

CITY OF RIVER ROUGE, MICHIGAN

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

June 30, 2021

CITY OF RIVER ROUGE, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the City Council
City of River Rouge, 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 River Rouge, Michigan (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 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 City'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 City'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.

To the Honorable Mayor
and Members of the City Council
City of River Rouge, Michigan
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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, 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, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 84

For the year ended June 30, 2021, the City adopted the provision of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This new accounting standard results in the application of a new framework for evaluating and reporting fiduciary activities within the City's basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Additionally, accounting principles generally accepted in the United States of America require that the certain information for the defined benefit pension plan and the retiree health care plan also 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

To the Honorable Mayor
and Members of the City Council
City of River Rouge, Michigan
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Other Information

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

The other supplemental information is the responsibility of management and was derived from and relate 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.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are written in a cursive, slightly slanted style.

Farmington Hills, Michigan
January 27, 2022

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Our discussion and analysis of the City of River Rouge, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements.

Overview of the Financial Statements

The City of River Rouge's basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position (deficit) includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

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

- Governmental activities - Most of the City's basic services are included here, such as the police, fire, public works, parks departments, and general administration. Property taxes, state-shared revenue, charges for services, and grants provide most of the City's funding.
- Business-type activities - The City charges fees to customers to cover costs of providing water and sewer services.
- Component units - The City includes two other entities in its report, the Economic Development Corporation and the Downtown Development Authority. Although legally separate, these "component units" are important because the City exercises control over them.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting tools that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The City Council establishes other funds to control and manage money for particular purposes.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out and the balance left at year end that is available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund reporting, like government-wide statements, provide both short- and long-term financial information.
- Fiduciary funds - The City is responsible for ensuring that the assets in these funds are used for their intended purposes. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2021:

- Total General Fund revenue increased from \$11,484,569 to \$12,309,440 or 7.2% with expenditures decreasing from \$12,291,303 to \$12,279,287 or .1% resulting in an increase to fund balance of \$30,153.
- The City continued to see a decrease in property taxes with the taxable value (TV) for the 2020 tax year (2020/2021 fiscal year) dropping from \$159.8 million to \$145.8 million or 8.8%. The TV decrease resulted in the General Fund property tax revenue decreasing by \$370,950. The City's tax base historically been approximately 50-60% personal property taxes and continues to comprise a substantial portion of the lost TV annually (49% for fiscal 2021). The part of the loss in current year and prior year's property taxes was replaced by the State of Michigan's reimbursement for lost industrial personal property taxes. The reimbursement for the General Fund totaled \$4,473,903 and is included as state grant revenue.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Financial Highlights (Continued)

- The General Fund's license and building permits fees were \$170,268 greater than last year primarily due to new construction and license fees generated from the marijuana industry within the City.
- State revenue and grants were more than anticipated primarily due to the reimbursement from the State for the loss of industrial personal property taxes being \$412,712 more than last fiscal year in addition to an increase of \$179,257 in state revenue sharing due to a rebound in statewide sales tax collections post COVID-19 pandemic.
- Federal Grants related to the COVID-19 pandemic were received in the General Fund totaling \$562,202 significantly helping offset lost revenue.
- The General Fund received the first revenue sharing payment from the State of Michigan related to Marijuana revenue sharing totaling \$112,005.
- The General Fund made a contribution over and above the pay-as-you-go amount to the OPEB Trust Fund totaling \$800,000.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position (deficit) and the statement of activities provide information about the activities of the City of River Rouge as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

The City of River Rouge as a Whole

The following table shows, in a condensed format, the net position (deficit) as of June 30, 2021, in thousands of dollars and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Capital assets	\$ 8,812	\$ 8,611	\$ 37,604	\$ 38,706	\$ 46,416	\$ 47,317
Other assets	13,286	6,088	7,800	8,288	21,086	14,376
Total assets	22,098	14,699	45,404	46,994	67,502	61,693
Deferred outflows of resources	611	3,821	6	57	617	3,878
Liabilities						
Current liabilities	2,407	2,329	1,852	1,394	4,259	3,723
Long-term liabilities	26,540	41,369	6,625	7,231	33,165	48,600
Total liabilities	28,947	43,698	8,477	8,625	37,424	52,323
Deferred inflows of resources	12,728	439	220	4	12,948	443
Net Position (Deficit)						
Invested in capital assets -						
Net of related debt	2,629	2,757	30,723	31,330	33,352	34,087
Restricted	2,867	3,404	1,332	1,306	4,199	4,710
Unrestricted	(24,462)	(31,778)	4,658	5,786	(19,804)	(25,992)
Total net position (deficit)	\$ (18,966)	\$ (25,617)	\$ 36,713	\$ 38,422	\$ 17,747	\$ 12,805

The City has combined net position of approximately \$17.7 million at June 30, 2021. This is comprised of \$36.7 million of business-type activities net of \$19.0 million net position deficit in the governmental activities.

Of the total combined net position, approximately \$33.4 million is invested in capital assets, net of related debt, while \$4.2 million is restricted for various purposes and cannot be used for general operations.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

The following table shows the changes in the net position (deficit) for the year ended June 30, 2021 in thousands of dollars and compared to prior year:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue						
Charges for services	\$ 1,416	\$ 1,570	\$ 3,365	\$ 4,459	\$ 4,781	\$ 6,029
Operating grants and contributions	718	162	-	-	718	162
Capital grants and contributions	58	-	-	-	58	-
General revenue						
Property taxes	5,850	6,024	89	254	5,939	6,278
State-shared revenue	9,180	8,423	229	184	9,409	8,607
Investment income	19	109	29	78	48	187
Unrealized gain on investment	-	-	3	40	3	40
Other miscellaneous income	930	681	-	-	930	681
Total revenue	18,171	16,969	3,715	5,015	21,886	21,983
Program Expenses						
General government	6,371	7,088	-	-	6,371	7,088
Public safety	3,292	6,446	-	-	3,292	6,446
Public works	632	212	-	-	632	212
Community and economic development	(16)	152	-	-	(16)	152
Recreation and culture	509	450	-	-	509	450
Interest on long-term debt	732	754	-	-	732	754
Water and sewer	-	-	5,424	4,949	5,424	4,949
Total program expenses	11,520	15,102	5,424	4,949	16,944	20,051
Change in Net Position	6,651	1,867	(1,709)	66	4,942	1,933
Net Position (Deficit), Beginning of Year	(25,617)	(27,484)	38,422	38,356	12,805	10,872
Net Position (Deficit), End of Year	\$ (18,966)	\$ (25,617)	\$ 36,713	\$ 38,422	\$ 17,747	\$ 12,805

Total net position increased by approximately \$4.9 million. Included in the net increase is a decrease in business-type net position of \$1.7 million and an increase in governmental activities of \$6.6 million.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Governmental Activities

The City's total governmental revenue and transfers totaled approximately \$18.2 million, with the one of the largest revenues provided by property taxes. This represents 32.2 percent of governmental revenue in 2021 along with State Sources revenue making up 50.5 percent. General government expenditures, including pension contributions and retiree healthcare costs, are significant amongst the governmental activities, making up 55.3 percent of total governmental expenditures. The largest expenditures in the general government are insurance and pension costs. Public safety is the next most significant expenditure program, making up approximately 28.6 percent of governmental activities. While public safety activities do bring in some revenue from charges from services and various grants, the function heavily relies on general revenue of the City to support the majority of its operations.

Business-type Activities

The City's business-type activities consist solely of the Water and Sewer Fund. The City provides water to residents from the Detroit Water and Sewerage Department. River Rouge collaborates with 12 other communities and Wayne County for wastewater treatment. The City Council passed an ordinance in the mid 1990's requiring the rates for both water and sewer to be increased annually in the same percentages as the cost of water and sewer from DWSD and the Downriver Sewage Disposal System.

The Water and Sewer Fund was hit hard by the COVID-19 pandemic as the largest water and sewer customer shut down their plant in December 2020. After consideration of property tax collections and other non-operating revenue and expenses, the Water and Sewer Fund experienced a net decrease in net position of approximately \$1.7 million. In addition to the loss, that figure includes property tax revenue to pay debt service that is not recorded as an expense, but rather a reduction of a liability. A more accurate measure of the Water and Sewer Fund's position is the in its working capital, the difference between current assets and current liabilities. This is an indicator of the fund's ability to pay its bills as they come due. In 2021 the working capital decreased significantly to \$3,805,000 or 24.7%. At a bare minimum, this fund should have working capital equivalent to 90 days of operating costs, plus a reserve for emergency capital improvements, roughly \$1.0 million. Once that is achieved, the City can begin accumulating money for long-term capital improvements.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

The City's Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City's major funds for 2021 include the General Fund, Pension Levy Fund, Refuse Fund, Grant Fund, Capital Projects Fund, and the Water and Sewer Fund (a proprietary fund).

The General Fund pays for most of the City's governmental services. The most significant cost of the General Fund is employee fringes, coming in at 28.8 percent of total expenditures. As healthcare costs continue to rise, this category of expenditures increases accordingly.

Another significant cost of the General Fund are police and fire services, which incurred expenses of approximately \$3.75 million in 2021, and represents approximately 30.5 percent of the total General Fund expenditures.

The City issued \$2,780,000 of debt to repair and resurface a significant portion of the City roads in fiscal year 2019. The debt proceeds were spent over multiple years and the project was completed during fiscal year 2021.

The Pension Levy Fund continues to be a major fund this year. This fund generated approximately \$1.7 million in revenue from property taxes to put toward the \$3.4 million of required contributions made into the pension systems. The required pension contribution increased \$41,019 from 2020. Remaining excess property tax collections in this fund are restricted for future contributions or for delinquent tax chargebacks. Due to the nature of the delinquent tax revolving fund, the City keeps a reserve on hand to absorb any future chargebacks billed by the County for uncollectible taxes.

Capital Assets and Debt Administration

The City's investment in capital assets continued to be conservative in response to the reduction in revenue and increased healthcare and other costs, making purchases only when necessary. The governmental activities purchased a police vehicle, body cameras for police, senior center roof replacement, two used DPW vehicles, park playground equipment, and replaced sidewalks and roads totaling \$690,983. The majority of the capital assets were purchased with grant funds from the State of Michigan and Wayne County along with the road bond proceeds.

In addition to the activity above, the Water and Sewer Fund had water and sewer infrastructure replacements totaling \$47,080.

CITY OF RIVER ROUGE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Economic Factors and Next Year's Budgets and Rates

The General Fund finished the 2021 fiscal year with an increase in fund balance of approximately \$30,000 (the first increase in many years). The City had planned to use some of the prior year's surplus on quality-of-life purchase such as park playground equipment, Belanger Park improvements and equipment for the public safety department totaling approximately \$340,000. The COVID-19 pandemic hit the City hard in the last quarter of 2020 with significant loss of revenue, but grants received in the current year help offset those losses. Not only the General Fund but the Drug Forfeiture Fund ran out of funds as well and both funds are struggling to recover the loss revenue going forward. Additional federal grants over the next two years will help with balancing the General Fund budget. The future remains challenging for the City of River Rouge. Residential property values have begun to stabilize but the loss of personal property taxes state-wide saw the taxable value for the City continue to drop from 160 million to 146 million, The State currently reimburses the City for much of the lost revenue from the elimination of the industrial personal property taxes, but the reimbursement is only made through the annual appropriation process and can be eliminated at any time. In addition, the City's largest taxpayer will be shutting down their plant in 2022 which will result in the loss of another 84 million in taxable value. The City will continue to look for opportunities to contain costs where possible. To aid in this effort, the City continues to update the 3-year projection of General Fund revenues and expenditures (3-year budget) and will continue to update the projection as new information presents itself.

Contacting the City's Management

This financial report is intended to provide our 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. If you have questions about this report or need additional information, we welcome you to contact the mayor's office at (313) 842-5604 or at 10600 West Jefferson Ave., River Rouge, MI 48218.

CITY OF RIVER ROUGE, MICHIGAN
STATEMENT OF NET POSITION (DEFICIT)
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 3,227,656	\$ 2,538,550	\$ 5,766,206	\$ 666,044
Investments (Note 3)	1,241,420	1,634,574	2,875,994	55,290
Receivables (Note 4)	1,225,575	1,483,536	2,709,111	-
Prepaid expenses	407,252	579	407,831	-
Other assets	8,678	-	8,678	-
Accrued interest receivable	2,968	-	2,968	90
Restricted assets (Note 9)	-	1,854,276	1,854,276	-
Capital assets, net (Note 6)				
Assets not subject to depreciation	620,177	150,378	770,555	-
Assets subject to depreciation	8,191,846	37,454,122	45,645,968	-
Net pension asset (Note 11 and 12)	7,172,506	288,593	7,461,099	-
Total assets	<u>22,098,078</u>	<u>45,404,608</u>	<u>67,502,686</u>	<u>721,424</u>
Deferred Outflows of Resources -				
OPEB (Note 15)	611,397	5,936	617,333	-
Liabilities				
Accounts payable	678,720	1,353,605	2,032,325	11,742
Accrued liabilities and other	531,826	35,394	567,220	7,144
Noncurrent liabilities:				
Due within one year (Note 8)				
Compensated absences	425,000	-	425,000	-
Current portion of long-term debt	521,283	463,682	984,965	-
Other accrued liabilities	250,000	-	250,000	-
Due in more than one year				
Compensated absences (Note 8)	624,479	10,350	634,829	-
Net OPEB liability (Note 15)	20,231,764	196,425	20,428,189	-
Long-term debt (Note 8)	5,684,254	6,417,735	12,101,989	-
Total liabilities	<u>28,947,326</u>	<u>8,477,191</u>	<u>37,424,517</u>	<u>18,886</u>
Deferred Inflows of Resources				
Pension (Notes 11 and 12)	10,851,733	201,729	11,053,462	-
OPEB (Note 15)	1,876,408	18,218	1,894,626	-
	<u>12,728,141</u>	<u>219,947</u>	<u>12,948,088</u>	<u>-</u>
Net Position (Deficit)				
Net investment in capital assets	2,629,454	30,723,083	33,352,537	-
Restricted:				
Debt service	-	1,331,810	1,331,810	-
Refuse	1,580,219	-	1,580,219	-
Library	1,108,549	-	1,108,549	-
Pension	173,878	-	173,878	-
Roads	4,459	-	4,459	-
Unrestricted	<u>(24,462,551)</u>	<u>4,658,513</u>	<u>(19,804,038)</u>	<u>702,538</u>
Total net position (deficit)	<u>\$ (18,965,992)</u>	<u>\$ 36,713,406</u>	<u>\$ 17,747,414</u>	<u>\$ 702,538</u>

CITY OF RIVER ROUGE, MICHIGAN
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 6,370,697	\$ 1,010,025	\$ 545,202	\$ 57,832	\$ (4,757,638)	\$ -	\$ (4,757,638)	\$ -
Public safety	3,292,861	30,923	80,052	-	(3,181,886)	-	(3,181,886)	-
Public works	631,669	374,961	-	-	(256,708)	-	(256,708)	-
Community and economic development	(16,339)	-	92,709	-	109,048	-	109,048	-
Recreation and culture	508,848	355	-	-	(508,493)	-	(508,493)	-
Interest and cost on long-term debt	732,414	-	-	-	(732,414)	-	(732,414)	-
Total governmental activities	<u>11,520,150</u>	<u>1,416,264</u>	<u>717,963</u>	<u>57,832</u>	<u>(9,328,091)</u>	<u>-</u>	<u>(9,328,091)</u>	<u>-</u>
Business-type activities								
Water and sewer	5,424,503	3,365,464	-	-	-	(2,059,039)	(2,059,039)	-
Total primary government	<u>\$ 16,944,653</u>	<u>\$ 4,781,728</u>	<u>\$ 717,963</u>	<u>\$ 57,832</u>	<u>(9,328,091)</u>	<u>(2,059,039)</u>	<u>(11,387,130)</u>	<u>-</u>
Component units								
Economic Development Corporation	\$ 336,358	\$ 259,942	\$ -	\$ -	-	-	-	(76,416)
Downtown Development Authority	62,338	-	-	-	-	-	-	(62,338)
Total component units	<u>\$ 398,696</u>	<u>\$ 259,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,754)</u>
General revenue								
Property taxes					5,849,763	89,035	5,938,798	73,519
State revenue					9,179,914	228,835	9,408,749	107,447
Investment income					19,658	28,489	48,147	1,131
Unrealized gain on investment					-	3,111	3,111	-
Other miscellaneous income					929,570	-	929,570	41,326
Total general revenue					<u>15,978,905</u>	<u>349,470</u>	<u>16,328,375</u>	<u>223,423</u>
Change in Net Position					<u>6,650,814</u>	<u>(1,709,569)</u>	<u>4,941,245</u>	<u>84,669</u>
Net Position (Deficit) - Beginning of year					<u>(25,616,806)</u>	<u>38,422,975</u>	<u>12,806,169</u>	<u>617,869</u>
Net Position (Deficit) - End of year					<u>\$ (18,965,992)</u>	<u>\$ 36,713,406</u>	<u>\$ 17,747,414</u>	<u>\$ 702,538</u>

CITY OF RIVER ROUGE, MICHIGAN
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	General Fund	Pension Levy Fund	Refuse Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total
Assets							
Cash and cash equivalents (Note 3)	\$ 633,728	\$ 173,878	\$ 1,098,372	\$ 70,572	\$ 483,411	\$ 767,695	\$ 3,227,656
Investments (Note 3)	292,957	-	546,952	-	-	401,511	1,241,420
Receivables (Note 4)	516,001	-	-	235,191	334,501	139,882	1,225,575
Due from other funds (Note 7)	667,198	-	-	-	-	-	667,198
Prepaid expenses and deposits	407,252	-	-	-	-	-	407,252
Other assets	-	-	-	-	-	8,678	8,678
Accrued interest receivable	2,968	-	-	-	-	-	2,968
Total assets	\$ 2,520,104	\$ 173,878	\$ 1,645,324	\$ 305,763	\$ 817,912	\$ 1,317,766	\$ 6,780,747
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 525,265	\$ -	\$ 56,710	\$ 789	\$ 3,895	\$ 92,061	\$ 678,720
Due to other funds (Note 7)	-	-	-	278,946	300,000	88,252	667,198
Accrued liabilities and other	461,050	-	8,395	1,278	-	24,445	495,168
Total liabilities	986,315	-	65,105	281,013	303,895	204,758	1,841,086
Deferred inflows of resources - Unavailable revenue (Note 5)	-	-	-	259,940	378,518	-	638,458
Fund Balances							
Nonspendable - Prepays	407,252	-	-	-	-	-	407,252
Restricted							
Refuse	-	-	1,580,219	-	-	-	1,580,219
Library	-	-	-	-	-	1,108,549	1,108,549
Pension	-	173,878	-	-	-	-	173,878
Capital projects	-	-	-	-	135,499	-	135,499
Roads	-	-	-	-	-	4,459	4,459
Unassigned	1,126,537	-	-	(235,190)	-	-	891,347
Total fund balances	1,533,789	173,878	1,580,219	(235,190)	135,499	1,113,008	4,301,203
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,520,104	\$ 173,878	\$ 1,645,324	\$ 305,763	\$ 817,912	\$ 1,317,766	\$ 6,780,747

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

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (DEFICIT)
June 30, 2021**

Fund Balance Reported in Governmental Funds	\$ 4,301,203
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	8,812,023
Other receivables are expected to be collected over several years and are not available to pay for current year expenditures (net of allowances)	638,458
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(6,205,537)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore they are not recorded as fund liabilities	(1,049,479)
Accrued interest is not due and payable in the current period and is not reported in the funds	(36,658)
Self-insured liability is not due and payable in the current period and is not reported in the governmental funds	(250,000)
OPEB and pension related deferred outflows and inflows are not reported in the funds	(12,116,744)
Net OPEB liability is not reported in the governmental funds	(20,231,764)
Net pension asset is not reported in the governmental funds	<u>7,172,506</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (18,965,992)</u></u>

CITY OF RIVER ROUGE, MICHIGAN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2021

	General Fund	Pension Levy Fund	Refuse Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total
Revenue							
Property taxes	\$ 3,616,642	\$ 1,702,031	\$ 418,923	\$ -	\$ -	\$ 112,167	\$ 5,849,763
Licenses and permits	567,185	-	-	-	-	-	567,185
Federal grants	562,202	-	-	-	-	80,052	642,254
State revenue and grants	5,974,423	1,296,041	817,000	-	265,400	1,092,450	9,445,314
Charges for services	1,019,976	-	17,606	-	-	-	1,037,582
Fines and forfeitures	378,682	-	-	-	-	-	378,682
Investment income	7,573	3,685	5,447	-	-	2,953	19,658
Other revenue	182,757	-	-	7,839	170,000	1,789	362,385
Total revenue	12,309,440	3,001,757	1,258,976	7,839	435,400	1,289,411	18,302,823
Expenditures							
Current							
General government	6,202,103	757,536	-	-	-	-	6,959,639
District court	247,010	-	-	-	-	-	247,010
Public safety	3,752,454	2,642,893	-	-	-	80,088	6,475,435
Public works	862,164	-	988,803	-	-	658,910	2,509,877
Community and economic development	50,000	-	-	88,386	-	-	138,386
Recreation and culture	469,293	-	-	-	-	102,883	572,176
Debt service	396,263	-	9,870	-	-	329,371	735,504
Capital outlay	-	-	12,800	-	13,815	513,152	539,767
Total expenditures	11,979,287	3,400,429	1,011,473	88,386	13,815	1,684,404	18,177,794
Excess of Revenue Over (Under) Expenditures	330,153	(398,672)	247,503	(80,547)	421,585	(394,993)	125,029
Other Financing Sources (Uses)							
Transfers in (Note 7)	-	-	-	-	300,000	123,451	423,451
Transfers out (Note 7)	(300,000)	-	-	-	-	(123,451)	(423,451)
Total other financing sources (uses)	(300,000)	-	-	-	300,000	-	-
Net Change in Fund Balances	30,153	(398,672)	247,503	(80,547)	721,585	(394,993)	125,029
Fund Balances - Beginning of year	1,503,636	572,550	1,332,716	(154,643)	(586,086)	1,508,001	4,176,174
Fund Balances - End of year	\$ 1,533,789	\$ 173,878	\$ 1,580,219	\$ (235,190)	\$ 135,499	\$ 1,113,008	\$ 4,301,203

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

CITY OF RIVER ROUGE, MICHIGAN
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 125,029

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	690,983
Depreciation expense	(490,006)

Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(131,859)
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Change in net pension liabilities and pension-related deferred outflows and inflows reported in the statement of activities do not require the use of current resources, and therefore, are not reported in the fund statements until payment is due	5,025,560
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Repayment of bond principal and debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	511,088
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Interest expense is recorded in the statement of activities when a liability is incurred; it is reported in the funds only when payment is due	3,090
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Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	64,563
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Change in the self-insurance liability is recorded in the governmental fund when payable, not when an estimated liability is present	(60,000)
--	----------

Changes in net OPEB liabilities and OPEB-related deferred outflows and inflows reported in the statement of activities do not require the use of current resources, and therefore, are not reported in the fund statements until payment is due	<u>912,366</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 6,650,814</u></u>
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**CITY OF RIVER ROUGE, MICHIGAN
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 June 30, 2021**

	Water and Sewer
Assets	
Current assets	
Cash and cash equivalents (Note 3)	\$ 2,538,550
Investments (Note 3)	1,634,574
Receivables (Note 4)	1,483,536
Prepaid expense	579
Total current assets	<u>5,657,239</u>
Noncurrent assets	
Capital assets (Note 6)	
Assets not subject to depreciation	150,378
Assets subject to depreciation	37,454,122
Restricted assets (Note 9)	1,854,276
Net pension asset (Note 11)	288,593
Total noncurrent assets	<u>39,747,369</u>
Total assets	<u>45,404,608</u>
Deferred Outflows of Resources -	
OPEB (Note 15)	<u>5,936</u>
Liabilities	
Current liabilities	
Accounts payable	1,353,605
Accrued and other liabilities	35,394
Current portion of long-term debt (Note 8)	463,682
Total current liabilities	<u>1,852,681</u>
Noncurrent liabilities	
Compensated absences (Note 8)	10,350
Net OPEB liability (Note 15)	196,425
Long-term debt (Note 8)	6,417,735
Total noncurrent liabilities	<u>6,624,510</u>
Total liabilities	<u>8,477,191</u>
Deferred Inflows of Resources	
Pension (Note 11)	201,729
OPEB (Note 15)	18,218
	<u>219,947</u>
Net Position	
Net investment in capital assets	30,723,083
Restricted - Debt service	1,331,810
Unrestricted	4,658,513
Total net position	<u>\$ 36,713,406</u>

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

**CITY OF RIVER ROUGE, MICHIGAN
 PROPRIETARY FUND
 STATEMENT OF REVENUE, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 Year Ended June 30, 2021**

	Water and Sewer
Operating Revenue	
Sale of water and sewage disposal charges	<u>\$ 3,365,464</u>
Operating Expenses	
Cost of water	679,515
Cost of sewage treatment	910,704
Other operations and maintenance	2,572,832
Depreciation	<u>1,148,645</u>
Total operating expenses	<u>5,311,696</u>
Operating Loss	<u>(1,946,232)</u>
Nonoperating Revenue (Expense)	
Property tax revenue, net	89,035
State revenue	228,835
Investment income	28,489
Interest expense	(112,807)
Gain on investment	<u>3,111</u>
Total nonoperating revenue	<u>236,663</u>
Change in Net Position	(1,709,569)
Net Position - Beginning of Year	<u>38,422,975</u>
Net Position - End of Year	<u><u>\$ 36,713,406</u></u>

CITY OF RIVER ROUGE, MICHIGAN
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 3,817,702
Payments to suppliers	(3,539,369)
Payments to employees	(303,998)
	<u>(25,665)</u>
Net cash used in operating activities	<u>(25,665)</u>
Cash Flows from Capital and Related Financing Activities	
Property taxes (restricted for capital or capital debt)	89,035
State revenue	228,835
Principal and interest paid on capital debt	(489,750)
Replenishment of reserves held at the County	(148,006)
	<u>(319,886)</u>
Net cash used in capital and related financing activities	<u>(319,886)</u>
Cash Flows from Investing Activities	
Proceeds from investments	377,863
Purchase of capital assets	(47,080)
Interest income	54,080
	<u>384,863</u>
Net cash provided by investing activities	<u>384,863</u>
Net Increase in Cash and Cash Equivalents	39,312
Cash and Cash Equivalents - Beginning of year	<u>2,499,238</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 2,538,550</u></u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities	
Operating loss	\$ (1,946,232)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization	1,148,645
Changes in assets and liabilities:	
Receivables	452,238
Other assets	51,509
Accounts payable	467,596
Accrued and other liabilities	(199,421)
	<u>(25,665)</u>
Net cash used in operating activities	<u><u>\$ (25,665)</u></u>
Noncash Transactions	
Principal and interest paid from restricted assets	\$ 111,973
Interest earned on restricted assets held by the County	\$ 11,179

CITY OF RIVER ROUGE, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	Pension and Other Employee Benefits
	<u> </u>
Assets	
Cash and cash equivalents	\$ 6,682,890
Investments	
Commercial paper	449,172
Corporate stock	58,658,416
Corporate bonds	14,638,246
International bonds	249,033
Municipal bonds	999,424
U.S. government agency bonds	1,991,188
Mortgage and asset backed securities	784,238
Mutual funds	1,771,646
Other investment	52,851
Receivables	<u>8,922</u>
 Total assets	 86,286,026
 Liabilities	
Accrued and other liabilities	<u>16,805</u>
 Net Position Held in Trust for Pension and Other Employee Benefits - End of year	 <u><u>\$ 86,269,221</u></u>

CITY OF RIVER ROUGE, MICHIGAN
STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2021

	Economic Development Corporation	Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 539,808	\$ 126,236	\$ 666,044
Investments (Note 3)	55,290	-	55,290
Other receivable	90	-	90
	<hr/>	<hr/>	<hr/>
Total assets	595,188	126,236	721,424
	<hr/>	<hr/>	<hr/>
Liabilities			
Accounts payable	1,733	10,009	11,742
Accrued liabilities and other	7,144	-	7,144
	<hr/>	<hr/>	<hr/>
Total liabilities	8,877	10,009	18,886
	<hr/>	<hr/>	<hr/>
Net position - unrestricted	<u>\$ 586,311</u>	<u>\$ 116,227</u>	<u>\$ 702,538</u>

CITY OF RIVER ROUGE, MICHIGAN
STATEMENT OF ACTIVITIES
COMPONENT UNITS
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Downtown Development Authority	Total
Economic Development Corporation	\$ 336,358	\$ 259,942	\$ -	\$ -	\$ (76,416)	\$ -	\$ (76,416)
Downtown Development Authority	62,338	-	-	-	-	(62,338)	(62,338)
Total component units	<u>\$ 398,696</u>	<u>\$ 259,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(76,416)</u>	<u>(62,338)</u>	<u>(138,754)</u>
General revenue:							
Property taxes					49,470	24,049	73,519
State revenue					80,413	27,034	107,447
Investment income					965	166	1,131
Other miscellaneous income					41,326	-	41,326
Total general revenue					<u>172,174</u>	<u>51,249</u>	<u>223,423</u>
Change in Net Position					<u>95,758</u>	<u>(11,089)</u>	<u>84,669</u>
Net Position - Beginning of Year					<u>490,553</u>	<u>127,316</u>	<u>617,869</u>
Net Position - End of Year					<u>\$ 586,311</u>	<u>\$ 116,227</u>	<u>\$ 702,538</u>

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

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of River Rouge, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

Reporting Entity

The City is governed by an elected six-member council and an elected mayor. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. 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.

Discretely Presented Component Units

Economic Development Corporation (EDC) - The EDC was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, which consists of nine individuals, is selected by the City Council.

Downtown Development Authority (DDA) - The DDA was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of 11 individuals, is appointed by the mayor with the approval of the City Council. In addition, the DDA's budget is subject to approval by the City Council. A separate financial report for the DDA is not available.

Housing Commission

The City has excluded the Housing Commission from this report as a component unit because the City does not exercise substantial oversight responsibility. The Housing Commission's financial statements have been issued under separate cover.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Government-Wide and Fund Financial Statements

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.

Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis, of accounting, as are the proprietary funds, fiduciary funds, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. 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. Conversely, certain federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with deferred inflows of resources.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.

Pension Levy Fund – The Pension Levy Fund is a special revenue fund that is used to account for the City’s property tax levy that is restricted for contributions into the City’s two corresponding pension funds.

Refuse Fund – The Refuse Fund is a special revenue fund that is used to account for the City received grants that are restricted for the refuse collection program.

Grant Fund – The Grant Fund is used to account for City received grants.

Capital Projects Fund – The Capital Projects Fund is to account for funds used to acquire or construct a major capital asset.

The City reports the following major proprietary fund:

Water and Sewer Fund – The Water and Sewer Fund is the City’s only major proprietary fund. It accounts for the water distribution system and sewage collection system.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Additionally, the City reports the following other fund types:

Special Revenue Funds – Special revenue funds account for revenue sources that are legally restricted or committed to expenditures for specific purposes.

Fiduciary Funds – Fiduciary funds are used to report assets held in an agency capacity for others and, therefore, are not available to support city programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds include the General Employees' Retirement System Fund, Police and Fire Retirement System Fund and the Retiree Health Care Plan Fund. Fiduciary custodial fund includes the Tax Collection Fund.

2018 Michigan Transportation Bond Fund – The Michigan Transportation Bond Fund is a capital projects fund. It is used to account for the financial resource restricted for the Michigan Transportation road project.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial 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.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue.

The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary 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.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property Tax Revenue

Property taxes are levied on each July 1 and December 1 on the taxable valuation of property as of the preceding December 31. Taxes are due on October 1 and February 14, respectively, with the final collection date of February 28 before they are added to the county tax rolls.

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

The 2020 taxable valuation of the City totaled \$140.3 million (a portion of which is abated and a portion of which is captured by the DDA). Taxes were levied as follows:

	Millage Rate	Revenue (Net of DDA Recapture)
General operating	19.9340	\$ 2,838,534
Rubbish	2.9901	424,299
E.D.C. operating	0.3563	50,395
W.O.L.F/Library	0.8000	113,607
EPA judgment	0.4851	69,553
Police and fire employees' pension judgment	10.5013	1,486,236
Employees' pension judgment	1.5932	230,525
PA. 33 Special Assessment	8.0000	582,018
Total	<u>44.6600</u>	<u>\$ 5,795,167</u>

Significant Customers – The City has two significant customers, U.S. Steel Corporation and Detroit Edison Company, which, when combined, represented approximately 45 percent of property tax revenue and 29 percent of water and sewage disposal revenue for the year ended June 30, 2021.

Assets, Liabilities, and Net Position

Bank Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when purchased. Investments are stated at fair value, based on quoted market prices.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items – 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.

Capital Assets – Capital assets, which include property, pumping station, 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 acquisition value at the date of donation.

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

Infrastructure	40 to 50 years
Pumping station	15 years
Building and improvements	20 to 50 years
Vehicles	5 to 20 years
Machinery and equipment	5 to 25 years
Land improvements	20 to 50 years
Computers and software	5 to 10 years

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. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of the end of the year.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflow and Inflow 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 so 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 so 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 pension costs (outflow) and cost reductions (inflow)		✓
Deferred OPEB cost (outflow) and cost reductions (inflow)	✓	✓

Pension – The City offers pension benefits to retirees. The City records a net pension liability/asset for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Other Postemployment Benefit Costs – The City offers retiree healthcare 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 purposes 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 are participating interest-earning investments contracts that have a maturity at the time of purchased of year or less, which are reported at cost.

Fund Equity – In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed: Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the governing body.

Assigned: Intent to spend resources on specific purposes expressed by the governing body or individual who is authorized by resolution approved by the governing body to make assignments.

Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Construction Code Fees – The City oversees building construction, in accordance with the State’s Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2020		\$	(4,939)
Current year building permit revenue			645,845
Related expenses:			
Direct costs	\$	352,282	
Estimated indirect costs		<u>298,500</u>	<u>650,782</u>
Current year shortage			<u>(4,937)</u>
Cumulative shortfall at June 30, 2021		\$	<u><u>(9,876)</u></u>

Fund Deficit – The Grant Fund has an accumulated deficit of \$235,190. This deficit is a result of the timing difference between grant expenditures and reimbursements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The 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 agreement; bankers’ acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Retiree Trust Fund and the Retiree Healthcare Plan Fund are 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.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The City has designated six 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 investments policies are in accordance with statutory authority.

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.

City – The City does not have a deposit policy for custodial credit risk. At year end, the City had \$7,152,827 of bank deposits (certifications of deposit, checking, savings, and money market accounts) of which \$1,588,571 is covered by federal depository insurance.

Component Units – At year end, the component units had \$385,852 of bank deposits, of which \$375,098 is covered by federal depository insurance.

General Employees' Retirement System – The General Employees' Retirement System does not have a deposit policy for custodial credit risk. At year end, the system did not have bank deposits (certificates of deposit, checking, and savings accounts) that were subject to the custodial credit risk.

Police and Fire Retirement System – The Police and Fire Retirement System does not have a deposit policy for custodial credit risk. At year end, the Police and Fire Retirement System did not have bank deposits (certificates of deposit, checking, and savings accounts) that were subject to the custodial credit risk.

Retiree Health Care Plan – The Retiree Health Care Plan does not have a deposit policy for custodial credit risk. At year end, the Retiree Health Care Plan had \$1,129,496 of bank deposits (certifications of deposit, checking, savings, and money market accounts) which were not covered by federal depository insurance.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. At year end, the City did not have investment securities which were uninsured and unregistered, and securities were held by the counterparty or its trust department/agent and are not in the City's name.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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.

City – 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 average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Primary Government		
Commercial Paper	\$ 2,559,169	0.13 years
Municipal Bonds	\$ 316,825	5.07 years
Component Units		
Commercial Paper	\$ 49,199	0.13 years
Municipal Bonds	\$ 6,091	5.07 years

General Employees’ Retirement System, Police and Fire Retirement System, and Retiree Health Care Plan – The General Employees’ Retirement System, the Police and Fire Retirement System, and the Retiree Health Care Plan investment policies do not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
General Employees' Retirement System:		
U.S. Treasury Bonds/Notes	\$ 326,269	6.70 years
Corporate Bonds	\$ 3,428,656	4.87 years
Municipal Bonds	\$ 450,171	7.90 years
International Bonds	\$ 156,022	1.46 years
Mortgage Backed Securities	\$ 311,752	24.96 years
Other Investment	\$ 16,830	0.02 year
Police and Fire Retirement System:		
U.S. Treasury Bonds/Notes	\$ 685,778	6.34 years
Corporate Bonds	\$ 10,612,767	4.46 years
Municipal Bonds	\$ 493,646	7.96 years
International Bonds	\$ 93,011	0.01 year
Mortgage Backed Securities	\$ 256,924	25.28 years
Other Investment	\$ 36,021	0.05 year

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

General Employees' Retirement System, Police and Fire Retirement System, and Retiree Health Care Plan (Continued)

Investment	Fair Value	Weighted Average Maturity
Retiree Health Care Plan		
Commercial Paper	\$ 449,172	0.13 year
U.S. Treasury Bonds/Notes	\$ 979,141	11.74 years
Corporate Bonds	\$ 596,823	9.26 years
Municipal Bonds	\$ 55,607	5.07 years
Mortgage Backed Securities	\$ 215,562	24.55 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

City

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
Primary Government			
Commercial Paper	\$ 418,436	A-1	S&P
Commercial Paper	\$ 2,140,733	A-2	S&P/Moody's
Municipal Bonds	\$ 316,825	AA-	S&P
Component Units			
Commercial Paper	\$ 8,044	A-1	S&P
Commercial Paper	\$ 41,155	A-2	S&P/Moody's
Municipal Bonds	\$ 6,091	AA-	S&P

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

General Employees' Retirement System, Police and Fire Retirement System, and Retiree Health Care Plan

The General Employees' Retirement System, the Police and Fire Retirement System, and the Retiree Health Care Plan have no investment policies that would further limit their 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
General Employee's Retirement System			
Municipal Bonds	\$ 370,780	AAA	S&P
Corporate Bonds	\$ 49,079	AA+	S&P
Municipal Bonds	\$ 26,854	AA+	S&P
Corporate Bonds	\$ 55,134	AA	S&P
Municipal Bonds	\$ 52,537	AA	S&P
Corporate Bonds	\$ 130,927	A2	Moody's
Corporate Bonds	\$ 87,373	AA-	S&P
Corporate Bonds	\$ 182,807	A+	S&P
International Bonds	\$ 45,132	A+	S&P
Corporate Bonds	\$ 114,292	A	S&P
Corporate Bonds	\$ 452,968	A-	S&P
International Bonds	\$ 48,675	A-	S&P
Corporate Bonds	\$ 74,768	BAA3	Moody's
Corporate Bonds	\$ 640,107	BBB+	S&P
International Bonds	\$ 62,215	BBB+	S&P
Corporate Bonds	\$ 357,227	BBB	S&P
Corporate Bonds	\$ 116,974	BBB-	S&P
Corporate Bonds	\$ 32,311	BB	S&P
Corporate Bonds	\$ 1,134,689	NR	

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

General Employees' Retirement System, Police and Fire Retirement System, and Retiree Health Care Plan (Continued)

Investment	Fair Value	Rating	Rating Organization
Police and Fire Retirement System			
Municipal Bonds	\$ 358,673	AAA	S&P
Municipal Bonds	\$ 32,225	AA+	S&P
Corporate Bonds	\$ 108,840	AA	S&P
Municipal Bonds	\$ 102,748	AA	S&P
Corporate Bonds	\$ 61,759	AA-	S&P
Corporate Bonds	\$ 671,292	A2	Moody's
Corporate Bonds	\$ 229,425	A+	S&P
International Bonds	\$ 55,162	A+	S&P
Corporate Bonds	\$ 142,888	A	S&P
Corporate Bonds	\$ 953,412	A-	S&P
International Bonds	\$ 2,188	A-	S&P
Corporate Bonds	\$ 373,842	BAA3	Moody's
Corporate Bonds	\$ 616,939	BBB+	S&P
International Bonds	\$ 35,661	BBB+	S&P
Corporate Bonds	\$ 1,530,582	BBB	S&P
Corporate Bonds	\$ 250,303	BBB-	S&P
Corporate Bonds	\$ 161,558	BB	S&P
Corporate Bonds	\$ 5,511,927	NR	

Investment	Fair Value	Rating	Rating Organization
Retiree Health Care Plan			
Commercial Paper	\$ 73,442	A-1	S&P
Commercial Paper	\$ 375,730	A-2	S&P/Moody's
Corporate Bonds	\$ 54,024	A+	S&P
Municipal Bond	\$ 55,607	AA-	S&P
Corporate Bonds	\$ 179,483	A-	S&P
Corporate Bonds	\$ 303,526	BBB+	S&P
Corporate Bonds	\$ 59,790	BBB	S&P

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

City – The City has no investment policy that would further limit its investments choices. No more than five percent of the City’s investment is invested in any one issuer.

General Employees’ Retirement System – The General Employees’ Retirement System places no limit on the amount it may invest in any one issuer. No more than five percent of the General Employees’ Retirement System investment is invested in any one issuer.

Police and Fire Retirement System – The Police and Fire Retirement System places no limit on the amount it may invest in any one issuer. No more than five percent of the Police and Fire Retirement System investment is invested in any one issuer.

Retiree Health Care Plan – The Retiree Health Care Plan investment policy states that the securities of any one company should not exceed 5% of the total fund, and no more than 20% of the total fund should be invested in any one industry. The fund had no investments that met these criteria.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of June 30, 2021 the City Retirement System, the Police and Fire Retirement System and the Retiree Health Care Benefits Plan have no securities subject to foreign currency risk.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby input 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.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The City has the following recurring fair value measurements as of June 30, 2021:

	Balance at June 30, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government				
Commercial paper	\$ 2,559,169	\$ 2,559,169	\$ -	\$ -
Municipal bonds	316,825	-	316,825	-
Component units				
Commercial paper	49,199	49,199	-	-
Municipal bonds	6,091	-	6,091	-
Fiduciary funds				
Commercial paper	449,172	449,172	-	-
Mutual funds	1,771,646	1,771,646	-	-
Asset-backed securities	784,238	-	784,238	-
Corporate bonds	14,638,246	-	14,638,246	-
Municipal bonds	999,424	-	999,424	-
International bonds	249,033	-	249,033	-
U.S. Treasury bonds	1,991,188	1,991,188	-	-
Common stock	58,658,416	58,658,416	-	-
Other investments	52,851	-	52,851	-
Total investments by fair value level	82,525,498	<u>\$ 65,478,790</u>	<u>\$ 17,046,708</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Fiduciary funds - Money Market	<u>6,682,890</u>			
Total investments measured at fair value	<u>\$ 89,208,388</u>			

Investments classified as Level 1 are valued using prices quoted in active markets for those securities.

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

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

At June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Money market funds	\$ <u>6,682,890</u>	\$ -	No restrictions	None

NOTE 4 - RECEIVABLES

Receivables, including the applicable allowances for uncollectible accounts, if any are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Receivables from operations	\$ -	\$ 1,483,536
Due from other governmental units	1,177,692	
Other	93,465	-
Less allowance for uncollectibles	<u>(45,582)</u>	<u>-</u>
	<u>\$ 1,225,575</u>	<u>\$ 1,483,536</u>

NOTE 5 - DEFERRED INFLOW OF RESOURCES – UNAVAILABLE REVENUE

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue are as follows:

	<u>Governmental Funds Unavailable</u>
Grants receivable	<u>\$ 638,458</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 576,645	\$ -	\$ -	\$ -	\$ 576,645
Construction in progress	2,131,432	484,564	-	(2,572,464)	43,532
Subtotal	<u>2,708,077</u>	<u>484,564</u>	<u>-</u>	<u>(2,572,464)</u>	<u>620,177</u>
Capital assets being depreciated					
Land improvements	1,627,716	-	-	-	1,627,716
Buildings and improvements	5,748,396	87,750	(21,938)	-	5,814,208
Machinery and equipment	914,972	19,860	(37,705)	-	897,127
Vehicles	4,331,890	24,453	-	-	4,356,343
Computers and software	322,197	-	-	-	322,197
Infrastructure	10,231,953	74,356	(7,436)	2,572,464	12,871,337
Subtotal	<u>23,177,124</u>	<u>206,419</u>	<u>(67,079)</u>	<u>2,572,464</u>	<u>25,888,928</u>
Accumulated depreciation					
Land improvements	825,338	42,339	-	-	867,677
Buildings and improvements	4,913,773	52,515	(21,938)	-	4,944,350
Machinery and equipment	631,006	41,227	(37,705)	-	634,528
Vehicles	2,965,929	180,281	-	-	3,146,210
Computers and software	314,438	7,759	-	-	322,197
Infrastructure	7,623,671	165,885	(7,436)	-	7,782,120
Subtotal	<u>17,274,155</u>	<u>490,006</u>	<u>(67,079)</u>	<u>-</u>	<u>17,697,082</u>
Net capital assets being depreciated	<u>5,902,969</u>	<u>(283,587)</u>	<u>-</u>	<u>2,572,464</u>	<u>8,191,846</u>
Net capital assets	<u>\$ 8,611,046</u>	<u>\$ (283,587)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,812,023</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 150,378	\$ -	\$ -	\$ -	\$ 150,378
Construction in progress	739,830	-	-	(739,830)	-
Subtotal	890,208	-	-	(739,830)	150,378
Capital assets being depreciated:					
Machinery and equipment	434,169	-	-	-	434,169
Vehicles	130,787	-	-	-	130,787
Pumping station	1,530,802	-	-	-	1,530,802
Infrastructure	57,627,910	47,080	(5,587)	739,830	58,409,233
Subtotal	59,723,668	47,080	(5,587)	739,830	60,504,991
Accumulated depreciation:					
Machinery and equipment	96,716	18,747	-	-	115,463
Vehicles	127,412	3,375	-	-	130,787
Pumping station	1,530,802	-	-	-	1,530,802
Infrastructure	20,152,881	1,126,523	(5,587)	-	21,273,817
Subtotal	21,907,811	1,148,645	(5,587)	-	23,050,869
Net capital assets being depreciated	37,815,857	(1,101,565)	-	739,830	37,454,122
Net capital assets	<u>\$ 38,706,065</u>	<u>\$ (1,101,565)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,604,500</u>

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

Governmental Activities	
General government	\$ 6,842
Public works	226,859
Public safety	166,723
Community and economic development	33,587
Recreation and culture	55,995
Total governmental activities	<u>\$ 490,006</u>
Business-type Activities	<u>\$ 1,148,645</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Grant Fund	\$ 278,946
	Major Streets Fund	88,252
	Capital Projects Fund	<u>300,000</u>
		<u>\$ 667,198</u>
General Employee Retirement System Fund	Police and Fire Retirement System Fund	<u>\$ 8,922</u>

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

Interfund transfers reported in the fund financial statement are comprised of the following:

<u>Fund Transferring Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 300,000
Major Streets Fund	Local Streets Fund	<u>123,451</u>
		<u>\$ 423,451</u>

Transfers are used to: (1) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (2) share gas and weight tax revenue in accordance with Act 51 between the Major Streets Fund and Local Streets Fund.

NOTE 8 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. County contractual agreements are general obligations of the government and pledge the full faith and credit of the City. Other long-term obligations include capital lease obligations, compensated absences, claims and judgments, and certain risk liabilities.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - LONG-TERM DEBT (Continued)

Future Revenue Pledged for Debt Payments – The County contractual liabilities of the business-type activities are the result of the County issuing bonds on the City’s behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary, to fund the obligation to repay the County. The City has obtained a separate property tax judgment levy to pay this debt service. For fiscal year 2021, principal and interest payments totaled \$112,847 related to this debt. The judgment levy generated \$69,553. The remaining principal and interest to be paid on these bonds is \$903,246.

In addition, the City has pledged its state-shared revenue to repay the 2015 LGLPR bonds. Proceeds from the bonds were used for advanced refunding of the 2002 Fiscal Stabilization Bonds. The 2002 bonds were used to finance prior years’ operating expenses of the General Fund. The bonds are payable solely from state-shared revenue. The remaining principal and interest to be paid on the 2015 bonds total \$4,716,469. During the current year, state-shared revenue was \$1,304,324.

During the year ended June 30, 2014, the City incurred additional long-term debt through the issuance of sanitary sewer system revenue bonds through the State of Michigan State Revolving Fund program. The total bond issue was \$2,200,000, of which the City had drawn \$1,610,000. The remaining principal and interest to be paid on these bonds is \$1,323,050. The debt is a liability of the Water and Sewer Fund and its revenue has been pledged to meet the debt service obligations.

Direct Borrowing and Direct Placements – The City’s outstanding installment purchase obligation related to the vactor truck is secured with collateral of the respective equipment.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - LONG-TERM DEBT (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Bonds and contracts payable:							
Direct borrowing and direct placements:							
Installment purchase agreement - Capital lease for wheel loader Maturing through 2020	3.2%	N/A	\$ 9,805	\$ -	\$ (9,805)	\$ -	\$ -
Other debt:							
Michigan Transportation Fund bonds Amount of issue - \$2,780,000 Maturing through 2028	3.49%	\$ 245,000 \$ 325,000	2,540,000	-	(245,000)	2,295,000	255,000
2015E LGLPR bonds Amount of issue - \$4,955,000 Maturing through 2032	3.0% - 4.0%	\$ 250,000 \$ 385,000	4,060,000	-	(250,000)	3,810,000	260,000
Total other debt principal outstanding			6,600,000	-	(495,000)	6,105,000	515,000
Plus amortization of bond premium			106,820	-	(6,283)	100,537	6,283
Total bonds and contracts payable			6,716,625	-	(511,088)	6,205,537	521,283
Other long-term obligations:							
Employee compensated absences			1,114,042	358,991	(423,554)	1,049,479	425,000
Hospitalization			190,000	1,795,073	(1,735,073)	250,000	250,000
Total governmental activities long-term debt			\$ 8,020,667	\$ 2,154,064	\$ (2,669,715)	\$ 7,505,016	\$ 1,196,283

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - LONG-TERM DEBT (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
Bonds and contracts payable:							
Direct borrowing and direct placements:							
Vactor loan							
Amount of issue - \$374,946	3.75%	\$71,500 -					
Maturing through 2022		\$83,145	\$ 231,746	\$ -	\$ (74,400)	\$ 157,346	\$ 77,206
State revolving fund loan - CSO -							
Amount of issue - \$760,000		\$30,000 -					
Maturing through 2032	2.5%	\$50,000	535,000	-	(35,000)	500,000	35,000
State revolving fund loan -							
Amount of issue - \$2,200,000		\$70,000 -					
Net of \$590,000 not yet drawn		\$100,000					
Maturing through 2033	2.0%	\$100,000	1,245,000	-	(80,000)	1,165,000	80,000
Wayne County - Downriver							
Sewage Disposal System							
Amount of issue - Various			322,725	-	(49,786)	272,939	33,444
Maturing through 2028	Various	Various					
Downriver Utility Wastewater							
Authority Bonds							
Amount of Issue: Various							
Maturing through 2043	Various	Various	5,041,276	-	(255,144)	4,786,132	238,032
Total direct borrowing and direct placements principal outstanding			7,375,747	-	(494,330)	6,881,417	463,682
Other long-term obligations:							
Employee compensated absences			8,214	2,136	-	10,350	-
Total business-type activities			<u>\$ 7,383,961</u>	<u>\$ 2,136</u>	<u>\$ (494,330)</u>	<u>\$ 6,891,767</u>	<u>\$ 463,682</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 515,000	\$ 211,709	\$ 726,709
2023	535,000	192,035	727,035
2024	550,000	171,699	721,699
2025	570,000	150,702	720,702
2026	590,000	130,455	720,455
2027-2031	2,590,000	353,976	2,943,976
2032-2033	755,000	30,500	785,500
Total	<u>\$6,105,000</u>	<u>\$1,241,076</u>	<u>\$7,346,076</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 463,682	\$ 229,870	\$ 693,552
2023	632,235	215,739	847,974
2024	409,339	201,349	610,688
2025	424,223	188,940	613,163
2026	672,019	169,105	841,124
2027-2031	1,942,962	664,758	2,607,720
2032-2036	1,263,183	404,496	1,667,679
2036-2041	746,091	205,410	951,501
2042-2043	327,683	26,829	354,512
Total	<u>\$6,881,417</u>	<u>\$2,306,496</u>	<u>\$9,187,913</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - RESTRICTED ASSETS

The City has total restricted cash of \$1,854,276 of which \$1,331,810 is held at Wayne County and is restricted for debt-service and construction activities of the Downriver Sewage Disposal System and CSO Basin. The remaining cash reserves of \$522,466 are held at the DUWA and are not restricted net position, as the cash reserves were generated from unspent bond proceeds.

NOTE 10 - 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. Effective December 1, 2010, the City purchased commercial insurance for these types of claims.

The City participates in the Michigan Municipal League risk pool for employee injuries (workers' compensation) and is partially uninsured for medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

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

The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. In addition, the City estimates the general liability claims that are in excess of its aggregate limits. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>Hospitalization</u>	
	<u>2021</u>	<u>2020</u>
Unpaid claims - beginning of year	\$ 190,000	\$ 190,000
Incurred claims, including claims incurred, but not reported	1,795,073	1,572,304
Claim payments	<u>(1,735,073)</u>	<u>(1,572,304)</u>
Unpaid claims - end of year	<u>\$ 250,000</u>	<u>\$ 190,000</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - GENERAL EMPLOYEES' RETIREMENT DEFINED BENEFIT PENSION PLAN

Plan Description – The General Employees' Retirement Plan is a single-employer defined benefit pension plan that is administered by the City of River Rouge General Employees' Retirement System (the "System"); this plan covers most full-time general employees of the City hired prior to January 1, 1999. The plan does not issue a separate financial report.

Management of the plan is vested in the pension board. The pension board consists of five members: two active members of the union, one retiree voted on by union retirees, one appointed board member by the Mayor with the approval from the City Council, and the Mayor.

Employees Covered by Benefit Terms - At June 30, 2021, the following plan membership consisted of the following:

Active plan members	10
Inactive employees or beneficiaries currently receiving benefits	<u>81</u>
Total plan members	<u><u>91</u></u>

Benefits Provided – The System provides retirement, disability, and death benefits to plan members and their beneficiaries.

Retirement benefits for general non-union, Local 1917, elected, and Local 1391 members hired prior to January 1, 1992 and crossing guards are calculated as total service times 2% of the member's average final compensation which is the member's average compensation over their last three years of service. The maximum benefit is 75% of average final compensation.

Retirement benefits for Local 1391 members hired on and after September 1, 1992, are calculated as total service times 1.5% of the member's average final compensation. The maximum benefit is 60% of average final compensation.

General non-union, Local 1917, elected, and Local 1391 members hired prior to January 1, 1992 with 10 years of service are eligible to retire at age 50 and with 25 years of service are eligible to retire regardless of age. Crossing guards are eligible to retire at age 50 and with 30 years of service are eligible to retire regardless of age. Local 1391 members hired on or after September 1, 1992 with 10 years of service are eligible to retire at age 60.

General non-union, elected, and crossing guards are eligible for deferred retirement benefits with 15 years of service at age 50 and with 25 years of service regardless of age. Local 1917 and 1391 are eligible for deferred retirement benefits with 10 years of service regardless of age.

All plan members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Non-duty disability retirement benefits are determined in the same manner as a normal service retirement pension.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - GENERAL EMPLOYEES' RETIREMENT DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Continued) – Duty disability retirement benefits are payable upon total and permanent disability. Prior to age 60 benefits are determined as 50 percent of final average earnings. Upon reaching age 60, benefits are determined in the same manner as a normal service retirement with service credited from the date of disability to age 60.

Non-duty death benefits are paid to a surviving spouse equal to the normal service retirement pension actuarially reduced in accordance with a 100% joint and survivor election if the member has 20 or more years of service and at age 55 with 10 years of service. Duty death benefits paid to a surviving spouse for life or until remarriage are a refund of accumulated contributions plus a pension of one-third of final compensation.

Contributions – Plan member contributions are recognized in the period in which the contributions are due. State law requires that the City fund its pension annually. 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

Funding Policy – The obligation to contribute to and maintain the System for these employees was established by negotiation with the City's competitive bargaining units. For the year ended June 30, 2021, the active member contribution rate was 3% of compensation for Local 1917 and elected and 6.3% of compensation for general non-union, Local 1391, and crossing guards. The City contributes 3.3% of compensation for Local 1917 and elected. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Investment Policy – The 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 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 has not adopted an asset allocation policy and does not estimate expected real rates of return.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - GENERAL EMPLOYEES' RETIREMENT DEFINED BENEFIT PENSION PLAN (Continued)

Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 42.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Reserves – As of June 30, 2021, the plan had the following reserves:

	Required Reserve
Reserve for employees' contributions	\$ 779,028
Reserve for retired benefit payments	<u>22,828,673</u>
	<u>\$ 23,607,701</u>

Net Pension Asset

The components of the net pension asset of the City at June 30, 2021 were as follows:

Total pension liability	\$ 18,355,304
Plan fiduciary net position	<u>(23,607,701)</u>
Net pension asset	<u>\$ (5,252,397)</u>
Plan fiduciary net position as a percentage of the total pension liability	128.62%

The City has chosen to use June 30, 2021 as its measurement date for the net pension asset. The June 30, 2021 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2021.

The June 30, 2021 total pension liability was determined by an actuarial valuation performed as of June 30, 2021.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - GENERAL EMPLOYEES' RETIREMENT DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Asset (Continued)

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

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020	\$ 19,473,396	\$ 17,512,118	\$ 1,961,278
Service cost	59,639	-	59,639
Interest	1,306,961	-	1,306,961
Differences between expected and actual experience	(760,365)	-	(760,365)
Contributions - Employer	-	757,536	(757,536)
Contributions - Employee	-	36,493	(36,493)
Net investment income	-	7,053,449	(7,053,449)
Benefit payments, including refunds	(1,724,327)	(1,724,327)	-
Administrative expenses	-	(27,568)	27,568
Net changes	<u>(1,118,092)</u>	<u>6,095,583</u>	<u>(7,213,675)</u>
Balance at June 30, 2021	<u>\$ 18,355,304</u>	<u>\$ 23,607,701</u>	<u>\$ (5,252,397)</u>

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

For the year ended June 30, 2021, the City recognized pension benefit of \$1,709,876. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (3,671,476)

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - GENERAL EMPLOYEES' RETIREMENT DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Years Ending June 30,	Amount
2022	\$ (895,267)
2023	\$ (720,231)
2024	\$ (883,752)
2025	\$ (1,172,226)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2021. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% to 7.50%, including inflation
Investment rate of return	7.00% net of investment expenses

Mortality rates were based on the RP-2000 Healthy Annuitant Life Mortality Table projected to 2020 with Scale BB.

Discount Rate – The discount rate used to measure the total pension liability was 7 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 these assumptions, the 7 percent long-term rate expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - GENERAL EMPLOYEES' RETIREMENT DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate – The following presents the net pension asset of the City, calculated using the discount rate of 7 percent, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

Discount rate	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net pension asset	<u>\$ (3,658,303)</u>	<u>\$ (5,252,397)</u>	<u>\$ (6,628,683)</u>

NOTE 12 - POLICE AND FIRE RETIREMENT DEFINED BENEFIT PENSION PLAN

Plan Description – The Police and Fire Retirement Plan is a single-employer defined benefit pension plan that is administered by the City of River Rouge Police and Fire Retirement System (the "System"); this plan covers certain police and fire employees of the City hired prior to January 1, 1999. The plan does not issue a separate financial report.

Management of the plan is vested in the pension board. The pension board consists of seven members: The City Treasurer, one City Council person appointed by the Mayor, one police officer and one firefighter voted on by the active union members, one police or fire retiree voted on by the active union members, one at-large member appointed by the Mayor with approval of the City Council, and the Mayor.

At June 30, 2021, the following plan membership consisted of the following:

Active plan members	4
Inactive employees or beneficiaries currently receiving benefits	<u>91</u>
Total plan members	<u><u>95</u></u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 - POLICE AND FIRE RETIREMENT DEFINED BENEFIT PENSION PLAN
(Continued)

Benefits Provided – The System provides retirement, disability, and death benefits to plan members and their beneficiaries.

Retirement benefits are calculated as 2.35% of the member's final average compensation. Final average compensation is the average compensation of the member's highest three years out of their last 10 years of service. Maximum benefit is 75% of the rate of pay of a patrolman for police officers (75% of pay for corporals).

Plan members with 10 years of service are eligible to retire at age 50. Members with 25 years or more of service are eligible to retire regardless of age. The mandatory retirement age is 60. All plan members are eligible for deferred retirement benefits after 10 years of service upon the date of normal retirement had the member remained in employment. Deferred retirement benefits begin at age 50.

All plan members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Non-duty disability retirement benefits prior to voluntary retirement age are calculated as 1.67% of the member's final average compensation. At voluntary retirement age, the retirement benefits are computed as a normal service retirement pension.

Duty disability retirement benefits are payable upon the total and permanent disability of a member in the line of duty. Prior to voluntary retirement age, benefits are calculated as 50% of final average compensation. At voluntary retirement age, the retirement benefits are computed as a normal service retirement pension with additional service credit granted from date of disability to voluntary retirement age.

Non-duty death benefits are paid to a surviving spouse equal to normal service retirement pension but actuarially reduced in accordance with a 100% joint and survivor election if the member has 20 years of service or is age 55. Duty death benefits paid to a surviving spouse for life or until remarriage are a refund of accumulated contributions plus a pension of one-third of final compensation.

Contributions – Plan member contributions are recognized in the period in which the contributions are due. State law requires that the City fund its pension annually. 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 - POLICE AND FIRE RETIREMENT DEFINED BENEFIT PENSION PLAN
(Continued)

Funding Policy – The obligation to contribute to and maintain the System for these employees was established by negotiation with the City’s competitive bargaining units. For the year ended June 30, 2021, the active member contribution rate was 5% of compensation for Police and 8% of compensation for Fire. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Investment Policy – The 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 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 has not adopted an asset allocation policy and does not estimate expected real rates of return.

Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 46.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Reserves – As of June 30, 2021, the plan had the following reserves:

	Required Reserve
Reserve for employees' contributions	\$ 1,020,585
Reserve for retired benefit payments	<u>44,873,371</u>
	<u><u>\$ 45,893,956</u></u>

Net Pension Asset

The components of the net pension asset of the City at June 30, 2021 were as follows:

Total pension liability	\$ 43,685,254
Plan fiduciary net position	<u>(45,893,956)</u>
Net pension asset	<u><u>\$ (2,208,702)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	105.06%

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 - POLICE AND FIRE RETIREMENT DEFINED BENEFIT PENSION PLAN
(Continued)

Net Pension Asset (Continued)

The City has chosen to use June 30, 2021 as its measurement date for the net pension asset. The June 30, 2021 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2021.

The June 30, 2021 total pension liability was determined by an actuarial valuation performed as of June 30, 2021.

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020	\$ 43,594,867	\$ 33,079,770	\$ 10,515,097
Service cost	194,295	-	194,295
Interest	3,113,078	-	3,113,078
Differences between expected and actual experience	1,345,933	-	1,345,933
Contributions - Employer	-	2,697,796	(2,697,796)
Contributions - Employee	-	51,891	(51,891)
Net investment income	-	14,660,416	(14,660,416)
Benefit payments, including refunds	(4,562,919)	(4,562,919)	-
Administrative expenses	-	(32,998)	32,998
Net changes	90,387	12,814,186	(12,723,799)
Balance at June 30, 2021	\$ 43,685,254	\$ 45,893,956	\$ (2,208,702)

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

For the year ended June 30, 2021, the City recognized pension expense of \$6,614. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (7,381,986)

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 - POLICE AND FIRE RETIREMENT DEFINED BENEFIT PENSION PLAN
(Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Years Ending June 30,	Amount
2022	\$ (1,788,135)
2023	\$ (1,396,995)
2024	\$ (1,747,123)
2025	\$ (2,449,733)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2021. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.70% to 7.50%, including inflation
Investment rate of return	7.50% net of investment expenses

Mortality rates were based on the RP-2014 Healthy Annuitant Life Mortality Table projected to 2020 with static scale MP 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.5 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 these assumptions, the 7.5 percent long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 - POLICE AND FIRE RETIREMENT DEFINED BENEFIT PENSION PLAN
(Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate – The following presents the net pension asset of the City, calculated using the discount rate of 7.5 percent, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Discount rate	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net pension liability (asset)	<u>\$ 1,871,787</u>	<u>\$ (2,208,702)</u>	<u>\$ (5,682,467)</u>

NOTE 13 - PENSION AND BENEFIT TRUST FUNDS

The following are condensed financial statements for the individual pension and retiree healthcare plans:

	General Employees' Retirement System	Police and Fire Retirement System	Retiree Health Care Benefits Plan	Total
Statement of Net Position				
Cash and cash equivalents	\$ 2,295,399	\$ 3,257,995	\$ 1,129,496	\$ 6,682,890
Investments	21,305,876	42,650,270	15,638,068	79,594,214
Receivables	8,922	-	-	8,922
Liabilities	<u>(2,496)</u>	<u>(14,309)</u>	<u>-</u>	<u>(16,805)</u>
Net position	<u>\$ 23,607,701</u>	<u>\$ 45,893,956</u>	<u>\$ 16,767,564</u>	<u>\$ 86,269,221</u>
Statement of Changes in Net Position				
Investment income	\$ 7,053,449	\$ 14,660,416	\$ 3,388,373	\$ 25,102,238
Contributions	794,029	2,749,687	800,000	4,343,716
Benefit payments	(1,724,327)	(4,562,919)	-	(6,287,246)
Other deductions	<u>(27,568)</u>	<u>(32,998)</u>	<u>-</u>	<u>(60,566)</u>
Net change in net position	<u>\$ 6,095,583</u>	<u>\$ 12,814,186</u>	<u>\$ 4,188,373</u>	<u>\$ 23,098,142</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 - DEFINED CONTRIBUTION PENSION PLAN

The City provides pension benefits to its full-time employees and elected officials through a defined contribution pension plan under Section 401(a) of the Internal Revenue Code. The plan is administered by the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council through collective bargaining agreements, the City contributes 9 percent of the employees' gross earnings.

Employees are immediately vested in their own contributions and earning on those contributions. Employee become vested in the City contributions and earnings on City contributions after completion of 24 months of creditable service. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to pay a portion of the Plans' administrative expense.

The City's total payroll during the current year was \$4,804,616. The current year contribution was calculated based on covered payroll of \$2,644,623, resulting in an employer contribution of \$238,016 and employee contributions of \$105,941.

For the year ended June 30, 2021, total pension expense for the City, including the two defined benefit plans and defined contribution plan, is \$3,586,690.

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of River Rouge Retiree Health Care Benefits Plan (the "Plan") provides other-postemployment benefits (OPEB) for eligible retirees and their spouses. The Trust is a single-employer defined benefit OPEB plan administered by the City.

The financial statements of the OPEB plan are included in these financial statements as a fiduciary fund.

Benefits Provided - The City of River Rouge Retiree Health Benefits Plan provides health benefits including medical, dental, vision and prescription drug for retirees and their dependents.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	176
Active plan members	<u>32</u>
Total plan members	<u><u>208</u></u>

Contributions

Retiree healthcare costs are paid by the City on a “pay-as-you-go” basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2021, the City made postemployment healthcare premiums of \$1,648,567, plus it contributed \$800,000 into a prefunded healthcare fund, which it reported in this financial statement as a fiduciary fund.

Investment Policy – It is the policy of the City 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 is the preservation of capital.

Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 25.83%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

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

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2020	\$ 34,916,581	\$ 12,579,191	\$ 22,337,390
Service cost	285,641	-	285,641
Interest	2,407,432	-	2,407,432
Changes of assumptions	1,234,666	-	1,234,666
Contributions - Employer	-	2,448,567	(2,448,567)
Benefit payments, including refunds	(1,648,567)	(1,648,567)	-
Net investment income	-	3,388,373	(3,388,373)
Net changes	<u>2,279,172</u>	<u>4,188,373</u>	<u>(1,909,201)</u>
Balance at June 30, 2021	<u>\$ 37,195,753</u>	<u>\$ 16,767,564</u>	<u>\$ 20,428,189</u>

The Plan's fiduciary net position represents 45.1 percent of the total OPEB liability.

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,527,342.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 617,333	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	(1,894,626)
Total	<u>\$ 617,333</u>	<u>\$ (1,894,626)</u>

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Years Ending June 30,	Amount
2022	\$ 185,715
2023	\$ (479,101)
2024	\$ (487,941)
2025	\$ (495,966)

Actuarial Assumptions

Actuarial assumptions used in the June 30, 2020 valuation was determined using a pre-retirement medical inflation assumption of 6.0 percent in the first year decreasing in increments of 0.1 percent over the next 10 years to the ultimate 5.0 percent assumption; an investment rate of return of 7.0 percent; and using the RP-2014 Mortality Table with generational MP 2017.

A long term expected real rate of return was not developed for each major asset class for the OPEB plan investments. The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation
Large Cap US Equity	40%-50%
Small / Mid Cap US Equity	10%-20%
International Equity	5%-10%
Real Estate	0-5%
Investment Grade Fixed Income	20%-30%
Cash	5%-10%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made equal to the benefit payout plus \$300,000. Based on these assumptions, the 7.0 percent discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of actuarial present values determined in conformity with GASB 74.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Investment Rate of Return

The investment rate of return was assumed to be 7.0 percent, net of OPEB plan investment expense, including inflation.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Sensitivity of the net OPEB liability to changes in the discount rate

	1 Percent Decrease 6%	Current Discount Rate 7%	1 Percent Increase 8%
Net OPEB liability of the Retiree Health Care Fund	<u>\$ 25,083,596</u>	<u>\$ 20,428,189</u>	<u>\$ 16,581,988</u>

Sensitivity of the Net OPEB Liability to Changes in Medical Inflation Rate

The following presents the net OPEB liability of the City, calculated using the medical inflation rate of 6.0 percent, decreasing to 1 percent, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percent point lower or 1 percentage point higher than the current rate:

Sensitivity of the net OPEB liability to changes in the discount rate

	1 Percent Decrease 6%	Current Discount Rate 7%	1 Percent Increase 8%
Net OPEB liability of the Retiree Health Care Fund	<u>\$ 25,083,596</u>	<u>\$ 20,428,189</u>	<u>\$ 16,581,988</u>

NOTE 16 - CONTINGENT LIABILITIES

Lawsuits and Asserted Claims

The City is a defendant in a few lawsuits and asserted claims. No provision has been made in the government-wide statement of net position (deficit) for the estimated liability. Management and legal counsel believe the City's ultimate exposure with respect to the remaining actions is not determinable. No provision has been made in the accompanying financial statements for potential liabilities, if any, which may arise from these remaining suits and asserted claims.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 17 - TAX ABATEMENTS

The City uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities and rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal year ended June 30, 2021, the City abated \$124,990 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the City's tax revenue.

NOTE 18 - JOINT VENTURE

Downriver Utility Wastewater Authority

The City, along with 12 other communities, jointly participates in the Downriver Utility Wastewater Authority ("DUWA"). Previously, this sewer system was operated by the Charter County of Wayne, Michigan (the "County") and was known as the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the Charter County of Wayne, Michigan to the Downriver Utility Wastewater Authority. 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 \$910,704 for operations of the authority and paid \$255,144 for debt service. For the judgment levy debt, the City paid \$64,754 to the 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.

CITY OF RIVER ROUGE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 19 – ADOPTION OF GASB 84

Effective July 1, 2020, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

NOTE 20 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB 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 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, 2021 but were extended until June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 27, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,645,600	\$ 3,645,600	\$ 3,616,642	\$ (28,958)
Licenses and permits	450,000	555,000	567,185	12,185
Federal grants	12,000	562,863	562,202	(661)
State-shared revenue and grants	5,275,000	5,913,397	5,974,423	61,026
Charges for services	980,000	1,033,376	1,019,976	(13,400)
Fines and forfeitures	660,000	396,000	378,682	(17,318)
Investment income	38,758	8,195	7,573	(622)
Other revenue	325,000	254,000	182,757	(71,243)
Total revenue	11,386,358	12,368,431	12,309,440	(58,991)
Expenditures				
Legislative	83,450	89,910	89,573	337
Mayor	309,840	409,540	394,726	14,814
Finance	112,000	156,000	149,967	6,033
Treasurer	115,000	137,000	115,944	21,056
Assessor	105,000	105,000	99,877	5,123
Clerk	154,000	174,000	161,017	12,983
Elections	16,500	30,700	29,942	758
Legal	690,000	669,000	626,668	42,332
Insurance	415,000	440,000	431,044	8,956
Employee fringes	3,225,000	3,595,235	3,454,498	140,737
Purchasing	18,000	22,000	20,650	1,350
Building and grounds	268,000	284,000	276,804	7,196
District court	435,000	260,000	247,010	12,990
Police	2,350,000	2,965,500	2,770,679	194,821
Fire	925,000	1,003,228	878,718	124,510
Animal control	85,225	126,225	103,061	23,164
Building inspections	165,425	226,425	217,092	9,333
Public works	650,000	680,000	645,072	34,928
Street lighting	250,000	315,000	293,487	21,513
Home purchase program	237,000	107,000	57,902	49,098
Economic development	50,000	50,000	50,000	-
Seniors/Activity center	59,000	146,750	123,610	23,140
Community promotion	126,655	186,655	160,973	25,682
Recreation department	145,000	193,000	184,710	8,290
Debt service	396,263	396,263	396,263	-
Total expenditures	11,386,358	12,768,431	11,979,287	789,144
Excess of Revenue Over (Under) Expenditures	-	(400,000)	330,153	730,153
Other Financing Sources (Uses) - Operating transfers out	-	(300,000)	(300,000)	-
Net Change in Fund Balance	-	(700,000)	30,153	730,153
Fund Balance - Beginning of year	1,503,636	1,503,636	1,503,636	-
Fund Balance - End of year	\$ 1,503,636	\$ 803,636	\$ 1,533,789	\$ 730,153

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - PENSION LEVY FUND
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 1,621,074	\$ 1,711,835	\$ 1,702,031	\$ (9,804)
State revenue and grants	1,485,600	1,296,041	1,296,041	-
Investment income	4,000	3,553	3,685	132
	<u>3,110,674</u>	<u>3,011,429</u>	<u>3,001,757</u>	<u>(9,672)</u>
Total revenue				
Expenditures				
General government	709,978	757,536	757,536	-
Public safety	2,400,696	2,642,893	2,642,893	-
	<u>3,110,674</u>	<u>3,400,429</u>	<u>3,400,429</u>	<u>-</u>
Total expenditures				
Excess of Revenue (Under)				
Expenditures	-	(389,000)	(398,672)	(9,672)
Net Change in Fund Balance				
	-	(389,000)	(398,672)	(9,672)
Fund Balance - Beginning of year				
	<u>572,550</u>	<u>572,550</u>	<u>572,550</u>	<u>-</u>
Fund Balance - End of year				
	<u>\$ 572,550</u>	<u>\$ 183,550</u>	<u>\$ 173,878</u>	<u>\$ (9,672)</u>

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - REFUSE FUND
Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 418,225	\$ 418,225	\$ 418,923	\$ 698
State revenue and grants	731,000	817,000	817,000	-
Investment income	18,000	5,000	5,447	447
Charges for services	-	15,000	17,606	2,606
	<u>1,167,225</u>	<u>1,255,225</u>	<u>1,258,976</u>	<u>3,751</u>
Total revenue				
Expenditures				
Public works	941,550	1,009,920	986,803	23,117
Debt service	12,240	9,870	9,870	-
Capital outlay	-	14,800	14,800	-
	<u>953,790</u>	<u>1,034,590</u>	<u>1,011,473</u>	<u>23,117</u>
Total expenditures				
Excess of Revenue Over Expenditures	<u>213,435</u>	<u>220,635</u>	<u>247,503</u>	<u>26,868</u>
Net Change in Fund Balance	213,435	220,635	247,503	26,868
Fund Balance - Beginning of year	<u>1,332,716</u>	<u>1,332,716</u>	<u>1,332,716</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,546,151</u>	<u>\$ 1,553,351</u>	<u>\$ 1,580,219</u>	<u>\$ 26,868</u>

CITY OF RIVER ROUGE, MICHIGAN

Notes to Required Supplemental Information – Budgetary Information

June 30, 2021

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds except that operating transfers out have been included in the “expenditure” category instead of “other financing uses” and reimbursements have been included in the “revenue” category, rather than as a reduction to expenditures. All annual appropriations lapse at the fiscal year end. The annual budget is prepared by the City’s management and adopted by the City Council; subsequent amendments are approved by the City Council.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the fund level, except for the General Fund, for which it adopts budgeted expenditures on an activity basis. This then represents the level of classification detail at which expenditures may not legally exceed appropriations. Expenditures at this level in excess of amounts budgeted are in violation of Michigan law. The level of detail presented in the required supplemental information for the General Fund is on the budget basis. Copies of the budget for all budgeted funds are available at the office of the city clerk.

The budget process is initiated in April, when the finance department estimates the revenue and calculates salary and fringe benefit information, as well as estimates operating costs by department for the year. In May, the finance department discusses any critical needs identified by the department heads that need to be incorporated into the new budget. The finance department then meets with the mayor to determine the adjustments needed to balance the operating budget. The budget is submitted to the City Council in June. After a public hearing, the final budget is adopted by a resolution no later than June 30 of each year.

During the current year, the budgets were amended in a legally permissible manner. Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. Encumbrances are not included as expenditures and the amount of encumbrances outstanding at June 30, 2021 has not been calculated.

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -
GENERAL EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 59,639	\$ 61,224	\$ 60,359	\$ 72,879	\$ 73,650	\$ 74,715	\$ 63,288	\$ 57,991
Difference between expected and actual experience	(760,365)	145,089	189,317	100,446	355,473	(47,216)	(41,548)	-
Interest on the total pension liability	1,306,961	1,321,594	1,340,001	1,363,774	1,374,700	1,398,011	1,435,439	1,471,832
Changes in benefit terms	-	-	-	-	-	285,523	-	-
Benefit payments and refunds	(1,724,327)	(1,807,637)	(1,898,487)	(1,842,412)	(2,076,638)	(2,010,402)	(1,984,743)	(2,120,016)
Net change in total pension liability	(1,118,092)	(279,730)	(308,810)	(305,313)	(272,815)	(299,369)	(527,564)	(590,193)
Total pension liability - Beginning of year	19,473,396	19,753,126	20,061,936	20,367,249	20,640,064	20,939,433	21,466,997	22,057,190
Total pension liability - End of year	<u>\$ 18,355,304</u>	<u>\$ 19,473,396</u>	<u>\$ 19,753,126</u>	<u>\$ 20,061,936</u>	<u>\$ 20,367,249</u>	<u>\$ 20,640,064</u>	<u>\$ 20,939,433</u>	<u>\$ 21,466,997</u>
Plan Fiduciary Net Position								
Employer contributions	\$ 757,536	\$ 867,244	\$ 1,067,202	\$ 1,195,111	\$ 1,518,388	\$ 1,793,178	\$ 1,997,237	\$ 2,815,715
Employee contributions	36,493	43,633	36,717	27,438	35,652	16,367	16,024	10,311
Net investment income (loss)	7,053,449	(172,263)	485,800	2,095,617	2,213,278	(582,518)	691,767	2,233,766
Benefit payments and refunds	(1,724,327)	(1,807,637)	(1,898,487)	(1,842,412)	(2,076,638)	(2,010,402)	(1,984,743)	(2,120,016)
Administrative expenses	(27,568)	(23,121)	(208,746)	(197,378)	(82,780)	(40,686)	(12,159)	(10,474)
Other	-	-	-	-	-	-	-	(5,303)
Net change in plan fiduciary net position	6,095,583	(1,092,144)	(517,514)	1,278,376	1,607,900	(824,061)	708,126	2,923,999
Plan fiduciary net position - Beginning of year	17,512,118	18,604,262	19,121,776	17,843,400	16,235,500	17,059,561	16,351,435	13,427,436
Plan fiduciary net position - End of year	<u>\$ 23,607,701</u>	<u>\$ 17,512,118</u>	<u>\$ 18,604,262</u>	<u>\$ 19,121,776</u>	<u>\$ 17,843,400</u>	<u>\$ 16,235,500</u>	<u>\$ 17,059,561</u>	<u>\$ 16,351,435</u>
City's Net Pension Liability (Asset) - Ending	<u>\$ (5,252,397)</u>	<u>\$ 1,961,278</u>	<u>\$ 1,148,864</u>	<u>\$ 940,160</u>	<u>\$ 2,523,849</u>	<u>\$ 4,404,564</u>	<u>\$ 3,879,872</u>	<u>\$ 5,115,562</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	128.62%	89.93%	94.18%	95.31%	87.61%	78.66%	81.47%	76.17%
Covered Employee Payroll	\$ 557,531	\$ 553,266	\$ 551,162	\$ 527,504	\$ 419,445	\$ 403,051	\$ 385,671	\$ 426,481
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-942.08%	354.49%	208.44%	178.23%	601.71%	1092.81%	1006.01%	1199.48%

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -
POLICE AND FIRE RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 194,295	\$ 221,338	\$ 289,066	\$ 221,508	\$ 360,294	\$ 380,293	\$ 412,187	\$ 484,446
Interest on the total pension liability	3,113,078	3,062,439	2,944,515	3,126,416	3,006,485	2,874,973	2,849,285	2,728,787
Changes in benefit terms	-	-	-	-	-	631,350	1,237,629	-
Differences between expected and actual experience	1,345,933	1,698,807	2,684,281	(1,885,751)	1,989,028	1,886,324	(496,778)	-
Changes in assumptions	-	-	-	-	-	-	1,521,955	-
Benefit payments and refunds	(4,562,919)	(4,219,136)	(4,404,228)	(3,438,372)	(3,936,274)	(4,082,637)	(3,205,088)	(2,979,756)
Net change in total pension liability	90,387	763,448	1,513,634	(1,976,199)	1,419,533	1,690,303	2,319,190	233,477
Total pension liability - Beginning of year	43,594,867	42,831,419	41,317,785	43,293,984	41,874,451	40,184,148	37,864,958	37,631,481
Total pension liability - End of year	<u>\$ 43,685,254</u>	<u>\$ 43,594,867</u>	<u>\$ 42,831,419</u>	<u>\$ 41,317,785</u>	<u>\$ 43,293,984</u>	<u>\$ 41,874,451</u>	<u>\$ 40,184,148</u>	<u>\$ 37,864,958</u>
Plan Fiduciary Net Position								
Employer contributions	\$ 2,697,796	\$ 2,548,351	\$ 2,885,252	\$ 2,325,339	\$ 2,018,188	\$ 1,966,083	\$ 2,310,881	\$ 2,336,569
Employee contributions	51,891	81,793	80,480	102,863	109,357	115,986	130,186	120,139
Net investment income (loss)	14,660,416	(903,422)	920,881	4,418,141	4,395,041	(1,531,419)	1,795,021	4,763,644
Benefit payments and refunds	(4,562,919)	(4,219,136)	(4,404,228)	(3,438,372)	(3,936,274)	(4,082,637)	(3,205,088)	(2,979,756)
Administrative expenses	(32,998)	(34,781)	(429,875)	(382,383)	(69,283)	(80,547)	(49,681)	-
Other	-	-	-	-	-	-	-	5,432
Net change in plan fiduciary net position	12,814,186	(2,527,195)	(947,490)	3,025,588	2,517,029	(3,612,534)	981,319	4,246,028
Plan fiduciary net position - Beginning of year	33,079,770	35,606,965	36,554,455	33,528,867	31,011,838	34,624,372	33,643,053	29,397,025
Plan fiduciary net position - End of year	<u>\$ 45,893,956</u>	<u>\$ 33,079,770</u>	<u>\$ 35,606,965</u>	<u>\$ 36,554,455</u>	<u>\$ 33,528,867</u>	<u>\$ 31,011,838</u>	<u>\$ 34,624,372</u>	<u>\$ 33,643,053</u>
City's Net Pension Liability (Asset) - Ending	<u>\$ (2,208,702)</u>	<u>\$ 10,515,097</u>	<u>\$ 7,224,454</u>	<u>\$ 4,763,330</u>	<u>\$ 9,765,117</u>	<u>\$ 10,862,613</u>	<u>\$ 5,559,776</u>	<u>\$ 4,221,905</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.06%	75.88%	83.13%	88.47%	77.44%	74.06%	86.16%	88.85%
Covered Employee Payroll	\$ 507,240	\$ 1,007,722	\$ 1,028,598	\$ 1,065,027	\$ 1,580,801	\$ 1,867,113	\$ 1,983,869	\$ 2,002,324
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-435.44%	1043.45%	702.36%	447.25%	617.73%	581.79%	280.25%	210.85%

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS - GENERAL EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	42.92%	(2.00%)	1.70%	11.90%	16.96%	(3.60%)	5.43%	20.39%

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS - POLICE AND FIRE RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	46.73%	(4.05%)	1.66%	13.16%	15.19%	(4.80%)	5.99%	18.12%

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS - GENERAL EMPLOYEES' RETIREMENT SYSTEM
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 556,105	\$ 790,478	\$ 948,866	\$ 1,047,698	\$ 1,175,488	\$ 1,293,221	\$ 1,666,483	\$ 1,788,904	\$ 2,735,521	\$ 2,665,095
Contributions in relation to the actuarially determined contribution	<u>757,536</u>	<u>867,244</u>	<u>1,067,202</u>	<u>1,195,111</u>	<u>1,793,178</u>	<u>1,997,237</u>	<u>2,815,715</u>	<u>2,727,580</u>	<u>2,194,877</u>	<u>2,591,020</u>
Contribution excess (deficiency)	<u>\$ 201,431</u>	<u>\$ 76,766</u>	<u>\$ 118,336</u>	<u>\$ 147,413</u>	<u>\$ 617,690</u>	<u>\$ 704,016</u>	<u>\$ 1,149,232</u>	<u>\$ 938,676</u>	<u>\$ (540,644)</u>	<u>\$ (74,075)</u>
Covered employee payroll	\$ 557,531	\$ 553,266	\$ 551,162	\$ 527,504	\$ 403,051	\$ 385,671	\$ 426,481	\$ 424,283	\$ 424,283	\$ 407,503
Contributions as a percentage of covered employee payroll	135.87%	156.75%	193.63%	226.56%	444.90%	517.86%	660.22%	642.87%	517.31%	635.83%

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date: June 30, 2019

The Actuarially Determined Contribution is calculated using a June 30, 2019 valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	1 years
Asset valuation method	4-year smoothed market
Inflation	3.00%
Salary increases	3.50% - 7.50%, including wage inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Healthy Annuitant Projected to 2020 with Scale BB

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS - POLICE AND FIRE RETIREMENT SYSTEM
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 2,535,581	\$ 2,558,196	\$ 2,851,261	\$ 2,465,927	\$ 2,123,051	\$ 1,716,349	\$ 1,770,603	\$ 2,200,285	\$ 2,199,408	\$ 1,996,751
Contributions in relation to the actuarially determined contribution	<u>2,697,796</u>	<u>2,548,351</u>	<u>2,885,252</u>	<u>2,325,339</u>	<u>2,018,188</u>	<u>1,966,083</u>	<u>2,310,881</u>	<u>2,336,569</u>	<u>2,044,193</u>	<u>1,968,556</u>
Contribution excess (deficiency)	<u>\$ 162,215</u>	<u>\$ (9,845)</u>	<u>\$ 33,991</u>	<u>\$ (140,588)</u>	<u>\$ (104,863)</u>	<u>\$ 249,734</u>	<u>\$ 540,278</u>	<u>\$ 136,284</u>	<u>\$ (155,215)</u>	<u>\$ (28,195)</u>
Covered employee payroll	\$ 507,240	\$ 1,007,722	\$ 1,028,598	\$ 1,065,027	\$ 1,580,801	\$ 1,867,113	\$ 1,983,869	\$ 2,002,324	\$ 2,153,688	\$ 2,153,688
Contributions as a percentage of covered employee payroll	531.86%	252.88%	280.50%	218.34%	127.67%	105.30%	116.48%	116.69%	94.92%	91.40%

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date: June 30, 2019

The Actuarially Determined Contribution is calculated using a June 30, 2019 valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age Normal
Amortization method	Level dollar, closed
Remaining amortization period	3 years
Asset valuation method	4-year smoothed market
Inflation	3.00%
Salary increases	3.70% - 7.50%, including wage inflation
Investment rate of return	7.50% net of investment and administrative expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Healthy Annuitant Projected to 2020 with Scale BB

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY NET OPEB LIABILITY AND RELATED RATIOS - RETIREE HEALTH CARE PLAN
LAST FOUR FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 74)

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 285,641	\$ 319,906	\$ 321,320	\$ 322,369
Interest on the total OPEB liability	2,407,432	2,502,955	2,555,549	2,604,986
Differences between expected and actual experience	-	(2,657,414)	(1,924,373)	(1,917,647)
Changes of assumptions	1,234,666	-	-	-
Benefit payments and refunds	<u>(1,648,567)</u>	<u>(1,690,838)</u>	<u>(1,715,419)</u>	<u>(1,715,419)</u>
Net change in total OPEB liability	2,279,172	(1,525,391)	(762,923)	(705,711)
Total OPEB liability - Beginning of year	<u>34,916,581</u>	<u>36,441,972</u>	<u>37,204,895</u>	<u>37,910,606</u>
Total OPEB liability - End of year	<u>\$ 37,195,753</u>	<u>\$ 34,916,581</u>	<u>\$ 36,441,972</u>	<u>\$ 37,204,895</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 2,448,567	\$ 2,340,838	\$ 2,540,419	\$ 11,295,419
Net investment income	3,388,373	764,175	662,128	97,888
Benefit payments and refunds	<u>(1,648,567)</u>	<u>(1,690,838)</u>	<u>(1,715,419)</u>	<u>(1,715,419)</u>
Net change in plan fiduciary net position	4,188,373	1,414,175	1,487,128	9,677,888
Plan fiduciary net position - Beginning of year	<u>12,579,191</u>	<u>11,165,016</u>	<u>9,677,888</u>	<u>-</u>
Plan fiduciary net position - End of year	<u>\$ 16,767,564</u>	<u>\$ 12,579,191</u>	<u>\$ 11,165,016</u>	<u>\$ 9,677,888</u>
City's Net OPEB Liability - Ending	<u>\$ 20,428,189</u>	<u>\$ 22,337,390</u>	<u>\$ 25,276,956</u>	<u>\$ 27,527,007</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	45.08%	36.03%	30.64%	26.01%
Covered Employee Payroll	\$ 2,198,285	\$ 2,097,000	\$ 2,410,470	\$ 2,295,000
Net OPEB Liability as a Percentage of Covered Payroll	929.28%	1065.21%	1048.63%	1199.43%

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS - RETIREE HEALTH CARE PLAN
LAST FOUR FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 74)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	25.83%	7.96%	6.94%	13.16%

CITY OF RIVER ROUGE, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS - RETIREE HEALTH CARE PLAN
LAST FOUR FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB Statement No. 74)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$2,064,503	\$ 2,638,005	\$ 2,465,425	\$ 4,693,766
Contributions in relation to the actuarially determined contribution	<u>2,448,567</u>	<u>2,340,839</u>	<u>2,540,419</u>	<u>11,295,419</u>
Contribution excess (deficiency)	<u>\$ 384,064</u>	<u>\$ (297,166)</u>	<u>\$ 74,994</u>	<u>\$ 6,601,653</u>
Covered employee payroll	\$2,198,285	\$ 2,097,000	\$ 2,410,470	\$ 2,295,000
Contributions as a percentage of covered employee payroll	111.39%	111.63%	105.39%	492.18%

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date:	June 30, 2020
	Covered employee payroll is as of June 30 of the current fiscal year
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age
Amortization method	Level dollar
Remaining amortization period	30 years closed
Asset valuation method	Market
Pre-retirement medical inflation	Initial rate of 6.0%, decreasing 0.1% per year to a 5.0% long-term rate
Wage inflation	2.50%
Investment rate of return	7.0% net of plan investment expenses
Mortality	RP 2014 Mortality Table with MP 2017

OTHER SUPPLEMENTAL INFORMATION

CITY OF RIVER ROUGE, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue Funds				Capital Project Fund	Total Nonmajor Governmental Funds
	Major Streets Fund	Local Streets Fund	Drug Law Enforcement Fund	Library Fund	2018 Michigan Transportation Bond Fund	
Assets						
Cash and cash equivalents	\$ -	\$ 24,727	\$ 11,240	\$ 708,760	\$ 22,968	\$ 767,695
Investments	-	-	-	401,511	-	401,511
Receivables	98,876	37,608	-	3,398	-	139,882
Other assets	8,678	-	-	-	-	8,678
Total assets	\$ 107,554	\$ 62,335	\$ 11,240	\$ 1,113,669	\$ 22,968	\$ 1,317,766
Liabilities						
Accounts payable	\$ 14,843	\$ 62,335	\$ 11,240	\$ 3,643	\$ -	\$ 92,061
Due to general fund	88,252	-	-	-	-	88,252
Accrued liabilities and other	-	-	-	1,477	22,968	24,445
Total liabilities	103,095	62,335	11,240	5,120	22,968	204,758
Fund Balances						
Restricted:						
Library	-	-	-	1,108,549	-	1,108,549
Roads	4,459	-	-	-	-	4,459
Total fund balances	4,459	-	-	1,108,549	-	1,113,008
Total liabilities and fund balances	\$ 107,554	\$ 62,335	\$ 11,240	\$ 1,113,669	\$ 22,968	\$ 1,317,766

CITY OF RIVER ROUGE, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue Funds				Capital Project Fund	Total Nonmajor Governmental Funds
	Major Streets Fund	Local Streets Fund	Drug Law Enforcement Fund	Library Fund	2018 Michigan Transportation Bond Fund	
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ 112,167	\$ -	\$ 112,167
Federal grants	-	-	80,052	-	-	80,052
State-shared revenue and grants	621,186	237,360	-	233,904	-	1,092,450
Investment income (loss)	(690)	(198)	36	3,685	120	2,953
Other revenue	1,789	-	-	-	-	1,789
Total revenue	622,285	237,162	80,088	349,756	120	1,289,411
Expenditures						
Current:						
Public safety	-	-	80,088	-	-	80,088
Public works	380,395	278,515	-	-	-	658,910
Recreation and culture	-	-	-	102,883	-	102,883
Debt service	109,658	59,047	-	-	160,666	329,371
Capital outlay	18,649	37,269	-	-	457,234	513,152
Total expenditures	508,702	374,831	80,088	102,883	617,900	1,684,404
Excess of Revenue Over (Under) Expenditures	113,583	(137,669)	-	246,873	(617,780)	(394,993)
Other Financing Sources						
Operating transfers in	-	123,451	-	-	-	123,451
Operating transfers out	(123,451)	-	-	-	-	(123,451)
Net Change in Fund Balances	(9,868)	(14,218)	-	246,873	(617,780)	(394,993)
Fund Balances - Beginning of year	14,327	14,218	-	861,676	617,780	1,508,001
Fund Balances - End of year	\$ 4,459	\$ -	\$ -	\$ 1,108,549	\$ -	\$ 1,113,008

CITY OF RIVER ROUGE, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS
June 30, 2021

	Fiduciary Funds			
	General Employees' Retirement System	Police and Fire Retirement System	Retiree Health Care Plan	Total Fiduciary Funds
Assets				
Cash and cash equivalents	\$ 2,295,399	\$ 3,257,995	\$ 1,129,496	\$ 6,682,890
Investments				
Commercial paper	-	-	449,172	449,172
Corporate stock	16,616,176	30,472,123	11,570,117	58,658,416
Corporate bonds	3,428,656	10,612,767	596,823	14,638,246
International bonds	156,022	93,011	-	249,033
Municipal bonds	450,171	493,646	55,607	999,424
U.S. government agency bonds	326,269	685,778	979,141	1,991,188
Mortgage and asset backed securities	311,752	256,924	215,562	784,238
Mutual funds	-	-	1,771,646	1,771,646
Other investment	16,830	36,021	-	52,851
Receivables (Note 7)	8,922	-	-	8,922
Total assets	23,610,197	45,908,265	16,767,564	86,286,026
Liabilities				
Accrued and other liabilities	2,496	14,309	-	16,805
Net Position Held in Trust for Pension and Other Post Employee Benefits	\$ 23,607,701	\$ 45,893,956	\$ 16,767,564	\$ 86,269,221

CITY OF RIVER ROUGE, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS
Year Ended June 30, 2021

	General Employees' Retirement System	Police and Fire Retirement System	Retiree Health Care Plan	Total
Additions				
Investment Income (Loss)				
Interest and dividends	\$ 440,397	\$ 966,317	\$ 205,912	\$ 1,612,626
Net increase in fair value of investments	6,790,338	14,047,370	3,312,020	24,149,728
Investment related expenses	(177,286)	(353,271)	(129,559)	(660,116)
Net investment income	<u>7,053,449</u>	<u>14,660,416</u>	<u>3,388,373</u>	<u>25,102,238</u>
Contributions				
Employer	757,536	2,697,796	800,000	4,255,332
Employee	36,493	51,891	-	88,384
Net contributions	<u>794,029</u>	<u>2,749,687</u>	<u>800,000</u>	<u>4,343,716</u>
Total additions	<u>7,847,478</u>	<u>17,410,103</u>	<u>4,188,373</u>	<u>29,445,954</u>
Deductions				
Benefit payments	1,724,327	4,562,919	-	6,287,246
Administrative expenses	27,568	32,998	-	60,566
Total deductions	<u>1,751,895</u>	<u>4,595,917</u>	<u>-</u>	<u>6,347,812</u>
Net Increase in Net Position Held in Trust	6,095,583	12,814,186	4,188,373	23,098,142
Net Position Held in Trust for Pension and Other Post Employee Benefits - Beginning of year				
	<u>17,512,118</u>	<u>33,079,770</u>	<u>12,579,191</u>	<u>63,171,079</u>
Net Position Held in Trust for Pension and Other Post Employee Benefits - End of year				
	<u>\$ 23,607,701</u>	<u>\$ 45,893,956</u>	<u>\$ 16,767,564</u>	<u>\$ 86,269,221</u>