

City of River Rouge

Financial Statements

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

City Council and Management
City of River Rouge
River Rouge, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of River Rouge (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension and OPEB schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
December 26, 2023

City of River Rouge
Management's Discussion and Analysis
June 30, 2023

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, 2023. 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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
Management's Discussion and Analysis
June 30, 2023

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, 2023:

- Total General Fund revenue increased from \$12,841,321 to \$13,225,989 or 3% with expenditures and operating transfer out increasing from \$13,146,441 to \$13,249,042 or 0.8% resulting in an increase to fund balance of \$52,183.
- The City continued to see a decrease in property taxes with the taxable value (TV) for the 2022 tax year (2022/2023 fiscal year) dropping from \$140.1 million to \$137.9 million or 1.6%. The TV decrease resulted in the General Fund property tax revenue decreasing by a net \$6,199. 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 (47% for fiscal 2023). 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 \$5,176,756 and is included as state grant revenue.

City of River Rouge
Management's Discussion and Analysis
June 30, 2023

Financial Highlights (Continued)

- The General Fund's license and building permits fees were \$82,739 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 \$408,774 more than last fiscal year, an increase of \$635 in state revenue sharing and a decrease in marijuana revenue sharing of \$84,127.
- Federal Grants related to the COVID-19 pandemic (ARPA) were recognized in the General Fund totaling \$389,831 helping offset lost revenue. This represents the final balance of the federal funds received.
- The General Fund made a transfer out to the Capital Improvement Fund of \$1,225,000 to fund the emergency HVAC and A/C replacement at city hall of \$1.1 million and \$125,000 for additional improvements to Belanger Park bridge project and the purchase of police vehicles.

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
Management's Discussion and Analysis
June 30, 2023

The City of River Rouge as a Whole

The following table shows, in a condensed format, the net position (deficit) as of June 30, 2023, in thousands of dollars and compared to the prior year:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital assets	\$ 10,038	\$ 9,041	\$ 36,275	\$ 37,400	\$ 46,313	\$ 46,441
Other assets	<u>11,646</u>	<u>7,955</u>	<u>5,723</u>	<u>5,477</u>	<u>17,369</u>	<u>13,432</u>
Total assets	<u>21,684</u>	<u>16,996</u>	<u>41,998</u>	<u>42,877</u>	<u>63,682</u>	<u>59,873</u>
Deferred outflows	<u>2,357</u>	<u>4,173</u>	<u>14</u>	<u>64</u>	<u>2,371</u>	<u>4,237</u>
Current liabilities	1,429	3,335	2,229	1,872	3,658	5,207
Long-term liabilities	<u>17,426</u>	<u>18,460</u>	<u>6,832</u>	<u>6,737</u>	<u>24,258</u>	<u>25,197</u>
Total liabilities	<u>18,855</u>	<u>21,795</u>	<u>9,061</u>	<u>8,609</u>	<u>27,916</u>	<u>30,404</u>
Deferred inflows	<u>669</u>	<u>6,718</u>	<u>15</u>	<u>71</u>	<u>684</u>	<u>6,789</u>
Net position:						
Net investment in capital assets	8,175	3,380	30,296	30,145	38,471	33,525
Restricted	6,784	2,937	1,379	1,433	8,163	4,370
Unrestricted (deficit)	<u>(10,442)</u>	<u>(13,661)</u>	<u>1,261</u>	<u>2,683</u>	<u>(9,181)</u>	<u>(10,978)</u>
Total net position	<u>\$ 4,517</u>	<u>\$ (7,344)</u>	<u>\$ 32,936</u>	<u>\$ 34,261</u>	<u>\$ 37,453</u>	<u>\$ 26,917</u>

The City has combined net position of approximately \$37.5 million at June 30, 2023. This is comprised of \$32.9 million of business-type activities and \$4.5 million net position in the governmental activities.

Of the total combined net position, approximately \$38.4 million is invested in capital assets, net of related debt, while \$8.1 million is restricted for various purposes and cannot be used for general operations.

City of River Rouge
Management's Discussion and Analysis
June 30, 2023

The following table shows the changes in the net position (deficit) for the year ended June 30, 2023 in thousands of dollars and compared to prior year:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	\$ 1,366	\$ 1,254	\$ 3,257	\$ 2,958	\$ 4,623	\$ 4,212
Operating grants & contributions	10,259	279	998	-	11,257	279
Capital grants and contributions	-	115	-	-	-	115
General Revenues:						
Property taxes	6,544	5,812	292	124	6,836	5,936
State shared revenue	1,352	10,185	-	142	1,352	10,327
Investment earnings (loss)	86	(154)	7	(54)	93	(208)
Gain on sale of capital assets	71	-	-	-	71	-
Miscellaneous	381	1,220	-	21	381	1,241
Total revenues	20,059	18,711	4,554	3,191	24,613	21,902
Expenses						
General government	5,024	5,101	-	-	5,024	5,101
Public safety	1,697	886	-	-	1,697	886
Public works	673	289	-	-	673	289
Health and welfare	-	-	-	-	-	-
Community and economic development	27	(49)	-	-	27	(49)
Recreation and culture	595	659	-	-	595	659
Interest on long-term debt	182	203	-	-	182	203
Water and sewer	-	-	5,879	5,643	5,879	5,643
Total expenses	8,198	7,089	5,879	5,643	14,077	12,732
Change in net position	11,861	11,622	(1,325)	(2,452)	10,536	9,170
Net position - beginning	(7,344)	(18,966)	34,261	36,713	26,917	17,747
Total net position	\$ 4,517	\$ (7,344)	\$ 32,936	\$ 34,261	\$ 37,453	\$ 26,917

Total net position increased by approximately \$10.5 million. Included in the net increase is a decrease in business-type net position of \$1.3 million and an increase in governmental activities of \$11.9 million.

City of River Rouge
Management's Discussion and Analysis
June 30, 2023

Governmental Activities

The City's total governmental revenue and transfers totaled approximately \$21.2 million, with one of the largest revenues provided by property taxes. This represents 31 percent of governmental revenue in 2023 along with State Sources revenue making up 51 percent. General government expenditures, including pension contributions and retiree healthcare costs, are significant amongst the governmental activities, making up 33 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 35 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 and has yet to reopen it. 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 \$1.3 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 2023 the working capital decreased significantly to \$92,000 or a decrease of 94%. 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 \$1.5 million. Once that is achieved, the City can begin accumulating money for long-term capital improvements.

City of River Rouge
Management's Discussion and Analysis
June 30, 2023

The City's Funds

Our analysis of the City's major funds begins on page 3-20, 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 2023 include the General Fund, Pension Levy 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 22.4% of total expenditures. The City is self-insured for healthcare and the current year costs remained consistent with prior year but new dental and vision programs increased costs by \$68,000 and the new DB pension program for public safety doubled the pension costs from prior year when the employees were covered by the DC plan.

Another significant cost of the General Fund are police and fire services, which incurred expenses of approximately \$4.02 million in 2023 (excluding fringe benefits), and represents approximately 33.5% of the total General Fund expenditures.

The Pension Levy Fund continues to be a major fund this year. This fund generated approximately \$1.8 million in revenue from property taxes to put toward the \$3.1 million of required contributions made into the pension systems. The required pension contribution (including court ordered interest and legal fees) decreased \$397,350 from 2022. 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 police vehicles, improvements to the police dispatch center, city hall boiler replacement, street paving, sidewalk replacement, and DPW vehicles and park playground totaling \$1,554,102. The majority of the capital assets were purchased with grant funds from the State of Michigan and Wayne County.

In addition to the activity above, the Water and Sewer Fund had water and sewer infrastructure replacements totaling \$767,405.

City of River Rouge
Management's Discussion and Analysis
June 30, 2023

Economic Factors and Next Year's Budgets and Rates

The General Fund finished the 2023 fiscal year with an increase in fund balance of approximately \$52,000. Overall, the City's net results were very good as the final amended budget included the use of fund balance of \$312,651. The remaining balance of ARPA federal grants of \$389,822 were utilized in FY 2022/2023 to 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 138 million in the few years, 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 appealed their property tax assessment for the 2021 and 2022 tax years and the second largest taxpayer shutting down their plant at the end of 2022 and is in process of demolishing the entire facility which result in the loss of another an additional 30 million in taxable value over the next three years. 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. The Water and Sewer Fund is also reaching a critical point where without the largest water and sewer customer reopening their plant, significant rate increases will be required for the fund to remain solvent. The Water and Sewer Fund is also facing unfunded state mandates to replace lead water lines with estimated costs currently exceeding \$30,000,000.

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
Statement of Net Position
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,013,107	\$ 51,779	\$ 2,064,886	\$ 555,344
Investments	5,027,278	304,997	5,332,275	328,450
Receivables				
Accounts	14,629	-	14,629	-
Utility bills	-	1,762,776	1,762,776	-
Interest	8,173	-	8,173	-
Due from other units of government	945,924	769,311	1,715,235	-
Prepaid items	500,376	-	500,376	-
Restricted assets				
Cash and cash equivalents	-	1,916,315	1,916,315	-
Capital assets not being depreciated	1,050,036	917,783	1,967,819	-
Capital assets, net of accumulated depreciation	8,988,409	36,083,536	45,071,945	-
Net pension asset	3,134,925	191,154	3,326,079	-
Total assets	<u>21,682,859</u>	<u>41,997,651</u>	<u>63,680,510</u>	<u>883,794</u>
Deferred Outflows of Resources				
Pension related	1,022,359	-	1,022,359	-
OPEB related	1,335,140	14,054	1,349,194	-
Total deferred outflows of resources	<u>2,357,499</u>	<u>14,054</u>	<u>2,371,553</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Statement of Net Position
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 595,967	\$ 2,136,489	\$ 2,732,456	\$ -
Contracts payable - retainage	-	66,737	66,737	-
Payroll and other liabilities	744,867	6,884	751,751	2,000
Interest payable	30,333	19,658	49,991	-
Customer deposits	-	-	-	8,007
Unearned revenue	56,988	-	56,988	-
Noncurrent liabilities				
Debt due within one year	1,044,283	566,843	1,611,126	-
Debt due in more than one year	5,579,211	6,163,637	11,742,848	-
Net pension liability	1,221,200	-	1,221,200	-
Net OPEB liability	9,581,767	100,861	9,682,628	-
Total liabilities	<u>18,854,616</u>	<u>9,061,109</u>	<u>27,915,725</u>	<u>10,007</u>
Deferred Inflows of Resources				
Pension related	<u>668,574</u>	<u>14,780</u>	<u>683,354</u>	<u>-</u>
Net Position				
Net investment in capital assets	8,175,474	30,295,532	38,471,006	-
Restricted for				
Debt service	-	1,378,578	1,378,578	-
Grants	2,131	-	2,131	-
Refuse	1,984,058	-	1,984,058	-
Library	1,323,815	-	1,323,815	-
Pension	3,462,751	-	3,462,751	-
Roads	10,815	-	10,815	-
Unrestricted	<u>(10,441,876)</u>	<u>1,261,706</u>	<u>(9,180,170)</u>	<u>873,787</u>
Total net position	<u>\$ 4,517,168</u>	<u>\$ 32,935,816</u>	<u>\$ 37,452,984</u>	<u>\$ 873,787</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 5,023,946	\$ 778,157	\$ 8,746,389	\$ -	\$ 4,500,600	\$ -	\$ 4,500,600	\$ -
Public safety	1,697,206	415,709	23,641	-	(1,257,856)	-	(1,257,856)	-
Public works	673,347	103,120	929,054	-	358,827	-	358,827	-
Community and economic development	23,688	-	233,488	-	209,800	-	209,800	-
Recreation and culture	595,635	68,645	325,945	-	(201,045)	-	(201,045)	-
Interest and fiscal charges on long-term debt	182,411	-	-	-	(182,411)	-	(182,411)	-
Total governmental activities	<u>8,196,233</u>	<u>1,365,631</u>	<u>10,258,517</u>	<u>-</u>	<u>3,427,915</u>	<u>-</u>	<u>3,427,915</u>	<u>-</u>
Business-type activities								
Water & Sewer	<u>5,879,411</u>	<u>3,256,844</u>	<u>998,461</u>	<u>-</u>	<u>-</u>	<u>(1,624,106)</u>	<u>(1,624,106)</u>	<u>-</u>
Total primary government	<u>\$ 14,075,644</u>	<u>\$ 4,622,475</u>	<u>\$ 11,256,978</u>	<u>\$ -</u>	<u>3,427,915</u>	<u>(1,624,106)</u>	<u>1,803,809</u>	<u>-</u>
Component units								
Economic Development Authority	\$ 370,399	\$ 267,373	\$ 115,429	\$ -	-	-	-	12,403
Downtown Development Authority	29,009	-	25,465	-	-	-	-	(3,544)
Total component units	<u>\$ 399,408</u>	<u>\$ 267,373</u>	<u>\$ 140,894</u>	<u>\$ -</u>				<u>8,859</u>
General revenues								
Property taxes					6,543,974	291,954	6,835,928	75,939
Unrestricted state-shared revenue					1,351,772	-	1,351,772	-
Unrestricted investment earnings					85,625	6,775	92,400	40
Gain on sale of capital assets					71,449	-	71,449	-
Miscellaneous					380,617	-	380,617	13,503
Total general revenues					<u>8,433,437</u>	<u>298,729</u>	<u>8,732,166</u>	<u>89,482</u>
Change in net position					11,861,352	(1,325,377)	10,535,975	98,341
Net position - beginning of year					(7,344,184)	34,261,193	26,917,009	775,446
Net position - end of year					<u>\$ 4,517,168</u>	<u>\$ 32,935,816</u>	<u>\$ 37,452,984</u>	<u>\$ 873,787</u>

See Accompanying Notes to the Financial Statements

**City of River Rouge
Governmental Funds
Balance Sheet
June 30, 2023**

	<u>General</u>	<u>Special Revenue Fund Pension Levy</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 510,617	\$ 225,553	\$ 575,565	\$ 701,372	\$ 2,013,107
Investments	487,190	431,442	1,280,141	2,828,505	5,027,278
Receivables					
Accounts	14,629	-	-	-	14,629
Interest	8,173	-	-	-	8,173
Due from other units of government	253,544	-	406,833	285,547	945,924
Due from other funds	645,474	-	-	-	645,474
Prepaid items	491,629	-	-	8,747	500,376
Total assets	<u>\$ 2,411,256</u>	<u>\$ 656,995</u>	<u>\$ 2,262,539</u>	<u>\$ 3,824,171</u>	<u>\$ 9,154,961</u>

See Accompanying Notes to the Financial Statements

**City of River Rouge
Governmental Funds
Balance Sheet
June 30, 2023**

	General	Special Revenue Fund Pension Levy	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities					
Accounts payable	\$ 491,694	\$ -	\$ 17,419	\$ 86,854	\$ 595,967
Due to other funds	-	-	263,131	382,341	645,472
Payroll and other liabilities	638,710	72,000	-	34,157	744,867
Unearned revenue	-	-	56,988	-	56,988
Total liabilities	<u>1,130,404</u>	<u>72,000</u>	<u>337,538</u>	<u>503,352</u>	<u>2,043,294</u>
Deferred Inflows of Resources					
Unavailable revenue - receivables	-	-	348,833	138,642	487,475
Fund Balances					
Non-spendable					
Prepaid items	491,629	-	-	8,747	500,376
Restricted for					
Pension	-	584,995	-	-	584,995
Roads	-	-	-	2,068	2,068
Refuse	-	-	-	1,984,058	1,984,058
Library	-	-	-	1,323,815	1,323,815
Assigned	-	-	1,576,168	-	1,576,168
Unassigned (deficit)	789,223	-	-	(136,511)	652,712
Total fund balances	<u>1,280,852</u>	<u>584,995</u>	<u>1,576,168</u>	<u>3,182,177</u>	<u>6,624,192</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,411,256</u>	 <u>\$ 656,995</u>	 <u>\$ 2,262,539</u>	 <u>\$ 3,824,171</u>	 <u>\$ 9,154,961</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Total fund balances for governmental funds	\$ 6,624,192
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,050,036
Capital assets, net of accumulated depreciation	8,988,409
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	487,475
Net pension asset not reported in the funds	3,134,925
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability/asset	1,022,359
Deferred outflows of resources resulting from net OPEB liability	1,335,140
Deferred inflows of resources resulting from net pension liability/asset	(668,574)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(30,333)
Compensated absences	(1,260,523)
Claims and judgments	(220,000)
Bonds, notes, premiums and discounts	(5,142,971)
Net pension liability	(1,221,200)
Net OPEB liability	<u>(9,581,767)</u>
Net position of governmental activities	<u>\$ 4,517,168</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	General	Special Revenue Fund Pension Levy	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 4,222,970	\$ 1,787,695	\$ -	\$ 533,309	\$ 6,543,974
Licenses and permits	762,032	-	-	-	762,032
Federal grants	389,822	-	58,000	900	448,722
State grants	6,843,228	1,853,918	-	2,131,211	10,828,357
Local contributions	2,850	-	115,857	1,564	120,271
Charges for services	106,777	-	-	33,120	139,897
Fines and forfeitures	381,918	-	-	11,784	393,702
Rental income	70,000	-	-	-	70,000
Investment income (loss)	83,552	5,308	1,878	(5,113)	85,625
Other revenue	362,840	-	-	15,000	377,840
Total revenues	<u>13,225,989</u>	<u>3,646,921</u>	<u>175,735</u>	<u>2,721,775</u>	<u>19,770,420</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	<u>General</u>	<u>Special Revenue Fund Pension Levy</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Expenditures					
Current					
General government	\$ 5,707,232	\$ 544,997	\$ -	\$ -	\$ 6,252,229
District court	353,625	-	-	-	353,625
Public safety	4,027,247	2,519,541	-	18,161	6,564,949
Public works	1,039,984	-	-	1,714,981	2,754,965
Community and economic development	207,125	-	-	36,273	243,398
Recreation and culture	293,366	-	-	251,959	545,325
Capital outlay	-	-	1,374,918	-	1,374,918
Debt service	395,463	-	-	331,572	727,035
Total expenditures	<u>12,024,042</u>	<u>3,064,538</u>	<u>1,374,918</u>	<u>2,352,946</u>	<u>18,816,444</u>
Excess (deficiency) of revenues over expenditures	<u>1,201,947</u>	<u>582,383</u>	<u>(1,199,183)</u>	<u>368,829</u>	<u>953,976</u>
Other financing sources (uses)					
Transfers in	-	-	1,225,000	120,209	1,345,209
Transfers out	(1,225,000)	-	-	(120,209)	(1,345,209)
Insurance recoveries	2,777	-	-	-	2,777
Sale of capital assets	72,459	-	-	-	72,459
Total other financing sources and (uses)	<u>(1,149,764)</u>	<u>-</u>	<u>1,225,000</u>	<u>-</u>	<u>75,236</u>
Net change in fund balances	52,183	582,383	25,817	368,829	1,029,212
Fund balances - beginning of year	<u>1,228,669</u>	<u>2,612</u>	<u>1,550,351</u>	<u>2,813,348</u>	<u>5,594,980</u>
Fund balances - end of year	<u>\$ 1,280,852</u>	<u>\$ 584,995</u>	<u>\$ 1,576,168</u>	<u>\$ 3,182,177</u>	<u>\$ 6,624,192</u>

See Accompanying Notes to the Financial Statements

**City of River Rouge
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023**

Net change in fund balances - total governmental funds	\$ 1,029,212
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(555,759)
Capital outlay	1,554,102
Sale of capital assets (net book value)	(1,010)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	212,939
Long-term assets and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension asset	1,177,166
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	3,341
Compensated absences	(274,214)
The statement of net position reports the net pension liability/asset and deferred outflows of resources and deferred inflows related to the net pension liability/asset and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability/asset	2,344,561
Net change in the deferred outflow of resources related to the net pension liability/asset	(968,263)
Net change in the deferred inflow of resources related to the net pension liability/asset	(668,574)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability	1,595,510
Net change in the deferred outflow of resources related to the net OPEB liability	(846,911)
Net change in the deferred inflow of resources related to the net OPEB liability	6,717,969
Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Repayments of long-term debt	535,000
Amortization of premiums, discounts and similar items	6,283
Change in net position of governmental activities	<u>\$ 11,861,352</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Proprietary Funds
Statement of Net Position
June 30, 2023

	<u>Water & Sewer</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 51,779
Investments	304,997
Receivables	
Utility bills	1,762,776
Due from other units of government	769,311
Total current assets	2,888,863
Noncurrent assets	
Restricted assets	
Cash and cash equivalents	1,916,315
Capital assets not being depreciated	917,783
Capital assets, net of accumulated depreciation	36,083,536
Net pension asset	191,154
Total noncurrent assets	39,108,788
Total assets	41,997,651
Deferred Outflows of Resources	
OPEB related	14,054

See Accompanying Notes to the Financial Statements

City of River Rouge
Proprietary Funds
Statement of Net Position
June 30, 2023

	<u>Water & Sewer</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 2,136,489
Contracts payable - retainage	66,737
Payroll and other liabilities	6,884
Interest payable	19,658
Current portion of long-term liabilities	566,843
Total current liabilities	2,796,611
Noncurrent liabilities	
Compensated absences	24,693
Long-term liabilities	6,138,944
Net OPEB liability	100,861
Total noncurrent liabilities	6,264,498
Total liabilities	9,061,109
Deferred Inflows of Resources	
Pension related	14,780
Net Position	
Net investment in capital assets	30,295,532
Restricted for	
Debt service	1,378,578
Unrestricted	1,261,706
Total net position	\$ 32,935,816

See Accompanying Notes to the Financial Statements

City of River Rouge
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023

	<u>Water & Sewer</u>
Operating revenue	
Customer fees	\$ 3,256,844
Operating expenses	
Cost of water	735,948
Cost of sewage treatment	1,035,306
Other operations and maintenance	2,898,376
Depreciation	1,165,923
Total operating expenses	5,835,553
Operating loss	(2,578,709)
Nonoperating revenue (expenses)	
Property taxes	291,954
State grants	998,461
Investment income	6,775
Interest expense	(43,858)
Total nonoperating revenues (expenses)	1,253,332
Change in net position	(1,325,377)
Net position - beginning of year	34,261,193
Net position - end of year	\$ 32,935,816

See Accompanying Notes to the Financial Statements

City of River Rouge
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Water & Sewer
Cash flows from operating activities	
Receipts from customers	\$ 2,436,016
Payments to suppliers	(3,016,595)
Payments to employees	(727,218)
Net cash used by operating activities	(1,307,797)
 Cash flows from noncapital financing activities	
Property taxes	291,954
State grant	998,461
Net cash provided by noncapital financing activities	1,290,415
 Cash flows from capital and related financing activities	
Purchases/construction of capital assets	(767,406)
Principal and interest paid on long-term debt	(545,348)
Net cash used by capital and related financing activities	(1,312,754)
 Cash flows from investing activities	
Proceeds from sales and maturities of investments	1,365,324
Purchases of investments	(51,389)
Interest received	6,775
Net cash provided by investing activities	1,320,710
 Net increase (decrease) in cash and cash equivalents	(9,426)
 Cash and cash equivalents - beginning of year	1,977,520
 Cash and cash equivalents - end of year	\$ 1,968,094
 Reconciliation to the financial statements	
Cash and cash equivalents	\$ 51,779
Restricted cash and cash equivalents	1,916,315
	\$ 1,968,094

See Accompanying Notes to the Financial Statements

City of River Rouge
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Water & Sewer
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (2,578,709)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation expense	1,165,923
Changes in assets and liabilities	
Receivables (net)	(51,517)
Due from other units of government	(769,311)
Pension related deferred outflows of resources	241,334
OPEB related deferred outflows of resources	8,915
Accounts payable	948,897
Accrued and other liabilities	63,699
Compensated absences	8,730
Net pension liability	(73,217)
Net OPEB liability	(16,795)
Pension related deferred inflows of resources	(185,031)
OPEB related deferred inflows of resources	(70,715)
Net cash provided (used) by operating activities	\$ (1,307,797)
Noncash transactions	
Principal and interest paid from restricted assets	\$ 92,478
Decrease in City's share of County's downriver sewage improvement bond	(44,481)

See Accompanying Notes to the Financial Statements

City of River Rouge
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Custodial Funds</u>
Assets		
Cash and cash equivalents	\$ 4,575,796	\$ -
Investments		
Pooled investments	507,189	-
U.S. Treasury/Agency bonds and notes	2,457,959	-
Common stock	53,945,088	-
Foreign bonds	605,107	-
Municipal /bonds	841,303	-
Mortgage and asset backed securities	1,121,724	-
Other investments	180,355	-
Preferred/fixed rate	1,494,280	-
Corporate bonds	10,261,136	-
Mutual funds	1,658,460	-
Due from other units of government	<u>1,521,196</u>	<u>-</u>
Total assets	<u>79,169,593</u>	<u>-</u>
Liabilities		
Accounts payable	<u>30,721</u>	<u>-</u>
Net Position		
Restricted for:		
Pensions	63,654,462	-
Postemployment benefits other than pension	<u>15,484,410</u>	<u>-</u>
Total net position	<u>\$ 79,138,872</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Contributions		
Employer	\$ 5,203,077	\$ -
Members	73,428	-
Total contributions	<u>5,276,505</u>	<u>-</u>
Investment earnings		
Interest, dividends and other	1,562,452	-
Net increase in fair value of investments	7,636,122	-
Total investment earnings	<u>9,198,574</u>	<u>-</u>
Property tax collections for other governments	<u>-</u>	<u>6,322,765</u>
Total additions	<u>14,475,079</u>	<u>6,322,765</u>
Deductions		
Benefits paid to participants or beneficiaries	7,181,093	-
Administrative expense	807,851	-
Payments of property tax to other governments	-	6,322,765
Total deductions	<u>7,988,944</u>	<u>6,322,765</u>
Change in net position	6,486,135	-
Net position - beginning of year	<u>72,652,737</u>	<u>-</u>
Net position - end of year	<u>\$ 79,138,872</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Component Units
Statement of Net Position
June 30, 2023

	Downtown Development Authority	Economic Development Corporation	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 138,908	\$ 416,436	\$ 555,344
Investments	-	328,450	328,450
Total current assets	<u>138,908</u>	<u>744,886</u>	<u>883,794</u>
Liabilities			
Current liabilities			
Payroll and other liabilities	-	2,000	2,000
Customer deposits	-	8,007	8,007
Total current liabilities	<u>-</u>	<u>10,007</u>	<u>10,007</u>
Net Position			
Unrestricted	<u>\$ 138,908</u>	<u>\$ 734,879</u>	<u>\$ 873,787</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Component Units
Statement of Activities
For the Year Ended June 30, 2023

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Expenses			
Community and economic development	\$ 29,009	\$ 370,399	\$ 399,408
Program revenues			
Charges for services	-	267,373	267,373
Operating grants and contributions	25,465	115,429	140,894
Total program revenues	<u>25,465</u>	<u>382,802</u>	<u>408,267</u>
 Net program expense (revenues)	 <u>3,544</u>	 <u>(12,403)</u>	 <u>(8,859)</u>
General revenues			
Property taxes	25,120	50,819	75,939
Unrestricted investment earnings (losses)	110	(70)	40
Miscellaneous	-	13,503	13,503
Total general revenues	<u>25,230</u>	<u>64,252</u>	<u>89,482</u>
 Change in net position	 21,686	 76,655	 98,341
 Net position - beginning of year	 <u>117,222</u>	 <u>658,224</u>	 <u>775,446</u>
 Net position - end of year	 <u>\$ 138,908</u>	 <u>\$ 734,879</u>	 <u>\$ 873,787</u>

See Accompanying Notes to the Financial Statements

City of River Rouge
Notes to the Financial Statements
June 30, 2023

Note 1 - Summary of 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. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). 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.

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*, which normally are supported by taxes and intergovernmental revenues, 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 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 revenues are reported instead as *general revenues*.

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.

City of River Rouge
Notes to the Financial Statements
June 30, 2023

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 fund and fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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.

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.

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:

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

Additionally, the City reports the following:

The nonmajor special revenue funds account for revenue sources that are legally restricted or committed to expenditures for specific purposes.

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.

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.

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Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Assets, Liabilities, and Net Position or Fund Balance

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement 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.”

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 2022 tax is levied and collectible on July 1 and December 1, 2022, and is recognized as revenue in the year ended June 30, 2023, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the City totaled \$138.3 million (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	\$ 2,797,978
Rubbish	2.9901	418,216
E.D.C. operating	0.3614	50,383
W.O.L.F./Library	0.8000	111,979
EPA judgment	0.3615	51,389
Police and fire employees' pension judgment	10.9016	1,520,343
Employees' pension judgment	1.7582	250,184
PA. 33 Special Assessment	8.0000	580,757
	45.1068	\$ 5,781,229

Significant customers - The City has three significant customers, which, when combined, represented approximately 79 percent of property tax revenue for the year ended June 30, 2023.

The City has one significant water and sewer customer, which represents 36 percent of water and sewage disposal revenue for the year ended June 30, 2023.

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

City of River Rouge
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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.

Capital assets 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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net assets by the City that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension or OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension or OPEB expense. Changes in assumptions and experience differences relating to the net pension or OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Compensated absences – 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.

Long-term obligations – In the government-wide financial statements, and 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – 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.

Other Postemployment Benefits (OPEB) – 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

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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.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net assets by the City that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension liability and net OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund Balances – In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government's highest level of decision-making, its City Council.

A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes, as determined by the City Council. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, deferred outflows, liabilities, deferred inflows 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.

Adoption of New Accounting Standards

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like

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transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

Upcoming Accounting and Reporting Changes

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The City is evaluating the impact that the above GASB statements will have on its financial reporting.

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, 2022	\$	(98,916)
Current year building permit revenue		403,889
Related expenses:		
Direct costs	\$ 413,595	
Estimated indirect costs	<u>72,800</u>	<u>486,395</u>
Current year shortage		<u>(82,506)</u>
Cumulative shortfall at June 30, 2023	\$	<u>(181,422)</u>

Budgetary Information

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.

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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 amounts of encumbrances outstanding at June 30, 2023 has not been calculated.

The City's original budgets, as presented in the budgetary comparison schedules, reflect beginning of year fund balances based on the City's estimated fund balances at the time the City passed the original budgets. The amended budgets and actual columns of the schedules reflect the beginning fund balances per the June 30, 2022, audited financial statements.

Expenditures in Excess of Appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Transfers out	\$ 924,000	\$ 1,225,000	\$ 301,000

Fund Deficits

The Grant Fund has an accumulated deficit of \$136,511. This deficit is a result of the timing difference between grant expenditures and reimbursements. A deficit elimination plan is not required to be

submitted to the Michigan Department of Treasury as deferred inflows of resources are greater than the deficit.

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.

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.

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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 \$3,288,220 of bank deposits (certifications of deposit, checking, savings, and money market accounts) of which \$2,274,538 is uninsured.

Component Units – At year end, the component units had \$879,982 of bank deposits, of which \$290,575 is uninsured.

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 had \$1,040,765 of bank deposits, of which \$570,968 is uninsured.

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 had \$5,332,275 of investment securities which were uninsured and uncollateralized. At year end, the component units had \$328,450 investment securities which were uninsured and uncollateralized. At year end, the Retiree Health Care Plan had \$644,208 investment securities which were uninsured and uncollateralized. At year end, the General Employees' Retirement System had \$2,697,917 of investment securities which were uninsured and uncollateralized. At year end, the Police and Fire Retirement System had \$8,413,291 of investment securities which were uninsured and uncollateralized.

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 and Component Units		
Commerical paper	\$ 1,133,153	0.1866 years
Municipal bonds	895,808	3.0667 years
U.S. Treasury bonds/notes	2,181,426	2.5399 years

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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	\$ 1,039,448	3.2600 years
Corporate bonds	2,418,022	6.2200 years
Preferred/fixed	279,895	8.6262 years
Municipal bonds	400,065	6.3000 years
Mortgage backed securities	213,023	19.4085 years
Foreign bonds	135,786	1.4559 years
Corporate asset backed securities	79,980	3.6437 years
Police and Fire Retirement System		
U.S. Treasury bonds/notes	1,108,312	4.5300 years
Corporate bonds	7,198,906	3.7800 years
Preferred/fixed	1,214,385	9.2700 years
Municipal bonds	441,238	6.4200 years
International bonds	469,321	1.8200 years
Mortgage backed securities	181,987	19.3200 years
Corporate asset backed securities	100,375	5.1100 years
Retiree Health Care Plan		
U.S. Treasury bonds/notes	310,198	22.7400 years
Corporate bonds	644,208	7.4500 years
Mortgage backed securities	726,714	27.6974 years

Credit Risk

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

City

The City has no investment policy that would further limit its investment choices. As of yearend, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government and Component Units			
Commercial paper	\$ 591,984	A-2	S&P
Commercial paper	541,169	BBB	S&P
Municipal bonds	104,875	AA+	S&P
Municipal bonds	516,441	AA	S&P
Municipal bonds	274,492	Aa2	Moody's
U. S. Agency bond/note	2,181,426	AA+	S&P

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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 Employees' Retirement System			
Municipal bonds	\$ 284,348	AAA	S&P
Municipal bonds	30,834	AAA	Moody's
Municipal bonds	14,272	AA1	Moody's
Municipal bonds	23,642	AA+	S&P
Municipal bonds	46,969	AA	S&P
International bonds	39,671	A	S&P
International bonds	96,115	Not Rated	Not Rated
Corporate bonds	32,847	AAA	S&P
Corporate bonds	29,708	AA	S&P
Corporate bonds	88,895	AA-	S&P
Corporate bonds	115,286	A+	S&P
Corporate bonds	167,062	A	S&P
Corporate bonds	398,324	A-	S&P
Corporate bonds	270,456	BBB+	S&P
Corporate bonds	387,917	BBB	S&P
Corporate bonds	94,591	BBB-	S&P
Corporate bonds	32,865	BB+	S&P
Corporate bonds	15,111	AAA	Moody's
Corporate bonds	67,865	BAA3	Moody's
Corporate bonds	74,602	A1	Moody's
Corporate bonds	922,388	Not Rated	Not Rated

Investment	Fair Value	Rating	Rating Organization
Police and Fire Retirement System			
Municipal bonds	\$ 294,917	AAA	S&P
Municipal bonds	28,370	AA+	S&P
Municipal bonds	98,921	AA	S&P
Municipal bonds	19,030	AA1	Moody's
Corporate bonds	56,826	AAA	S&P
Corporate bonds	39,574	AA	S&P
Corporate bonds	107,219	AA-	S&P
Corporate bonds	149,183	A+	S&P
Corporate bonds	166,062	A	S&P
Corporate bonds	688,394	A-	S&P
Corporate bonds	355,793	A1	Moody's
Corporate bonds	313,735	BBB+	S&P
Corporate bonds	1,323,179	BBB	S&P
Corporate bonds	206,253	BBB-	S&P
Corporate bonds	164,325	BB+	S&P
Corporate bonds	339,325	BAA3	Moody's
Corporate bonds	4,503,423	Not Rated	Not Rated
International bonds	19,643	A	S&P
International bonds	449,678	Not Rated	Not Rated
Retiree Health Care Plan			
Corporate bonds	\$ 52,108	AA	S&P
Corporate bonds	52,366	A+	S&P
Corporate bonds	222,473	A-	S&P
Corporate bonds	205,728	BBB+	S&P
Corporate bonds	104,856	BBB	S&P

Concentration of Credit Risk

City – The City has no investment policy that would further limit its investments choices.

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.

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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, 2023, 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.

Note 4 - Fair Value Measurements

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

In instances whereby 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.

The City has the following recurring fair value measurements as of yearend:

	Level 1	Level 2	Level 3	Total
Primary government				
Commercial paper	\$ 1,133,153	\$ -	\$ -	\$ 1,133,153
Municipal bonds	-	895,808	-	895,808
U.S. Treasury bonds	-	2,181,426	-	2,181,426
Other investments	-	1,450,338	-	1,450,338
Fiduciary Funds				
Common stock	53,945,088	-	-	53,945,088
Corporate bonds	10,261,136	-	-	10,261,136
Mutual funds	1,658,460	-	-	1,658,460
Preferred/fixed	1,494,280	-	-	1,494,280
Foreign bonds	-	605,107	-	605,107
Municipal bonds	-	841,303	-	841,303
U.S. government agency bonds	-	2,457,959	-	2,457,959
Mortgage/corporate and asset-backed securities	-	1,121,724	-	1,121,724
Other investments	-	687,544	-	687,544
Total investments	<u>\$ 68,492,117</u>	<u>\$ 10,241,209</u>	<u>\$ -</u>	<u>\$ 78,733,326</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, 2023, 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
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Note 5 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 538,733	\$ -	\$ 1,010	\$ 537,723
Construction-in-progress	462,423	49,890	-	512,313
Total capital assets not being depreciated	<u>1,001,156</u>	<u>49,890</u>	<u>1,010</u>	<u>1,050,036</u>
Capital assets being depreciated				
Land improvements	1,627,716	-	-	1,627,716
Infrastructure	12,929,372	55,712	5,571	12,979,513
Buildings, additions and improvements	5,731,022	934,897	-	6,665,919
Machinery and equipment	897,127	352,347	-	1,249,474
Vehicles	4,528,798	149,832	-	4,678,630
Computers and software	365,729	11,424	-	377,153
Total capital assets being depreciated	<u>26,079,764</u>	<u>1,504,212</u>	<u>5,571</u>	<u>27,578,405</u>
Less accumulated depreciation for				
Land improvements	909,987	41,720	-	951,707
Infrastructure	7,943,991	171,106	5,571	8,109,526
Buildings, additions and improvements	4,875,856	101,251	-	4,977,107
Machinery and equipment	668,099	58,579	-	726,678
Vehicles	3,310,972	172,112	-	3,483,084
Computers and software	330,903	10,991	-	341,894
Total accumulated depreciation	<u>18,039,808</u>	<u>555,759</u>	<u>5,571</u>	<u>18,589,996</u>
Net capital assets being depreciated	<u>8,039,956</u>	<u>948,453</u>	<u>-</u>	<u>8,988,409</u>
Governmental activities net capital assets	<u>\$ 9,041,112</u>	<u>\$ 998,343</u>	<u>\$ 1,010</u>	<u>\$ 10,038,445</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 150,378	\$ -	\$ -	\$ 150,378
Construction-in-progress	803,250	767,405	803,250	767,405
Total capital assets not being depreciated	<u>953,628</u>	<u>767,405</u>	<u>803,250</u>	<u>917,783</u>
Capital assets being depreciated				
Pumping station	1,570,769	-	1	1,570,768
Infrastructure	58,501,106	803,251	-	59,304,357
Machinery and equipment	434,169	-	1	434,168
Vehicles	130,787	-	-	130,787
Total capital assets being depreciated	<u>60,636,831</u>	<u>803,251</u>	<u>2</u>	<u>61,440,080</u>
Less accumulated depreciation for				
Pumping station	1,533,466	2,664	-	1,536,130
Infrastructure	22,392,159	1,144,512	1	23,536,670
Machinery and equipment	134,210	18,747	-	152,957
Vehicles	130,787	-	-	130,787
Total accumulated depreciation	<u>24,190,622</u>	<u>1,165,923</u>	<u>1</u>	<u>25,356,544</u>
Net capital assets being depreciated	<u>36,446,209</u>	<u>(362,672)</u>	<u>1</u>	<u>36,083,536</u>
Business-type capital assets, net	<u>\$ 37,399,837</u>	<u>\$ 404,733</u>	<u>\$ 803,251</u>	<u>\$ 37,001,319</u>

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

Governmental activities	
General government	\$ 54,904
Public safety	155,562
Public works	219,104
Health and welfare	33,587
Community and economic development	92,602
Total governmental activities	<u>555,759</u>
Business-type activities	
Water and Sewer Fund	<u>1,165,923</u>
Total primary government	<u>\$ 1,721,682</u>

City of River Rouge
Notes to the Financial Statements
June 30, 2023

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds in the Aggregate	\$ 382,343
General Fund	Capital Projects Fund	263,131
		\$ 645,474

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Capital Projects Fund	\$ 1,225,000
Nonmajor Governmental Funds in the Aggregate	Nonmajor Governmental Funds in the Aggregate	120,209
		\$ 1,345,209

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.

City of River Rouge
Notes to the Financial Statements
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Note 7 - 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.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
Michigan Transportation Fund Bonds, Series 2018	\$ 2,780,000	2029	3.49%	\$270,000 - \$325,000	\$ 2,040,000	\$ -	\$ 265,000	\$ 1,775,000	\$ 270,000
2015E LGLPR Bonds	4,955,000	2032	3.00 - 4.00	280,000 - 385,000	3,550,000	-	270,000	3,280,000	280,000
Total general obligation bonds					5,590,000	-	535,000	5,055,000	550,000
Issuance premiums					94,254	-	6,283	87,971	6,283
Total bonds and notes payable					5,684,254	-	541,283	5,142,971	556,283
Insurance claims payable					67,411	1,657,442	1,504,853	220,000	220,000
Compensated absences					986,309	542,463	268,249	1,260,523	268,000
Total governmental activities					<u>\$ 6,737,974</u>	<u>\$ 2,199,905</u>	<u>\$ 2,314,385</u>	<u>\$ 6,623,494</u>	<u>\$ 1,044,283</u>
	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
Bonds and notes from direct borrowings and direct placements									
State Revolving Fund Loan 5433-01	\$ 760,000	2032	2.50%	\$40,000 - \$50,000	\$ 465,000	\$ -	\$ 35,000	\$ 430,000	\$ 40,000
State Revolving Fund Loan 5396-01	2,200,000	2032	2.00	80,000 - 100,000	1,085,000	-	80,000	1,005,000	80,000
Wayne County Downriver Sewage Disposal System	587,388	2028	3.716	36,788 - 44,964	239,495	858	35,973	204,380	36,788
Downriver Utility Wastewater Authority Bonds	Various	2057	0.00 - 5.00	10,212 - 169,386	5,385,074	(71,903)	246,764	5,066,407	410,055
Vactor Loan	374,946	2023	-	-	80,140	-	80,140	-	-
Total bonds and notes payable					7,254,709	(71,045)	477,877	6,705,787	566,843
Compensated absences					15,963	8,730	-	24,693	-
Total business-type activities					<u>\$ 7,270,672</u>	<u>\$ (62,315)</u>	<u>\$ 477,877</u>	<u>\$ 6,730,480</u>	<u>\$ 566,843</u>

City of River Rouge
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Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Bonds		Bonds and Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 550,000	\$ 171,698	\$ 566,843	\$ 211,599
2025	570,000	150,700	425,816	199,465
2026	590,000	130,454	435,633	187,087
2027	610,000	110,621	459,552	174,038
2028	630,000	89,540	458,050	160,383
2029-2033	2,105,000	184,315	2,004,247	613,037
2034-2038	-	-	1,074,511	361,194
2039-2043	-	-	912,695	163,134
2044-2048	-	-	123,525	27,628
2049-2053	-	-	132,075	16,654
2054-2057	-	-	112,840	4,904
	<u>\$ 5,055,000</u>	<u>\$ 837,328</u>	<u>\$ 6,705,787</u>	<u>\$ 2,119,123</u>

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 2023, principal and interest payments totaled \$101,179 related to this debt. The judgment levy generated \$51,389. The remaining principal and interest to be paid on these bonds is \$689,180.

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

\$3,924,942. During the current year, state-shared revenue was \$1,351,772.

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 \$1,680,000. The remaining principal and interest to be paid on these bonds is \$1,119,650. The debt is a liability of the Water and Sewer Fund, and its revenue has been pledged to meet the debt service obligations.

Note 8 - Restricted Assets

The City has total restricted cash of \$1,916,315 of which \$1,378,578 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 \$537,737 are held at the DUWA and are not restricted net position, as the cash reserves were generated from unspent bond proceeds.

Note 9 - Net Investment in Capital Assets

The composition of net investment in capital assets as of yearend, was as follows:

	Governmental Activities	Business-type Activities
Capital assets		
Capital assets not being depreciated	\$ 1,050,036	\$ 917,783
Capital assets, net of accumulated depreciation	<u>8,988,409</u>	<u>36,083,536</u>
Total capital assets	<u>10,038,445</u>	<u>37,001,319</u>
Less related debt		
General obligation bonds	1,775,000	-
Bonds and notes from direct borrowing and direct placements	-	6,705,787
Unamortized bond premiums	<u>87,971</u>	<u>-</u>
Total related debt	<u>1,862,971</u>	<u>6,705,787</u>
Net investment in capital assets	<u>\$ 8,175,474</u>	<u>\$ 30,295,532</u>

City of River Rouge
Notes to the Financial Statements
June 30, 2023

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 fiscal year June 30, 2023 are as follows:

	2023	2022
Unpaid claims - beginning of year	\$ 67,411	\$ 250,000
Incurred claims, including claims incurred but not reported	1,657,442	1,486,312
Claim payments	(1,504,853)	(1,668,901)
Unpaid claims - end of year	\$ 220,000	\$ 67,411

Note 11 - Municipal Employees' Retirement System of Michigan (MERS) Pension Plan

Defined Benefit Pension Plan

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with a multiplier of 2.25%. Vesting period is 10 years. Normal retirement age is 60 with unreduced early retirement at 53 with 25 years of service and reduced early retirement at 50 or 55 with 25 and 15 years of service, respectively. Final average compensation is calculated based on 3 years. Member contributions are 7.00%.

City of River Rouge
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Employees covered by benefit terms – At the December 31, 2022 valuation date, the following employees were covered by benefit terms:

Active employees 10

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 9.82% based on annual payroll for the open division.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2022, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.00%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

Mortality rates used were based on the Pub-2010 Mortality Tables. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of River Rouge
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Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 91,937
Interest on the total pension liability	3,333
Experience differences	<u>1,008,847</u>
Net change in total pension liability	1,104,117
Total pension liability - beginning	-
Total pension liability - ending (a)	<u>\$ 1,104,117</u>

Plan Fiduciary Net Position

Employer contributions	\$ 16,314
Employee contributions	806,755
Net investment income	10,211
Administrative expense	<u>(97)</u>
Net change in plan fiduciary net position	833,183
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ 833,183</u>

Net pension liability (a-b) \$ 270,934

Plan fiduciary net position as a percentage of total pension liability 75.46%

Covered payroll \$ 676,007

Net pension liability as a percentage of covered payroll 40.08%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	<u>\$ 454,919</u>	<u>\$ 270,934</u>	<u>\$ 121,374</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2023 the employer recognized pension expense of (\$653,226). The employer reported deferred outflows resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Differences in experience	\$ 924,776	\$ 924,776
Net difference between projected and actual earning on plan investments	15,698	15,698
Contributions subsequent to the measurement date*	<u>81,885</u>	<u>-</u>
Total	<u>\$ 1,022,359</u>	<u>\$ 940,474</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in subsequent years.

City of River Rouge
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Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2024	\$	87,995
2025		87,995
2026		87,995
2027		87,995
2028		84,071
Thereafter		504,423
	<u>\$</u>	<u>940,474</u>

Note 12 - 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, 2023, the following plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to, but not yet receiving benefits	1
Active employees	9
	<u>88</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.

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.

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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, 2023, the active member contribution rate was 3% of compensation for Local 1917 and elected and 6.3% of compensation for general nonunion, 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.

Rate of return – For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 12.12%. 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, 2023, the plan had the following reserves:

	Required Reserve
Reserve for employees' contributions	\$ 1,309,311
Reserve for retired benefit payments	20,044,456
	\$ 21,353,767

Net pension asset - The components of the net pension asset of the City at June 30, 2023 were as follows:

Total pension liability	\$ 18,027,688
Fiduciary net position	21,353,767
Net pension asset	\$ (3,326,079)

The City has chosen to use June 30, 2023 as its measurement date for the net pension asset. The June 30, 2023 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2023.

The June 30, 2023 total pension liability was determined by an actuarial valuation performed as of June 30, 2023.

City of River Rouge
Notes to the Financial Statements
June 30, 2023

Changes in Net Pension Asset

Total Pension Liability

Service cost	\$ 40,625
Interest on the total pension liability	1,202,231
Experience differences	427,561
Benefit payments and refunds	<u>(1,553,651)</u>
Net change in total pension liability	116,766
Total pension liability - beginning	<u>17,910,922</u>
Total pension liability - ending (a)	<u>\$ 18,027,688</u>

Plan Fiduciary Net Position

Employer contributions	\$ 544,997
Employee contributions	36,741
Net investment income	2,402,150
Benefit payments and refunds	(1,553,651)
Administrative expense	<u>(63,088)</u>
Net change in plan fiduciary net position	1,367,149
Plan fiduciary net position - beginning	<u>19,986,618</u>
Plan fiduciary net position - ending (b)	<u>\$ 21,353,767</u>

Net pension asset (a-b) \$ (3,326,079)

Plan fiduciary net position as a percentage of total pension liability	118.45%
Covered payroll	\$ 554,753
Net pension asset as a percentage of covered payroll	-599.56%

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2023 the employer recognized pension expense of \$282,584. The employer reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	<u>\$ (257,169)</u>	<u>\$ (257,169)</u>

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

	<u>Year ended June 30,</u>	
	2024	\$ (214,862)
	2025	(503,335)
	2026	668,890
	2027	<u>(207,862)</u>
		<u>\$ (257,169)</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2023. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
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 Combined Healthy Annuitant Life Mortality Table projected to 2020 with Scale BB.

Discount rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the

City of River Rouge
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June 30, 2023

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 7.00% 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.

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 7.00%, as well as what the City’s net pension asset would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
\$ (1,747,998)	\$ (3,326,079)	\$ (4,690,346)

Note 13 - 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 October 6, 1998. 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, 2023, the following plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	94
Active employees	4
	98

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. Nonduty 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.

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June 30, 2023

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.

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, 2023, 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, 2023, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 11.52%. 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, 2023, the plan had the following reserves:

	Required Reserve
Reserve for employees' contributions	\$ 1,021,943
Reserve for retired benefit payments	41,278,752
	\$ 42,300,695

The components of the net pension liability of the City at June 30, 2023 were as follows:

Total pension liability	\$ 43,250,960
Fiduciary net position	42,300,694
Net pension liability	\$ 950,266

The City has chosen to use June 30, 2023 as its measurement date for the net pension asset. The June 30, 2023 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2023.

The June 30, 2023 total pension liability was determined by an actuarial valuation performed as of June 30, 2023.

City of River Rouge
Notes to the Financial Statements
June 30, 2023

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 70,084
Interest on the total pension liability	3,052,109
Experience differences	(475,676)
Changes of benefit terms	1,894,273
Benefit payments and refunds	<u>(3,829,076)</u>
Net change in total pension liability	711,714
Total pension liability - beginning	<u>42,539,246</u>
Total pension liability - ending (a)	<u>\$ 43,250,960</u>

Plan Fiduciary Net Position

Employer contributions	\$ 2,559,714
Employee contributions	36,687
Net investment income	4,625,241
Benefit payments and refunds	(3,829,076)
Administrative expense	<u>(65,357)</u>
Net change in plan fiduciary net position	3,327,209
Plan fiduciary net position - beginning	<u>38,973,485</u>
Plan fiduciary net position - ending (b)	<u>\$ 42,300,694</u>

Net pension liability (a-b) \$ 950,266

Plan fiduciary net position as a percentage of total pension liability 97.80%

Covered payroll \$ 674,736

Net pension liability as a percentage of covered payroll 140.84%

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2023 the employer recognized pension expense of \$1,671,747. The

employer reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	<u>\$ (426,185)</u>	<u>\$ (426,185)</u>

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

Year ended June 30,

2024	\$ (373,504)
2025	(1,076,118)
2026	1,373,618
2027	<u>(350,181)</u>
	<u>\$ (426,185)</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2023. 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 Mortality Table projected to 2020 with scale MP 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. 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

City of River Rouge
Notes to the Financial Statements
June 30, 2023

rates and the employee rate. Based on these assumptions, the 7.50% 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension asset of the City, calculated using the discount rate of 7.50%, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
\$ 5,014,432	\$ 950,266	\$ (2,513,617)

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 9.00% 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 \$5,235,206. The current year contribution was calculated based on covered payroll of \$1,974,358, resulting in an employer contribution of \$177,692 and employee contributions of \$98,718.

For the year ended June 30, 2023, total pension expense for the City, including the three defined benefit plans and defined contribution plan, is \$1,478,797.

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.

Employees covered by benefit terms - The following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	157
Active employees	35
	192

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, 2023, the City made postemployment healthcare premiums of \$1,798,366, plus it contributed \$300,000 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.

City of River Rouge
Notes to the Financial Statements
June 30, 2023

Rate of return – For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.32%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The City’s net OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$ 271,209
Interest	1,706,237
Benefit payments	<u>(1,798,366)</u>
Net change in total OPEB liability	179,080
Total OPEB liability - beginning	<u>24,987,567</u>
Total OPEB liability - ending (a)	<u>\$ 25,166,647</u>

Plan Fiduciary Net Position

Employer contributions	\$ 2,098,366
Net investment income (loss)	1,491,385
Benefit payments	<u>(1,798,366)</u>
Net change in plan fiduciary net position	1,791,385
Plan fiduciary net position - beginning	<u>13,692,634</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,484,019</u>
 Net OPEB liability (a-b)	 <u>\$ 9,682,628</u>

The Plan’s fiduciary net position represents 61.50% of the total OPEB liability.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2023 the employer recognized OPEB expense of (\$5,446,797). The

employer reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	<u>\$ 1,349,194</u>	<u>\$ 1,349,194</u>

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

Year ended June 30,

2024	\$ 324,588
2025	316,561
2026	812,526
2027	<u>(104,481)</u>
	<u>\$ 1,349,194</u>

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.29%, including inflation
Investment rate of return	7%, net of investment expense
Initial trend rate	6.00%
Ultimate trend rate	5.00%
Years to ultimate	10 years

RP-2014 Mortality Table, projected to 2020 with MP-2014 for police and fire employees and RP-2000 Mortality Table, projected to 2020 with Scale BB for general employees.

City of River Rouge
Notes to the Financial Statements
June 30, 2023

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 7.00%. 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 7.00% 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.

Investment rate of return - The investment rate of return was assumed to be 7.00%, 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 7.00%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 12,641,993</u>	<u>\$ 9,682,628</u>	<u>\$ 7,224,253</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 6.00%, decreasing to 1.00, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower or 1.00% higher than the current rate:

1% Decrease	Current Medical Inflation Rate	1% Increase
<u>\$ 6,943,445</u>	<u>\$ 9,682,628</u>	<u>\$ 12,982,890</u>

Note 16 - 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 Fiduciary Net Position				
Cash and cash equivalents	\$ 1,557,328	\$ 2,484,500	\$ 533,968	\$ 4,575,796
Investments	19,486,930	38,635,229	14,950,442	73,072,601
Receivables	316,427	1,204,769	-	1,521,196
Payables	(6,918)	(23,803)	-	(30,721)
Net position	<u>\$ 21,353,767</u>	<u>\$ 42,300,695</u>	<u>\$ 15,484,410</u>	<u>\$ 79,138,872</u>
Statement of Changes in Fiduciary Net Position				
Investment earnings	\$ 2,586,032	\$ 4,996,553	\$ 1,615,989	\$ 9,198,574
Contributions	581,738	2,596,401	2,098,366	5,276,505
Benefit payments	(1,553,651)	(3,829,076)	(1,798,366)	(7,181,093)
Other deductions	(246,970)	(436,668)	(124,213)	(807,851)
Net change in net position	<u>\$ 1,367,149</u>	<u>\$ -</u>	<u>\$ 1,791,776</u>	<u>\$ 6,486,135</u>

Note 17 - Contingent Liabilities

Lawsuits and Asserted Claims

The City is a defendant in several lawsuits and asserted claims. No provision has been made in the government-wide statement of net position for the estimated liability. Management and legal counsel believe the City's ultimate exposure with respect to the remaining

City of River Rouge
Notes to the Financial Statements
June 30, 2023

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.

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 \$1,035,306 for operations of the authority and paid \$425,615 for debt service. For the judgment levy debt, the City paid \$45,415 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
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,839,250	\$ 3,852,716	\$ 3,992,484	\$ 139,768
Marijuana tax	-	2,784	2,784	-
Penalties and interest	80,000	92,246	93,914	1,668
Administration fee	133,500	133,788	133,788	-
Licenses and permits	863,200	858,600	762,032	(96,568)
Federal grants	389,831	389,822	389,822	-
State-shared revenue	1,273,000	1,362,738	1,351,772	(10,966)
State grants	5,177,000	5,536,018	5,491,456	(44,562)
Local contributions	50,000	50,000	2,850	(47,150)
Charges for services	104,050	123,650	106,777	(16,873)
Fines and forfeitures	425,000	415,000	381,918	(33,082)
Rental income	70,000	70,000	70,000	-
Investment income	1,905	12,675	83,552	70,877
Other revenue	358,500	344,300	362,840	18,540
Insurance recoveries	-	-	2,777	2,777
Sale of capital assets	141,500	140,700	72,459	(68,241)
Total revenues	<u>12,906,736</u>	<u>13,385,037</u>	<u>13,301,225</u>	<u>(83,812)</u>

City of River Rouge
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government				
Legislative committee	\$ 88,273	\$ 88,273	\$ 81,321	\$ (6,952)
Chief executive	297,000	427,850	399,220	(28,630)
Accounting department	151,000	120,500	119,984	(516)
Clerk	160,000	218,610	216,204	(2,406)
Purchasing	22,000	40,112	32,424	(7,688)
Treasurer	130,600	162,422	148,919	(13,503)
Assessor/equalization department	150,000	135,000	124,257	(10,743)
Elections	30,000	31,000	29,333	(1,667)
Building and grounds	325,000	379,475	343,902	(35,573)
Attorney/corporation counsel	665,000	758,890	749,434	(9,456)
Human resources department	-	31,252	29,930	(1,322)
Insurance and bonds	485,000	747,651	747,618	(33)
Unallocated employee fringe benefits	3,825,000	2,756,000	2,684,686	(71,314)
Total general government	<u>6,328,873</u>	<u>5,897,035</u>	<u>5,707,232</u>	<u>(189,803)</u>
Judicial				
District court	<u>310,000</u>	<u>370,000</u>	<u>353,625</u>	<u>(16,375)</u>
Public safety				
Police	3,034,000	3,129,000	2,895,724	(233,276)
Fire	803,400	803,400	758,272	(45,128)
Building inspection department	263,000	280,918	271,942	(8,976)
Dog warden	<u>110,000</u>	<u>110,000</u>	<u>101,309</u>	<u>(8,691)</u>
Total public safety	<u>4,210,400</u>	<u>4,323,318</u>	<u>4,027,247</u>	<u>(296,071)</u>

City of River Rouge
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public works				
Department of public works	\$ 615,000	\$ 814,038	\$ 703,716	\$ (110,322)
Street lighting	<u>320,000</u>	<u>342,000</u>	<u>336,268</u>	<u>(5,732)</u>
Total public works	<u>935,000</u>	<u>1,156,038</u>	<u>1,039,984</u>	<u>(116,054)</u>
Community and economic development				
Economic development	50,000	51,000	50,383	(617)
Home purchase program	258,000	82,000	28,749	(53,251)
Community promotion	<u>125,000</u>	<u>134,689</u>	<u>127,993</u>	<u>(6,696)</u>
Total community and economic development	<u>433,000</u>	<u>267,689</u>	<u>207,125</u>	<u>(60,564)</u>
Recreation and culture				
Parks and recreation department	225,000	283,145	228,897	(54,248)
Seniors/activity center	<u>69,000</u>	<u>81,000</u>	<u>64,469</u>	<u>(16,531)</u>
Total recreation and culture	<u>294,000</u>	<u>364,145</u>	<u>293,366</u>	<u>(70,779)</u>

City of River Rouge
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Debt service	\$ 395,463	\$ 395,463	\$ 395,463	\$ -
Transfers out	-	924,000	1,225,000	301,000
Total expenditures	12,906,736	13,697,688	13,249,042	(432,271)
Excess (deficiency) of revenues over expenditures	-	(312,651)	52,183	348,459
Fund balance - beginning of year	1,228,669	1,228,669	1,228,669	-
Fund balance - end of year	\$ 1,228,669	\$ 916,018	\$ 1,280,852	\$ 348,459

City of River Rouge
Required Supplementary Information
Budgetary Comparison Schedule
Pension Levy Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 1,757,290	\$ 1,757,290	\$ 1,787,695	\$ 30,405
State grants	1,636,000	1,853,918	1,853,918	-
Investment income	<u>1,000</u>	<u>1,082</u>	<u>5,308</u>	<u>4,226</u>
Total revenues	<u>3,394,290</u>	<u>3,612,290</u>	<u>3,646,921</u>	<u>34,631</u>
Expenditures				
Current				
General government	598,285	598,285	544,997	(53,288)
Public safety	<u>2,887,333</u>	<u>2,887,333</u>	<u>2,519,541</u>	<u>(367,792)</u>
Total expenditures	<u>3,485,618</u>	<u>3,485,618</u>	<u>3,064,538</u>	<u>(421,080)</u>
Excess of revenues (deficiency) over expenditures	(91,328)	126,672	582,383	455,711
Fund balance - beginning of year	<u>2,612</u>	<u>2,612</u>	<u>2,612</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ (88,716)</u></u>	<u><u>\$ 129,284</u></u>	<u><u>\$ 584,995</u></u>	<u><u>\$ 455,711</u></u>

City of River Rouge
Required Supplementary Information
Michigan Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	<u>2023</u>
Total Pension Liability	
Service cost	\$ 91,937
Interest	3,333
Experience differences	<u>1,008,847</u>
Net change in total pension liability	1,104,117
Total pension liability - beginning	<u>-</u>
Total pension liability - ending (a)	<u>\$ 1,104,117</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 16,314
Employee contributions	806,755
Net investment income (loss)	10,211
Administrative expense	<u>(97)</u>
Net change in plan fiduciary net position	833,183
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 833,183</u>
Net pension liability (a-b)	<u>\$ 270,934</u>
Plan fiduciary net position as a percentage of total pension liability	75.46%
Covered payroll	\$ 676,007
Net pension liability as a percentage of covered payroll	40.08%

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. The Plan was started in fiscal year 2023. Data will be added as information is available until 10 years of such data is available.

City of River Rouge
Required Supplementary Information
Michigan Employees Retirement System of Michigan
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2023	\$ 51,822	\$ 98,200	\$ (46,378)	621,922	15.79%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	15 years
Asset valuation method	5-year smooth market
Inflation	2.5%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Retirement age	60
Mortality	50% Female/50% Male blend of the RP-2014 Health Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

City of River Rouge
Required Supplementary Information
General Employees' Retirement System
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 40,625	\$ 79,201	\$ 59,639	\$ 61,224	\$ 60,359	\$ 72,879	\$ 73,650	\$ 74,715	\$ 63,288	\$ 57,991
Interest	1,202,231	1,234,863	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 of benefit terms	-	-	-	-	-	-	-	285,523	-	-
Experience differences	427,561	(171,226)	(760,365)	145,089	189,317	100,446	355,473	(47,216)	(41,548)	-
Benefit payments and refunds	(1,553,651)	(1,587,220)	(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	116,766	(444,382)	(1,118,092)	(279,730)	(308,810)	(305,313)	(272,815)	(299,369)	(527,564)	(590,193)
Total pension liability - beginning	17,910,922	18,355,304	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 - ending (a)	<u>\$ 18,027,688</u>	<u>\$ 17,910,922</u>	<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	\$ 544,997	\$ 735,216	\$ 757,536	\$ 867,244	\$ 1,067,202	\$ 1,195,111	\$ 1,518,388	\$ 1,793,178	\$ 1,997,237	\$ 2,815,715
Employee contributions	36,741	32,285	36,493	43,633	36,717	27,438	35,652	16,367	16,024	10,311
Net investment income (loss)	2,402,150	(2,761,314)	7,053,449	(172,263)	485,800	2,095,617	2,213,278	(582,518)	691,767	2,233,766
Benefit payments and refunds	(1,553,651)	(1,587,220)	(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 expense	(63,088)	(40,050)	(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	1,367,149	(3,621,083)	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	19,986,618	23,607,701	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 - ending (b)	<u>\$ 21,353,767</u>	<u>\$ 19,986,618</u>	<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>
Net pension liability (asset) (a-b)	<u>\$ (3,326,079)</u>	<u>\$ (2,075,696)</u>	<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	118.45%	111.59%	128.62%	89.93%	94.18%	95.31%	87.61%	78.66%	81.47%	76.17%
Covered payroll	\$ 554,753	\$ 511,669	\$ 557,131	\$ 553,266	\$ 551,162	\$ 527,504	\$ 419,445	\$ 403,051	\$ 385,671	\$ 426,481
Net pension liability (asset) as a percentage of covered employee payroll	(599.56%)	(405.67%)	(942.76%)	354.49%	208.44%	178.23%	601.71%	1,092.81%	1,006.01%	1,199.48%

City of River Rouge
Required Supplementary Information
General Employees' Retirement System
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2014	\$ 1,788,904	\$ 2,727,580	\$ (938,676)	\$ 424,283	642.87%
6/30/2015	1,666,483	2,815,715	(1,149,232)	426,481	660.22%
6/30/2016	1,293,221	1,997,237	(704,016)	385,671	517.86%
6/30/2017	1,175,488	1,793,178	(617,690)	403,051	444.90%
6/30/2018	1,047,698	1,195,111	(147,413)	527,504	226.56%
6/30/2019	948,866	1,067,202	(118,336)	551,162	193.63%
6/30/2020	790,478	867,244	(76,766)	553,266	156.75%
6/30/2021	556,105	757,536	(201,431)	557,531	135.87%
6/30/2022	583,785	735,216	(151,431)	511,669	143.69%
6/30/2023	263,286	544,997	(281,711)	554,753	98.24%

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions in fiscal year 2022/23:

Valuation date June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 7.50%, including wage inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Annuitant Mortality Projected to 2020 with Scale BB

City of River Rouge
Required Supplementary Information
General Employees' Retirement System
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return % *
2014	20.39%
2015	5.43%
2016	-3.60%
2017	16.96%
2018	11.90%
2019	1.70%
2020	-2.00%
2021	42.92%
2022	-13.88%
2023	12.12%

* Annual money-weighted rate of return, net of investment expenses

City of River Rouge
Required Supplementary Information
Police and Fire Retirement System
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 70,084	\$ 114,295	\$ 194,295	\$ 221,338	\$ 289,066	\$ 221,508	\$ 360,294	\$ 380,293	\$ 412,187	\$ 484,446
Interest	3,052,109	3,117,880	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 of benefit terms	1,894,273	-	-	-	-	-	-	631,350	1,237,629	-
Experience differences	(475,676)	77,450	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	(3,829,076)	(4,455,633)	(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	711,714	(1,146,008)	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	42,539,246	43,685,254	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 - ending (a)	<u>\$ 43,250,960</u>	<u>\$ 42,539,246</u>	<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	\$ 2,559,714	\$ 2,774,725	\$ 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	36,687	39,235	51,891	81,793	80,480	102,863	109,357	115,986	130,186	120,139
Net investment income (loss)	4,625,241	(5,239,966)	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	(3,829,076)	(4,455,633)	(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 expense	(65,357)	(38,832)	(32,998)	(34,781)	(429,875)	(382,383)	(69,283)	(80,547)	(49,681)	-
Other	-	-	-	-	-	-	-	-	-	5,432
Net change in plan fiduciary net position	3,327,209	(6,920,471)	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	38,973,485	45,893,956	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 - ending (b)	<u>\$ 42,300,694</u>	<u>\$ 38,973,485</u>	<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>
Net pension liability (asset) (a-b)	<u>\$ 950,266</u>	<u>\$ 3,565,761</u>	<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	97.80%	91.62%	105.06%	75.88%	83.13%	88.47%	77.44%	74.06%	86.16%	88.85%
Covered payroll	\$ 674,736	\$ 351,670	\$ 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 employee payroll	140.84%	1,013.95%	(435.44%)	1,043.45%	702.36%	447.25%	617.73%	581.79%	280.25%	210.85%

City of River Rouge
Required Supplementary Information
Police and Fire Retirement System
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2014	\$ 2,200,285	\$ 2,336,569	\$ (136,284)	\$ 2,002,324	116.69%
6/30/2015	1,770,603	2,310,881	(540,278)	1,983,869	116.48%
6/30/2016	1,716,349	1,966,083	(249,734)	1,867,113	105.30%
6/30/2017	2,123,051	2,018,188	104,863	1,580,801	127.67%
6/30/2018	2,465,927	2,325,339	140,588	1,065,027	218.34%
6/30/2019	2,851,261	2,885,252	(33,991)	1,028,598	280.50%
6/30/2020	2,558,196	2,548,351	9,845	1,007,722	252.88%
6/30/2021	2,535,581	2,697,796	(162,215)	507,240	531.86%
6/30/2022	2,844,833	2,774,725	70,108	351,670	789.01%
6/30/2023	2,307,675	2,559,714	(252,039)	674,736	379.37%

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions in fiscal year 2022/23:

Valuation date June 30, 2021

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	2.50%
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-2014 Healthy Annuitant Projected to 2020 with Scale MP-2014

City of River Rouge
Required Supplementary Information
Police and Fire Retirement System
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return % *
2014	18.12%
2015	5.99%
2016	-4.80%
2017	15.19%
2018	13.16%
2019	1.66%
2020	-4.05%
2021	46.73%
2022	-13.08%
2023	11.52%

* Annual money-weighted rate of return, net of investment expenses

City of River Rouge
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 271,209	\$ 309,540	\$ 285,641	\$ 319,906	\$ 321,320	\$ 322,369
Interest	1,706,237	2,573,289	2,407,432	2,502,955	2,555,549	2,604,986
Experience differences	-	(2,747,932)	-	(2,657,414)	(1,924,373)	(1,917,647)
Changes in assumptions	-	(10,829,436)	1,234,666	-	-	-
Benefit payments and refunds	(1,798,366)	(1,513,647)	(1,648,567)	(1,690,838)	(1,715,419)	(1,715,419)
Net change in total OPEB liability	179,080	(12,208,186)	2,279,172	(1,525,391)	(762,923)	(705,711)
Total OPEB liability - beginning	24,987,567	37,195,753	34,916,581	36,441,972	37,204,895	37,910,606
Total OPEB liability - ending (a)	<u>\$ 25,166,647</u>	<u>\$ 24,987,567</u>	<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	\$ 2,098,366	\$ 1,838,647	\$ 2,448,567	\$ 2,340,838	\$ 2,540,419	\$ 11,295,419
Net investment income (loss)	1,491,385	(3,399,930)	3,388,373	764,175	662,128	97,888
Benefit payments and refunds	(1,798,366)	(1,513,647)	(1,648,567)	(1,690,838)	(1,715,419)	(1,715,419)
Net change in plan fiduciary net position	1,791,385	(3,074,930)	4,188,373	1,414,175	1,487,128	9,677,888
Plan fiduciary net position - beginning	13,692,634	16,767,564	12,579,191	11,165,016	9,677,888	-
Plan fiduciary net position - ending (b)	<u>\$ 15,484,019</u>	<u>\$ 13,692,634</u>	<u>\$ 16,767,564</u>	<u>\$ 12,579,191</u>	<u>\$ 11,165,016</u>	<u>\$ 9,677,888</u>
Net OPEB liability (a-b)	<u>\$ 9,682,628</u>	<u>\$ 11,294,933</u>	<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	61.53%	54.80%	45.08%	36.03%	30.64%	26.01%
Covered payroll	N/A*	N/A*	\$ 2,198,285	\$ 2,097,000	\$ 2,410,470	\$ 2,295,000
Net OPEB liability as a percentage of covered employee payroll	N/A*	N/A*	929.28%	1,065.21%	1,048.63%	1,199.43%

Note: GASB Statement No. 74 and GASB Statement No. 75 were implemented for the fiscal year ended June 30, 2018, which is the first period a trust was established and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

* Contributions to the Retiree Health Care Plan are not based on a measure of pay.

City of River Rouge
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 4,693,766	\$ 11,295,419	\$ (6,601,653)	N/A*	N/A*
2019	2,465,425	2,540,419	(74,994)	2,410,470	105.39%
2020	2,638,005	2,340,839	297,166	2,097,000	111.63%
2021	2,064,503	2,448,567	(384,064)	2,198,285	111.39%
2022	1,888,023	1,838,647	49,376	N/A*	N/A*
2023	1,213,358	2,098,366	(885,008)	N/A*	N/A*

* Contributions to the Retiree Health Care Plan are not based on a measure of pay.

Notes to Schedule of Contributions

Valuation date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level dollar
Asset valuation method	Market
Inflation	2.50%
Healthcare cost trend rates	Initial rate of 6.00%, decreasing 0.10% per year to a 5.00% long-term rate
Investment rate of return	7.00% net of plan investment expenses
Mortality	Police and Fire Employees - RP 2014 Mortality Table, projected to 2020 with MP-2014; General Employees - RP-2000 Mortality Table, projected to 2020 with Scale BB

City of River Rouge
Required Supplementary Information
Other Postemployment Benefits
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return % *
2018	13.16%
2019	6.94%
2020	7.96%
2021	25.83%
2022	-24.80%
2023	12.32%

* Annual money-weighted rate of return, net of investment expenses

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2018, the year in which a trust was established and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of River Rouge
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Major Street	Local Street	Rubbish Collection	Grants	Drug Law Enforcement	Library	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 311,345	\$ 123,785	\$ 4,058	\$ 262,184	\$ 701,372
Investments	-	-	1,761,227	-	-	1,067,278	2,828,505
Due from other units of government	105,013	40,334	-	136,511	-	3,689	285,547
Prepaid items	8,747	-	-	-	-	-	8,747
Total assets	<u>\$ 113,760</u>	<u>\$ 40,334</u>	<u>\$ 2,072,572</u>	<u>\$ 260,296</u>	<u>\$ 4,058</u>	<u>\$ 1,333,151</u>	<u>\$ 3,824,171</u>
Liabilities							
Accounts payable	\$ 15,530	\$ 1,887	\$ 62,165	\$ 800	\$ 4,058	\$ 2,414	\$ 86,854
Due to other funds	87,415	38,447	-	256,479	-	-	382,341
Payroll and other liabilities	-	-	26,349	886	-	6,922	34,157
Total liabilities	<u>102,945</u>	<u>40,334</u>	<u>88,514</u>	<u>258,165</u>	<u>4,058</u>	<u>9,336</u>	<u>503,352</u>
Deferred inflows of resources							
Unavailable revenue - receivables	-	-	-	138,642	-	-	138,642
Fund Balances							
Non-spendable							
Prepaid items	8,747	-	-	-	-	-	8,747
Restricted for							
Roads	2,068	-	-	-	-	-	2,068
Refuse	-	-	1,984,058	-	-	-	1,984,058
Library	-	-	-	-	-	1,323,815	1,323,815
Unassigned (deficit)	-	-	-	(136,511)	-	-	(136,511)
Total fund balances (deficit)	<u>10,815</u>	<u>-</u>	<u>1,984,058</u>	<u>(136,511)</u>	<u>-</u>	<u>1,323,815</u>	<u>3,182,177</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 113,760</u>	<u>\$ 40,334</u>	<u>\$ 2,072,572</u>	<u>\$ 260,296</u>	<u>\$ 4,058</u>	<u>\$ 1,333,151</u>	<u>\$ 3,824,171</u>

City of River Rouge
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Major Street	Local Street	Rubbish Collection	Grants	Drug Law Enforcement	Library	Total Nonmajor Governmental Funds
Revenues							
Taxes	\$ -	\$ -	\$ 421,463	\$ -	\$ -	\$ 111,846	\$ 533,309
Federal grants	-	-	-	-	900	-	900
State grants	637,584	245,613	954,759	20,549	17,261	255,445	2,131,211
Local contributions	1,564	-	-	-	-	-	1,564
Charges for services	-	-	33,120	-	-	-	33,120
Fines and forfeitures	-	-	-	-	-	11,784	11,784
Investment income (loss)	7	1	(5,124)	-	-	3	(5,113)
Other revenue	15,000	-	-	-	-	-	15,000
Total revenues	<u>654,155</u>	<u>245,614</u>	<u>1,404,218</u>	<u>20,549</u>	<u>18,161</u>	<u>379,078</u>	<u>2,721,775</u>
Expenditures							
Current							
Public safety	-	-	-	-	18,161	-	18,161
Public works	307,609	249,773	1,157,599	-	-	-	1,714,981
Community and economic development	-	-	-	36,273	-	-	36,273
Recreation and culture	-	-	-	-	-	251,959	251,959
Debt service	215,522	116,050	-	-	-	-	331,572
Total expenditures	<u>523,131</u>	<u>365,823</u>	<u>1,157,599</u>	<u>36,273</u>	<u>18,161</u>	<u>251,959</u>	<u>2,352,946</u>
Excess (deficiency) of revenues over expenditures	<u>131,024</u>	<u>(120,209)</u>	<u>246,619</u>	<u>(15,724)</u>	<u>-</u>	<u>127,119</u>	<u>368,829</u>
Other financing sources (uses)							
Transfers in	-	120,209	-	-	-	-	120,209
Transfers out	(120,209)	-	-	-	-	-	(120,209)
Total other financing sources and uses	<u>(120,209)</u>	<u>120,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,815	-	246,619	(15,724)	-	127,119	368,829
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>1,737,439</u>	<u>(120,787)</u>	<u>-</u>	<u>1,196,696</u>	<u>2,813,348</u>
Fund balances - end of year	<u>\$ 10,815</u>	<u>\$ -</u>	<u>\$ 1,984,058</u>	<u>\$ (136,511)</u>	<u>\$ -</u>	<u>\$ 1,323,815</u>	<u>\$ 3,182,177</u>

City of River Rouge
Other Supplementary Information
Pension and Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2023

	Retirement System Fund	Police and Fire Retirement System Fund	OPEB Fund	Total Pension and Other Employee Benefit Trust Funds
Assets				
Cash and cash equivalents	\$ 1,557,328	\$ 2,484,500	\$ 533,968	\$ 4,575,796
Investments				
Pooled investments	-	-	507,189	507,189
U.S. Treasury/Agency bonds and notes	1,039,448	1,108,313	310,198	2,457,959
Common stock	14,920,711	27,920,704	11,103,673	53,945,088
Foreign bonds	135,786	469,321	-	605,107
Municipal bonds	400,065	441,238	-	841,303
Mortgage and asset backed securities	213,023	181,987	726,714	1,121,724
Other investments	79,980	100,375	-	180,355
Preferred/fixed rate	279,895	1,214,385	-	1,494,280
Corporate bonds	2,418,022	7,198,906	644,208	10,261,136
Mutual funds	-	-	1,658,460	1,658,460
Due from other units of government	316,427	1,204,769	-	1,521,196
Total assets	<u>21,360,685</u>	<u>42,324,498</u>	<u>15,484,410</u>	<u>79,169,593</u>
Liabilities				
Accounts payable	<u>6,918</u>	<u>23,803</u>	<u>-</u>	<u>30,721</u>
Net Position				
Restricted for:				
Pensions	21,353,767	42,300,695	-	63,654,462
Postemployment benefits other than pension	-	-	15,484,410	15,484,410
Total net position	<u>\$ 21,353,767</u>	<u>\$ 42,300,695</u>	<u>\$ 15,484,410</u>	<u>\$ 79,138,872</u>

City of River Rouge
Other Supplementary Information
Pension and Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Retirement System Fund	Police and Fire Retirement System Fund	OPEB Fund	Total Pension and Other Employee Benefit Trust Funds
Additions				
Contributions				
Employer	\$ 544,997	\$ 2,559,714	\$ 2,098,366	\$ 5,203,077
Members	36,741	36,687	-	73,428
Total contributions	<u>581,738</u>	<u>2,596,401</u>	<u>2,098,366</u>	<u>5,276,505</u>
Investment earnings				
Interest, dividends and other	449,583	854,397	258,472	1,562,452
Net increase in fair value of investments	2,136,449	4,142,156	1,357,517	7,636,122
Total investment earnings	<u>2,586,032</u>	<u>4,996,553</u>	<u>1,615,989</u>	<u>9,198,574</u>
Total additions	<u>3,167,770</u>	<u>7,592,954</u>	<u>3,714,355</u>	<u>14,475,079</u>
Deductions				
Benefits paid to participants or beneficiaries	1,553,651	3,829,076	1,798,366	7,181,093
Administrative expense	246,970	436,668	124,213	807,851
Total deductions	<u>1,800,621</u>	<u>4,265,744</u>	<u>1,922,579</u>	<u>7,988,944</u>
Change in net position	1,367,149	3,327,210	1,791,776	6,486,135
Net position - beginning of year	<u>19,986,618</u>	<u>38,973,485</u>	<u>13,692,634</u>	<u>72,652,737</u>
Net position - end of year	<u>\$ 21,353,767</u>	<u>\$ 42,300,695</u>	<u>\$ 15,484,410</u>	<u>\$ 79,138,872</u>