	402,198	266,664	668,862
Capital projects (unspent bond proceeds)	-	2,000,000	2,000,000
Building	-	591,227	591,227
Library	-	50,237	50,237
Rubbish	-	209,255	209,255
Assigned - Capital projects	1,000,000	1,121,217	2,121,217
Unassigned	2,668,244	-	2,668,244
	<u>4,116,957</u>	<u>5,967,795</u>	<u>10,084,752</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,556,802</u>	<u>\$ 7,384,888</u>	<u>\$ 12,941,690</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

<b>Fund Balances Reported in Governmental Funds</b>	\$ 10,084,752
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	35,273,752
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	107,129
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	(26,759,960)
Accrued interest is not due and payable in the current period and is not reported in the funds	(219,624)
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	(2,041,153)
Pension benefits	(15,813,221)
Retiree health care benefits	(39,156,805)
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u>\$ (38,525,130)</u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>			
Property taxes	\$ 13,546,905	\$ 4,346,668	\$ 17,893,573
Intergovernmental:			
Federal grants	57,350	1,687	59,037
State and local sources	3,687,461	3,211,693	6,899,154
Charges for services	3,264,515	586,553	3,851,068
Fines and forfeitures	1,846,772	90,063	1,936,835
Licenses and permits	565,585	-	565,585
Investment income	93,695	7,568	101,263
Other revenue	207,690	6,939	214,629
	23,269,973	8,251,171	31,521,144
<b>Expenditures</b>			
Current services:			
General government	5,518,485	603,735	6,122,220
District court	1,751,142	74,152	1,825,294
Public safety	10,083,791	79,259	10,163,050
Public works	2,068,678	7,262,162	9,330,840
Recreation and culture	892,471	947,852	1,840,323
Capital outlay	-	536,107	536,107
Debt service:			
Principal	365,000	494,772	859,772
Interest and fiscal charges	850,629	128,819	979,448
	21,530,196	10,126,858	31,657,054
<b>Excess of Revenue Over (Under) Expenditures</b>	1,739,777	(1,875,687)	(135,910)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	2,171,115	2,171,115
Transfers out	(1,671,115)	(500,000)	(2,171,115)
New debt issued	-	2,000,000	2,000,000
Sale of capital assets	8,960	-	8,960
	(1,662,155)	3,671,115	2,008,960
<b>Net Change in Fund Balances</b>	77,622	1,795,428	1,873,050
<b>Fund Balances - Beginning of year</b>	4,039,335	4,172,367	8,211,702
<b>Fund Balances - End of year</b>	\$ 4,116,957	\$ 5,967,795	\$ 10,084,752

**Governmental Funds**

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

**Year Ended June 30, 2020**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 1,873,050</b>
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	4,774,742
Depreciation expense	(4,911,893)
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	38,820
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(2,000,000)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	884,769
Interest expense is recognized in the government-wide statements as it accrues	(32,290)
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>234,965</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 862,163</u></u></b>

Proprietary Fund  
Statement of Net Position

June 30, 2020

	Water and Sewer Fund
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 4,507,045
Receivables:	
Customer receivables	3,389,756
Due from other governments	500,000
Due from other funds	231,250
Inventory	188,762
Prepaid expenses and other assets	3,636
Total current assets	<u>8,820,449</u>
Noncurrent assets:	
Restricted assets (Note 4)	3,978,049
Capital assets: (Note 5)	
Assets not subject to depreciation	828,930
Assets subject to depreciation - Net	61,029,584
Due from other governments	1,000,000
Total noncurrent assets	<u>66,836,563</u>
Total assets	<u>75,657,012</u>
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 7)	2,806
Deferred pension costs	49,221
Deferred OPEB costs	134,889
Total deferred outflows of resources	<u>186,916</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	956,304
Accrued liabilities and other	516,845
Compensated absences (Note 7)	3,122
Current portion of bonds and leases payable (Note 7)	2,806,210
Total current liabilities	<u>4,282,481</u>
Noncurrent liabilities:	
Compensated absences (Note 7)	28,097
Net pension liability	445,482
Net OPEB liability	4,435,727
Bonds and leases payable - Net of current portion (Note 7)	19,600,571
Total noncurrent liabilities	<u>24,509,877</u>
Total liabilities	<u>28,792,358</u>
<b>Deferred Inflows of Resources</b>	
Deferred pension cost reductions	184,566
Deferred OPEB cost reductions	241,375
Total deferred inflows of resources	<u>425,941</u>
<b>Net Position</b>	
Net investment in capital assets	42,830,630
Restricted - Debt service	599,152
Unrestricted	3,195,847
Total net position	<u><u>\$ 46,625,629</u></u>

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

Year Ended June 30, 2020

	<u>Water and Sewer Fund</u>
<b>Operating Revenue</b>	
Sale of water	\$ 5,488,921
Sewage disposal charges	5,193,871
Other sales to customers	310,863
Interest and penalty charges	<u>114,112</u>
Total operating revenue	11,107,767
<b>Operating Expenses</b>	
Cost of water	2,391,765
Cost of sewage treatment	2,259,696
Other operating and maintenance costs	1,537,585
Billing and administrative costs	804,394
Depreciation	<u>2,020,570</u>
Total operating expenses	<u>9,014,010</u>
<b>Operating Income</b>	2,093,757
<b>Nonoperating Revenue (Expense)</b>	
Property tax revenue	1,486,833
Investment interest	79,140
Interest expense	(710,419)
Gain on sale of assets	<u>6,500</u>
Total nonoperating revenue	<u>862,054</u>
<b>Change in Net Position</b>	2,955,811
<b>Net Position - Beginning of year</b>	<u>43,669,818</u>
<b>Net Position - End of year</b>	<u><u>\$ 46,625,629</u></u>

Proprietary Fund  
Statement of Cash Flows

Year Ended June 30, 2020

	Water and Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 11,161,041
Payments to suppliers	(6,031,277)
Payments to employees and fringes	(1,417,656)
	<u>3,712,108</u>
Net cash provided by operating activities	3,712,108
<b>Cash Flows from Capital and Related Financing Activities</b>	
Issuance of bonds	4,615,500
Payment to escrow agent	(1,540,000)
Proceeds from sale of capital assets	6,500
Property taxes restricted for debt items	1,486,833
Purchase of capital assets	(1,479,566)
Principal and interest paid on capital debt	(2,610,394)
	<u>478,873</u>
Net cash provided by capital and related financing activities	478,873
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	<u>79,140</u>
<b>Net Increase in Cash</b>	4,270,121
<b>Cash - Beginning of year</b>	<u>2,735,774</u>
<b>Cash - End of year</b>	<u><b>\$ 7,005,895</b></u>
<b>Classification of Cash</b>	
Cash and investments	\$ 4,507,045
Restricted cash	2,498,850
	<u><b>\$ 7,005,895</b></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 2,093,757
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,020,570
Changes in assets and liabilities:	
Receivables	53,274
Due to and from other funds	(231,250)
Inventories	18,386
Prepaid and other assets	(163)
Accounts payable	591,932
Net pension or OPEB liability	(918,831)
Deferrals related to pension or OPEB	58,588
Accrued and other liabilities	25,845
	<u>1,618,351</u>
Total adjustments	1,618,351
Net cash provided by operating activities	<u><b>\$ 3,712,108</b></u>

**Noncash Capital and Related Financing Activities** - During the current year, there was a decrease in the City's debt of \$298,557 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.

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**June 30, 2020**

	<u>Pension and Other Employee Benefit Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,202,097	\$ 257,003
Investments:		
Treasury bonds	8,512,970	-
Agency securities	2,098,452	-
Mutual funds - Fixed income	5,275,685	-
Mortgage securities	801,020	-
Stocks	12,359,074	-
Corporate bonds	10,185,716	-
ETF - Equity	17,669,182	-
Mutual funds - Equity	39,718,538	-
Receivables - Accrued interest	167,886	-
Total assets	<u>98,990,620</u>	<u><b>\$ 257,003</b></u>
<b>Liabilities</b>		
Accounts payable	-	\$ 13,654
Due to other governmental units	-	24,395
Accrued liabilities and other	-	218,954
Total liabilities	<u>-</u>	<u><b>\$ 257,003</b></u>
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<u><b>\$ 98,990,620</b></u>	

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	<u>Pension and Other Employee Benefit Funds</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 2,168,263
Net increase in fair value of investments	15,494,373
Investment-related expenses	<u>(298,695)</u>
Total investment income	17,363,941
Contributions:	
Employer	5,801,526
Employee	<u>469,853</u>
Total contributions	<u>6,271,379</u>
Total additions	23,635,320
<b>Deductions</b>	
Benefit payments	9,877,417
Administrative expenses	<u>766</u>
Total deductions	<u>9,878,183</u>
<b>Net Increase in Net Position Restricted for Pension and Other Employee Benefits</b>	13,757,137
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<u>85,233,483</u>
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 98,990,620</u></u>

Component Units  
Statement of Net Position

June 30, 2020

	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission - December 31, 2019	Total
<b>Assets</b>				
Cash and investments	\$ 862,220	\$ 1,598,974	\$ 78,935	\$ 2,540,129
Receivables	-	-	50,999	50,999
Prepaid expenses and other assets	-	-	18,995	18,995
Capital assets:				
Assets not subject to depreciation	-	84,293	72,209	156,502
Assets subject to depreciation - Net	-	3,919,692	1,602,332	5,522,024
Total assets	862,220	5,602,959	1,823,470	8,288,649
<b>Deferred Outflows of Resources</b> - Deferred charges on bond refunding	19,617	6,459	-	26,076
<b>Liabilities</b>				
Accounts payable	-	18,290	27,085	45,375
Refundable deposits, bonds, etc.	-	-	19,712	19,712
Accrued liabilities and other	56,125	11,171	352	67,648
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	-	2,324	2,324
Current portion of bonds and leases payable	575,000	355,000	-	930,000
Due in more than one year:				
Compensated absences	-	-	13,171	13,171
Bonds and leases payable - Net of current portion	8,672,507	1,450,000	-	10,122,507
Total liabilities	9,303,632	1,834,461	62,644	11,200,737
<b>Net Position (Deficit)</b>				
Net investment in capital assets	-	2,205,444	1,674,541	3,879,985
Unrestricted	(8,421,795)	1,569,513	86,285	(6,765,997)
Total net position (deficit)	\$ (8,421,795)	\$ 3,774,957	\$ 1,760,826	\$ (2,886,012)

# City of Allen Park, Michigan

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	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Brownfield Redevelopment Authority	\$ 1,769,749	\$ -	\$ -	\$ -
Downtown Development Authority	998,065	575	-	-
Housing Commission	444,380	267,007	120,721	6,571
<b>Total</b>	<b>\$ 3,212,194</b>	<b>\$ 267,582</b>	<b>\$ 120,721</b>	<b>\$ 6,571</b>

General revenue:  
 Property 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, 2020

Net (Expense) Revenue and Changes in Net Position			
Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission	Total
\$ (1,769,749)	\$ -	\$ -	\$ (1,769,749)
-	(997,490)	-	(997,490)
-	-	(50,081)	(50,081)
(1,769,749)	(997,490)	(50,081)	(2,817,320)
2,396,299	769,181	-	3,165,480
-	447,400	-	447,400
9,196	-	234	9,430
1,981	16,144	4,298	22,423
2,407,476	1,232,725	4,532	3,644,733
637,727	235,235	(45,549)	827,413
(9,059,522)	3,539,722	1,806,375	(3,713,425)
<b>\$ (8,421,795)</b>	<b>\$ 3,774,957</b>	<b>\$ 1,760,826</b>	<b>\$ (2,886,012)</b>

**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.

***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 has a two-thirds interest in the 24th District Court.

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

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 \$1,751,000 for the 24th District Court's operations and received approximately \$1,744,000 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.

***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.

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

**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, which accumulates resources for pension benefit payments to retirees
- The Retiree Healthcare Fund, which accumulates resources for future retiree health care payments to retirees
- The Tax Collection Fund, which collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities)
- The Trust and Agency Fund, which accounts for assets held by the City in a trustee capacity

**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.

**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.

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

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 Wayne County Sewage Disposal System Judgment Levy Debt and the Downriver Utility Wastewater Authority bonds. Also, the governmental activities and the business-type activities report restricted assets related to unspent bond proceeds.

**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.

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

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:

	<u>Outflows</u>	<u>Inflows</u>
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)	✓	✓

**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.

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

**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 only exist 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.

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.

June 30, 2020

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

The City's 2019 property tax revenue was levied and collectible on July 1, 2019 and is recognized as revenue in the year ended June 30, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the City totaled \$802.8 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 \$	7,751,000
Police special voted	6.6825	5,100,000
Rubbish	2.5181	1,841,000
Library	0.8394	613,000
Debt - Community Center	0.4794	385,000
Debt - Sewer	0.9740	783,000
EPA Judgment - Sewer	0.7908	634,000
Roads	1.8825	1,509,000
Total		<u>\$ 18,616,000</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.

**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.

June 30, 2020

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

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of 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 January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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 ending 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 ending 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 August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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.

June 30, 2020

**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 - Treasurer	\$ 143,237	\$ 143,332
General government - City hall	196,500	208,797
Public safety - Fire	3,854,665	3,919,060
Public service	1,799,828	2,068,678
Debt service	1,213,630	1,215,629

***Fund Deficits***

The Brownfield Redevelopment Authority has a deficit of \$8,421,975 as of June 30, 2020. 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	\$ 8,735,427	\$ 4,507,045	\$ 99,079,737	\$ 2,540,129
Restricted cash and investments (Note 4)	2,402,198	2,498,850	-	-
Total deposits and investments	<u>\$ 11,137,625</u>	<u>\$ 7,005,895</u>	<u>\$ 99,079,737</u>	<u>\$ 2,540,129</u>

June 30, 2020

**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	\$ 5,625,648	\$ 1,484,048	\$ 2,459,100	\$ 2,534,820
Investments:				
Deposits with financial institutions - Certificate of deposit	1,575,811	1,502,009	-	5,309
Reported at fair value:				
Treasury bonds	-	-	8,512,970	-
Agency securities	-	-	2,098,452	-
Mutual funds - Equity	-	-	39,718,538	-
Mutual funds - Fixed income	-	-	5,275,685	-
Stocks	-	-	12,359,074	-
Corporate bonds	-	-	10,185,716	-
ETF - Equity	-	-	17,669,182	-
Mortgage securities	-	-	801,020	-
Municipal bonds	1,215,409	1,241,245	-	-
Commercial paper	2,720,757	2,778,593	-	-
Total	<u>\$ 11,137,625</u>	<u>\$ 7,005,895</u>	<u>\$ 99,079,737</u>	<u>\$ 2,540,129</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 Health Care 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.

**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 \$7,166,433 of bank deposits (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	\$ 2,456,654	\$ 1,307,495	\$ 825,986	\$ 323,173	
Commercial paper	5,499,351	5,499,351	-	-	
Total	<u>\$ 7,956,005</u>	<u>\$ 6,806,846</u>	<u>\$ 825,986</u>	<u>\$ 323,173</u>	
Fiduciary Funds - Pension Trust Fund December 31, 2019	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Treasury bonds and agency securities	\$ 10,611,422	\$ 60,016	\$ 5,508,475	\$ 2,994,389	\$ 2,048,542
Corporate bonds	10,185,716	266,504	6,922,686	2,922,400	74,126
Mutual funds - Fixed income	4,388,660	2,175,249	2,213,411	-	-
Mortgage securities	801,020	-	-	564,428	236,592
Total	<u>\$ 25,986,818</u>	<u>\$ 2,501,769</u>	<u>\$ 14,644,572</u>	<u>\$ 6,481,217</u>	<u>\$ 2,359,260</u>
Fiduciary Fund - Retiree Healthcare Fund	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Mutual funds - Fixed income	\$ 887,025	\$ 69,368	\$ 817,657	\$ -	\$ -

June 30, 2020

**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	\$ 103,665	Aa1	Moody's
Municipal bonds	207,137	Aa3	Moody's
Municipal bonds	307,456	A	S&P
Municipal bonds	326,003	AA	S&P
Municipal bonds	199,909	AA-	S&P
Municipal bonds	1,154,527	AA+	S&P
Municipal bonds	157,957	BBB+	S&P
Commercial paper	5,499,351	A2	S&P
Total	<u>\$ 7,956,005</u>		

Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Fund - Pension Trust Fund - December 31, 2019</b>			
Fixed-income securities	\$ 10,277,741	Aaa	Moody's
Fixed-income securities	41,542	Aa1	Moody's
Fixed-income securities	225,977	Aa2	Moody's
Fixed-income securities	238,173	Aa3	Moody's
Fixed-income securities	15,203,385	Not rated	Not rated
Total	<u>\$ 25,986,818</u>		

Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Fund - Retiree Healthcare Fund</b>			
Mutual funds - Fixed income	<u>\$ 887,025</u>	Not rated	Not rated

**Component Units**

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$2,290,129.

**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 below.

June 30, 2020

**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, 2020:

- Municipal bonds of \$2,456,654 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, 2019:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2019				
	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, 2019
<b>Assets</b>				
Fixed income:				
Treasury bonds	\$ 8,512,970	\$ -	\$ -	\$ 8,512,970
Agency securities	-	2,098,452	-	2,098,452
Mortgage securities	-	801,020	-	801,020
Mutual funds	4,388,660	-	-	4,388,660
Corporate bonds	-	10,185,716	-	10,185,716
Total fixed income	12,901,630	13,085,188	-	25,986,818
Equity:				
Stocks	12,359,074	-	-	12,359,074
ETF	17,170,293	-	-	17,170,293
Mutual funds	38,208,796	-	-	38,208,796
Total equity	67,738,163	-	-	67,738,163
Total assets	\$ 80,639,793	\$ 13,085,188	\$ -	\$ 93,724,981

The City's Retiree Health Care Fund (fiduciary fund) has the following recurring fair value measurements as of June 30, 2020:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
<b>Assets</b>				
Fixed income - Mutual funds	\$ 887,025	\$ -	\$ -	\$ 887,025
Equity:				
ETF	498,889	-	-	498,889
Mutual funds	1,509,742	-	-	1,509,742
Total equity	2,008,631	-	-	2,008,631
Total assets	\$ 2,895,656	\$ -	\$ -	\$ 2,895,656

June 30, 2020

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

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, and mortgage securities at June 30, 2020 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 unspent bond proceeds from City bond issuances in 2020, the establishment of debt reserves and unspent bond proceeds related to the Wayne County Sewage Disposal System and Downriver Utility Wastewater Authority bonds.

At June 30, 2020, restricted assets are composed of the following:

Description	Governmental Activities	Business-type Activities
Unspent bond proceeds	\$ 2,000,000	\$ 2,498,850
Cash held by trustee for debt service	402,198	-
Wayne County Downriver Sewage Disposal System - Assets held at the System for future debt service	-	599,152
Downriver Utility Wastewater Authority - Assets held at the Authority for future capital projects	-	880,047
Total	<u>\$ 2,402,198</u>	<u>\$ 3,978,049</u>

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, 2020

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 1,216,013	\$ -	\$ -	\$ -	\$ 1,216,013
Construction in progress	8,000	(14,990)	486,815	-	479,825
Subtotal	1,224,013	(14,990)	486,815	-	1,695,838
Capital assets being depreciated:					
Roads and sidewalks	138,856,751	-	3,240,851	-	142,097,602
Buildings and improvements	21,174,716	-	12,800	-	21,187,516
Furniture and equipment	7,395,764	14,990	514,598	-	7,925,352
Vehicles	4,931,105	-	519,678	(256,212)	5,194,571
Land improvements	2,240,256	-	-	-	2,240,256
Subtotal	174,598,592	14,990	4,287,927	(256,212)	178,645,297
Accumulated depreciation:					
Roads and sidewalks	122,164,482	-	3,545,173	-	125,709,655
Buildings and improvements	7,673,959	-	474,912	-	8,148,871
Furniture and equipment	5,727,555	-	433,723	-	6,161,278
Vehicles	3,112,435	-	378,465	(256,212)	3,234,688
Land improvements	1,733,271	-	79,620	-	1,812,891
Subtotal	140,411,702	-	4,911,893	(256,212)	145,067,383
Net capital assets being depreciated	34,186,890	14,990	(623,966)	-	33,577,914
Net governmental activities capital assets	<u>\$ 35,410,903</u>	<u>\$ -</u>	<u>\$ (137,151)</u>	<u>\$ -</u>	<u>\$ 35,273,752</u>

June 30, 2020

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

***Business-type Activities***

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 560,180	\$ -	\$ -	\$ -	\$ 560,180
Construction in progress	314,875	(549,826)	503,701	-	268,750
Subtotal	875,055	(549,826)	503,701	-	828,930
Capital assets being depreciated:					
Water and sewer lines	86,909,772	549,826	202,010	-	87,661,608
Buildings and improvements	2,390,874	-	-	-	2,390,874
Furniture and equipment	2,442,032	-	505,957	(81,635)	2,866,354
Meters	2,283,197	-	267,898	-	2,551,095
Subtotal	94,025,875	549,826	975,865	(81,635)	95,469,931
Accumulated depreciation:					
Water and sewer lines	26,806,702	-	1,743,520	-	28,550,222
Buildings and improvements	1,881,639	-	62,049	-	1,943,688
Furniture and equipment	1,529,877	-	201,606	(81,635)	1,649,848
Meters	2,283,194	-	13,395	-	2,296,589
Subtotal	32,501,412	-	2,020,570	(81,635)	34,440,347
Net capital assets being depreciated	61,524,463	549,826	(1,044,705)	-	61,029,584
Net business-type activities capital assets	<u>\$ 62,399,518</u>	<u>\$ -</u>	<u>\$ (541,004)</u>	<u>\$ -</u>	<u>\$ 61,858,514</u>

June 30, 2020

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

Capital asset activity for the City's Housing Commission (component unit) for the year ended December 31, 2019 was as follows:

***Housing Commission - Component Unit***

	Balance January 1, 2019	Reclassification	Additions	Balance December 31, 2019
Capital assets not being depreciated:				
Land	\$ 68,050	\$ -	\$ -	\$ 68,050
Construction in progress	-	-	4,159	4,159
Subtotal	68,050	-	4,159	72,209
Capital assets being depreciated:				
Buildings and improvements	3,211,540	-	2,940	3,214,480
Furniture, equipment, and machinery - Dwelling	37,031	-	-	37,031
Furniture, equipment, and machinery - Administration	35,169	-	-	35,169
Subtotal	3,283,740	-	2,940	3,286,680
Accumulated depreciation	1,595,314	-	89,034	1,684,348
Net capital assets being depreciated	1,688,426	-	(86,094)	1,602,332
Net housing commission - Component unit capital assets	\$ 1,756,476	\$ -	\$ (81,935)	\$ 1,674,541

June 30, 2020

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

Capital asset activity for the City's Downtown Development Authority (component unit) for the year ended June 30, 2020 was as follows:

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

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated - Land	\$ 84,293	\$ -	\$ -	\$ -	\$ 84,293
Capital assets being depreciated:					
Site improvements	12,426,786	-	13,644	-	12,440,430
Buildings	386,721	-	-	-	386,721
Furniture and equipment	17,816	-	-	-	17,816
Subtotal	12,831,323	-	13,644	-	12,844,967
Accumulated depreciation:					
Site improvements	8,244,494	-	476,513	-	8,721,007
Buildings	176,784	-	9,668	-	186,452
Furniture and equipment	17,816	-	-	-	17,816
Subtotal	8,439,094	-	486,181	-	8,925,275
Net capital assets being depreciated	4,392,229	-	(472,537)	-	3,919,692
Net downtown development authority - Component unit capital assets	<u>\$ 4,476,522</u>	<u>\$ -</u>	<u>\$ (472,537)</u>	<u>\$ -</u>	<u>\$ 4,003,985</u>

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

Governmental activities:	
General government	\$ 410,676
Public safety	308,415
Public works	3,752,218
Economic development	1,030
Recreation and culture	439,554
Total governmental activities	<u>\$ 4,911,893</u>
Business-type activities - Water and sewer	\$ 2,020,570
Component unit activities:	
Housing Commission - December 31, 2019	\$ 89,034
Downtown Development Authority	486,181
Total component unit activities	<u>\$ 575,215</u>

**June 30, 2020**

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	Nonmajor governmental funds	\$ 231,250
Nonmajor governmental funds	Nonmajor governmental funds	15,745
	Total	<u>\$ 246,995</u>

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 1,671,115
Nonmajor governmental funds	Nonmajor governmental funds	500,000
	Total	<u>\$ 2,171,115</u>

The transfers from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations, and the transfer from the nonmajor governmental funds (building fund) to the nonmajor governmental funds (capital projects fund) was made to fund the department of public works building construction.

June 30, 2020

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2020 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		\$260,000 -					
Maturing through 2025	2.30%	\$285,000	\$ 1,615,000	\$ -	\$ (255,000)	\$ 1,360,000	\$ 260,000
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			18,365,000	-	(255,000)	18,110,000	260,000
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	4,540,000	-	(275,000)	4,265,000	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	2,170,000	-	(110,000)	2,060,000	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	-	2,000,000	285,000
Total other debt principal outstanding			6,710,000	2,000,000	(385,000)	8,325,000	645,000
Unamortized bond premiums			421,338	-	(30,096)	391,242	-
Total bonds and contracts payable			25,496,338	2,000,000	(670,096)	26,826,242	905,000
Capital leases			219,772	-	(219,772)	-	-
Compensated absences			1,893,212	147,941	-	2,041,153	204,115
Total governmental activities long-term debt			\$ 27,609,322	\$ 2,147,941	\$ (889,868)	\$ 28,867,395	\$ 1,109,115

June 30, 2020

**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%	\$580,000 - \$760,881	\$ 8,585,881	\$ -	\$ (570,000)	\$ 8,015,881	\$ 580,000
Wayne County - Downriver Sewage Disposal System: Amount of issue: Various Maturing through 2028	Various	Various	1,876,629	-	(723,681)	1,152,948	679,485
Downriver Utility Wastewater Authority Bonds Amount of Issue: Various Maturing through 2042	Various	Various	8,818,914	-	(561,462)	8,257,452	361,725
2020 Installment Purchase Agreement - Water Meters Amount of issue: \$1,035,000 Maturing through 2022	2.20%	\$500,000 - \$535,500	-	1,035,500	-	1,035,500	500,000
Total direct borrowings and direct placements principal outstanding			19,281,424	1,035,500	(1,855,143)	18,461,781	2,121,210
Other debt:							
2005 General Obligation Limited Tax Bonds: Amount of issue \$4,000,000 Maturing through 2025			1,740,000	-	(1,740,000)	-	-
2019 Limited Tax General Obligation Refunding Bonds: Amount of issue \$540,000 Maturing through 2022	3.25%	\$170,000 - \$195,000	540,000	-	(175,000)	365,000	170,000
2020 Limited Tax General Obligation Refunding Bonds Amount of issue: \$1,580,000 Maturing through 2025	1.40%	\$230,000 - \$380,000	-	1,580,000	-	1,580,000	230,000
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	-	2,000,000	285,000
Total other debt principal outstanding			2,280,000	3,580,000	(1,915,000)	3,945,000	685,000
Total bonds and contracts payable			21,561,424	4,615,500	(3,770,143)	22,406,781	2,806,210
Capital leases			105,039	-	(105,039)	-	-
Compensated absences			27,034	4,185	-	31,219	3,122
Total business-type activities long-term debt			\$ 21,693,497	\$ 4,619,685	\$ (3,875,182)	\$ 22,438,000	\$ 2,809,332

June 30, 2020

**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:							
2005 General Obligation Limited Tax Bonds - Downtown Development Authority: Original issue: \$4,500,000 Maturing through 2025			\$ 2,085,000	\$ -	\$ (2,085,000)	\$ -	\$ -
2019 Limited Tax General Obligation Redevelopment Refunding Bonds - Brownfield Authority: Original issue: \$9,215,000 Maturing through 2032	3.50% - 4.00%	\$575,000 - \$880,000	9,215,000	-	(580,000)	8,635,000	575,000
2019 Limited Tax General Obligation Downtown Development Refunding Bonds Original issue: \$1,805,000 Maturing through 2025	1.36%	\$355,000 - \$370,000	-	1,805,000	-	1,805,000	355,000
Total other debt principal outstanding			11,300,000	1,805,000	(2,665,000)	10,440,000	930,000
Unamortized bond premiums			(23,000)	-	1,769	(21,231)	-
Unamortized bond discounts			686,550	-	(52,812)	633,738	-
Total bonds and contracts payable			11,963,550	1,805,000	(2,716,043)	11,052,507	930,000
Compensated absences - Housing Commission - December 31, 2019			15,190	355	(50)	15,495	2,324
Total component unit long-term debt			<u>\$ 11,978,740</u>	<u>\$ 1,805,355</u>	<u>\$ (2,716,093)</u>	<u>\$ 11,068,002</u>	<u>\$ 932,324</u>

The City, including component units, had deferred outflows of \$95,164 related to deferred charges on bond refundings at June 30, 2020.

**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, 2020

**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	
2021	\$ 260,000	\$ 772,414	\$ 645,000	\$ 277,145	\$ 1,954,559
2022	265,000	766,368	645,000	253,761	1,930,129
2023	415,000	756,215	650,000	234,835	2,056,050
2024	425,000	746,937	705,000	212,509	2,089,446
2025	440,000	733,001	715,000	188,983	2,076,984
2026-2030	2,535,000	3,411,890	3,030,000	594,979	9,571,869
Thereafter	13,770,000	5,555,311	1,935,000	116,900	21,377,211
<b>Total</b>	<b>\$ 18,110,000</b>	<b>\$ 12,742,136</b>	<b>\$ 8,325,000</b>	<b>\$ 1,879,112</b>	<b>\$ 41,056,248</b>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 2,121,210	\$ 546,410	\$ 685,000	\$ 82,523	\$ 3,435,143
2022	1,560,627	465,405	705,000	62,349	2,793,381
2023	1,054,529	460,293	660,000	46,135	2,220,957
2024	1,345,856	430,079	665,000	34,159	2,475,094
2025	1,115,832	398,899	655,000	22,113	2,191,844
2026-2030	5,905,205	1,495,386	575,000	13,629	7,989,220
Thereafter	5,358,522	1,221,001	-	-	6,579,523
<b>Total</b>	<b>\$ 18,461,781</b>	<b>\$ 5,017,473</b>	<b>\$ 3,945,000</b>	<b>\$ 260,908</b>	<b>\$ 27,685,162</b>

Years Ending June 30	Component Unit Activities		
	Other Debt		
	Principal	Interest	Total
2021	\$ 930,000	\$ 359,525	\$ 1,289,525
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
2026-2030	3,790,000	769,350	4,559,350
Thereafter	1,730,000	91,350	1,821,350
<b>Total</b>	<b>\$ 10,440,000</b>	<b>\$ 2,377,057</b>	<b>\$ 12,817,057</b>

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

***Current Bond Refunding***

During the year, the City refunded two bonds with two current bond refundings:

- During the year, the City issued \$1,580,000 in limited tax general obligation refunding bonds with an average interest rate of 1.4 percent. The proceeds of these bonds were used to refund the 2005 and limited tax general obligation capital improvement bonds (business-type activities) with \$1,540,000 with an average interest rate of 3.34 percent. The net proceeds of \$1,544,557 (after payment of \$35,443 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent until the call date of the refunded bonds has occurred, which is not to exceed 90 days from the refunding. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next five years by \$98,699, which represents an economic gain of \$96,335.
- During the year, the Downtown Development Authority issued \$1,805,000 in limited tax general obligation refunding bonds with an average interest rate of 1.36 percent. The proceeds of these bonds were used to refund \$1,775,000 of outstanding 2005 general obligation limited tax bonds (component unit) with an average interest rate of 4.33 percent. The net proceeds of \$1,786,834 (after payment of \$33,166 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent until the call date of the refunded bonds has occurred, which is not to exceed 90 days from the refunding. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next five years by \$135,108, which represents an economic gain of approximately \$112,992.

***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 \$29,412,552, with annual requirements ranging from \$744,141 in 2021 to \$1,252,360 in the final year. Total principal and interest remaining on the 2014 State of Michigan Emergency Loan total \$1,439,584, with annual requirements ranging from \$288,274 in 2021 to \$288,260 in the final year. The state-shared revenue, from which the appropriations will be made, have averaged approximately \$2,792,000 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 \$289,188 and \$2,785,467, 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.

June 30, 2020

**Note 8 - Risk Management (Continued)**

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	\$ 282,700
Estimated claims incurred, including changes in estimates	2,019,286
Claim payments	<u>(1,976,986)</u>
Estimated liability - End of year	<u>\$ 325,000</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 \$826,857 and paid interest of \$330,143. At June 30, 2020, the outstanding commitment is \$6,078,714.

**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 "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 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 Plan is vested in the pension board, which consists of six 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.

The City of Allen Park, Michigan also contributes to a defined contribution plan for certain employees who meet the eligibility requirements. The benefits are administered by MERS.

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

**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.

Benefit terms, including contribution requirements, for the defined benefit plan are established and may be amended by the City Council.

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 pension 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.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	<u>Employees Retirement System</u>
Date of member count	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	220
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>88</u>
Total employees covered by the Plan	<u><u>316</u></u>

**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, 2020, the active employee contribution rate was 7.0 percent of covered compensation, and the City contributed the actuarial required contribution of \$3,000,105, of which \$584,628 was paid by the 24th District Court.

June 30, 2020

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

**Net Pension Liability**

The net pension liability of \$15,746,166 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 \$12,573,899 at June 30, 2020.

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2020 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, 2019 measurement date. The December 31, 2019 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the 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, 2018</b>	\$ 112,448,284	\$ 82,867,182	\$ 29,581,102
Changes for the year:			
Service cost	1,322,978	-	1,322,978
Interest	7,657,947	-	7,657,947
Changes in benefits	10,863	-	10,863
Differences between expected and actual experience	(2,183,943)	-	(2,183,943)
Contributions - Employer	-	2,832,930	(2,832,930)
Contributions - Employee	-	469,853	(469,853)
Net investment income	-	17,383,741	(17,383,741)
Benefit payments, including refunds	(7,421,048)	(7,421,048)	-
Administrative expenses	-	(41,966)	41,966
Miscellaneous other charges	-	(1,777)	1,777
Net changes	(613,203)	13,221,733	(13,834,936)
<b>Balance at December 31, 2019</b>	<u>\$ 111,835,081</u>	<u>\$ 96,088,915</u>	<u>\$ 15,746,166</u>

The plan's fiduciary net position represents 85.9 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, 2020, the City recognized pension expense of \$2,891,161 from all plans, which includes defined contribution plan expense of \$128,870.

June 30, 2020

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

At June 30, 2020, 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	\$ 191,207	\$ (1,079,265)
Net difference between projected and actual earnings on pension plan investments	-	(4,130,175)
Employer contributions to the Plan subsequent to the measurement date	1,198,084	-
Total	\$ 1,389,291	\$ (5,209,440)

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
2021	\$ (1,515,029)
2022	(1,615,311)
2023	(14,730)
2024	(1,873,163)
Total	\$ (5,018,233)

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 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 7.0 percent, and RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.0 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.

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, 2020

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

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2019 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	64.00 %	6.65 %
Real estate	5.00	8.00
Fixed income	30.00	2.00
Cash	1.00	1.00

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0 percent, as well as what the 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 (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net pension liability of the Employees Retirement System	\$ 24,997,196	\$ 15,746,166	\$ 5,416,382

**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, 2019 is included in the investment rate of return section above.

**Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.43 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 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.

June 30, 2020

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

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, 2019 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 79,650,259	\$ 89,769,945
Employee reserve	6,318,970	6,318,970
Total	\$ 85,969,229	\$ 96,088,915

**Note 12 - Other Postemployment Benefit Plan**

***Plan Description***

The City administers the City of Allen Park Retiree Health Care Plan (the "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).

***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
Date of member count	June 30, 2020
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

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

***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 \$2,468,353, 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 \$47,200,614 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 \$42,674,561 at June 30, 2020.

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 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, 2020 measurement date. The June 30, 2020 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, 2020.

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

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, 2019</b>	\$ 49,818,784	\$ 2,366,301	\$ 47,452,483
Changes for the year:			
Service cost	816,659	-	816,659
Interest	3,458,074	-	3,458,074
Differences between expected and actual experience	(3,679,415)	-	(3,679,415)
Changes in assumptions	2,156,813	-	2,156,813
Contributions - Employer	-	2,968,596	(2,968,596)
Net investment income	-	36,170	(36,170)
Benefit payments, including refunds	(2,468,596)	(2,468,596)	-
Administrative expenses	-	(766)	766
<b>Net changes</b>	<b>283,535</b>	<b>535,404</b>	<b>(251,869)</b>
<b>Balance at June 30, 2020</b>	<b>\$ 50,102,319</b>	<b>\$ 2,901,705</b>	<b>\$ 47,200,614</b>

The Plan's fiduciary net position represents 5.79 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, 2020, the City recognized OPEB expense of \$1,897,218.

At June 30, 2020, 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	\$ -	\$ (2,322,182)
Changes in assumptions	1,195,588	-
Net difference between projected and actual earnings on OPEB plan investments	102,137	-
<b>Total</b>	<b>\$ 1,297,725</b>	<b>\$ (2,322,182)</b>

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

Years Ending June 30	Amount
2021	\$ (1,102,779)
2022	23,815
2023	28,078
2024	26,429
<b>Total</b>	<b>\$ (1,024,457)</b>

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

**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 7.0 percent; a health care cost trend rate of 7.5 percent for 2021, decreasing by 0.25 to 0.50 percent per year to an ultimate rate of 5 percent for 2031 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 7.0 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, 2020 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real 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	-

**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 7.0 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 (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the City of Allen Park Retiree Healthcare Plan	\$ 53,083,609	\$ 47,200,614	\$ 42,300,795

June 30, 2020

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

***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	\$ 41,841,270	\$ 47,200,614	\$ 53,668,573

***Assumption Changes***

The beginning of year total OPEB liability was based on the RPH-2014 mortality tables using the MP-201 improvement scale, while the total OPEB liability as of June 30, 2020 was based on the Society of Actuaries Pub-2010 Public Retirement Plan mortality tables.

***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, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.33 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 13 - Health Care Savings Plan**

The City provides a Health Care Savings Plan (the "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 \$57,093 for the year ended June 30, 2020.

June 30, 2020

**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	\$ 93,724,981	\$ 2,895,656	\$ 96,620,637
Other assets	2,363,934	6,049	2,369,983
Net position	<u>\$ 96,088,915</u>	<u>\$ 2,901,705</u>	<u>\$ 98,990,620</u>
<b>Statement of Changes in Net Position</b>			
Investment income	\$ 17,327,771	\$ 36,170	\$ 17,363,941
Contributions	3,302,783	2,968,596	6,271,379
Benefit payments	7,408,821	2,468,596	9,877,417
Other deductions	-	766	766
Net change in net position	<u>\$ 13,221,733</u>	<u>\$ 535,404</u>	<u>\$ 13,757,137</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, 2020, the City's property tax revenue was reduced by \$1,157,000 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 \$575,731 for operations of the authority and paid \$570,701 for debt service. For the judgment levy debt, the City paid \$646,387 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.

June 30, 2020

**Note 17 - COVID-19 Pandemic**

In March 2020, the U.S. and global economies reacted negatively in response to worldwide concerns due to the economic impacts of the COVID-19 pandemic. These trends, including a potential economic downturn, and any potential resulting direct and indirect negative impact to the City cannot be determined but may have a material prospective impact to the City's operations and cash flows. The impact on the City's future operating costs, revenue, and recovery from emergency funding or state funding cannot be estimated. The City does expect that there will be reductions in state-shared revenue from the State of Michigan, but the amount cannot be estimated. The City holds investments that are subject to the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. No impairments were recorded as of the statement of net position/governmental funds balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes:				
Property taxes	\$ 8,431,730	\$ 8,431,730	\$ 8,446,813	\$ 15,083
Police and fire millage	5,125,251	5,125,251	5,100,092	(25,159)
Intergovernmental:				
Federal grants	20,000	20,000	57,350	37,350
State and local sources	3,704,937	3,753,437	3,687,461	(65,976)
Charges for services:				
Charges to other funds	851,400	851,400	885,380	33,980
User fees	2,506,050	2,560,050	2,379,135	(180,915)
Fines and forfeitures	1,994,750	1,847,750	1,846,772	(978)
Licenses and permits:				
Cable franchise fees	575,000	575,000	533,395	(41,605)
Business licenses	35,190	35,190	32,190	(3,000)
Investment income	70,000	70,000	93,695	23,695
Other revenue	136,270	136,270	207,690	71,420
<b>Total revenue</b>	<b>23,450,578</b>	<b>23,406,078</b>	<b>23,269,973</b>	<b>(136,105)</b>
<b>Expenditures</b>				
Current services:				
General government:				
Mayor and City Council	49,251	49,251	48,872	379
Finance	342,655	342,655	333,140	9,515
Cable/Information technology	80,000	80,000	77,279	2,721
Treasurer	143,237	143,237	143,332	(95)
Assessing	170,500	162,800	146,131	16,669
Clerk	244,249	260,549	257,932	2,617
Administration	1,490,525	1,490,525	1,450,818	39,707
City hall	196,500	196,500	208,797	(12,297)
Retiree health care	3,171,936	3,061,936	2,852,184	209,752
District court	1,751,143	1,751,143	1,751,142	1
Public safety:				
Police	6,261,584	6,261,584	6,164,731	96,853
Fire	3,757,165	3,854,665	3,919,060	(64,395)
Public service	1,665,928	1,799,828	2,068,678	(268,850)
Recreation and culture:				
Parks and recreation	469,745	374,245	345,446	28,799
Community center	759,055	680,055	535,006	145,049
Historical	12,360	12,360	12,019	341
Debt service	1,213,630	1,213,630	1,215,629	(1,999)
<b>Total expenditures</b>	<b>21,779,463</b>	<b>21,734,963</b>	<b>21,530,196</b>	<b>204,767</b>
<b>Excess of Revenue Over Expenditures</b>	<b>1,671,115</b>	<b>1,671,115</b>	<b>1,739,777</b>	<b>68,662</b>
<b>Other Financing (Uses) Sources</b>				
Transfers out	(1,671,115)	(1,671,115)	(1,671,115)	-
Sale of capital assets	-	-	8,960	8,960
<b>Total other financing uses</b>	<b>(1,671,115)</b>	<b>(1,671,115)</b>	<b>(1,662,155)</b>	<b>8,960</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>77,622</b>	<b>77,622</b>
<b>Fund Balance - Beginning of year</b>	<b>4,039,335</b>	<b>4,039,335</b>	<b>4,039,335</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 4,039,335</b>	<b>\$ 4,039,335</b>	<b>\$ 4,116,957</b>	<b>\$ 77,622</b>

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

	<b>Last Five Plan Years</b>				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 1,322,978	\$ 1,308,576	\$ 1,348,167	\$ 1,318,028	\$ 1,171,406
Interest	7,657,947	7,486,903	7,358,871	7,273,210	7,053,955
Changes in benefit terms	10,863	-	(42,368)	(655,066)	279,525
Differences between expected and actual experience	(2,183,943)	1,011,357	422,650	316,565	1,491,147
Benefit payments, including refunds	(7,421,048)	(7,320,046)	(7,156,947)	(6,931,182)	(6,943,101)
<b>Net Change in Total Pension Liability</b>	(613,203)	2,486,790	1,930,373	1,321,555	3,052,932
<b>Total Pension Liability - Beginning of year</b>	112,448,284	109,961,494	108,031,121	106,709,566	103,656,634
<b>Total Pension Liability - End 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>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 2,832,930	\$ 2,646,084	\$ 2,659,008	\$ 2,641,242	\$ 2,699,151
Contributions - Member	469,853	465,864	448,132	512,597	404,395
Net investment income (loss)	17,383,741	(5,315,188)	13,121,110	4,649,658	650,672
Administrative expenses	(41,966)	(29,838)	(47,674)	(26,857)	(78,030)
Benefit payments, including refunds	(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>	13,221,733	(9,558,668)	9,017,310	839,453	(3,268,085)
<b>Plan Fiduciary Net Position - Beginning of year</b>	82,867,182	92,425,850	83,408,540	82,569,087	85,837,172
<b>Plan Fiduciary Net Position - End 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>City's Net Pension Liability - Ending</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>	85.92 %	73.69 %	84.05 %	77.21 %	77.38 %
<b>Covered Payroll</b>	\$ 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>	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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 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	\$ 2,414,020
Contributions in relation to the actuarially determined contribution	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	3,177,149
<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>\$ 763,129</b>				
<b>Covered Payroll</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>\$ 7,700,000</b>
<b>Contributions as a Percentage of Covered Payroll</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>	<b>41.26 %</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, 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: Level Dollar, Closed  
Police and Fire: Level Percentage of Payroll, Closed

Remaining amortization period General: 13 years as of December 31, 2019  
Police and Fire: 19 years as of December 31, 2019

Asset valuation method Four-year smoothed market; 25 percent corridor

Inflation 2.50 percent

Salary increase 3.0 percent to 6.8 percent, including inflation at 2.5 percent

Investment rate of return 7.00 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.

Required Supplemental Information  
Schedule of Pension Plan Investment Returns

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**Last Four Plan Years  
Years Ended December 31**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	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 Five Plan Years</b>				
	<b>Plan Years Ended December 31</b>				
	2019	2018	2017	2016	2015
City's proportion of the net pension liability	79.85371 %	79.11474 %	79.43957 %	75.85075 %	78.53700 %
City's proportionate share of the net pension liability	\$ 12,573,899	\$ 23,403,011	\$ 13,930,240	\$ 18,676,413	\$ 18,959,205
City's covered payroll	\$ 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	241.70 %	455.44 %	278.05 %	331.14 %	335.84 %
Plan fiduciary net position as a percentage of total pension liability	85.92 %	73.69 %	84.05 %	77.21 %	77.38 %

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

	Last Three Fiscal Years		
	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 816,659	\$ 781,151	\$ 733,684
Interest	3,458,074	3,535,732	3,438,175
Differences between expected and actual experience	(3,679,415)	(4,372,588)	-
Changes in assumptions	2,156,813	1,463,911	(285,488)
Benefit payments, including refunds	<u>(2,468,596)</u>	<u>(2,637,395)</u>	<u>(2,442,993)</u>
<b>Net Change in Total OPEB Liability</b>	283,535	(1,229,189)	1,443,378
<b>Total OPEB Liability - Beginning of year</b>	<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>\$ 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	\$ 2,968,596	\$ 3,137,395	\$ 2,942,993
Net investment income	36,170	129,977	119,620
Administrative expenses	(766)	(1,604)	(7,525)
Benefit payments, including refunds	<u>(2,468,596)</u>	<u>(2,637,395)</u>	<u>(2,442,993)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	535,404	628,373	612,095
<b>Plan Fiduciary Net Position - Beginning of year</b>	<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>\$ 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>\$ 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>	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 Three Fiscal Years		
	Years Ended June 30		
	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	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**

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	<b>Last Four Fiscal Years Years Ended June 30</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	90.41103 %	90.87438 %	90.76752 %	90.76752 %
City's proportionate share of the net OPEB liability	\$ 42,674,561	\$ 43,122,146	\$ 44,787,507	\$ 44,032,467
Plan fiduciary net position as a percentage of total OPEB liability	5.79 %	4.75 %	3.40 %	2.30 %

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 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	\$ 5,319,708
Contributions in relation to the actuarially determined contribution	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	3,195,442
<b>Contribution Deficiency</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>\$ (2,124,266)</b>
<b>Covered-employee Payroll</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>\$ 9,131,710</b>
<b>Contributions as a Percentage of Covered-employee Payroll</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>	<b>34.99 %</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	3.70 percent to 6.8 percent
Investment rate of return	7.00 percent
Retirement age	52-65 years
Mortality	Society of Actuaries Pub-2010 Public Retirement Plans

***OPEB Information***

**Changes in Assumptions**

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, 2020

	Nonmajor Special Revenue Funds							Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total
	Major Highway Fund	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Indigent Defense Fund	Library Fund	Rubbish Fund	Community Center Debt Fund	Capital Projects Fund	
<b>Assets</b>										
Cash and investments	\$ 1,089,839	\$ 960,937	\$ 633,730	\$ 133,495	\$ 114,968	\$ 150	\$ 213,613	\$ 266,664	\$ 1,461,317	\$ 4,874,713
Receivables - Due from other governmental units	297,293	107,459	-	-	-	89,678	-	-	-	494,430
Due from other funds	-	-	-	-	-	-	-	-	15,745	15,745
Restricted assets	-	-	-	-	-	-	-	-	2,000,000	2,000,000
<b>Total assets</b>	<b>\$ 1,387,132</b>	<b>\$ 1,068,396</b>	<b>\$ 633,730</b>	<b>\$ 133,495</b>	<b>\$ 114,968</b>	<b>\$ 89,828</b>	<b>\$ 213,613</b>	<b>\$ 266,664</b>	<b>\$ 3,477,062</b>	<b>\$ 7,384,888</b>
<b>Liabilities</b>										
Accounts payable	\$ 747,243	\$ 112,004	\$ 15,461	\$ 581	\$ -	\$ 7,958	\$ 4,358	\$ -	\$ 124,595	\$ 1,012,200
Due to other funds	-	-	-	-	-	15,745	-	-	231,250	246,995
Refundable deposits and bonds	-	-	12,746	-	-	-	-	-	-	12,746
Accrued liabilities and other	-	-	14,296	-	-	15,888	-	-	-	30,184
Unearned revenue	-	-	-	-	114,968	-	-	-	-	114,968
<b>Total liabilities</b>	<b>747,243</b>	<b>112,004</b>	<b>42,503</b>	<b>581</b>	<b>114,968</b>	<b>39,591</b>	<b>4,358</b>	<b>-</b>	<b>355,845</b>	<b>1,417,093</b>
<b>Fund Balances</b>										
Restricted:										
Roads	639,889	956,392	-	-	-	-	-	-	-	1,596,281
Police	-	-	-	132,914	-	-	-	-	-	132,914
Debt service	-	-	-	-	-	-	-	266,664	-	266,664
Capital projects (unspent bond proceeds)	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Building	-	-	591,227	-	-	-	-	-	-	591,227
Library	-	-	-	-	-	50,237	-	-	-	50,237
Rubbish	-	-	-	-	-	-	209,255	-	-	209,255
Assigned - Capital projects	-	-	-	-	-	-	-	-	1,121,217	1,121,217
<b>Total fund balances</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>266,664</b>	<b>3,121,217</b>	<b>5,967,795</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,387,132</b>	<b>\$ 1,068,396</b>	<b>\$ 633,730</b>	<b>\$ 133,495</b>	<b>\$ 114,968</b>	<b>\$ 89,828</b>	<b>\$ 213,613</b>	<b>\$ 266,664</b>	<b>\$ 3,477,062</b>	<b>\$ 7,384,888</b>

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

Year Ended June 30, 2020

	Nonmajor Special Revenue Funds						Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total	
	Major Highway Fund	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Indigent Defense Fund	Library Fund	Rubbish Fund	Community Center Debt Fund		
<b>Revenue</b>										
Property taxes	\$ -	\$ 1,508,592	\$ -	\$ -	\$ -	\$ 613,090	\$ 1,840,315	\$ 384,671	\$ -	\$ 4,346,668
Intergovernmental	2,130,123	832,994	-	1,687	74,152	114,617	41,222	18,585	-	3,213,380
Charges for services	-	-	586,553	-	-	-	-	-	-	586,553
Fines and forfeitures	-	-	-	85,555	-	4,508	-	-	-	90,063
Investment income	-	-	7,568	-	-	-	-	-	-	7,568
Other revenue	-	-	-	-	-	1,000	819	5,120	-	6,939
<b>Total revenue</b>	<b>2,130,123</b>	<b>2,341,586</b>	<b>594,121</b>	<b>87,242</b>	<b>74,152</b>	<b>733,215</b>	<b>1,882,356</b>	<b>408,376</b>	<b>-</b>	<b>8,251,171</b>
<b>Expenditures</b>										
Current services:										
General government	-	-	603,735	-	-	-	-	-	-	603,735
District court	-	-	-	-	74,152	-	-	-	-	74,152
Public safety	-	-	-	79,259	-	-	-	-	-	79,259
Public works	2,604,547	2,859,843	-	-	-	-	1,797,772	-	-	7,262,162
Recreation and culture	-	-	-	-	-	947,852	-	-	-	947,852
Capital outlay	-	-	-	-	-	-	-	-	536,107	536,107
Debt service:										
Principal	-	-	-	-	-	-	-	275,000	219,772	494,772
Interest and fiscal charges	-	-	-	-	-	-	-	123,476	5,343	128,819
<b>Total expenditures</b>	<b>2,604,547</b>	<b>2,859,843</b>	<b>603,735</b>	<b>79,259</b>	<b>74,152</b>	<b>947,852</b>	<b>1,797,772</b>	<b>398,476</b>	<b>761,222</b>	<b>10,126,858</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(474,424)</b>	<b>(518,257)</b>	<b>(9,614)</b>	<b>7,983</b>	<b>-</b>	<b>(214,637)</b>	<b>84,584</b>	<b>9,900</b>	<b>(761,222)</b>	<b>(1,875,687)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	500,000	-	-	-	-	-	-	1,671,115	2,171,115
Transfers out	-	-	(500,000)	-	-	-	-	-	-	(500,000)
New debt issued	-	-	-	-	-	-	-	-	2,000,000	2,000,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>500,000</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,671,115</b>	<b>3,671,115</b>
<b>Net Change in Fund Balances</b>	<b>(474,424)</b>	<b>(18,257)</b>	<b>(509,614)</b>	<b>7,983</b>	<b>-</b>	<b>(214,637)</b>	<b>84,584</b>	<b>9,900</b>	<b>2,909,893</b>	<b>1,795,428</b>
<b>Fund Balances - Beginning of year</b>	<b>1,114,313</b>	<b>974,649</b>	<b>1,100,841</b>	<b>124,931</b>	<b>-</b>	<b>264,874</b>	<b>124,671</b>	<b>256,764</b>	<b>211,324</b>	<b>4,172,367</b>
<b>Fund Balances - End of year</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>\$ 266,664</b>	<b>\$ 3,121,217</b>	<b>\$ 5,967,795</b>

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

**June 30, 2020**

	Pension Trust Fund - December 31, 2019	Retiree Healthcare Fund	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,196,555	\$ 5,542	\$ 2,202,097
Investments:			
Treasury bonds	8,512,970	-	8,512,970
Agency securities	2,098,452	-	2,098,452
Mutual funds - Fixed income	4,388,660	887,025	5,275,685
Mortgage securities	801,020	-	801,020
Stocks	12,359,074	-	12,359,074
Corporate bonds	10,185,716	-	10,185,716
ETF - Equity	17,170,293	498,889	17,669,182
Mutual funds - Equity	38,208,796	1,509,742	39,718,538
Receivables - Accrued interest	167,379	507	167,886
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<b>\$ 96,088,915</b>	<b>\$ 2,901,705</b>	<b>\$ 98,990,620</b>

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

**Year Ended June 30, 2020**

	Pension Trust Fund - December 31, 2019	Retiree Healthcare Fund	Total Fiduciary Funds
<b>Additions</b>			
Investment income (expense):			
Interest and dividends	\$ 2,107,066	\$ 61,197	\$ 2,168,263
Net increase (decrease) in fair value of investments	15,506,893	(12,520)	15,494,373
Investment-related expenses	<u>(286,188)</u>	<u>(12,507)</u>	<u>(298,695)</u>
Total investment income	17,327,771	36,170	17,363,941
Contributions:			
Employer	2,832,930	2,968,596	5,801,526
Employee	<u>469,853</u>	<u>-</u>	<u>469,853</u>
Total contributions	<u>3,302,783</u>	<u>2,968,596</u>	<u>6,271,379</u>
Total additions	20,630,554	3,004,766	23,635,320
<b>Deductions</b>			
Benefit payments	7,408,821	2,468,596	9,877,417
Administrative expenses	<u>-</u>	<u>766</u>	<u>766</u>
Total deductions	<u>7,408,821</u>	<u>2,469,362</u>	<u>9,878,183</u>
<b>Net Increase in Net Position Restricted for Pension and Other Employee Benefits</b>	13,221,733	535,404	13,757,137
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<u>82,867,182</u>	<u>2,366,301</u>	<u>85,233,483</u>
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 96,088,915</u></u>	<u><u>\$ 2,901,705</u></u>	<u><u>\$ 98,990,620</u></u>

**Other Supplemental Information  
Combining Statement of Assets and Liabilities  
Agency Funds**

**June 30, 2020**

	<u>Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Total Agency Funds</u>
<b>Assets - Cash and cash equivalents</b>	<b>\$ 24,395</b>	<b>\$ 232,608</b>	<b>\$ 257,003</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 13,654	\$ 13,654
Due to other governmental units	24,395	-	24,395
Accrued liabilities and other	-	218,954	218,954
Total liabilities	<b>\$ 24,395</b>	<b>\$ 232,608</b>	<b>\$ 257,003</b>