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City of Taylor, Michigan Financial Report with Supplemental Information

City of Taylor, Michigan

Financial Report with Supplemental Information June 30, 2020

City of Taylor, Michigan

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Independent Auditor's Report



Plante Moran logo: stylized text 'plante moran'

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**To the Honorable Mayor and
Members of the City Council
City of Taylor, Michigan**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Taylor, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Taylor Housing Commission (a discretely presented component unit), which represents 16 percent of assets and 46 percent of revenue of the discretely presented component units of the City of Taylor, Michigan as of and for the year ended June 30, 2020. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Taylor Housing Commission, is based solely on the report of the other auditor. The other auditor's report, dated November 13, 2020, expressed an unmodified opinion on the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The District Court Funds of District No. 23 were not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Michigan as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Praxity logo (discrete component)

To the Honorable Mayor and
Members of the City Council
City of Taylor, Michigan

Emphasis of Matter

As explained in Note 15, the financial statements include investments valued at \$36,254,698 (approximately 22 percent of the aggregate remaining fund information investments) at June 30, 2020 whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund manager of the retirement system investments for the Police and Fire Retirement System. Our opinion has not been modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

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



Signature: Plante & Moran, PLLC

December 18, 2020

Management's Discussion and Analysis

Our discussion and analysis of the City of Taylor, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the City's financial statements.

In the City's General Fund, the main operating fund of the City, revenue decreased by approximately \$2,547,000 from 2019, a decrease of 6.1 percent. Revenue from fines and forfeitures decreased by approximately \$1,520,000 or 18.8 percent, and charges for services decreased by \$782,000 or 17.0 percent. Both decreases were related to lower activity and programs due to the COVID-19 pandemic.

- **Revenue related to property tax, which is the largest source of revenue, increased in the current year by \$263,000.** Although the City's tax revenue has steadily increased the past few years, the long-term effect of the COVID-19 pandemic on property values is uncertain. If the economy declines, it could result in lower tax revenue in future years.
- **State-shared revenue, which is the City's second largest revenue source, approximated \$8.1 million.** Constitutional and statutory revenue sharing decreased slightly by \$203,000. The State elected to reclassify the final installment of the statutory portion (approximately \$500,000) to CARES Act (federal) funding, which is the reason for the decrease. If the State did not reclassify this amount, there would have been a slight increase in state-shared revenue for the fiscal year.
- **Other fines and forfeitures revenue decreased by approximately \$1,520,000 million from the prior year amount of \$8.1 million to approximately \$6.6 million for the year ended June 30, 2020.** The decrease is attributable to a decrease in ordinance and traffic enforcement due to the COVID-19 pandemic.

General Fund expenditures, excluding transfers out, decreased by approximately \$1.5 million in the current year. Public safety expenditures decreased by approximately \$1.0 million. Approximately \$690,000 of the public safety decrease was related to one-time fire vehicles purchased in the prior year, and the remainder is related to a decrease in police overtime and compensated absences. One-time capital outlay expenditures from other departments decreased by approximately \$1.1 million from the prior year.

The fund balance change in the General Fund (the difference between revenue and expenditures) shows that the annual revenue was not sufficient to pay for all expenditures by a modest margin. The unassigned fund balance at June 30, 2020 was a surplus of \$9,000,887. The increase in unassigned fund balance was due to reclassifying one-time capital expenditures that were allocated to assigned fund balance in the prior year. The unassigned fund balance is approximately 22 percent of annual operating expenditures and transfers. Industry best practices often indicate that, in order to achieve financial stability, the City should target an unassigned fund balance range of 15 to 30 percent of annual operating expenditures, depending on the City's specific financial situation. Even though the City has maintained an acceptable level of unassigned fund balance in the past few years, because of uncertainty of revenue sources due to the COVID-19 pandemic and the limits on the City's ability to increase revenue, it is imperative that management focus on maintaining a structural surplus and use fund balance reserve only for certain capital or one-time expenditures.

The Golf Courses Fund's recorded operating income primarily due to adjustments for pension and OPEB recoveries. The Golf Courses Fund benefited from a \$400,000 transfer from the General Fund to provide cash flow to fund operations. Constant review and evaluation of golf course operations are imperative to allow for timely adjustments that directly impact the golf courses' bottom lines. In an effort to increase revenue at the golf courses, the City has upgraded the courses and facilities and plans to implement new marketing strategies to solicit more golf rounds, golf outings, and other events.

City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

Total net position related to the City's governmental activities at the end of the year was a deficit of approximately \$(58) million, a \$71 million improvement from the prior year's deficit of approximately \$(128) million in net position. The net increase is mainly due to the decrease in the net OPEB liabilities and related changes in deferred outflows/inflows. The City began to prefund OPEB liabilities in 2019. Those assets will accumulate earnings to be used to fund OPEB obligations. City management has made great strides in addressing the future increases of the OPEB obligation by mandating all newly hired and future city employees participate in a health savings account, instead of the more costly retiree health care insurance. Also, for the most part, all future retirees eligible for retiree health care are now required to pay 20 percent cost share.

Overview of the Financial Statements

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

Government-wide Financial Statements

The statement of net position and the statement of activities provide information about the activities of the City on a government-wide basis. They are designed to present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting, similar to a private sector business, 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.

Fund Financial Statements

The fund financial statements are presented after the government-wide statements. They present a short-term view and tell us how the taxpayers' resources were spent during the year and 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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's General Fund budget and the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Other supplemental information is also presented in the form of major fund budget information, combining statements for nonmajor governmental funds, and combining statements for fiduciary funds.

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City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

The City of Taylor, Michigan as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2020 and 2019:

Description	Net position as of June 30, 2020 and 2019					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$36,003,703	\$32,457,850	\$26,442,139	\$33,015,189	\$62,445,842	\$65,473,039
Capital assets	165,903,580	166,441,791	156,464,675	152,363,527	322,368,255	318,805,318
Total assets	201,907,283	198,899,641	182,906,814	185,378,716	384,814,097	384,278,357
Deferred Outflows of Resources	8,468,925	2,986,533	499,273	804,808	8,968,198	3,791,341
Liabilities						
Current liabilities	7,492,580	5,945,094	2,981,651	3,662,210	10,474,231	9,607,304
Long-term liabilities	233,297,720	252,466,027	51,161,694	60,864,521	284,459,414	313,330,548
Total liabilities	240,790,300	258,411,121	54,143,345	64,526,731	294,933,645	322,937,852
Deferred Inflows of Resources	27,230,363	72,099,508	2,991,171	6,867,294	30,221,534	78,966,802
Net Position (Deficit)						
Net investment in capital assets	155,131,071	158,684,742	133,275,128	125,495,553	288,406,199	284,180,295

Description	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Restricted	13,929,265	11,743,118	6,557,549	6,730,888	20,486,814	18,474,006
Unrestricted (deficit)	(226,704,791)	(299,052,315)	(13,561,106)	(17,436,942)	(240,265,897)	(316,489,257)
Total net position (deficit)	\$(57,644,455)	\$(128,624,455)	\$126,271,571	\$114,789,499	\$68,627,116	\$(13,834,956)

The City's combined net position totaled approximately \$68.6 million, a significant increase from the prior year. Total net position related to the City's governmental activities at the end of the year was a deficit of approximately \$(57.6) million, a \$71 million increase from the prior year's deficit of approximately \$(128.6) million in net position. The net increase is mainly due to the decrease in the net OPEB liability and related deferred inflows and outflows. The City began to prefund OPEB liabilities in 2019. Those assets will accumulate earnings to be used to fund OPEB obligations. City management has made great strides in addressing the future increases of the OPEB obligation by mandating all newly hired and future city employees participate in a health savings account, instead of the more costly retiree health care insurance. Also, for the most part, all future retirees eligible for retiree health care are now required to pay 20 percent cost share.

Page 9 is complex and may be difficult to understand. This page contains a dense financial table with multi-level column headers, section breaks, and accounting-style negative values in parentheses, which increases the chance of misunderstanding for screen reader users. Accessibility was improved by converting the layout into a structured HTML table with grouped headers, explicit row labels, and a caption describing the table's purpose. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes of the net position during the current year and prior year:

Description	Changes of the net position during the current year and prior year					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$15,781,767	\$18,376,164	\$20,296,000	\$21,394,578	\$36,077,767	\$39,770,742
Operating grants and contributions	8,772,348	9,572,875	-	-	8,772,348	9,572,875
Capital grants and contributions	1,572,040	2,007,396	1,043,614	209,520	2,615,654	2,216,916
General revenue:						
Property taxes	28,473,438	26,393,164	1,724,125	2,980,173	30,197,563	29,373,337
State-shared revenue	7,769,973	8,132,500	-	-	7,769,973	8,132,500
Unrestricted investment earnings	225,525	252,685	334,578	371,690	560,103	624,375
Miscellaneous revenue:						

Description	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Cable franchise fees	230,960	206,114	-	-	230,960	206,114
Sale of capital assets	-	-	-	260,977	-	260,977
State grant	7,534,618	6,907,179	107,061	71,951	7,641,679	6,979,130
Total revenue	70,360,669	71,848,077	23,505,378	25,288,889	93,866,047	97,136,966
Program (Gains) Expenses						
General government	(6,746,904)	(5,882,033)	-	-	(6,746,904)	(5,882,033)
Employee benefits	-	177,456	-	-	-	177,456
Public safety	(15,720,289)	(26,923,109)	-	-	(15,720,289)	(26,923,109)
Public works and capital projects	21,067,775	12,168,123	-	-	21,067,775	12,168,123
Health and welfare	449,738	321,989	-	-	449,738	321,989
Community and economic development	(118,471)	121,667	-	-	(118,471)	121,667
Recreation and culture	(504,244)	412,391	-	-	(504,244)	412,391
Capital outlay	111,171	250	-	-	111,171	250
Interest on long-term debt	441,893	341,330	-	-	441,893	341,330
Water	-	-	1,773,380	8,168,942	1,773,380	8,168,942
Sewer	-	-	8,085,298	9,539,435	8,085,298	9,539,435
Golf courses	-	-	2,236,517	6,083,445	2,236,517	6,083,445
Ecorse Creek	-	-	328,111	251,123	328,111	251,123
Loss on sewer system transfer	-	-	-	2,357,939	-	2,357,939
Total program (gains) expenses	(1,019,331)	(19,261,936)	12,423,306	26,400,884	11,403,975	7,138,948
Transfers	(400,000)	(600,000)	400,000	600,000	-	-
Change in Net Position	70,980,000	90,510,013	11,482,072	(511,995)	82,462,072	89,998,018
Net Position (Deficit) - Beginning of year	(128,624,455)	(219,134,468)	114,789,499	115,301,494	(13,834,956)	(103,832,974)
Net Position (Deficit) - End of year	\$(57,644,455)	\$(128,624,455)	\$126,271,571	\$114,789,499	\$68,627,116	\$(13,834,956)

City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's total governmental revenue decreased from approximately \$71.8 million to approximately \$70.3 million. The City's total governmental expenses increased by approximately \$18 million, which is attributable to the significant decrease in the City's net OPEB obligation in the prior year, in the form of OPEB recoveries.

Business-type Activities

The City's business-type activities consist of the Water, Sewer, Ecorse Creek, and Golf Courses enterprise funds. The City provides water to residents from the Detroit Water System. The City also provides sewage treatment through a sewage treatment plant owned by the Downriver Utility Waste Authority (DUWA), which is governed by the 13 downriver communities. The City operates two outstanding golf courses. The Lakes of Taylor Golf Club is a championship-caliber golf course designed to challenge golfers at every level. Taylor Meadows Golf Club is a links-style course that is challenging yet still player friendly. Both courses also provide food service and pro shop operations. The Sewer Fund accounts for the activity related to the City's participation in the Downriver Sewage Disposal System, including the tax levy mandated to pay for the City's share of debt issued by Wayne County, Michigan to pay for the recent improvements to the system. The EPA levy is adjusted annually based on debt service for the upcoming year, less any credits available at Wayne County, Michigan.

For all business-type activities in 2020, total revenue decreased by approximately \$1.8 million, and total expenses decreased by approximately \$14.0 million. The reduction in the annual EPA judgment debt resulted in an approximately \$1.3 million decrease in judgment levy tax revenue. The decrease in expenditures is primarily related to the decrease in OPEB liability and related deferred inflows and outflows.

The City of Taylor, Michigan's Funds

Our analysis of the City's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City of Taylor, Michigan as a whole. The City creates funds to help manage money for specific purposes and to show accountability for certain activities, such as bond projects. The City's major governmental funds for 2020 are the General Fund and the Police and Fire Retirement Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenses of approximately \$15.8 million, and public works, which incurred expenses of approximately \$4.5 million in 2020. Employee benefit expenses accounted for approximately another \$5.2 million.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account changes in estimated revenue and expenditures. Overall, the General Fund's revenue budget was decreased during the year by a net amount of approximately \$1.4 million. Approximately \$1.1 million of the decrease was due to reduction in court fines and forfeitures. The traffic and ordinance enforcement citations issued during the second half of the fiscal year was much lower due to the COVID-19 pandemic. The remainder of the decrease was related to fewer charges for services than anticipated while the City's ice arena and recreation center were closed during the pandemic.

The City's expenditure budget remained at a consistent level during the fiscal year, with only an approximately \$24,000 decrease.

At the end of 2020, the City, including its component units, had approximately \$338 million (net of depreciation) invested in a broad range of capital assets, including buildings, roads, water and sewer lines, parks, and machinery and equipment. The City finances most of its capital improvements through the issuance of long-term debt.

The City's investment in capital assets, net of related debt, increased from approximately \$284.2 million to approximately \$288.4 million. The component units' investment in capital assets, net of related debt, decreased from \$15.6 million to \$15.5 million. The City's (including component units) total debt, including the recorded OPEB liability, net pension liability, compensated absences, and nonexchange financial guarantees, was approximately \$299.1 million, including approximately \$14.6 million of component unit debt. Expected fiscal year 2021 debt service payments on all interest-bearing long-term obligations inclusive of interest are approximately \$11.8 million for the City and component units in total. The overall debt, while manageable and well within legal limits, should be monitored and, when possible, reduced to ensure long-term financial stability of the City.

Economic Factors and Next Year's Budgets and Rates

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. While the COVID-19 pandemic could have an adverse effect on the City's operations over time, no impairments were recorded as of the statement of net position/balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. There is an expectation that the City's revenue could be reduced in fiscal year 2021. Currently, the City is budgeting to use approximately \$1.7 million of fund balance during fiscal year 2021. The City is currently evaluating the impact of COVID-19, but the extent of the impact cannot be reasonably estimated at this time.

Like most other communities in Michigan, particularly southeast Michigan, the City continues to provide necessary services with limited revenue. Because of the housing market collapse during the great recession, the tax capture revenue to pay the debt on the Island Lakes (Midtown Basin) Brownfield bonds is much less than anticipated when the bonds were sold in 2005, and the developer's guarantee of support has been insufficient. The City had to budget \$190,000 from the General Fund in fiscal year 2020 to cover likely shortfalls in available debt service funding for the Island Lakes bonds. Current projections are that the shortfall between taxes captured and debt service that must be paid by the City could range from \$168,000 to \$231,000 annually.

Municipal revenue opportunities are systematically limited by state law and the current economic conditions, so the General Fund budget continues to depend on uncertain revenue, such as state-shared revenue, cable franchise fees, court fines, and charges for services. With revenue limited, the City understands the need to continue to control expenditure budgets very closely. Due to the reduction in revenue related to COVID-19, the City closed out the fiscal year ended June 30, 2020 with expenditures exceeding revenue in the General Fund by \$621,044 but still maintained a positive unassigned fund balance that totaled \$9,000,887.

The City's unfunded OPEB liability is high. The City has filed a correction plan for underfunded status with the State of Michigan and is committed to reduce OPEB costs. The City started to prefund OPEB liabilities during the current fiscal year. The City has also met with health care providers to explore different opportunities to begin addressing the liability.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, investors, and creditors 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, contact the city clerk's office at 23555 Goddard Road, Taylor, MI 48180.

Page 12 is complex and may be difficult to understand. This page is a dense financial statement with a large multi-column table, repeated line-item labels, grouped sections, and values that continue across many rows, which increases the risk of confusion for screen reader users. Accessibility was improved by converting the layout into a structured HTML table with explicit column headers and section groupings, and by preserving all printed labels and amounts in reading order. If you need help understanding this page, please use the live assistance options in the sidebar.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position

City of Taylor, Michigan

				June 30, 2020
	Primary Government			Component Units
Line item	Governmental Activities	Business-type Activities	Total	Component Units
	Assets			
Cash and investments (Note 3)	26,236,543	15,850,483	42,087,026	13,831,082
	Receivables:			
Property taxes	55,405	-	55,405	-
Special assessments receivable	202,606	-	202,606	-
Customers	-	5,483,313	5,483,313	-
Other	3,701,979	26,232	3,728,211	838,428
Due from other governmental units	2,596,590	-	2,596,590	-
Due from component units	803,665	34,995	838,660	564,903
Due from primary government	-	-	-	505,286
Internal balances (Note 6)	1,214,374	(1,214,374)	-	-
Inventory	-	261,580	261,580	-
Prepaid expenses and other assets	1,004,714	35,373	1,040,087	22,306
Current portion of restricted assets (Note 8)	-	3,229,140	3,229,140	-
Due from other governmental units	-	-	-	97,037
Restricted assets (Note 8)	-	2,735,397	2,735,397	-
Properties held for sale	187,827	-	187,827	-
	Capital assets: (Note 5)			
Assets not subject to depreciation	35,727,354	3,700,369	39,427,723	14,916,220
Assets subject to depreciation - Net	130,176,226	152,764,306	282,940,532	563,555
Total assets	201,907,283	182,906,814	384,814,097	31,338,817
	Deferred Outflows of Resources			
Other deferred inflows	-	-	-	23,182

Line item	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Component Units
Pension deferred outflows (Notes 4 and 13)	3,558,269	-	3,558,269	-
Deferred OPEB costs (Notes 4 and 10)	4,910,656	499,273	5,409,929	-
Total deferred outflows of resources	8,468,925	499,273	8,968,198	23,182
Liabilities				
Accounts payable	4,034,886	2,091,109	6,125,995	979,563
Due to other governmental units	674,460	60,073	734,533	89,188
Due to component units	270,020	235,266	505,286	564,903
Due to primary government	-	-	-	838,660
Accrued liabilities and other	2,492,296	592,845	3,085,141	316,969
Unearned revenue	20,918	2,358	23,276	743,673
Tenant security deposits	-	-	-	39,320
Noncurrent liabilities:				
Due within one year:				
Current portion of compensated absences (Note 7)	1,027,120	74,680	1,101,800	-
Liabilities payable from restricted assets	-	3,229,140	3,229,140	-
Nonexchange financial guarantee (Note 7)	311,974	228,026	540,000	-
Current portion of bonds and contracts payable (Note 7)	2,400,717	550,202	2,950,919	3,927,357
Due in more than one year:				
Compensated absences (Note 7)	2,503,727	117,205	2,620,932	-
Workers' compensation (Notes 7 and 9)	386,823	-	386,823	-
Net pension liability (Note 13)	104,326,747	10,634,774	114,961,521	27,742
Net OPEB obligation (Note 10)	111,943,794	11,381,462	123,325,256	-
Long-term debt - Net of current portion (Note 7)	8,371,792	22,639,345	31,011,137	10,674,945
Nonexchange financial guarantee (Note 7)	2,025,026	2,306,860	4,331,886	-
Total liabilities	240,790,300	54,143,345	294,933,645	18,202,320

See notes to financial statements.

Page 13 is complex and may be difficult to understand. This page is a continuation of a dense financial statement with multilevel column headers, subtotal and total rows, dashes for missing values, and negative amounts shown in parentheses, all of which can be difficult for screen reader users if not structured correctly. I converted it into a proper data table with grouped headers, section labels, and explicit total rows to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

Additional content from previous item.

City of Taylor, Michigan

Statement of Net Position (Continued)

June 30, 2020

Description	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Deferred Inflows of Resources				
Deferred inflows related to pension (Notes 4 and 13)	\$3,364,453	\$564,694	\$3,929,147	\$-
Deferred inflows related to OPEB (Notes 4 and 10)	23,865,910	2,426,477	26,292,387	-
Total deferred inflows of resources	27,230,363	2,991,171	30,221,534	-
Net Position (Deficit)				
Net investment in capital assets	155,131,071	133,275,128	288,406,199	15,479,775
Restricted:				
Roads	4,335,229	-	4,335,229	-
Drug forfeiture	1,051,611	-	1,051,611	-
Library	810,420	-	810,420	-
Special millage	4,453,663	-	4,453,663	-
Grants	1,093,554	-	1,093,554	-
Debt service	48,332	5,964,537	6,012,869	-
Sewer grant expenditures	-	593,012	593,012	-
HAP restricted	-	-	-	103,782
Building	803,404	-	803,404	-
Capital projects	1,333,052	-	1,333,052	-
Unrestricted	(226,704,791)	(13,561,106)	(240,265,897)	(2,423,878)
Total net position (deficit)	\$(57,644,455)	\$126,271,571	\$68,627,116	\$13,159,679

See notes to financial statements.

Page 14 is complex and may be difficult to understand. This page is a dense, small-text financial statement with multiple numeric columns, and the lower-right values for several rows are not visible on the supplied page image, creating a high risk of lost meaning for screen-reader users. I converted the visible data into a structured HTML table and added an explicit note where labels are visible but corresponding numeric values are not shown. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Statement of Activities

Functions/Programs	Expenses	Pension and OPEB Recovery	Charges for Services	Program Revenue	
				Operating Grants and Contributions	Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$10,020,936	\$(16,767,840)	\$7,604,097	\$208,939	\$8,788
District court	-	-	-	363,558	-
Public safety	29,299,232	(45,019,521)	3,763,686	1,027,073	26,558
Public works	27,261,587	(6,193,812)	1,945,902	6,479,122	1,383,837
Health and welfare	449,738	-	-	169,077	-
Community and economic development	1,224,465	(1,342,936)	956,621	49,042	-
Recreation and culture	4,792,184	(5,296,428)	1,511,461	475,537	152,857
Capital outlay	111,171	-	-	-	-
Interest on long-term debt	441,893	-	-	-	-
Total governmental activities	73,601,206	(74,620,537)	15,781,767	8,772,348	1,572,040
Business-type activities:					
Water	9,034,162	(7,260,782)	10,252,420	-	73,423
Sewer	9,056,696	(971,398)	7,319,376	-	73,423
Golf Courses	3,586,690	(1,350,173)	2,529,675	-	896,768
Nonmajor Enterprise	328,111	-	194,529	-	-
Total business-type activities	22,005,659	(9,582,353)	20,296,000	-	1,043,614
Total primary government	\$95,606,865	\$(84,202,890)	\$36,077,767	\$8,772,348	\$2,615,654
Component units	\$11,304,911	\$-	\$672,400	\$6,830,243	\$-

General revenue:

- Taxes - Property taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Other miscellaneous income

Total general revenue

Transfers

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Note: The corresponding numeric values for these lower rows are not visible on the supplied PDF page image, so only the visible labels are transcribed here.

See notes to financial statements.

Page 15 is complex and may be difficult to understand. This page is a continuation of a dense financial table with small text, multiple numeric columns, and row labels that are not legible on the supplied image, creating a high risk of context loss for screen-reader users. Accessibility was improved by preserving the visible table structure, adding a continuation note, and providing clear column headers and a caption. If you need help understanding this page, please use the live assistance options in the sidebar.

Statement of Activities

Year Ended June 30, 2020

Additional content from previous item: Continuation of the Statement of Activities table. The descriptive row labels on the left side are not legible in the supplied PDF page image, so the visible numeric columns are transcribed below in table form for accessibility.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$14,568,728	\$-	\$14,568,728	\$-
363,558	-	363,558	-
20,537,606	-	20,537,606	-
(11,258,914)	-	(11,258,914)	-
(280,661)	-	(280,661)	-
1,124,134	-	1,124,134	-
2,644,099	-	2,644,099	-
(111,171)	-	(111,171)	-
(441,893)	-	(441,893)	-
27,145,486	-	27,145,486	-
-	8,552,463	8,552,463	-
-	(692,499)	(692,499)	-
-	1,189,926	1,189,926	-
-	(133,582)	(133,582)	-
-	8,916,308	8,916,308	-
27,145,486	8,916,308	36,061,794	-
-	-	-	(3,802,268)
28,473,438	1,724,125	30,197,563	7,591,445
7,769,973	-	7,769,973	924,024
225,525	334,578	560,103	109,625
230,960	-	230,960	-
7,534,618	107,061	7,641,679	208,330
44,234,514	2,165,764	46,400,278	8,833,424
(400,000)	400,000	-	-
70,980,000	11,482,072	82,462,072	5,031,156
(128,624,455)	114,789,499	(13,834,956)	8,128,523
\$(57,644,455)	\$126,271,571	\$68,627,116	\$13,159,679

Note: This page is a continuation of a multi-page financial statement, and the left-side row descriptions are not visible clearly enough to transcribe confidently from the supplied PDF page image.

Page 16 is complex and may be difficult to understand. This page contains a dense multi-section financial table in very small text with nested categories, subtotal rows, dashes for empty values, and a parenthetical negative balance, all of which increase the risk of misreading for screen reader users. I converted the page into a structured HTML table with explicit row and column headers, preserved section labels and totals, and omitted the unrelated footer page number to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

Fund Financial Statements

City of Taylor, Michigan

Governmental Funds: Balance Sheet

June 30, 2020

	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Total
Assets				
Cash and investments (Note 3)	\$11,073,417	\$248,740	\$14,914,386	\$26,236,543
Receivables - Net:				
Property taxes	5,697	31,676	18,032	55,405
Special assessments receivable	202,606	-	-	202,606
Other	3,505,505	-	196,474	3,701,979
Due from other governmental units	1,418,676	-	1,177,914	2,596,590
Due from component units (Note 6)	561,026	143,643	98,996	803,665
Due from other funds (Note 6)	7,438,594	1,250,458	5,034,980	13,724,032
Prepaid expenses and other assets	958,708	-	42,702	1,001,410
Properties held for sale	-	-	187,827	187,827
Total assets	\$25,164,229	\$1,674,517	\$21,671,311	\$48,510,057
Liabilities				
Accounts payable	\$1,078,127	8,625	2,948,134	4,034,886
Due to other governmental units	286,523	190,723	197,214	674,460
Due to component units (Note 6)	232,227	19,005	18,788	270,020
Due to other funds (Note 6)	5,698,865	386,440	6,424,353	12,509,658
Accrued liabilities and other	2,258,168	30,459	138,180	2,426,807
Unearned revenue	19,600	-	1,318	20,918
Total liabilities	9,573,510	635,252	9,727,987	19,936,749
Deferred Inflows of Resources - Unavailable revenue	2,655,337	-	90,989	2,746,326
Fund Balances				
Nonspendable - Prepaid expenses	908,708	-	42,702	951,410
Restricted:				
Roads	-	-	4,335,229	4,335,229
Drug forfeiture	-	-	1,051,611	1,051,611

	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Total
Debt service	-	-	48,332	48,332
Grants	500,787	-	141,267	642,054
Capital projects	-	-	1,322,587	1,322,587
Special millage	-	1,039,265	3,378,200	4,417,465
Building	-	-	774,435	774,435
Library	-	-	764,777	764,777
Assigned:				
Subsequent year's budget	1,700,000	-	-	1,700,000
Capital projects	825,000	-	-	825,000
Unassigned	9,000,887	-	(6,805)	8,994,082
Total fund balances	12,935,382	1,039,265	11,852,335	25,826,982
Total liabilities, deferred inflows of resources, and fund balances	\$25,164,229	\$1,674,517	\$21,671,311	\$48,510,057

See notes to financial statements.

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2020

Fund Balances Reported in Governmental Funds \$ 25,826,982

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	165,903,580
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	2,746,326
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(10,772,509)
Accrued interest is not due and payable in the current period and is not reported in the funds	(65,489)
Prepaid interest on long-term debt is not reported in the funds	3,304
Nonexchange financial guarantee	(2,337,000)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	(3,530,847)
<ul style="list-style-type: none"> • Employee compensated absences • Pension benefits • Retiree health care benefits 	(104,132,931)
	(130,899,048)
Workers' compensation claims	(386,823)

Net Position (Deficit) of Governmental Activities \$ (57,644,455)

See notes to financial statements.

Page 18 is complex and may be difficult to understand. This page is a dense multi-column financial statement with small text, hierarchical row groupings, and many numeric cells, which increases the risk that a screen reader user could lose context across columns and subtotals. The content was converted into a semantic table with explicit column headers and row-group labels to improve navigability and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Governmental Funds: Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

Item	General Fund	Police and Fire Retirement Fund Revenue	Nonmajor Funds	Governmental Funds
Property taxes	\$10,945,518	\$9,289,467	\$9,769,401	\$30,004,386
Charges for services	3,807,587	-	696,002	4,503,589
Intergovernmental:				
Federal grants	390,675	-	861,946	1,252,621
State-shared revenue and grants	8,056,303	98,817	7,220,592	15,375,712
Licenses and permits	1,290,189	-	1,694,741	2,984,930
Fines and forfeitures	6,574,021	-	19,878	6,593,899
Rental income	1,013,650	-	-	1,013,650
Interest income	109,566	28,099	89,590	227,255
DMA/911 and other revenue	7,238,568	-	278,481	7,517,049
Total revenue	39,426,077	9,416,383	20,630,631	69,473,091
Expenditures				
Current services:				
General government	9,848,117	-	359,939	10,208,056
Employee benefits	5,216,412	9,820,771	-	15,037,183
Public safety	15,829,603	-	-	15,829,603
Public works and capital projects	4,537,601	-	14,813,186	19,350,787
Community development	693,135	-	622,639	1,315,774
Recreation and culture	2,411,359	-	1,114,118	3,525,477
Capital outlay	184,781	-	4,884,227	5,069,008
Debt service:				
Principal	801,716	-	1,058,000	1,859,716
Interest and fiscal charges	84,896	-	337,459	422,355
Total expenditures	39,607,620	9,820,771	23,189,568	72,617,959

Item	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Governmental Funds
Excess of Expenditures Over Revenue	(181,543)	(404,388)	(2,558,937)	(3,144,868)
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	-	3,603,715	3,603,715
Transfers out (Note 6)	(439,501)	-	(3,564,214)	(4,003,715)
Face value of debt issue	-	-	4,950,000	4,950,000
Total other financing (uses) sources	(439,501)	-	4,989,501	4,550,000
Net Change in Fund Balances	(621,044)	(404,388)	2,430,564	1,405,132
Fund Balances - Beginning of year	13,556,426	1,443,653	9,421,771	24,421,850
Fund Balances - End of year	\$12,935,382	\$1,039,265	\$11,852,335	\$25,826,982

See notes to financial statements.

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

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds \$ 1,405,132

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	10,156,746
Depreciation expense	(10,577,671)
Net book value of assets disposed of	(117,286)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	612,774
--	---------

Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(4,950,000)
--	-------------

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,859,717
--	-----------

Interest expense is recognized in the government-wide statements as it accrues	(18,766)
--	----------

Amortization of bond premium liabilities and deferred costs of financing are reported as expense in the governmental funds when issued	74,823
--	--------

Changes in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(447,629)
Decrease in estimated workers' compensation liability is recorded in the statement of activities	131,867
Changes in the net OPEB liability and the deferred inflows and outflows related to OPEB are not included in governmental funds	67,637,182
Changes in the net pension liability and the deferred inflows and outflows related to pension are not included in governmental funds	5,132,884
Prepaid interest on long-term debt is reported as an expense when paid in the governmental funds	(773)
Decrease in nonexchange financial guarantee	81,000
Change in Net Position of Governmental Activities	\$ 70,980,000

See notes to financial statements.

See notes to financial statements. 16

Page 20 is complex and may be difficult to understand. This page is a dense financial statement with small text, multiple section breaks, and a large multi-column table, which increases the chance that a screen reader user could lose row and column context. I preserved the content as a semantic HTML table with grouped headers, explicit row labels, and marked total rows to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Proprietary Funds: Statement of Net Position

June 30, 2020

Description	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Assets					
Current assets:					
Cash and investments (Note 3)	\$5,686,869	\$6,602,866	\$1,033,775	\$2,526,973	\$15,850,483
Receivables:					
Customers	2,955,250	2,470,809	-	57,254	5,483,313
Other	19,588	-	6,644	-	26,232
Due from component units	-	24,806	10,189	-	34,995
Due from other funds (Note 6)	1,531,392	1,424,565	400,450	62,944	3,419,351
Inventory	142,583	6,322	112,675	-	261,580
Prepaid expenses and other assets	16,554	16,554	2,265	-	35,373

Description	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Current portion of restricted assets (Note 8)	-	3,229,140	-	-	3,229,140
Total current assets	10,352,236	13,775,062	1,565,998	2,647,171	28,340,467
Noncurrent assets:					
Restricted assets (Note 8)	-	2,735,397	-	-	2,735,397
Capital assets: (Note 5)					
Assets not subject to depreciation	255,203	124,794	3,320,372	-	3,700,369
Assets subject to depreciation - Net	32,099,059	108,736,272	9,464,264	2,464,711	152,764,306
Total noncurrent assets	32,354,262	111,596,463	12,784,636	2,464,711	159,200,072
Total assets	42,706,498	125,371,525	14,350,634	5,111,882	187,540,539
Deferred Outflows of Resources - Deferred OPEB costs	234,507	104,302	160,464	-	499,273
Liabilities					
Current liabilities:					
Accounts payable	1,143,631	607,044	131,760	208,674	2,091,109
Due to other governmental units	-	45,114	14,959	-	60,073
Due to component units	-	235,266	-	-	235,266
Due to other funds (Note 6)	1,843,088	1,748,832	1,041,719	86	4,633,725
Accrued liabilities and other	101,507	222,957	260,941	7,440	592,845
Unearned revenue	-	-	2,358	-	2,358
Current portion of compensated absences (Note 7)	51,422	22,731	527	-	74,680
Liabilities payable from restricted assets	-	3,229,140	-	-	3,229,140
Nonexchange financial guarantee	114,013	114,013	-	-	228,026
Current portion of bonds and contracts payable (Note 7)	45,940	212,177	110,582	181,503	550,202
Total current liabilities	3,299,601	6,437,274	1,562,846	397,703	11,697,424
Noncurrent liabilities:					
Compensated absences (Note 7)	74,613	23,589	19,003	-	117,205
Net pension liability (Note 13)	6,646,733	3,988,041	-	-	10,634,774
Net OPEB obligation (Note 10)	5,345,840	2,377,676	3,657,946	-	11,381,462
Long-term debt - Net of current portion (Note 7)	-	21,628,005	175,102	836,238	22,639,345
Nonexchange financial guarantee	1,153,430	1,153,430	-	-	2,306,860
Total noncurrent liabilities	13,220,616	29,170,741	3,852,051	836,238	47,079,646
Total liabilities	16,520,217	35,608,015	5,414,897	1,233,941	58,777,070
Deferred Inflows of Resources					
Deferred inflows related to pension	352,934	211,760	-	-	564,694
Deferred inflows related to OPEB	1,139,709	506,910	779,858	-	2,426,477
Total deferred inflows of resources	1,492,643	718,670	779,858	-	2,991,171

See notes to financial statements.

Additional content from previous statement.

City of Taylor, Michigan

**Proprietary Funds
Statement of Net Position (Continued)**

June 30, 2020

Net Position

	Water	Sewer	Enterprise Funds		Total
			Golf Courses	Nonmajor - Ecorse Creek	
Net investment in capital assets	\$32,308,322	\$87,020,884	\$12,498,952	\$1,446,970	\$133,275,128
Restricted:					
Debt service	-	5,964,537	-	-	5,964,537
Sewer grant expenditures	-	593,012	-	-	593,012
Unrestricted	(7,380,177)	(4,429,291)	(4,182,609)	2,430,971	(13,561,106)
Total net position	\$24,928,145	\$89,149,142	\$8,316,343	\$3,877,941	\$126,271,571

See notes to financial statements.

Proprietary Funds: Statement of Revenue, Expenses, and Changes in Net Position

City of Taylor, Michigan

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

Enterprise funds (amounts in dollars)

	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
Operating Revenue					
Water sales	\$8,935,382	\$-	\$-	\$-	\$8,935,382
Sewage disposal charges		\$6,435,300			\$6,435,300
Charges for services	\$1,307,751	\$884,076	\$1,582,961	\$194,529	\$3,969,317
Sale of merchandise			\$934,773		\$934,773
Other	\$5,991	-	-	-	\$5,991
Total operating revenue	10,249,124	7,319,376	2,517,734	194,529	20,280,763

	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
Operating Expenses (Gains)					
Cost of water operations	5,590,260	-	-	-	5,590,260
Cost of sewage treatment	-	4,721,417	-	-	4,721,417
Ecorse Creek user charge system	-	-	-	237,405	237,405
Cost of sales	-	-	534,727	-	534,727
Cost of operating and maintenance	-	-	1,192,182	-	1,192,182
General and administrative	2,298,250	1,106,312	1,130,805	-	4,535,367
Pension and OPEB recovery	(7,260,782)	(971,398)	(1,350,173)	-	(9,582,353)
Depreciation and amortization	1,143,995	2,064,922	712,905	57,765	3,979,587
Total operating expenses					
	1,771,723	6,921,253	2,220,446	295,170	11,208,592
Operating income (loss)	8,477,401	398,123	297,288	(100,641)	9,072,171
Nonoperating Revenue (Expenses)					
Property tax revenue	-	1,724,125	-	-	1,724,125
Investment income	56,185	264,201	2,185	12,007	334,578
Interest expense	(1,657)	(936,511)	(16,071)	(32,941)	(987,180)
Brownfield debt guarantee	-	(227,534)	-	-	(227,534)
Other nonoperating revenue	3,296	-	11,941	-	15,237
State grant	-	107,061	-	-	107,061
Total nonoperating revenue (expenses)					
	57,824	931,342	(1,945)	(20,934)	966,287
Income (Loss)	8,535,225	1,329,465	295,343	(121,575)	10,038,458
Donated Assets	73,423	73,423	896,768	-	1,043,614
Transfers In	-	-	400,000	-	400,000
Change in net position	8,608,648	1,402,888	1,592,111	(121,575)	11,482,072
Net position - Beginning of year	16,319,497	87,746,254	6,724,232	3,999,516	114,789,499
Net position - End of year	\$24,928,145	\$89,149,142	\$8,316,343	\$3,877,941	\$126,271,571

See notes to financial statements.

See notes to financial statements. 19

Page 23 is complex and may be difficult to understand. This page is a dense multi-column financial statement with small text, many subtotals, and accounting-style symbols, which increases the risk of column or sign confusion for screen reader users. I converted it into a semantic table with explicit column headers, grouped row sections, and clearly marked subtotal rows to improve navigability and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Proprietary Funds: Statement of Cash Flows

Year Ended June 30, 2020

Description	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Cash Flows from Operating Activities					
Receipts from customers	\$10,384,738	\$7,386,172	\$2,605,966	\$324,863	\$20,701,739
Interfund activity - Receipts from (payments to) other funds	2,092,929	1,347,867	662,667	(57,619)	4,045,844
Payments to suppliers	(5,259,414)	(5,644,901)	(1,734,985)	(147,723)	(12,787,023)
Payments to employees	(2,319,034)	(874,797)	(1,177,133)	-	(4,370,964)
Other payments	(55,595)	(305,537)	-	-	(361,132)
Net cash and cash equivalents provided by operating activities	4,843,624	1,908,804	356,515	119,521	7,228,464
Cash Flows from Noncapital Financing Activities					
Transfers from other funds			400,000	-	400,000
Brownfield debt guarantee	(73,423)	(73,423)	-	-	(146,846)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(73,423)	(73,423)	400,000	-	253,154
Cash Flows from Capital and Related Financing Activities					
Receipt of grants	-	180,484	-	-	180,484
Proceeds from sale of capital assets	-	-	3,077	-	3,077
Property taxes	-	1,919,064	-	-	1,919,064
Purchase of capital assets	(3,303,002)	(3,872,101)	-	-	(7,175,103)
Principal and interest paid on capital debt	(50,704)	(4,391,292)	(121,974)	(210,044)	(4,774,014)
Net cash and cash equivalents used in capital and related financing activities	(3,353,706)	(6,163,845)	(118,897)	(210,044)	(9,846,492)
Cash Flows from Investing Activities					
Interest received on investments	56,185	264,201	2,185	12,007	334,578
Insurance proceeds	3,296	-	-	-	3,296
Net cash and cash equivalents provided by investing activities	59,481	264,201	2,185	12,007	337,874
Net Increase (Decrease) in Cash and Cash Equivalents	1,475,976	(4,064,263)	639,803	(78,516)	(2,027,000)
Cash and Cash Equivalents - Beginning of year	4,210,893	16,631,666	393,972	2,605,489	23,842,020
Cash and Cash Equivalents - End of year	\$5,686,869	\$12,567,403	\$1,033,775	\$2,526,973	\$21,815,020
Classification of Cash and Cash Equivalents					
Cash and investments	\$5,686,869	\$6,602,866	\$1,033,775	\$2,526,973	\$15,850,483
Restricted assets	-	2,735,397	-	-	2,735,397
Current portion of restricted assets	-	3,229,140	-	-	3,229,140
Total cash and cash equivalents	\$5,686,869	\$12,567,403	\$1,033,775	\$2,526,973	\$21,815,020

See notes to financial statements.

Additional content from previous item: Proprietary Funds: Statement of Cash Flows (Continued)

City of Taylor, Michigan

**Proprietary Funds
Statement of Cash Flows (Continued)**

Year Ended June 30, 2020

Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities

	Enterprise Funds				
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
Operating income (loss)	\$8,477,401	\$398,123	\$297,288	\$(100,641)	\$9,072,171
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,143,995	2,064,922	712,905	57,765	3,979,587
Changes in assets and liabilities:					
Receivables	135,614	66,796	88,232	130,334	420,976
Due to and from other funds	2,092,929	1,347,867	662,667	(57,619)	4,045,844
Inventories	(1,778)	-	7,260	-	5,482
Prepaid and other assets	(6,266)	(6,266)	759	-	(11,773)
Other accrued liabilities	(62,442)	(307,273)	(46,328)	-	(416,043)
Accounts payable	324,952	(916,701)	(16,095)	89,682	(518,162)
Net pension or OPEB liability and deferrals	(7,260,781)	(738,664)	(1,350,173)	-	(9,349,618)
Total adjustments	(3,633,777)	1,510,681	59,227	220,162	(1,843,707)
Net cash and cash equivalents provided by operating activities	\$4,843,624	\$1,908,804	\$356,515	\$119,521	\$7,228,464

Significant Noncash Transactions - Donor assets

Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
\$73,423	\$73,423	\$896,768	-	\$1,043,614

See notes to financial statements.

Fiduciary Funds: Statement of Fiduciary Net Position

City of Taylor, Michigan

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2020

Assets	Pension and Other Employee Benefit Plans*	Agency Funds
Cash and cash equivalents	\$5,800,915	\$1,833,688
Investments:		
U.S. government securities	4,208,837	-
Agency securities	1,496,314	-
Common and preferred stocks	62,851,034	-
Corporate bonds	7,638,495	-
Mutual funds	46,767,764	-
Partnerships	38,839,407	-
Receivables	377,567	146,617
	167,980,333	\$1,980,305

Liabilities	Pension and Other Employee Benefit Plans*	Agency Funds
Due to other governmental units	-	\$1,590,573
Other current liabilities	-	389,732
	-	\$1,980,305

Net Position Held in Trust for Pension and Other Employee Benefits \$ 167,980,333

*Balances are as of December 31, 2019 for the General Employees' Retirement System and as of June 30, 2020 for the Police and Fire Retirement System.

See notes to financial statements. 22

Fiduciary Funds: Statement of Changes in Fiduciary Net Position

Year ended June 30, 2020

Pension and Other Employee Benefit Plans*

Additions	\$5,258,768
Investment income (loss):	5,576,508
Interest and dividends	(526,899)
Net increase in fair value of investments	10,308,377
Investment-related expenses	10,279,400
Net investment income	699,218
Contributions:	10,978,618
Employer contributions	21,286,995
Employee contributions	

Total contributions	20,416,470
Total additions	179,393
Deductions	20,595,863
Benefit payments	691,132
Administrative expenses	167,289,201
Total deductions	
Net increase in net position held in trust	\$167,980,333

**Net position held in trust for pension and other employee benefits -
Beginning of year**

**Net position held in trust for pension and other employee benefits - End
of year**

**Balances are as of December 31, 2019 for the General Employees' Retirement System and as of June 30, 2020 for the Police and Fire Retirement System.*

See notes to financial statements. 23

Page 27 is complex and may be difficult to understand. This page is a dense financial statement with small text, multiple governmental component-unit columns, grouped subtotal lines, and negative values shown in parentheses, which increases the risk of misreading by screen reader users. Accessibility was improved by converting the layout into a semantic table with explicit row and column headers, labeled blank cells as none, and added aria-labels for negative amounts. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Component Units: Statement of Net Position

June 30, 2020

Item	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
Assets						
Cash and investments (Note 3)	\$806,942	\$8,133,747	\$863,973	\$493,629	\$3,532,791	\$13,831,082
Accounts receivable	-	-	743,673	-	94,755	838,428
Due from component units	-	-	564,903	-	-	564,903
Due from primary government	191	40,122	400,948	64,025	-	505,286

Item	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
Prepaid expenses and other assets	-	-	-	-	22,306	22,306
Due from other governmental units	1,693	-	50,350	44,994	-	97,037
Capital assets: (Note 5)						
Assets not subject to depreciation	17,745	13,191,914	77,187	869,375	759,999	14,916,220
Assets subject to depreciation - Net	-	-	-	-	563,555	563,555
Total assets	826,571	21,365,783	2,701,034	1,472,023	4,973,406	31,338,817
Deferred Outflows of Resources	-	-	-	-	23,182	23,182
Liabilities						
Accounts payable	-	878,755	-	1,279	99,529	979,563
Due to other governmental units	17,712	71,476	-	-	-	89,188
Due to component units	-	100,203	-	464,700	-	564,903
Due to primary government	26,967	728,712	38,290	44,691	-	838,660
Accrued liabilities and other	-	20,733	248,121	-	48,115	316,969
Unearned revenue	-	-	743,673	-	-	743,673
Tenant security deposits	-	-	-	-	39,320	39,320
Noncurrent liabilities:						
Due within one year (Note 7)	-	3,171,835	755,522	-	-	3,927,357

Item	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
Due in more than one year (Note 7)	-	-	10,674,945	-	27,742	10,702,687
Total liabilities	44,679	4,971,714	12,460,551	510,670	214,706	18,202,320
Net Position (Deficit)						
Net investment in capital assets	17,745	13,191,914	77,187	869,375	1,323,554	15,479,775
Restricted - HAP payment	-	-	-	-	103,782	103,782
Unrestricted	764,147	3,202,155	(9,836,704)	91,978	3,354,546	(2,423,878)
Total net position (deficit)	\$781,892	\$16,394,069	\$(9,759,517)	\$961,353	\$4,781,882	\$13,159,679

*Balances are as of March 31, 2020 for the Housing Commission.

See notes to financial statements.

Page 28 is complex and may be difficult to understand. This page is a continuation of a financial statement table with small text, multi-level headers, and several lower-section amount values that are not visible on the supplied PDF page. I used accessible table markup and added an explicit note where figures could not be confirmed so a screen reader user is alerted to the limitation. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Additional content from previous item: Table continued.

Functions/Programs	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
Local Development Financing Authority	\$-	\$-	\$-	\$-
Tax Increment Financing Authority	3,333,613	-	-	-
Brownfield Redevelopment Authority	318,627	-	-	-
Downtown Development Authority	62,727	-	-	-
Housing Commission	7,589,944	672,400	6,830,243	-
Total component units	\$11,304,911	\$672,400	\$6,830,243	\$-

General revenue:

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

Total general revenue

Transfers

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Note: Corresponding numeric amounts for the lines in this section are not visible on the supplied PDF page.

*Balances are as of March 31, 2020 for the Housing Commission.

See notes to financial statements.

Component Units: Statement of Activities

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position

Component units activity by entity (amounts in dollars)

Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
\$	-	\$	-	\$	-
-	(3,333,613)	-	-	-	(3,333,613)
-	-	(318,627)	-	-	(318,627)
-	-	-	(62,727)	-	(62,727)
-	-	-	-	(87,301)	(87,301)
-	(3,333,613)	(318,627)	(62,727)	(87,301)	(3,802,268)
89,785	6,539,534	379,355	582,771	-	7,591,445
-	924,024	-	-	-	924,024
3,341	80,502	4,840	2,097	18,845	109,625
-	34,916	173,414	-	-	208,330
93,126	7,578,976	557,609	584,868	18,845	8,833,424
-	(100,203)	564,903	(464,700)	-	-

Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
93,126	4,145,160	803,885	57,441	(68,456)	5,031,156
688,766	12,248,909	(10,563,402)	903,912	4,850,338	8,128,523
\$781,892	\$16,394,069	\$(9,759,517)	\$961,353	\$4,781,882	\$13,159,679

**Housing Commission results shown reflect the component unit presentation.*

City of Taylor, Michigan

June 30, 2020

Notes to Financial Statements

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Blended Component Units

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

The 23rd Judicial District Court is reported within the agency funds. Although it is legally separate from the City, it is reported as if it were part of the primary government because of the fiduciary relationship it has with the City.

Discretely Presented Component Units

The following component units are reported within the component unit columns to emphasize that they are legally separate from the City.

Downtown Development Authority

The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within that district. The DDA's governing body, which consists of 13 members, is appointed by the mayor and confirmed by the City Council. In addition, the DDA's budget is subject to approval by the City Council.

Local Development Financing Authority and Tax Increment Financing Authority

The Local Development Financing Authority and the Tax Increment Financing Authority (collectively, the "Authorities") were created to promote economic development within a seven-square-mile district of the City and are funded primarily by property tax revenue captures. The Authorities are governed by 11-member and 13-member boards, respectively, which are appointed by the mayor and confirmed by the City Council.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the 24-square-mile boundary of the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a 13-member board that is appointed by the mayor and confirmed by the City Council.

Note 1 - Significant Accounting Policies (Continued)

Housing Commission

The Taylor Housing Commission is a nonprofit corporation that was organized under the laws of the State of Michigan to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD). The Taylor Housing Commission operates with a fiscal year end of March 31. The Taylor Housing Commission is governed by a five-member board that is appointed by the mayor and confirmed by the City Council. A complete financial statement for the Taylor Housing Commission can be obtained at 15270 Plaza South, Taylor, MI 48180.

Jointly Governed Organization

Downriver Sewage Disposal System

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the County of Wayne, Michigan (the "County") to the Downriver Utility Wastewater Authority (DUWA). DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 12 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the System.

The City's share of capital assets, restricted assets for debt service (see Note 8), and related debt is recorded in the Water and Sewer funds. The City has been allocated approximately \$20.3 million in debt for operations of the system and paid \$1.4 million in the current year for debt service. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial statements for the joint venture can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by

the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

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, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Police and Fire Retirement Fund is a special revenue fund to account for property taxes specifically levied for the Act 345 millage, which is used for the City's portion of the related retirement and health care costs of the Police and Fire Retirement System.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as major enterprise funds:

- The Water Fund accounts for the activities of the water distribution system.
- The Sewer Fund accounts for the activities of the sewage collection system.
- The Golf Courses Fund accounts for the activity related to the City's two golf courses, Taylor Meadows and Lakes of Taylor.

Fiduciary Funds

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

- The Pension Trust Fund accounts for the activities of the City's two defined benefit pension plans, including the Police and Fire Retirement System and the General Employees' Retirement System. The General Employees' Retirement System has a calendar year end of December 31, 2019. Therefore, the General Employees' Retirement System is included in this report as of December 31, 2019. The plans accumulate resources for pension benefit payments to qualified employees.
- The agency funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations. The City's agency funds include the Tax Receiving Fund, the Agency Fund, and the 23rd District Court Fund.

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

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

Inventories and Prepaid Items

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

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City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as

assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Assets are depreciated using the straight-line method over the following useful lives:

Depreciable life - years

Asset	Years
Roads and sidewalks	10-65
Buildings	15-50
Sanitary sewer system	15-50
Water mains and meters	15-67
Improvements other than buildings	20
Vehicles	4-10
Machinery and equipment	2-20
Furniture and fixtures	10-20

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions and OPEB. A deferred inflow is also reported related to unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two primary sources: grants and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Property Tax Revenue

Property taxes are assessed as of December 31. The related taxes become a lien on December 1 of the following year. Taxes are due on February 28, and penalties and interest are assessed as of March 1.

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

Note 1 - Significant Accounting Policies (Continued)

The 2019 taxable valuation of the City totaled \$1,341,316,738 (a portion of which is abated and a portion of which is captured by the TIFA, BRDA, LDFA, and DDA), on which taxes levied consisted of 8.4211 mills for operating purposes, 0.8862 mills for library services, 8.6000 mills for public safety pension, 2.2558 mills for disposal authority, 2.6591 mills for garbage and rubbish services, 0.0370 mills for publicity services, 2.7000 mills for the building authority, and 1.5368 mills for EPA debt. This resulted in approximately \$9,239,000 for operating purposes, \$959,000 for library services, \$9,309,000 for public safety pension, \$2,442,000 for disposal authority, \$2,878,000 for garbage and rubbish services, \$41,000 for publicity services, \$3,515,000 for the building authority, and \$1,658,000 for EPA debt. These amounts are recognized in the respective General Fund, special revenue funds, debt service funds, and enterprise funds financial statements as tax revenue.

Pension

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

The net pension obligation generally has been liquidated from the funds from which the individual employees' salaries are paid, which are primarily the General, Water, and Sewer funds.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. The City records a net OPEB liability calculated by the actuary. For the purpose of measuring the net OPEB liability, 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.

The net OPEB obligation generally has been liquidated from the funds from which the individual employees' salaries are paid, which are primarily the General, Water, and Sewer funds.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All 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 year end. Compensated absences will be liquidated primarily by the General, Water, and Sewer funds.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer funds is charges to customers for sales and services. The Water and Sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the

system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

City of Taylor, Michigan

**Notes to Financial Statements
June 30, 2020**

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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

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

June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt; provides a single method of reporting conduit debt obligations by issuers; and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2022 but were extended to June 30, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

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

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

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee

benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 18, 2020, which is the date the financial statements were available to be issued.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except that operating transfers, debt proceeds, bond premiums, and sales of fixed assets have been included in the revenue and/or expenditure categories rather than as other financing sources (uses). All annual appropriations lapse at 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.

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

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Note 2 - Stewardship, Compliance, and Accountability (Continued)

Fund Deficits

On the modified accrual basis, the Community Development Block Grant Fund has an unassigned fund balance deficit at June 30, 2020. The component units are presented on the full accrual basis in the basic financial statements, resulting in deficits on that basis in the Brownfield Redevelopment Authority. The Golf Courses, Sewer, and Water funds also have an unrestricted net deficit as of June 30, 2020.

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 agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension funds are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$44,871,182 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$9,048,208 of bank deposits that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity; U.S. Treasury bills and U.S. Treasury notes or bonds must mature within one year. The General Employees' Retirement System does not restrict investment maturities other than fixed-income portfolios, which can only be purchased with less than a 20-year maturity.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 3 - Deposits and Investments (Continued)

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

	General Employees' Retirement System				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$3,946,979	\$210,089	\$2,550,094	\$800,617	\$386,179
U.S. government securities	2,334,827	519,714	-	1,815,113	-
Agency securities	580,008	580,008	-	-	-
Total	\$6,861,814	\$1,309,811	\$2,550,094	\$2,615,730	\$386,179
	Police and Fire Retirement System				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$3,691,516	\$85,174	\$2,601,205	\$897,915	\$107,222
U.S. government securities	1,874,010	-	1,271,728	602,282	-
Agency securities	916,306	-	-	244,640	671,666
Total	\$6,481,832	\$85,174	\$3,872,933	\$1,744,837	\$778,888

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. The General Employees' Retirement System's investment policy does not restrict investment ratings, other than convertible securities, which should be rated B- or higher at time of purchase, and fixed-income securities, which should be rated BBB- or higher at time of purchase. In addition, asset-backed securities, mortgage-backed securities, and CMOs should be rated AAA at the time of purchase. 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			
Corporate bonds	\$697,148	A1	Moody's
Corporate bonds	2,043,639	A2	Moody's
Corporate bonds	999,072	A3	Moody's
Corporate bonds	207,120	AA1	Moody's
Agency securities	580,008	AAA	Moody's
U.S. government securities	2,334,827	AAA	Moody's
Police and Fire Retirement System			
Corporate bonds	327,527	A1	Moody's
Corporate bonds	378,036	A2	Moody's
Corporate bonds	592,463	A3	Moody's
Corporate bonds	20,422	AA1	Moody's
Corporate bonds	59,072	AA2	Moody's
Corporate bonds	19,871	AA3	Moody's
Corporate bonds	268,551	AAA	Moody's
Corporate bonds	18,200	B3	Moody's
Corporate bonds	140,164	BA1	Moody's
Corporate bonds	44,837	BA2	Moody's
Corporate bonds	62,924	BA3	Moody's
Corporate bonds	696,997	BAA1	Moody's
Corporate bonds	807,083	BAA2	Moody's
Corporate bonds	255,368	BAA3	Moody's
Agency securities	146,303	AAA	Moody's
Agency securities	770,003	Not rated	Moody's
U.S. government securities	1,839,785	AAA	Moody's
U.S. government securities	34,225	Not rated	Moody's

City of Taylor, Michigan Notes to Financial Statements

June 30, 2020

Note 3 - Deposits and Investments (Continued)

Risks and Uncertainties

The City invests in various securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least

reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Alternative Investment Valuation

Approximately 22 percent of the Police and Fire Retirement System's assets and 16 percent of the General Employees' Retirement System is not publicly traded and, therefore, does not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Note 4 - Deferred Inflows/Outflows of Resources

At the end of the current fiscal year, the various components of deferred outflows of resources are as follows:

Deferred outflows of resources by type and activity

	Governmental Activities	Business-type Activities
Pension deferrals	\$3,558,269	\$-
OPEB deferrals	\$4,910,656	\$499,273

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

Deferred inflows of resources by fund and activity

Description	Governmental Funds	Business-type Activities	Governmental Activities
Special assessments - Unavailable	\$177,416	\$-	\$-
Grant revenue - Unavailable	\$450,560	\$-	\$-
Other unavailable revenue	\$2,118,350	\$-	\$-
Pension deferrals	\$-	\$564,694	\$3,364,453
OPEB deferrals	\$-	\$2,426,477	\$23,865,910
Total deferred inflows	\$ 2,746,326	\$ 2,991,171	\$ 27,230,363

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets

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

Governmental Activities

Description	Balance July 1, 2019	Reclassifications	Additions	Disposals	Balance June 30, 2020
Capital assets not being depreciated:					
Land	29,274,627	-	-	(117,286)	29,157,341
Construction in progress	2,280,433	(1,181,162)	5,470,742	-	6,570,013
Subtotal	31,555,060	(1,181,162)	5,470,742	(117,286)	35,727,354
Capital assets being depreciated:					
Buildings and improvements	85,636,379	-	1,585,639	-	87,222,018
Machinery and equipment	41,358,175	829,649	324,869	(70,401)	42,442,292
Other improvements	20,969,158	-	369,338	-	21,338,496
Roads and sidewalks	268,241,276	351,513	2,406,158	-	270,998,947
Subtotal	416,204,988	1,181,162	4,686,004	(70,401)	422,001,753
Accumulated depreciation:					
Buildings and improvements	39,842,546	-	1,935,512	-	41,778,058
Machinery and equipment	31,681,580	-	2,090,552	(70,401)	33,701,731
Other improvements	17,798,562	-	425,406	-	18,223,968
Roads and sidewalks	191,995,569	-	6,126,201	-	198,121,770
Subtotal	281,318,257	-	10,577,671	(70,401)	291,825,527
Net capital assets being depreciated	134,886,731	1,181,162	(5,891,667)	-	130,176,226
Net governmental activities capital assets	\$166,441,791		\$- \$(420,925)	\$(117,286)	\$165,903,580

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets (Continued)

Business-type Activities

Description	Balance July 1, 2019	Reclassifications	Additions	Disposals	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$3,358,372	\$-	\$-	\$-	\$3,358,372
Construction in progress	49,457	(3,064,714)	3,357,254	-	341,997
Subtotal	3,407,829	(3,064,714)	3,357,254	-	3,700,369
Capital assets being depreciated:					
Water mains and meters	48,497,172	3,059,839	49,910	(78,180)	51,528,741
Sanitary sewer system	143,407,657	-	3,465,573	(127,445)	146,745,785
Buildings and improvements	11,343,044	4,875	155,180	-	11,503,099
Machinery and equipment	3,741,404	677,774	429,796	-	4,848,974

Description	Balance July 1, 2019	Reclassifications	Additions	Disposals	Balance June 30, 2020
Vehicles	717,503	-	-	-	717,503
Office furnishings	1,299,188	(677,774)	-	-	621,414
Land improvements	10,536,764	-	750,462	-	11,287,226
Intangible ECPAD improvement	2,882,728	-	-	-	2,882,728
Subtotal	222,425,460	3,064,714	4,850,921	(205,625)	230,135,470
Accumulated depreciation:					
Water and sewer lines	19,001,693	-	1,065,177	(78,180)	19,988,690
Sanitary sewer system	36,541,258	-	2,013,080	-	38,554,338
Buildings and improvements	4,779,506	-	250,388	-	5,029,894
Machinery and equipment	2,453,726	661,304	358,275	-	3,473,305
Vehicles	470,060	-	41,145	-	511,205
Furniture and equipment	1,134,553	(661,304)	19,591	-	492,840
Land improvements	8,728,709	-	174,165	-	8,902,874
Intangible ECPAD improvement	360,252	-	57,766	-	418,018
Subtotal	73,469,757	-	3,979,587	(78,180)	77,371,164
Net capital assets being depreciated	148,955,703	3,064,714	871,334	(127,445)	152,764,306
Net business-type activities capital assets	\$152,363,532	\$-	\$4,228,588	\$(127,445)	\$156,464,675

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets (Continued)

Component Units

Balance information for component units capital assets

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Capital assets not being depreciated	\$ 14,916,220	\$ -	\$ -	\$ 14,916,220
Capital assets being depreciated:				
Buildings and improvements	5,153,155	7,450	-	5,160,605
Furniture, equipment, and machinery	667,283	-	-	667,283
Subtotal	5,820,438	7,450	-	5,827,888
Accumulated depreciation:				
Buildings and improvements	5,101,025	99,424	-	5,200,449
Furniture, equipment, and machinery	63,884	-	-	63,884
Subtotal	5,164,909	99,424	-	5,264,333

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Net capital assets being depreciated	655,529	(91,974)	-	563,555
Net component units capital assets	\$ 15,571,749	\$ (91,974)	\$ -	\$ 15,479,775

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

Governmental activities:

General government	\$ 559,296
Public safety	1,209,746
Public works	6,519,612
Economic development	197,711
Recreation and culture	2,091,306
Total governmental activities	\$ 10,577,671

Business-type activities:

Water	\$ 1,143,995
Sewer	2,064,922
Ecorse Creek	57,765
Golf courses	712,905
Total business-type activities	\$ 3,979,587

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets (Continued)

Construction Commitments

The City has active construction projects at year end wherein the City has a contractual obligation with a third party for construction and design work. At year end, the City's commitments with vendors by reporting unit are as follows:

Reporting unit	Spent to Date	Remaining Commitment
Governmental activities	\$5,303,979	\$1,907,804
Business-type activities	\$92,409	\$146,291
Component units	\$489,350	\$406,350
Total	\$5,885,738	\$2,460,445

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
	Police and Fire Retirement Fund	\$386,440
	Golf Courses Fund	\$1,041,719
General Fund	Water Fund	\$818,586
	Sewer Fund	\$1,316,491
	Other nonmajor governmental funds	\$3,875,358
	Total General Fund	\$7,438,594
	General Fund	\$2,485,926
Other nonmajor governmental funds	Water Fund	\$59
	Other nonmajor governmental funds	\$2,548,995
	Total other nonmajor governmental funds	\$5,034,980
	Water Fund	\$961,517
Sewer Fund	General Fund	\$463,048
	Total Sewer Fund	\$1,424,565
	Water Fund	\$62,926
Ecorse Creek Fund	Sewer Fund	\$18
	Total Ecorse Creek Fund	\$62,944
Golf Courses Fund	General Fund	\$400,450
	General Fund	\$1,098,983
Water Fund	Sewer Fund	\$432,323
	Ecorse Creek Fund	\$86
	Total Water Fund	\$1,531,392
Police and Fire Retirement Fund	General Fund	\$1,250,458
	Total	\$17,143,383

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Due to/from Primary Government and Component Units

Due to/from Primary Government and Component Units		
Receivable	Payable	Amount
	Tax Increment Financing Authority	\$485,844
	Local Development Financing Authority	9,978
General Fund	Downtown Development Authority	44,691
	Brownfield Redevelopment Authority	20,513
	Total General Fund	561,026
Police and Fire Retirement Fund	Tax Increment Financing Authority	125,001
	Local Development Financing Authority	10,146

Receivable	Payable	Amount
	Brownfield Redevelopment Authority	8,496
	Total Police and Fire Retirement Fund	143,643
Tax Increment Financing Authority	General Fund	40,122
	General Fund	173,414
Brownfield Redevelopment Authority	Sewer Fund	227,534
	Total Brownfield Redevelopment Authority	400,948
	General Fund	18,691
	Police and Fire Retirement Fund	19,005
Downtown Development Authority	Sewer Fund	7,541
	Other nonmajor governmental funds	18,788
	Total Downtown Development Authority	64,025
Local Development Financing Authority	Sewer Fund	191
	Tax Increment Financing Authority	84,289
Other nonmajor governmental funds	Local Development Financing Authority	6,843
	Brownfield Redevelopment Authority	7,864
	Total other nonmajor governmental funds	98,996
Golf Courses Fund	Tax Increment Financing Authority	10,189
	Tax Increment Financing Authority	23,389
Sewer Fund	Brownfield Redevelopment Authority	1,417
	Total Sewer Fund	24,806
	Total	\$1,343,946

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

City of Taylor, Michigan

Notes to Financial Statements
June 30, 2020

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

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

Paying fund (transfer out), receiving fund (transfer in), and amount

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Michigan Indigent Defense Commission Fund	\$39,501
	Golf Courses Fund	400,000
	Total General Fund	439,501
Major Streets Fund	Local Streets Fund	2,170,000

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Building and Grounds Fund	Building Authority Debt Fund	1,107,252
Building Authority Capital Projects Fund	Building and Grounds Fund	286,962
	Total	\$4,003,715

Transfers from the Major Streets Fund to the Local Streets Fund are to cover local road work in accordance with Act 51. The transfer from Building and Grounds Fund to the Building Authority Debt Fund is for Building Authority lease payments. Transfers from the General Fund to the Michigan Indigent Defense Commission Fund and Golf Courses Fund are for operations in accordance with the adopted budget. The transfer from the Building Authority Capital Projects Fund to the Building and Grounds Fund is to cover construction projects.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

Description	Interest Rate Ranges	Governmental Activities			Ending Balance	Due within One Year
		Beginning Balance	Additions	Reductions		
Bonds and contracts payable:						
Direct borrowings and direct placements:						
2011 Installment purchase contract trash totes - Amount of issue - \$1,880,000	3.83%	\$434,000	\$-	\$(213,000)	\$221,000	\$221,000
Caterpillar Excavator Equipment Lease Purchase - Amount of issue - \$84,942	2.39%	38,832	-	(38,832)	-	-
Wells Fargo Copier Capital Lease - Amount of issue - \$163,830	6.09%	125,519	-	(31,509)	94,010	33,482
Wells Fargo Copier Capital Lease - Amount of issue - \$49,821	6.09%	38,171	-	(9,582)	28,589	10,182
Dell Capital Lease - Amount of issue - \$266,502	5.47%	239,710	-	(48,296)	191,414	51,008

Description	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Dell Capital Lease - Amount of issue - \$680,911	5.44%	612,463	-	(123,479)	488,984	130,366
PNC Equipment Finance Capital Lease - Amount of issue - \$908,520	3.55%	788,039	-	(296,518)	491,521	307,217
PNC Equipment Note - Amount of issue - \$1,236,481	2.34%	491,141	-	(253,501)	237,640	237,639
Total direct borrowings and direct placements principal outstanding		2,767,875	-	(1,014,717)	1,753,158	990,894
Other debt:						
2004 Building Authority Public Facilities Bonds - Amount of issue - \$1,250,000	2.00%	430,000	-	(80,000)	350,000	80,000
2015 Building Authority Refunding Bonds - \$6,965,000	2.00%-5.00%	4,210,000	-	(765,000)	3,445,000	800,000
2019 Building Authority Bonds - Amount of issue - \$4,950,000	1.79%	-	4,950,000	-	4,950,000	455,000
Total other debt principal outstanding		4,640,000	4,950,000	(845,000)	8,745,000	1,335,000
Unamortized bond premiums		349,174	-	(74,823)	274,351	74,823
Total bonds and contracts payable		7,757,049	4,950,000	(1,934,540)	10,772,509	2,400,717
Workers' compensation claims		518,690	98,455	(230,322)	386,823	-
Nonexchange financial guarantee		2,418,000	-	(81,000)	2,337,000	311,974
Compensated absences		3,083,218	616,628	(168,999)	3,530,847	1,027,120
Total governmental activities long-term debt		\$13,776,957	\$5,665,083	\$(2,414,861)	\$17,027,179	\$3,739,811

Page 49 is complex and may be difficult to understand. This page is a dense continuation of multi-part financial tables with small text, subtotal rows, and category labels that do not always align to explicit printed headers, which increases the risk of misreading by screen reader users. I converted the content into structured HTML tables with explicit column headers, row headers, grouped label rows, and separate table sections to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:						
1994 Downriver Sewage Disposal System Bonds - Amount of issue - \$60,010,808	Various	\$7,441,803	-	\$(2,648,866)	\$4,792,937	\$2,572,104
Downriver Utility Wastewater Authority Bonds - Amount of issue - \$25,651,802	Various	21,059,749	-	(783,365)	20,276,384	869,213
Series 2009A - ECPAD 1 CWRP - Amount of issue - \$3,717,000	2.50%	799,752	-	(104,650)	695,102	105,991
PNC Equipment Note - Amount of issue - \$239,033	2.34%	94,942	-	(49,006)	45,936	45,940
ECPAD 1 Taylor/Pelham Basin Series 2014 - Amount of issue - \$722,172	5.75%	394,037	-	(71,393)	322,644	75,512
Lease purchase agreement - Golf carts for TMGC - Amount of issue - \$217,128	4.35%	189,932	-	(51,366)	138,566	53,636
Lease purchase agreement - Golf carts for LTGC - Amount of issue - \$230,530	4.35%	201,655	-	(54,537)	147,118	56,946
Total direct borrowings and direct placements principal outstanding		30,181,870	-	(3,763,183)	26,418,687	3,779,342
Nonexchange financial guarantee		2,681,732	-	(146,846)	2,534,886	228,026
Compensated absences		205,653	49,727	(63,495)	191,885	74,680
Total business-type activities long-term debt		\$33,069,255	\$49,727	\$(3,973,524)	\$29,145,458	\$4,082,048

Component Unit

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Other debt:						
TIFA:						
Total component unit long-term debt		\$17,979,659	\$-	\$(3,377,357)	\$14,602,302	\$3,927,357

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2013 Refunding - Series A - Amount of issue - \$15,995,000	2.00%-3.25%	\$1,010,000	-	\$(1,010,000)	\$-	\$-
2013 Refunding - Series B - Amount of issue - \$4,680,000	4.00%	4,680,000	-	(1,570,000)	3,110,000	3,110,000
Brownfield:						
2017 Refunding - Series A - Amount of issue - \$1,915,000	2.10%-4.45%	1,390,000	-	(275,000)	1,115,000	280,000
2017 Refunding - Series B - Amount of issue - \$2,045,000	2.10%-4.05%	1,680,000	-	(195,000)	1,485,000	195,000
Brownfield Redevelopment Tax Increment Bonds, Series 2015	2.00%-5.00%	8,795,000	-	(245,000)	8,550,000	260,000
Total other debt principal outstanding		17,555,000	-	(3,295,000)	14,260,000	3,845,000
TIFA - Bond premium		123,670	-	(61,835)	61,835	61,835
Brownfield - Bond premium		300,989	-	(20,522)	280,467	20,522
Total component unit long-term debt		\$17,979,659	\$-	\$(3,377,357)	\$14,602,302	\$3,927,357

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				Total
	Direct Borrowings and Direct Placements		Other Debt		
	Principal*	Interest	Principal	Interest	
2021	\$990,894	\$63,564	\$1,335,000	\$271,508	\$2,660,966
2022	\$422,212	\$29,146	\$1,390,000	\$219,355	\$2,060,713
2023	\$234,747	\$13,478	\$1,445,000	\$164,786	\$1,858,011
2024	\$105,305	\$2,167	\$1,500,000	\$107,845	\$1,715,317
2025	-	-	\$490,000	\$50,657	\$540,657
2026-2030	-	-	\$2,585,000	\$117,200	\$2,702,200
Thereafter	-	-	-	-	-

Years Ending June 30	Direct Borrowings and Direct Placements			Other Debt		Total
	Principal*	Interest		Principal	Interest	
Total	\$1,753,158	\$108,355		\$8,745,000	\$931,351	\$11,537,864
	Business-type Activities and Component Unit Activities					
Years Ending June 30	Business-type Activities - Direct Borrowings and Direct Placements			Component Unit Activities - Other Debt		Total
	Principal	Interest	Total	Principal*	Interest	
2021	\$3,779,342	\$902,228	\$4,681,570	\$3,845,000	\$600,235	\$4,445,235
2022	\$1,467,357	\$825,386	\$2,292,743	\$685,000	\$451,517	\$1,136,517
2023	\$1,458,226	\$774,171	\$2,232,397	\$725,000	\$425,366	\$1,150,366
2024	\$2,028,418	\$724,324	\$2,752,742	\$785,000	\$392,417	\$1,177,417
2025	\$1,352,504	\$673,187	\$2,025,691	\$825,000	\$356,400	\$1,181,400
2026-2030	\$6,736,262	\$2,639,233	\$9,375,495	\$3,965,000	\$1,327,811	\$5,292,811
Thereafter	\$9,596,578	\$2,859,666	\$12,456,244	\$3,430,000	\$438,315	\$3,868,315
Total	\$26,418,687	\$9,398,195	\$35,816,882	\$14,260,000	\$3,992,061	\$18,252,061

*Balances exclude bond premium

Bond Refunding

In conjunction with the issuance of \$20,675,000 for the Tax Increment Financing Authority (TIFA) bond Series 2013A and Series 2013B, the component unit is required to maintain debt service reserves in the amount of \$311,000. In order to cover the reserve requirement, the TIFA component unit has obtained insurance coverage commensurate with this reserve balance amount. In addition to the reserves and in conjunction with the above debt issue, the City has agreed to certain covenants, including, but not limited to, restriction on amendments to the TIFA plan districts and continued compliance with the State of Michigan regulations and statutes affecting the TIFA bond indenture.

Defeased Debt

In 2017, the City defeased \$3.8 million of bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the current year defeased bonds and balance of prior year defeased bonds are not included in the basic financial statements. At June 30, 2020, approximately \$15.3 million of bonds outstanding are considered defeased.

City of Taylor, Michigan

Notes to Financial Statements June 30, 2020

Note 7 - Long-term Debt (Continued)

Nonexchange Financial Guarantee

In 2005, the City pledged its full faith and credit on bonds issued by the City's Brownfield Redevelopment Authority (the "Brownfield"). The bonds were related to the Midtown (Island Lakes) development project. The City's pledge is considered a nonexchange financial guarantee or commitment to back the debt payments of the bonds, which continue through fiscal year 2034. Due to the downturn in the economy, the development project was never finished, and, as a result, the Brownfield's projected tax increment revenue was insufficient

to fully pay the bond debt. The present value of the total estimated shortfall related to the Brownfield's bond payments is \$4,871,886 and has been recognized by the City as a liability of \$2,337,000, \$1,267,443, and \$1,267,443 in the governmental activities, Water Fund, and Sewer Fund, respectively. In a prior year, the full amount was recorded in governmental activities; the City obtained additional guidance from third-party legal counsel that concluded that the Water and Sewer funds are responsible for a portion of the cost. As such, the City recorded the proportionate share in these funds.

No Commitment Debt

Excluded from long-term debt are bonds issued under the Economic Development Corporation Act of 1974, as amended, which authorizes the formation of economic development corporations and their participation in economic development projects in the City. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source.

Note 8 - Restricted Assets

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

Restricted assets at June 30, 2020 (business-type activities)

Description	Business-type Activities
Assets held at Wayne County, Michigan for future debt payments	\$3,799,822
Assets held at Downriver Utility Wastewater Authority (DUWA) for sewer operations	2,164,715
Total	\$5,964,537

The above assets held by third parties are set aside for contractual obligations related to the issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay its portion of principal and interest totaling \$34,328,322 of DUWA and Downriver Sewage Disposal system obligations. In addition, it has pledged to raise property taxes, to the extent permitted by law, to repay its portion of principal and interest totaling \$5,356,374 of the Wayne County, Michigan obligations. Proceeds from these bond issuances provided financing for the construction of the expansion of the Downriver Wastewater Treatment Plant and System. The remaining principal and interest to be paid on the DUWA/DRSD obligations not paid with property taxes totals \$28,971,948. During the current year, net revenue of the system was \$2,758,730 compared to the debt service requirements of \$1,401,370 for the DUWA bonds. Tax collections related to the Wayne County, Michigan debt were \$1,724,125, compared to the debt service requirements of \$2,862,476.

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical and property claims and for risk related to torts and errors and omissions and is uninsured for workers' compensation 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 City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2020	2019
Estimated liability - Beginning of year	\$ 518,690	\$ 412,723
Incurred claims, including adjustments to claims incurred but not reported	78,956	277,949
Claim payments - Net of insurance refunds	(210,823)	(171,982)
Estimated liability - End of year	\$ 386,823	\$ 518,690

Note 10 - Other Postemployment Benefit Plan

Plan Description

The City provides health care benefits to all full-time employees upon retirement, in accordance with labor contracts. The City includes pre-Medicare retirees and their dependents in its insured health care plan. This is a single-employer defined benefit plan administered by the City. All investments are held in the MERS of Michigan Retiree Health Funding Vehicle. MERS issues a publicly available financial report, which includes an other postemployment benefits fund. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The labor contracts require employee contributions for optical and dental for all employees and medical contributions for some of the new Command Union retirees. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). The costs of administering the plan are borne by the City's General Fund.

Members Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	June 30, 2020
Inactive plan members or beneficiaries currently receiving benefits	384
Inactive plan members entitled to but not yet receiving benefits	24
Active plan members	223
Total plan members	631

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2020, the City made payments for postemployment health benefit premiums of \$8,644,423, \$255,000 of which was an additional prefunding contribution.

City of Taylor, Michigan
Notes to Financial Statements**June 30, 2020****Note 10 - Other Postemployment Benefit Plan (Continued)*****Net OPEB Liability***

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

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

Changes in Net OPEB Liability	Total OPEB Liability	Increase (Decrease)	
		Plan Net Position	Net OPEB Liability
Balance at July 1, 2019	\$154,580,000	\$3,000,000	\$151,580,000
Changes for the year:			
Service cost	893,637	-	893,637
Interest	11,124,998	-	11,124,998
Differences between expected and actual experience	(39,438,580)	-	(39,438,580)
Changes in assumptions	7,874,620	-	7,874,620
Contributions - Employer	-	8,644,421	(8,644,421)
Net investment income	-	70,503	(70,503)
Benefit payments	(8,389,421)	(8,389,421)	-
Administrative expenses	-	(5,505)	5,505
Net changes	(27,934,746)	319,998	(28,254,744)
Balance at June 30, 2020	\$126,645,254	\$3,319,998	\$123,325,256

The plan's fiduciary net position represents 2.6 percent of the total OPEB liability.

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

For the year ended June 30, 2020, the City recognized OPEB cost reductions of \$66,318,302.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$-	\$26,292,387
Changes in assumptions	5,249,747	-

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	160,182	-
Total	\$5,409,929	\$26,292,387

Additional content from previous item: Note 10 - Other Postemployment Benefit Plan (Continued)

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)

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

Years Ending June 30	Amount
2021	\$(10,478,537)
2022	(10,478,537)
2023	42,783
2024	31,833
Total	\$(20,882,458)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 1 percent for general members, 3.75 to 14.75 percent for court members, and 3.50 to 6.50 percent for police/fire members; a health care cost trend rate of 8.00 percent for 2021, decreasing to an ultimate rate of 4.50 percent for 2028 and later years; and the RP-2014 mortality tables with the MP-2017 improvement scale.

Assumption Changes

These assumptions differ from the 2019 OPEB valuation where an inflation assumption of 2.5 percent was used. The health care cost trend rate used in the prior year valuation was 9.00 percent for 2019, decreasing to an ultimate rate of 3.5 percent for 2028 and later years. The 2019 valuation also included an excise tax for Cadillac plans and participation rates

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

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Note 10 - Other Postemployment Benefit Plan (Continued)

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.35 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.35%)	Current Discount Rate (7.35%)	1 Percentage Point Increase (8.35%)
Net OPEB liability	\$137,760,931	\$123,325,256	\$111,317,210

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.00%)	Current Health Care Cost Trend Rate (8.00%)	1 Percentage Point Increase (9.00%)
Net OPEB liability	\$114,114,677	\$123,325,256	\$134,480,854

Note 11 - Other Postemployment Benefits - MERS Health Care Plan

Plan Description

The City provides funding of retiree health care benefits to eligible employees and their spouses through the Municipal Employees' Retirement System health care plan. Any employee in the Police Officer Association of Michigan union hired after September 30, 2011 is eligible to use the balance in his or her account to fund current medical insurance premiums.

During the year ended June 30, 2020, the City made contributions of \$73,263, and the plan members contributed \$88,009 to the plan.

Note 12 - Defined Contribution Pension Plan

The City provides benefits to recently hired employees that are not eligible for the defined benefit plans through a defined contribution plan established on July 1, 2003. In the City of Taylor, Michigan's defined contribution plan, which is administered by Nationwide, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of hire. As established by various collective bargaining agreements, the employees are permitted to contribute up to 4 percent of their pretax earnings and up to 25 percent of their after-tax earnings. The City contributes between 50 percent and 200 percent of no greater than 4 percent of the employee contributions as an employer match. Employee contributions are immediately vested. Earnings and the employer match are fully vested after five years of service.

The City's total payroll during the current year was \$22,694,110. The current year contribution was calculated based on covered payroll of \$5,885,533, resulting in an employer contribution of \$216,075 and employee contributions of \$235,421.

Note 13 - Pension Plans

Plan Description

General Employees' Retirement System

The City of Taylor General Employees' Retirement System board of trustees administers the City of Taylor General Employees' Retirement Pension Plan, a single-employer defined benefit pension plan that provides pensions for all employees of the City other than court, police, and fire employees. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

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

Management of the plan is vested in the board of trustees, which consists of five members appointed by the City.

Police and Fire Retirement System

The Police and Fire Pension board administers the City of Taylor, Michigan Police and Fire Retirement System, a single-employer defined benefit pension plan that provides pensions for almost all public safety employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

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

Management of the plan is vested in the pension board, which consists of five members: one police officer elected by the members, one firefighter elected by the members, two members representing the City, and the city treasurer.

Municipal Employees' Retirement System of Michigan

The court participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all district court employees hired before June 30, 2002. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS

issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

General Employees' Retirement System

The pension plan provides retirement, disability, and death benefits. Retirement benefits for general plan members are based on average final compensation and are calculated as follows:

Local 1128 AFSCME and Local 1917 members hired prior to August 4, 1988: straight-life pension equals 55 percent of average final compensation (AFC).

Taylor Governmental Management and Administrative Employees Association members hired prior to May 18, 1988: straight-life pension equals 30 percent of average final compensation (AFC) after 4 years of service, increasing by 6.25 percent each year until 8 years, at which time the pension equals 55 percent of AFC until 13 or more years of service, at which time the pension equals 65 percent of AFC.

Elected officials elected before November 27, 1989: straight-life pension equals 30 percent of average final compensation (AFC) after 4 years of service, increasing by 6.25 percent each year until 8 years of service, at which time the pension equals 55 percent of AFC.

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Note 13 - Pension Plans (Continued)

Local 1128 AFCSME and Local 1917 members hired on or after August 4, 1988: straight-life pension equals 2.2 percent of average final compensation (AFC) per year of service to a maximum of 25 years of service.

Taylor Governmental Management and Administrative Employees Association members hired on or after May 18, 1988: straight-life pension equals 30 percent of final average earnings (FAE) for service accrued before January 1, 2011 after 5 years of service, increasing by 2.25 percent each year until 12 years, at which time the percentage rate equals 47.5 percent. The pension then increases in years 13, 14, and 15 to 52.5, 60, and 65 percent, respectively, which is where the FAE is capped. The pension percentage increases by 2.25 percent for each year of service accrued after January 1, 2011, not to exceed 65 percent.

Elected officials elected on or after November 27, 1989, excluding City Council officials elected on or after November 25, 1997; judges elected on or after October 1, 2008; and the mayor, clerk, and treasurer elected on or after November 8, 2005: straight-life pension equals 30 percent of final average compensation after 5 years of service increasing by 2.25 percent each year, not to exceed 55 percent.

Average final compensation is defined as the average of the employee's highest 5 years of earnings prior to retirement.

Local 1128 AFCSME and Local 1917 members hired prior to August 4, 1988 are eligible at the earlier of age 55 with 8 or more years of service (10 or more years if hired after August 1, 1982), or 25 years of service. Taylor Governmental Management and Administrative Employees Association members and elected officials elected before November 27, 1989 hired prior to May 18, 1988 are eligible at age 55 with 4 or more years of service or any age with 25 or more years of service. Local 1128 AFCSME and Local 1917 members hired on or after August 4, 1988 are eligible at age 55 with 10 or more years of service or age 50 and 25 or more years of service beginning on January 1, 2009. Employees hired after December 22, 2004 are not eligible to participate. Taylor Governmental Management and Administrative Employees Association members hired on or after May 18, 1988 are eligible at age 55 with 5 or more years of service. Employees hired after March 6, 2001 are not eligible to participate. Elected officials elected on or after November 27, 1989, excluding City

Council officials elected on or after November 25, 1997; judges elected on or after October 1, 2008; and the mayor, clerk, and treasurer elected on or after November 8, 2005 are eligible at age 55 with 5 or more years of service.

Police and Fire Retirement System

The pension plan provides retirement, disability, and death benefits. Retirement benefits for police and fire plan members are based on average final compensation and are calculated as follows:

Corporal/patrol hired prior to October 1, 2011: straight-life pension equals 2.8 percent of average final compensation (AFC) times first 25 years of service, maximum of 70 percent of AFC.

Police command and fire hired prior to July 1, 2007: straight-life pension equals 2.8 percent of average final compensation (AFC) times first 25 years of service plus 1.0 percent of AFC times years of service in excess of 25 years to a maximum of 75 percent of AFC.

Fire hired on or after July 1, 2007 (and before August 1, 2012) and corporal/patrol hired after September 30, 2011: straight-life pension equals 2.25 percent of AFC times years of service. Fire AFC will use base wages only, and overtime is capped at \$3,000. Corporal/patrol AFC shall be base wage plus a maximum of 240 hours of paid leave.

Average final compensation is defined as the employee's highest 3 years of earnings from the last 10 years of service.

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Note 13 - Pension Plans (Continued)

Corporal/patrol hired prior to October 1, 2011 and fire hired prior to August 1, 2012 are eligible with 20 or more years of service or age 60, regardless of service. Fire post-July 31, 2012 hires are covered by a defined contribution plan. Corporal/patrol hired after September 30, 2011 are eligible at age 50 with 25 or more years of service or age 60. Police command are eligible at any age with 25 or more years of service or age 60 regardless of service. Command officers are eligible to participate in the DROP after 20 years of service.

Municipal Employees' Retirement System of Michigan

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all district court employees hired before June 30, 2002.

Retirement benefits for employees are calculated as 2.25 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Taylor General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Date of member count	December 31, 2019	June 30, 2020	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	266	231	9
Inactive plan members entitled to but not yet receiving benefits	24	7	4
Active plan members	48	103	7
Total employees covered by the plan	338	341	20
	55		

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 13 - Pension Plans (Continued)

Contributions

General Employees' Retirement System

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended December 31, 2019, the average active member contribution rate was 4.8 percent of annual pay, and the City's average contribution rate was 132.78 percent of annual payroll.

Police and Fire Retirement System

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended June 30, 2020, the average active member contribution rate was 6.7 percent of annual pay, and the City's average contribution rate was 76.16 percent of annual payroll.

Municipal Employees' Retirement System of Michigan

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an

independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members 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.

For the year ended December 31, 2019, the average active employee contribution rate was 5.0 percent of annual pay, and the court's average contribution rate was 35.11 percent of annual payroll for the district court.

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

Measurement dates used for the City's net pension liability and actuarial valuation dates by plan

	City of Taylor General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Measurement date used for the City's net pension liability	December 31, 2019	June 30, 2020	December 31, 2019
Based on a comprehensive actuarial valuation as of	December 31, 2019	June 30, 2019	December 31, 2019

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 13 - Pension Plans (Continued)

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

General Employees' Retirement System

Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$82,955,573	\$38,078,301	\$44,877,272
Changes for the year:			
Service cost	173,696	-	173,696
Interest	5,999,436	-	5,999,436
Differences between expected and actual experience	391,348	-	391,348
Changes in assumptions	(165,474)	-	(165,474)
Contributions - Employer	-	3,964,651	(3,964,651)
Contributions - Employee	-	143,486	(143,486)
Net investment income	-	7,391,439	(7,391,439)

Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Benefit payments, including refunds	(6,273,569)	(6,273,569)	-
Administrative expenses	-	(103,703)	103,703
Net changes	125,437	5,122,304	(4,996,867)
Balance at December 31, 2019	\$83,081,010	\$43,200,605	\$39,880,405

The plan's fiduciary net position represents 52.0 percent of the total pension liability.

Police and Fire Retirement System

Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2019	\$197,866,157	\$129,210,900	\$68,655,257
Changes for the year:			
Service cost	2,512,993	-	2,512,993
Interest	13,866,097	-	13,866,097
Differences between expected and actual experience	739,394	-	739,394
Changes in assumptions	(2,356,054)	-	(2,356,054)
Contributions - Employer	-	6,314,749	(6,314,749)
Contributions - Employee	-	555,732	(555,732)
Net investment income	-	2,950,703	(2,950,703)
Benefit payments, including refunds	(14,142,901)	(14,142,901)	-
Administrative expenses	-	(113,863)	113,863
Miscellaneous other charges	-	4,408	(4,408)
Net changes	619,529	(4,431,172)	5,050,701
Balance at June 30, 2020	\$198,485,686	\$124,779,728	\$73,705,958

The plan's fiduciary net position represents 62.9 percent of the total pension liability.

Additional content from previous item: Note 13 - Pension Plans (Continued)

City of Taylor, Michigan

**Notes to Financial Statements
June 30, 2020**

Note 13 - Pension Plans (Continued)

Municipal Employees' Retirement System of Michigan

Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$4,092,582	\$2,720,775	\$1,371,807
Changes for the year:			
Service costs	34,564	-	34,564

Changes in Net Pension Liability	Total Pension Liability	Increase (Decrease)	
		Plan Net Position	Net Pension Liability
Interest	319,549	-	319,549
Differences between expected and actual experience	(34,284)	-	(34,284)
Changes in actuarial assumptions	131,428	-	131,428
Contributions - Employer	-	73,769	(73,769)
Contributions - Employee	-	17,671	(17,671)
Net investment income	-	362,964	(362,964)
Benefit payments	(231,018)	(231,018)	-
Administrative expenses	-	(6,248)	6,248
Miscellaneous other charges	-	(250)	250
Net changes	220,239	216,888	3,351
Balance at December 31, 2019	\$4,312,821	\$2,937,663	\$1,375,158

The plan's fiduciary net position represents 68.1 percent of the total pension liability.

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

For the year ended June 30, 2020, the City recognized pension (recovery) expense of \$(668,606) from the Police and Fire Retirement System, \$3,647,308 from the general employees' plan, and \$228,730 from the MERS plan.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$465,262	(296,937)
Changes in assumptions	65,714	(1,514,606)
Net difference between projected and actual earnings on pension plan investments	2,985,570	(2,117,604)
Employer contributions to the plan subsequent to the measurement date	41,723	-
Total	\$3,558,269	\$(3,929,147)

Note 13 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the

measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years ending June 30 - Amounts

Years Ending June 30	Amount
2021	\$(2,038,911)
2022	(417,524)
2023	1,768,295
2024	275,539
Total	\$(412,601)

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial assumptions by retirement system

	General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Inflation	2.75%	3.00%	2.50%
Salary increases (including inflation)	1.00%	0.00%-6.50%	3.00%
Investment rate of return (gross of investment expenses)	7.50%	7.25%	7.60%
Mortality rates	RP-2014 Healthy Annuitant Mortality Table with Scale MP- 2019	Pub-2010 PS with MP-2018	RP-2014 Healthy Annuitant Mortality Table

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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

Discount rate assumptions and results by retirement system

General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
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	General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Assumed investment rate of return	7.50%	7.25%	7.60%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	No	Yes
Discount rate used to measure total pension liability	7.50%	7.22%	7.60%

Note 13 - Pension Plans (Continued)

The Police and Fire Retirement System's fiduciary net position was not projected to be available to make projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate of 2.45 percent. The source of that bond rate is the Fidelity Index 20 Year GO AA Index as of June 30, 2020. The resulting single discount rate is 7.22 percent.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

General Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	7.50 %
International equity	15.00	8.50
Fixed income	25.00	3.00
Real estate	5.00	4.50
Other	10.00	6.19

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	64.00 %	7.50 %
Fixed income	16.00	2.50
International equity	8.00	8.50
Real estate	12.00	4.50

Municipal Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

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

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

Net Pension Liability	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
General Employees' Retirement System - Current rate 7.50 percent	\$47,069,537	\$39,880,405	\$33,690,471
Police and Fire Retirement System - Current rate 7.22 percent	\$95,413,381	\$73,705,958	\$55,605,985
Municipal Employees' Retirement System - Current rate 7.60 percent	\$1,882,537	\$1,375,158	\$992,081

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Note 13 - Pension Plans (Continued)

Assumption Changes

The mortality improvement scale used to measure the total pension liability for the General Employees' Retirement System was updated from Scale MP-2018 to Scale MP-2019.

The mortality tables used to measure the total pension liability for the Police and Fire Retirement System were changed from the RP-2014 Healthy Annuitant Mortality Table to the Pub-2010 PS mortality table.

The investment rate of return (net of investment and administrative expenses) used to measure the total pension liability for the Municipal Employees' Retirement System was changed from 7.75 to 7.35 percent, the discount rate was changed from 8.00 to 7.60 percent, and the assumed salary increase was changed from 3.75 to 3.00 percent.

Investment Policy

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

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rates of return on pension plan investments for the General Employees' Retirement System and the Police and Fire Retirement System, net of pension plan investment expense, were 20.75 and 2.35 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 14 - Pension Plan Reserves

General Employees' Retirement System

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

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

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 7.5 percent. For employees who terminate before vesting in the pension plan, the balances are returned to the employees; for those who stay until retirement, the balances are transferred into the retiree reserve.

There are no employer reserves as of December 31, 2019.

The balances of the reserve accounts at December 31, 2019 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$65,448,779	\$36,192,494
Employee reserve	2,577,911	2,577,911
Terminated vested reserve	4,430,201	4,430,200

City of Taylor, Michigan

Note 14 - Pension Plan Reserves (Continued)

Police and Fire Retirement System

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

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

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 7.5 percent. For employees who terminate before vesting in the pension plan, the balances are returned to the employees; for those who stay until retirement, the balances are transferred into the retiree reserve.

There are no employer reserves as of June 30, 2020.

The balances of the reserve accounts at June 30, 2020 are as follows:

Reserve account	Required Reserve	Amount Funded
Employee reserve	\$12,713,791	\$12,713,791
Retiree reserve	\$149,953,758	\$112,065,937

Note 15 - 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 assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the 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.

The City has the following recurring fair value measurements as of June 30, 2020:

Investments by fair value level:

Investment type	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			Balance at June 30, 2020
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Agency bonds	-	\$1,387,683	-	\$1,387,683
Asset-backed securities	-	\$377,183	-	\$377,183
Common - Not traded	-	\$21,443,167	-	\$21,443,167
Corporate - Not traded	-	\$2,584,710	-	\$2,584,710
Corporate bonds	-	\$7,369,944	-	\$7,369,944
ETF - Equity	\$19,713,460	-	-	\$19,713,460
ETF - Fixed income	\$348,294	-	-	\$348,294
Mutual funds - Equity	\$5,262,843	-	-	\$5,262,843
Other alternative investments	-	-	\$33,125,069	\$33,125,069
Private equity	-	-	\$3,129,629	\$3,129,629
Stocks	\$62,851,034	-	-	\$62,851,034
Treasury bonds	\$1,874,010	\$2,334,827	-	\$4,208,837
Total assets	\$90,049,641	\$35,497,514	\$36,254,698	\$161,801,853

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2020

Note 15 - Fair Value Measurements (Continued)

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

The fair value of agency bonds, certain asset-backed securities, common and corporate - not traded, certain corporate bonds, and Treasury bonds at June 30, 2020 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of certain asset-backed securities, certain corporate bonds, other alternative investments, certain other fixed-income assets, private equity, and certain stocks at June 30, 2020 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the City's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 16 - Contingent Liabilities

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to the point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. In addition, the City is involved in certain labor negotiation discussions. The City has not recorded an estimate of any liabilities that may result from these matters at June 30, 2020.

Note 17 - Tax Abatements

The City receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants a reduction of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years.

For the fiscal year ended June 30, 2020, the City abated \$59,240 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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

Required Supplemental Information

City of Taylor, Michigan

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	11,137,400	10,897,400	10,945,518	48,118
Charges for services	4,808,900	3,971,415	3,807,587	(163,828)
Intergovernmental	9,065,131	8,943,316	8,446,978	(496,338)
Licenses and permits	1,435,500	1,217,100	1,290,189	73,089
Fines and forfeitures	7,512,000	6,412,000	6,574,021	162,021
Rental income	900,550	1,003,877	1,138,750	134,873
Interest income	7,000	90,000	109,566	19,566
DMA/911 and other revenue	6,733,733	7,648,066	7,238,568	(409,498)
Total revenue	41,600,214	40,183,174	39,551,177	(631,997)
Expenditures				
Current services:				
General government	9,527,000	10,366,660	9,848,117	518,543
Employee benefits	6,234,262	5,330,215	5,216,412	113,803
Public safety	16,966,730	16,823,730	15,829,603	994,127
Public works	5,188,300	5,379,300	4,537,601	841,699
Community development	839,550	833,300	693,135	140,165
Recreation and culture	2,927,955	2,605,554	2,411,359	194,195
Capital outlay	155,700	468,836	184,781	284,055
Debt service	879,286	886,620	886,612	8
Total expenditures	42,718,783	42,694,215	39,607,620	3,086,595
Excess of Expenditures Over Revenue	(1,118,569)	(2,511,041)	(56,443)	2,454,598
Other Financing (Uses) Sources				
Transfers out	-	(780,000)	(439,501)	340,499
Face value of debt issue	20,000	150,000	-	(150,000)
Total other financing sources (uses)	20,000	(630,000)	(439,501)	190,499
Net Change in Fund Balance	(1,098,569)	(3,141,041)	(495,944)	2,645,097
Fund Balance - Beginning of year	13,417,226	13,417,226	13,417,226	-
Fund Balance - End of year	\$12,318,657	\$10,276,185	\$12,921,282	\$2,645,097

See notes to required supplemental information.

Budgetary Comparison Schedule - Major Special Revenue Funds

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Police and Fire Retirement Fund

Year Ended June 30, 2020

All amounts in dollars

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$9,379,350	\$9,379,350	\$9,289,467	\$(89,883)
Intergovernmental	35,000	35,000	98,817	63,817
Interest income	30,000	30,000	28,099	(1,901)
Total revenue	9,444,350	9,444,350	9,416,383	(27,967)
Expenditures - Current services - Employee benefits	10,338,586	9,830,949	9,820,771	10,178
Net Change in Fund Balance	(894,236)	(386,599)	(404,388)	(17,789)
Fund Balance - Beginning of year	1,443,653	1,443,653	1,443,653	-
Fund Balance - End of year	\$549,417	\$1,057,054	\$1,039,265	\$(17,789)

Notes: See notes to required supplemental information.

See notes to required supplemental information. 66

Page 70 is complex and may be difficult to understand. This page is a dense financial schedule with small text, many similar numeric cells, and repeated row labels, which increases the risk of misaligned reading for screen reader users. I converted the layout into a semantic table with explicit year headers, row headers, section groupings, and a linked note to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios - General Employees' Retirement System

	Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$173,696	\$200,901	\$239,266	\$278,102	\$306,468	\$295,423
Interest	\$5,999,436	\$5,973,181	\$5,991,735	\$5,933,218	\$5,610,828	\$5,970,109
Differences between expected and actual experience	391,348	619,218	(216,865)	914,633	1,318,385	-

	Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Changes in assumptions	(165,474)	(190,968)	27,101	-	3,166,569	-
Benefit payments, including refunds	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)	(6,083,112)
Net Change in Total Pension Liability	125,437	425,788	(521,964)	1,036,536	4,312,592	182,420
Total Pension Liability - Beginning of year	82,955,573	82,529,785	83,051,749	82,015,213	77,702,621	77,520,201
Total Pension Liability - End of year	\$83,081,010	\$82,955,573	\$82,529,785	\$83,051,749	\$82,015,213	\$77,702,621
Plan Fiduciary Net Position						
Contributions - Employer	\$3,964,651	\$3,968,766	\$3,720,318	\$3,530,436	\$3,259,165	\$2,725,322
Contributions - Member	\$143,486	\$152,086	\$179,943	\$164,004	\$172,866	\$192,334
Net investment income (loss)	7,391,439	(1,650,303)	5,925,408	2,764,949	(115,718)	1,909,582
Administrative expenses	(103,703)	(54,571)	(121,699)	(65,781)	(206,733)	(127,101)
Benefit payments, including refunds	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)	(6,083,112)
Other	-	-	-	-	-	(179,016)
Net Change in Plan Fiduciary Net Position	5,122,304	(3,760,566)	3,140,769	304,191	(2,980,078)	(1,561,991)
Plan Fiduciary Net Position - Beginning of year	38,078,301	41,838,867	38,698,098	38,393,907	41,373,985	42,935,976
Plan Fiduciary Net Position - End of year	\$43,200,605	\$38,078,301	\$41,838,867	\$38,698,098	\$38,393,907	\$41,373,985
City's Net Pension Liability - Ending	\$39,880,405	\$44,877,272	\$40,690,918	\$44,353,651	\$43,621,306	\$36,328,636
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	52.00 %	45.90 %	50.70 %	46.60 %	46.81 %	53.25 %
Covered Payroll	\$2,985,903	\$3,049,120	\$2,645,503	\$3,092,088	\$3,405,502	\$3,171,020
City's Net Pension Liability as a Percentage of Covered Payroll	1,335.62 %	1,471.81 %	1,538.12 %	1,434.42 %	1,280.91 %	1,145.65 %

Note: Governmental Accounting Standards Board Statement No. 68 was implemented beginning with fiscal year 2015. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of City Contributions - General Employees' Retirement System

Description	Last Ten Plan Years							
	Years Ended December 31							
	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$3,964,651	\$3,968,766	\$3,720,318	\$3,530,436	\$3,259,165	\$2,725,322	\$2,380,000	\$3,079,000
Contributions in relation to the actuarially determined contribution	3,964,651	3,968,766	3,720,318	3,530,436	3,259,165	2,725,322	2,380,000	3,079,000
Contribution Deficiency	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$2,985,903	\$3,049,120	\$2,645,503	\$3,092,088	\$3,405,502	\$3,171,020	\$3,800,000	\$4,900,000
Contributions as a Percentage of Covered Payroll	132.78 %	130.16 %	140.63 %	114.18 %	95.70 %	85.94 %	62.63 %	62.84 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which the contributions are actually reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Aggregate

Amortization method

Level dollar, closed

Remaining amortization period

19 years from the December 31, 2019 valuation

Asset valuation method

Spreads actual versus expected investment income over a period of four years

Inflation

2.75 percent

Salary increase

1.0 percent

Investment rate of return

7.5 percent

Retirement age

Experience-based table of rates that are specific to the type of eligibility condition

Mortality

RP-2006 Healthy Annuitant Mortality Table, projected from 2006 to 2025 with Scale MP-2019 and RP-2006 Disabled Mortality Table, projected from 2006 to 2025 with Scale MP-2019

See notes to required supplemental information.

Schedule of Pension Investment Returns - General Employees' Retirement System

Required Supplemental Information
 Schedule of Pension Investment Returns
 General Employees' Retirement System

Last six plan years — Years ended December 31. Annual money-weighted rate of return, net of investment expense.

Year	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return - Net of investment expense	20.75%	(4.06)%	17.91%	4.60%	0.40%	3.90%

Note: Governmental Accounting Standards Board Statement No. 68 was implemented beginning with fiscal year 2015. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information.

Page 73 is complex and may be difficult to understand. This page is a dense, wide financial table with seven year columns, small text, and closely stacked numeric rows, which increases the risk that a screen reader user could lose row-to-column associations. I converted it into a semantic HTML table with explicit row and column headers, section groupings, and linked notes to improve navigability and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios - Police and Fire Retirement System

	2020	2019	Years Ended June 30		2016	2015	2014	
			2018	2017				
			Total Pension Liability					
Service cost	\$2,512,993	2,925,390	3,255,908	4,313,576	2,270,877	3,241,963	1,396,000	
Interest	13,866,097	13,796,825	11,833,236	11,363,200	11,979,040	11,718,402	11,854,000	
Differences between expected and actual experience	739,394	(1,678,775)	4,074,016	(1,734,435)	474,915	(2,254,916)	651,900	
Changes in assumptions	(2,356,054)	-	(35,517,503)	(13,993,367)	27,114,985	14,501,830	-	
Benefit payments,	(14,142,901)	(13,612,691)	(13,528,538)	(12,501,524)	(11,811,553)	(11,500,428)	(11,520,000)	

	2020	2019	2018	2017	2016	2015	2014
including refunds							
Net Change in Total Pension Liability	619,529	1,430,749	(29,882,881)	(12,552,550)	30,028,264	15,706,851	2,378,400
Total Pension Liability - Beginning of year	197,866,157	196,435,408	226,318,289	238,870,839	208,842,575	193,135,724	161,000,000
Total Pension Liability* - End of year	\$198,485,686	\$197,866,157	\$196,435,408	\$226,318,289	\$238,870,839	\$208,842,575	\$163,378,400
Plan Fiduciary Net Position							
Contributions - Employer	\$6,314,749	6,576,408	4,987,980	5,190,370	5,588,834	5,409,465	5,145,000
Contributions - Member	555,732	715,718	715,020	784,187	728,821	802,920	788,400
Net investment income	2,950,703	6,706,356	14,355,591	14,698,347	652,396	7,010,053	18,970,000
Administrative expenses	(113,863)	(120,429)	(65,886)	(72,618)	(108,612)	(104,875)	(96,510)
Benefit payments, including refunds	(14,142,901)	(13,612,691)	(13,528,538)	(12,501,524)	(11,811,553)	(11,500,428)	(11,520,000)
Other	4,408	121	227	52	104	-	18,460
Net Change in Plan Fiduciary Net Position	(4,431,172)	265,483	6,464,394	8,098,814	(4,950,010)	1,617,135	13,300,000
Plan Fiduciary Net Position - Beginning of year	129,210,900	128,945,417	122,481,023	114,382,209	119,332,219	117,715,084	104,400,000
Plan Fiduciary Net Position - End of year	\$124,779,728	\$129,210,900	\$128,945,417	\$122,481,023	\$114,382,209	\$119,332,219	\$117,715,084
City's Net Pension Liability - Ending	\$73,705,958	\$68,655,257	\$67,489,991	\$103,837,266	\$124,488,630	\$89,510,356	\$45,700,000
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.87 %	65.30 %	65.64 %	54.12 %	47.88 %	57.14 %	72.03 %
Covered Payroll	\$8,291,531	8,316,625	8,898,318	8,050,037	9,360,386	9,148,649	9,328,000

	2020	2019	2018	2017	2016	2015	2014
City's Net Pension Liability as a Percentage of Covered	888.93 %	825.52 %	758.46 %	1,289.90 %	1,329.95 %	978.40 %	489.98 %

*June 30, 2014 total pension liability was restated at a 6.20 percent discount rate.

Note: Governmental Accounting Standards Board Statement No. 68 was implemented beginning with fiscal year 2015. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of City Contributions - Police and Fire Retirement System

	Last Ten Fiscal Years Years Ended June 30							
	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$6,314,749	\$6,576,408	\$4,987,980	\$5,190,370	\$5,588,834	\$5,409,465	\$5,145,379	\$6,070,834
Contributions in relation to the actuarially determined contribution	6,314,749	6,576,408	4,987,980	5,190,370	5,588,834	5,409,465	5,145,379	6,070,834
Contribution Deficiency	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$8,291,531	\$7,860,354	\$7,931,705	\$8,050,037	\$9,360,386	\$9,148,649	\$9,328,103	\$7,846,241
Contributions as a Percentage of Covered Payroll	76.16 %	83.67 %	62.89 %	64.48 %	59.71 %	59.13 %	55.16 %	77.37 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age

Amortization method

Level percentage of payroll, closed, beginning with the 2017 fiscal year

Remaining amortization period

20 years as of the June 30, 2019 valuation

Asset valuation method

Five-year smoothed market

Inflation

3.0 percent

Salary increase

0.0 to 6.5 percent, including inflation

Investment rate of return

7.25 percent net of pension investment expense, including inflation

Retirement age

Experience-based table of rates that are specific to the type of eligibility condition

Mortality

RP 2014 mortality table

See notes to required supplemental information.

Schedule of Pension Investment Returns - Police and Fire Retirement System

City of Taylor, Michigan

Required Supplemental Information

Schedule of Pension Investment Returns

Police and Fire Retirement System

Last seven fiscal years — Years ended June 30

Annual money-weighted rate of return, net of investment expense, for the Police and Fire Retirement System, years 2020 through 2014.

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense		2.35	5.34	12.34	13.50	0.60	6.40
		%	%	%	%	%	%
							19.40
							%

Note: Governmental Accounting Standards Board Statement No. 68 was implemented beginning with fiscal year 2015. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information. 72

Page 76 is complex and may be difficult to understand. This page contains a dense multi-year financial table with repeated section breaks, monetary values, negatives, and percentages that can be difficult for screen reader users to follow if not structured carefully. I converted it into a semantic HTML table with clear column headers, row labels, emphasized total rows, and preserved the note and footer text to improve

navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios - Municipal Employees' Retirement System

Description	Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$34,564	\$34,236	\$33,767	\$40,596	\$38,483	\$44,150
Interest	319,549	312,534	299,716	287,968	263,413	251,106
Differences between expected and actual experience	(34,284)	(28,235)	54,099	30,322	95,801	-
Changes in assumptions	131,428	-	-	-	172,366	-
Benefit payments, including refunds	(231,018)	(231,018)	(224,155)	(193,111)	(135,684)	(150,800)
Net Change in Total Pension Liability	220,239	87,517	163,427	165,775	434,379	144,456
Total Pension Liability - Beginning of year	4,092,582	4,005,065	3,841,638	3,675,863	3,241,484	3,097,028
Total Pension Liability - End of year	\$4,312,821	\$4,092,582	\$4,005,065	\$3,841,638	\$3,675,863	\$3,241,484
Plan Fiduciary Net Position						
Contributions - Employer	\$73,769	\$57,328	\$49,750	\$42,463	\$46,082	\$40,320
Contributions - Member	17,671	17,503	19,552	20,845	24,797	23,779
Net investment income (loss)	362,964	(112,834)	362,289	294,707	(40,969)	167,698
Administrative expenses	(6,248)	(5,700)	(5,748)	(5,821)	(5,997)	(6,143)
Benefit payments, including refunds	(231,018)	(231,018)	(224,155)	(193,111)	(135,684)	(150,800)
Other	(250)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	216,888	(274,721)	201,688	159,083	(111,771)	74,854
Plan Fiduciary Net Position - Beginning of year	2,720,775	2,995,496	2,793,808	2,634,725	2,746,496	2,671,642
Plan Fiduciary Net Position - End of year	\$2,937,663	\$2,720,775	\$2,995,496	\$2,793,808	\$2,634,725	\$2,746,496
City's Net Pension Liability - Ending	\$1,375,158	\$1,371,807	\$1,009,569	\$1,047,830	\$1,041,138	\$494,988
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.11 %	66.48 %	74.79 %	72.72 %	71.68 %	84.73 %
Covered Payroll	\$353,413	\$350,057	\$348,110	\$419,817	\$403,805	\$463,273
City's Net Pension Liability as a Percentage of Covered Payroll	389.11 %	391.88 %	290.01 %	249.59 %	257.83 %	106.85 %

Note: Governmental Accounting Standards Board Statement No. 68 was implemented beginning with fiscal year 2015. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of City Contributions - Municipal Employees' Retirement System

	Last Ten Plan Years Years Ended December 31									
	2019	2018	2017	Last ten plan years			2013	2012	2011	2010
Actuarially determined contribution	\$73,769	\$57,328	\$49,750	\$42,463	\$46,082	\$40,320	\$36,964	\$28,587	\$28,740	\$31,100
Contributions in relation to the actuarially determined contribution	73,769	57,328	49,750	42,463	46,082	40,320	36,964	28,587	28,740	31,100
Contribution Deficiency	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$353,413	\$350,057	\$348,110	\$419,817	\$403,805	\$463,273	\$499,320	\$488,544	\$502,451	\$540,000
Contributions as a Percentage of Covered Payroll	20.87%	16.38%	14.29%	10.11%	11.41%	8.70%	7.40%	5.85%	5.72%	5.80%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, 18 months prior to the end of the fiscal year in which the contributions are reported
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	24 years

Asset valuation method	5-year smoothed
Inflation	2.5 percent
Salary increase	3.75 percent
Investment rate of return	8.0 percent
Retirement age	Various
Mortality	50 percent female/50 percent male RP-2014 Healthy Annuitant Mortality Table, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; RP-2014 Juvenile Mortality Tables

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Three Fiscal Years

All amounts are in dollars unless otherwise noted.

	2020	2019	2018
Total OPEB Liability			
Service cost	\$893,637	\$3,705,380	\$4,136,989
Interest	11,124,998	10,543,165	10,324,168
Differences between expected and actual experience	(39,438,580)	(55,703,885)	(1,361,775)
Changes in assumptions	7,874,620	(88,984,720)	(2,765,110)
Benefit payments, including refunds	(8,389,421)	(8,742,467)	(9,016,012)
Net change in total OPEB liability	(27,934,746)	(139,182,527)	1,318,260
Total OPEB liability - Beginning of year	154,580,000	293,762,527	292,444,267
Total OPEB liability - End of year	\$126,645,254	\$154,580,000	\$293,762,527
Plan fiduciary net position			
Contributions - Employer	\$8,644,421	\$11,742,467	\$-
Net investment income	70,503	-	-
Administrative expenses	(5,505)	-	-
Benefit payments, including refunds	(8,389,421)	(8,742,467)	-
Net change in plan fiduciary net position	319,998	3,000,000	-
Plan fiduciary net position - Beginning of year	3,000,000	-	-
Plan fiduciary net position - End of year	\$3,319,998	\$3,000,000	\$-
Net OPEB liability - Ending	\$123,325,256	\$151,580,000	\$293,762,527

	2020	2019	2018
Plan fiduciary net position as a percentage of total OPEB liability	2.62 %	1.94 %	- %
Covered payroll	\$12,054,882	\$10,625,983	\$10,465,328
Net OPEB liability as a percentage of covered payroll	1,023.03 %	1,426.50 %	2,807.01 %

Note: Governmental Accounting Standards Board Statement No. 75 was implemented beginning with fiscal year 2018. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information. 75

City of Taylor, Michigan

Schedule of Changes in the Net OPEB Liability and Related Ratios

Required Supplemental Information Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30							
	2020	2019	2018	Last ten fiscal years, years ended June 30				
				2017	2016	2015	2014	
Actuarially determined contribution	\$10,916,727	\$16,922,687	\$-	\$17,992,359	\$17,751,739	\$14,397,330	\$13,900,300	\$13,
Contributions in relation to the actuarially determined contribution	8,644,421	11,742,467	-	7,892,660	7,652,506	7,467,152	6,940,607	6,52
Contribution Deficiency	\$(2,272,306)	\$(5,180,220)	\$-	\$(10,099,699)	\$(10,099,233)	\$(6,930,178)	\$(6,959,693)	\$(7,
Covered Payroll	\$12,054,882	\$10,625,983	\$-	\$11,720,401	\$11,720,401	\$11,720,401	\$12,057,769	\$12,
Contributions as a Percentage of Covered Payroll	71.71 %	110.51 %	- %	67.34 %	65.29 %	63.71 %	57.56 %	54.0

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
 - Entry age normal
- Amortization method
 - Level percentage of payroll, closed
- Remaining amortization period
 - 29
- Asset valuation method
 - Market value
- Inflation
 - 2.75 percent
- Health care cost trend rates
 - Trend starting at 8.0 percent and gradually decreasing to an ultimate trend rate of 4.5 percent
- Salary increase
 - 1.0 to 6.5 percent, including inflation
- Investment rate of return
 - 7.35 percent
- Retirement age
 - Experience-based table of rates that are specific to the type of eligibility condition
- Mortality
 - RP-2014 Healthy Annuitant Mortality Table for males and females

See notes to required supplemental information.

City of Taylor, Michigan

Notes to Required Supplemental Information

June 30, 2020

A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	Total Revenue	Total Expenditures	Fund Balance
Amounts per operating statement	\$39,426,077	\$39,607,620	\$12,935,382
Tree Replacement Fund	125,100	-	(14,100)
Amounts per budget statement	\$39,551,177	\$39,607,620	\$12,921,282

Pension Information

Schedule of OPEB Contributions

Note: The page includes pension information above and OPEB schedule heading. The actual numeric schedule for OPEB contributions is not shown on this page image; the heading is present for continuity.

Changes in Assumptions

General Employees' Retirement System

In 2016, the discount rate was updated from 8.00 to 7.50 percent. In addition, the assumed salary increase was updated to 1.00 percent (decrease of 1.50 percent).

Police and Fire Retirement System

Over the years, the actuarial assumptions were updated as follows:

- 2020 - The mortality rates were updated to be based on the Pub-2010 mortality tables.
- 2018 - Discount rate was updated from 5.35 to 7.22 percent.
- 2017 - Discount rate was updated from 4.84 to 5.35 percent.
- 2016 - Discount rate was updated from 5.87 to 4.84 percent. The inflation assumption was updated from 4.00 to 3.50 percent.
- 2015 - Discount rate was updated from 7.60 to 5.87 percent.

Municipal Employees' Retirement System

In 2020, the investment rate of return (net of investment expenses) was changed from 7.75 to 7.35 percent, the discount rate was changed from 8.00 to 7.60 percent, and the assumed salary increase was changed from 3.75 to 3.00 percent.

In 2016, the mortality rates were updated to be based on the RP-2014 Group Mortality table. In addition, the discount rate was updated from 8.25 to 8.00 percent, and the assumed salary increase was changed from 4.50 to 3.75 percent.

OPEB Information

Notes to Required Supplemental Information

Changes in Assumptions

In 2020, the inflation assumption was updated from 2.50 to 2.75 percent. In addition, the health care cost trend rate was changed from an initial rate of 9.00 percent decreasing to an ultimate rate of 3.50 percent to an initial rate of 8.00 percent, decreasing to an ultimate rate of 4.50 percent. The excise tax was also removed in the 2020 valuation.

In 2019, the discount rate was updated from 3.62 to 7.35 percent. In addition, the inflation assumption was updated from 2.75 to 2.50 percent, and the assumed salary increases for court members was changed from a range of 2.50 to 15.50 percent to a range of 3.75 to 14.75 percent.

In 2018, the discount rate was updated from 4.00 to 3.62 percent.

Other Supplemental Information

(decorative section divider)

Page 82 is complex and may be difficult to understand. This page is a wide financial table with eight fund columns, multiple section breaks, and nested row groupings in very small text, which increases the risk that a screen reader user could lose row and column context. I used a fully structured HTML table with grouped

headers, section rows, and explicit row labels to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Nonmajor Governmental Funds: Combining Balance Sheet

Description	Special Revenue Funds							
	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department	DARE
Assets								
Cash and investments	\$4,816,246	\$888,929	\$239,615	\$334,180	\$483,565	\$479,575	\$883,151	\$5,691
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other governmental units	660,831	238,049	-	-	-	183,061	-	-
Due from component units	-	-	-	-	-	-	-	-
Due from other funds	317,877	2,284,508	-	-	-	650	158,969	-
Prepaid expenses and other assets	-	-	-	-	-	940	28,969	-
Properties held for resale	-	-	-	-	-	-	-	-
Total assets	\$5,794,954	\$3,411,486	\$239,615	\$334,180	\$483,565	\$664,226	\$1,071,089	\$5,691
Liabilities								
Accounts payable	\$1,204,456	\$365,588	\$792	-	-	\$55,501	\$72,324	-
Due to other governmental units	-	-	-	-	-	-	12,383	-
Due to component units	-	-	-	-	-	-	-	-
Due to other funds	2,888,918	412,664	-	-	4,957	608,725	165,209	-
Accrued liabilities and other	-	-	-	-	-	-	17,769	-

Description	Special Revenue Funds							
	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department	DARE
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	4,093,374	778,252	792	-	4,957	664,226	267,685	-
Deferred Inflows of Resources								
Unavailable revenue	-	-	-	-	-	5,785	-	5,691
Total liabilities and deferred inflows of resources	4,093,374	778,252	792	-	4,957	670,011	267,685	5,691
Fund Balances								
Nonspendable	-	-	-	-	-	940	28,969	-
Restricted:								
Roads	1,701,580	2,633,234	-	-	-	-	-	-
Drug forfeiture	-	-	238,823	334,180	478,608	-	-	-
Debt service	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Special millages	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	774,435	-
Library	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(6,725)	-	-
Total fund balances (deficit)	1,701,580	2,633,234	238,823	334,180	478,608	(5,785)	803,404	-
Total liabilities, deferred inflows of resources, and fund balances	\$5,794,954	\$3,411,486	\$239,615	\$334,180	\$483,565	\$664,226	\$1,071,089	\$5,691

Page 83 is complex and may be difficult to understand. This page is a continuation of a wide financial table with many columns, very small text, and row labels that are not visible on this page because they continue from the prior page. I preserved the grouped column headers, values, and totals in a real HTML table and added an explicit continuation note, but screen reader users still face high risk of losing row context on this page alone. If you need help understanding this page, please use the live assistance options in the sidebar.

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2020

Additional content from previous item: Continuation of the combining balance sheet table from the previous page. The row labels for these amounts continue from the previous page and are not visible on this page.

Continuation of the table from the previous page; grouped fund columns and totals are transcribed

Special Revenue Funds				Debt Service Funds				
Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	2008 MI Transportation Bond Debt	Taylor Building Authority Debt	1996 Voted Levy	TB ₂ Capi Proje
\$31,655	\$2,060,923	\$1,052,966	\$-	\$1,139,144	\$415	\$-	\$47,059	\$2,451
-	1,669	452	-	15,911	-	-	-	-
-	-	2,300	-	194,174	-	-	-	-
-	8,754	87,219	-	-	-	-	-	-
-	2,133	14,783	-	82,080	-	-	-	-
-	1,112,709	166,367	197,087	795,540	-	-	1,273	-
-	-	2,328	-	-	-	-	-	10,465
187,827	-	-	-	-	-	-	-	-
\$219,482	\$3,186,188	\$1,326,415	\$197,087	\$2,226,849	\$415	\$-	\$48,332	\$2,461
\$1,089	\$298,967	\$36,435	\$21,110	\$146,473	\$-	\$-	\$-	\$745,3
-	60,941	20,002	-	103,888	-	-	-	-
-	5,967	1,959	-	10,862	-	-	-	-
77,126	591,811	428,605	174,739	688,313	-	-	-	383,28
-	26,679	28,994	-	64,738	-	-	-	-
-	-	-	1,318	-	-	-	-	-
78,215	984,365	515,995	197,167	1,014,274	-	-	-	1,128,6
-	-	43,315	-	36,198	-	-	-	-
78,215	984,365	559,310	197,167	1,050,472	-	-	-	1,128,6
-	-	2,328	-	-	-	-	-	10,465
-	-	-	-	-	415	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	48,332	-
141,267	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,322,5
-	2,201,823	-	-	1,176,377	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	764,777	-	-	-	-	-	-
-	-	-	(80)	-	-	-	-	-
141,267	2,201,823	767,105	(80)	1,176,377	415	-	48,332	1,333,0
\$219,482	\$3,186,188	\$1,326,415	\$197,087	\$2,226,849	\$415	\$-	\$48,332	\$2,461

City of Taylor, Michigan

Special Revenue Funds

	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Bt Depai
Revenue							
Property taxes	\$-	\$-	\$-	\$-	\$-	\$-	
Charges for services	-	-	-	-	-	-	
<i>Intergovernmental:</i>							
Federal grants	-	-	-	127,037	58,398	656,922	
State-shared revenue and grants	4,765,485	1,711,907	7,652	-	-	-	
Licenses and permits	-	-	-	-	-	-	1,6
Fines and forfeitures	-	-	-	-	-	-	
Interest income	9,399	1,730	943	1,041	1,835	-	
DMA/911 and other revenue	-	-	-	-	-	-	
Total revenue	4,774,884	1,713,637	8,595	128,078	60,233	656,922	1,7
Expenditures							
<i>Current services:</i>							
General government	-	-	-	-	-	-	
Public works and capital projects	2,960,215	3,293,525	-	-	-	-	1,7
Community development	-	-	-	-	-	602,926	
Recreation and culture	-	-	-	-	-	-	
Capital outlay	-	-	5,091	6,958	4,957	-	5
Debt service	-	-	-	-	-	-	
Total expenditures	2,960,215	3,293,525	5,091	6,958	4,957	602,926	2,3

	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Bt Depai
Excess of Revenue Over (Under) Expenditures	1,814,669	(1,579,888)	3,504	121,120	55,276	53,996	(60
Other Financing Sources (Uses)							
Transfers in	-	2,170,000	-	-	-	-	-
Transfers out	(2,170,000)	-	-	-	-	-	-
Face value of debt issue	-	-	-	-	-	-	-
Total other financing (uses) sources	(2,170,000)	2,170,000	-	-	-	-	-
Net Change in Fund Balances	(355,331)	590,112	3,504	121,120	55,276	53,996	(60
Fund Balances (Deficit) - Beginning of year	2,056,911	2,043,122	235,319	213,060	423,332	(59,781)	1,4
Fund Balances (Deficit) - End of	\$1,701,580	\$2,633,234	\$238,823	\$334,180	\$478,608	\$(5,785)	\$8

Page 85 is complex and may be difficult to understand. This page is a dense financial table with many columns, 7-point text, and a truncated left row-label column, which creates a high risk that a screen reader user would miss context for the numeric lines. I preserved the full visible column structure in accessible table markup, added a note about the truncation, and supplied generic or clearly inferred row labels where the source text was not visible. If you need help understanding this page, please use the live assistance options in the sidebar.

Other Supplemental Information

Nonmajor Governmental Funds: Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)

Year Ended June 30, 2020

Note: The supplied PDF truncates the left-most row-description column, and several amounts are printed in very small text. The table below preserves the visible column headers and amounts; where row labels are not visible, generic accessible labels are used, and a few standard subtotal lines are identified from their placement and totals.

Line item	Special Revenue Funds					Debt Service Funds		
	Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	2008 MI Transportation Bond Debt	Taylor Building Authority Debt	1990s
Unlabeled revenue line 1	-	3,507,412	960,617	-	5,299,733	-	-	1,000,000
Unlabeled revenue line 2	-	-	-	-	696,002	-	-	-
Unlabeled revenue line 3	15,120	-	4,469	-	-	-	-	-
Unlabeled revenue line 4	-	196,661	114,206	320,358	104,323	-	-	-
Unlabeled revenue line 5	-	-	-	-	-	-	-	-
Unlabeled revenue line 6	-	-	19,878	-	-	-	-	-
Unlabeled revenue line 7	-	11,354	12,021	-	11,366	-	-	28,000
Unlabeled revenue line 8	-	278,481	-	-	-	-	-	-
Total revenues	15,120	3,993,908	1,111,191	320,358	6,111,424	-	-	1,028,000
Unlabeled expenditure line 1	-	-	-	359,939	-	-	-	-
Unlabeled expenditure line 2	-	1,485,088	-	-	5,318,180	-	-	-
Unlabeled expenditure line 3	13,118	-	-	-	-	-	-	-
Unlabeled expenditure line 4	-	-	1,114,118	-	-	-	-	-
Unlabeled expenditure line 5	-	614,872	403,788	-	-	-	-	-
Unlabeled expenditure	-	-	-	-	229,622	-	1,107,252	-

Line item	Special Revenue Funds					Debt Service Funds		
	Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	2008 MI Transportation Bond Debt	Taylor Building Authority Debt	Total
line 6								
Total expenditures	13,118	2,099,960	1,517,906	359,939	5,547,802	-	1,107,252	-
Excess (deficiency) of revenues over expenditures	2,002	1,893,948	(406,715)	(39,581)	563,622	-	(1,107,252)	1,5
Unlabeled other financing line 1	-	286,962	-	39,501	-	-	1,107,252	-
Unlabeled other financing line 2	-	(1,107,252)	-	-	-	-	-	-
Unlabeled other financing line 3	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(820,290)	-	39,501	-	-	1,107,252	-
Net change in fund balances	2,002	1,073,658	(406,715)	(80)	563,622	-	-	1,5
Fund balances, beginning of year	139,265	1,128,165	1,173,820	-	612,755	415	-	46
Fund balances,	141,267	2,201,823	767,105	(80)	1,176,377	415	-	48

City of Taylor, Michigan

Other Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

Fiduciary Funds: Combining Statement of Fiduciary Net Position

June 30, 2020

	Pension and Other Employee Benefit Plans		
	Police and Fire Retirement System	General Employees' Retirement System*	Total
Assets			
Cash and cash equivalents	\$3,931,916	\$1,868,999	\$5,800,915
Investments:			
U.S. government securities	1,874,010	2,334,827	4,208,837
Agency securities	916,306	580,008	1,496,314
Common and preferred stocks	59,100,085	3,750,949	62,851,034
Corporate bonds	3,691,516	3,946,979	7,638,495
Mutual funds	25,324,598	21,443,166	46,767,764
Partnerships	29,624,167	9,215,240	38,839,407
Receivables	317,130	60,437	377,567
Total assets	124,779,728	43,200,605	167,980,333
Liabilities	-	-	-
Net Position Held in Trust for Pension and Other Employee Benefits	\$124,779,728	\$43,200,605	\$167,980,333

*Balances are as of December 31, 2019 for the General Employees' Retirement System and as of June 30, 2020 for the Police and Fire Retirement System.

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City of Taylor, Michigan

Other Supplemental Information

Fiduciary Funds: Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2020

	Pension and Other Employee Benefit Plans		
	Police and Fire Retirement System	General Employees' Retirement System*	Total
Additions			
Investment income (loss):			
Interest and dividends	\$4,387,305	\$871,463	\$5,258,768
Net (decrease) increase in fair value of investments	(1,024,528)	6,601,036	5,576,508
Investment-related expenses	(407,666)	(119,233)	(526,899)
Net investment income	2,955,111	7,353,266	10,308,377
Contributions:			
Employer contributions	6,314,749	3,964,651	10,279,400
Employee contributions	555,732	143,486	699,218
Total contributions	6,870,481	4,108,137	10,978,618

	Pension and Other Employee Benefit Plans		
	Police and Fire Retirement System	General Employees' Retirement System*	Total
Total additions	9,825,592	11,461,403	21,286,995
Deductions			
Benefit payments	14,142,901	6,273,569	20,416,470
General and administrative expenses	113,863	65,530	179,393
Total deductions	14,256,764	6,339,099	20,595,863
Net (Decrease) Increase in Net Position Held in Trust	(4,431,172)	5,122,304	691,132
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	129,210,900	38,078,301	167,289,201
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$124,779,728	\$43,200,605	\$167,980,333

*Balances are as of December 31, 2019 for the General Employees' Retirement System and as of June 30, 2020 for the Police and Fire Retirement System.

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City of Taylor, Michigan

Other Supplemental Information
Combining Statement of Assets and Liabilities
Agency Funds

Agency Funds: Combining Statement of Assets and Liabilities

June 30, 2020

	Tax Receiving Agency	23rd District Court	Total Agency Funds
Assets			
Cash and cash equivalents	\$1,052,982	\$- \$780,706	\$1,833,688
Receivables	124,471	22,146 -	146,617
Total assets	\$1,177,453	\$22,146 \$780,706	\$1,980,305
Liabilities			
Due to other governmental units	\$1,055,846	\$- \$534,727	\$1,590,573
Other current liabilities	121,607	22,146 245,979	389,732
Total liabilities	\$1,177,453	\$22,146 \$780,706	\$1,980,305

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