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# City of Taylor, Michigan

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**Financial Report  
with Supplementary Information  
June 30, 2025**

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Taylor Housing Commission (a discretely presented component unit), which represents 14 percent and 44 percent of the assets and revenue, respectively, of the discretely presented component units as of and for the year ended June 30, 2025. 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 auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The District Court Funds of District No. 23, City of Taylor, Michigan were not audited under *Government Auditing Standards*.

#### ***Emphasis of Matter***

As described in Note 15 to the financial statements, there are investments valued at \$32,203,518 (approximately 22.16 percent of the pension and other employee benefit trust funds investments) at June 30, 2025, 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 is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

To the Honorable Mayor and  
Members of the City Council  
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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

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

***Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



December 18, 2025

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, 2025. 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 increased by approximately \$4.1 million from 2024, an increase of 8.0 percent.

- Revenue related to property tax, which is the largest source of revenue, increased in the current year by \$770,000 or 6.2 percent based on increased property values. The City's tax revenue has steadily increased the past few years and is expected to increase slightly in the subsequent fiscal year.
- State-shared revenue, which is the City's second largest revenue source, approximated \$12.7 million, which was an increase of \$2.0 million or 18.3 percent compared to the prior year. Approximately \$1.75 million of the increase was due to one-time grant money, which was used for capital purchases related to recreation infrastructure and public safety. The remaining balance of the revenue source is primarily driven by the collection of state sales tax.
- Federal grant revenue for the year was approximately \$6.0 million, which is an increase of approximately \$5.2 million compared to the prior year. The increase was due to an increase in spending related to the American Rescue Plan Act (ARPA) federal grant. The ARPA grant is restricted and is being spent on eligible projects over multiple years.
- Rental income decreased by approximately \$338,000 or 17.2 percent compared to the prior year. The decrease is related to the rental of DPW equipment charged to the Act 51 road funds. Activity levels decreased slightly, contributing to a decrease in rental income.
- Fines and forfeitures revenue for the year was approximately \$7.6 million, which is an increase of approximately \$396,000 or 5.5 percent compared to the prior year. The increase is related to an increase in fees, ordinance, and traffic enforcement levels. The annual levels have steadily increased since fiscal year 2022, when the amount was approximately \$4.9 million.
- Other revenue for the year was approximately \$8.3 million, which is a decrease of approximately \$3.6 million compared to the prior year. Approximately \$2.7 million of the decrease was related to a one-time contribution from TCDC in the prior year for proceeds from the sale of property.

The City's General Fund expenditures increased by approximately \$6.3 million from 2024, an increase of 13.8 percent.

- Capital outlay, or the one-time purchase of equipment and vehicles, approximated \$3.3 million, which is an increase of \$2.9 million from the prior year. The majority of the capital outlay was funded through restricted grants, including ARPA and State Enhancement grants.
- General government expenditures increased by approximately \$1.2 million. Approximately \$323,000 of the increase was related to the clerk department's costs related to elections that took place during the year. Some of these expenditures were offset by federal and state grant revenue. Approximately \$390,000 of the increase was related to information technology (I.T.) contractual costs.
- Public safety expenditures increased by approximately \$1.0 million, or 5.4 percent. These expenditures were mainly related to an increase in overtime and wage increases from new labor contracts.

The General Fund's change in fund balance (the difference between revenue and expenditures) was a positive \$4.0 million. Total unrestricted fund balance increased to \$24.8 million at June 30, 2025, which is approximately 47.9 percent of total expenditures. Industry best practices often indicate that, to achieve financial stability, the City should target an available fund balance of at least 15 percent of annual expenditures, depending on the City's specific financial situation. The uncertainty of future economic trends and the limits on the City's ability to increase revenue should be considered in future budgets. It is imperative that management and City Council focus on maintaining appropriate fund balances by aligning operating revenue and expenditures while using fund balance reserves for one-time or emergency expenditures.

***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 supplementary 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.

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

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

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

**Fund Financial Statements**

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.

- Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- Proprietary funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks and for its fleet of vehicles. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.
- Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include both the pension and other postemployment benefit trust funds and agency funds.

**Notes and Other Information**

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

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning to 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 supplementary information is also presented in the form of major fund budget information, combining statements of nonmajor governmental funds, and combining statements for fiduciary funds.

**The City of Taylor, Michigan as a Whole**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and other assets	\$ 69,654,336	\$ 64,088,940	\$ 23,690,019	\$ 24,610,347	\$ 93,344,355	\$ 88,699,287
Capital assets	170,892,324	168,092,585	153,661,253	157,190,449	324,553,577	325,283,034
Total assets	240,546,660	232,181,525	177,351,272	181,800,796	417,897,932	413,982,321
<b>Deferred Outflows of Resources</b>	9,548,958	8,124,050	936,192	905,231	10,485,150	9,029,281
<b>Liabilities</b>						
Current liabilities	12,699,895	15,978,433	2,081,812	5,179,120	14,781,707	21,157,553
Noncurrent liabilities	226,450,110	221,011,902	46,405,492	47,722,406	272,855,602	268,734,308
Total liabilities	239,150,005	236,990,335	48,487,304	52,901,526	287,637,309	289,891,861
<b>Deferred Inflows of Resources</b>	5,150,264	2,463,886	61,002	-	5,211,266	2,463,886
<b>Net Position</b>						
Net investment in capital assets	153,689,753	151,408,661	135,847,807	136,662,377	289,537,560	288,071,038
Restricted	24,464,588	18,196,317	1,977,713	3,397,838	26,442,301	21,594,155
Unrestricted	(172,358,992)	(168,753,624)	(8,086,362)	(10,255,714)	(180,445,354)	(179,009,338)
Total net position	\$ 5,795,349	\$ 851,354	\$ 129,739,158	\$ 129,804,501	\$ 135,534,507	\$ 130,655,855

The City's combined net position totaled approximately \$136 million, an increase of \$5 million from the prior year. Total net position related to the City's governmental activities at the end of the year was approximately \$5,795,000, which is a \$4.9 million increase from the prior year's surplus of approximately \$0.9 million in net position.

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 20,621,915	\$ 19,893,724	\$ 27,332,302	\$ 25,791,896	\$ 47,954,217	\$ 45,685,620
Operating grants and contributions	19,457,565	16,078,392	-	-	19,457,565	16,078,392
Capital grants and contributions	1,847,139	1,868,880	357,938	1,059,071	2,205,077	2,927,951
General revenue:						
Property taxes	34,963,851	33,454,512	16,020	8,544	34,979,871	33,463,056
State-shared revenue	10,125,240	10,155,176	-	-	10,125,240	10,155,176
Unrestricted investment earnings	860,565	1,026,852	494,626	288,206	1,355,191	1,315,058
Miscellaneous revenue:						
Cable franchise fees	272,400	248,439	-	-	272,400	248,439
Sale of capital assets	-	-	-	340,037	-	340,037
State grant	8,102,148	9,062,760	-	-	8,102,148	9,062,760
Other nonoperating revenue	-	-	264,819	2,431,841	264,819	2,431,841
<b>Total revenue</b>	<b>96,250,823</b>	<b>91,788,735</b>	<b>28,465,705</b>	<b>29,919,595</b>	<b>124,716,528</b>	<b>121,708,330</b>
<b>Program Expenses</b>						
General government	15,947,283	13,798,519	-	-	15,947,283	13,798,519
Public safety	33,854,830	37,511,452	-	-	33,854,830	37,511,452
Public works and capital projects	31,856,139	28,607,322	-	-	31,856,139	28,607,322
Health and welfare	183,240	1,629,015	-	-	183,240	1,629,015
Community and economic development	1,107,350	823,322	-	-	1,107,350	823,322
Recreation and culture	8,016,666	6,012,567	-	-	8,016,666	6,012,567
Interest on long-term debt	341,320	376,344	-	-	341,320	376,344
Water	-	-	14,210,791	12,971,214	14,210,791	12,971,214
Sewer	-	-	9,720,042	10,639,713	9,720,042	10,639,713
Golf courses	-	-	3,949,545	4,367,388	3,949,545	4,367,388
Ecorse Creek	-	-	650,670	405,611	650,670	405,611
<b>Total program expenses</b>	<b>91,306,828</b>	<b>88,758,541</b>	<b>28,531,048</b>	<b>28,383,926</b>	<b>119,837,876</b>	<b>117,142,467</b>
<b>Change in Net Position</b>	<b>4,943,995</b>	<b>3,030,194</b>	<b>(65,343)</b>	<b>1,535,669</b>	<b>4,878,652</b>	<b>4,565,863</b>
<b>Net Position (Deficit) - Beginning of year</b>	<b>851,354</b>	<b>(2,178,840)</b>	<b>129,804,501</b>	<b>128,268,832</b>	<b>130,655,855</b>	<b>126,089,992</b>
<b>Net Position - End of year</b>	<b>\$ 5,795,349</b>	<b>\$ 851,354</b>	<b>\$ 129,739,158</b>	<b>\$ 129,804,501</b>	<b>\$ 135,534,507</b>	<b>\$ 130,655,855</b>

**Governmental Activities**

The City's total governmental revenue increased from approximately \$91.8 million to approximately \$96.3 million. Approximately \$3.4 million of the difference is related to an increase in operating and capital grants related to ARPA and State Enhancement spending. Charges for services, which include court fines and forfeitures, increased by approximately \$728,000. The City's total governmental expenses increased by approximately \$2.5 million, which is mainly attributable to the annual increase in OPEB and pension expense related to current and future retirees, which was offset by a reduction in public safety pension liabilities.

### **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 Wastewater 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.

For all business-type activities in 2025, total revenue decreased by approximately \$1.5 million and total expenses remained consistent. There was a \$1.0 million increase to operating revenue, which was offset by a one-time \$2.5 million decrease in nonoperating revenue related to the write-off of financial guarantees.

### ***The City of Taylor, Michigan's Funds***

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide 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 2025 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 is public safety, which incurred expenses of approximately \$20.4 million. Public works expenditures were approximately \$5.2 million while employee/retiree benefit expenses were approximately \$5.4 million. A brief analysis of the General Fund is presented below:

### **General Fund Budgetary Highlights**

During the year, the City amended the budget to take into account changes in estimated revenue and expenditures. Overall, the General Fund's budgeted change in fund balance was increased during the year by approximately \$1.1 million. Projected revenue increases were related to state-sharing revenue, court fines and forfeitures, and other revenue. These increases were offset by an increased projected expenditures related to public safety, recreation and culture, and capital outlay projects.

The City's 2025 actual change in General Fund balance had a positive variance of \$2.8 million compared to the amended budget. Approximately \$1.2 million of the positive variance is attributed to MEDC grant revenue that was not included in the amended budget. Lower than anticipated operating expenditures in all functions (general government, public safety, public works, etc.) also contributed to the overall positive variance.

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

At the end of 2025, the City, including its component units, had approximately \$339 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. Note 5 to the financial statements presents the City's capital assets, and Note 7 to the financial statements presents the City's long-term debt.

The City's investment in capital assets, net of related debt, increased from approximately \$288.1 million to approximately \$289.5 million. The component units' investment in capital assets, net of related debt, decreased from \$14.9 million to \$14.4 million. The City's total debt, including the recorded OPEB liability, net pension liability, compensated absences, and nonexchange financial guarantees, was approximately \$279.8 million, including approximately \$8.0 million of component unit debt. Expected fiscal year 2026 debt service payments on all interest-bearing long-term obligations inclusive of interest are approximately \$5.4 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***

Municipal revenue opportunities are systematically limited by state law and the current economic conditions. Even though the City received federal funds through the American Rescue Plan Act, the General Fund budget depends on other 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 budget operating expenditures at or below operating revenue.

The City's net OPEB liability increased by \$15.2 million during the year and is only 4.6 percent funded. The increase was driven by the increase in retiree health insurance costs. In accordance with Public Act 202 of 2017, the City has filed a corrective action plan for underfunded status with the State of Michigan and is committed to reduce OPEB costs. The City started to prefund OPEB liabilities in 2019 and continues to make the required annual contributions, as set forth in the corrective action plan approved by the State.

***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.

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 43,113,821	\$ 20,587,714	\$ 63,701,535	\$ 25,523,196
Receivables:				
Property taxes	37,337	-	37,337	-
Special assessments receivable	167,506	-	167,506	-
Customers	-	6,838,727	6,838,727	-
Leases receivable	169,633	-	169,633	-
Other	10,726,033	17,621	10,743,654	829,933
Due from other governmental units	4,966,525	5,605	4,972,130	567,152
Due from component units	45,021	-	45,021	620,744
Due from primary government	-	-	-	44,605
Internal balances (Note 6)	7,274,916	(7,274,916)	-	-
Inventory	-	637,991	637,991	-
Prepaid expenses and other assets	1,762,383	65,501	1,827,884	298,157
Current portion of restricted assets (Note 8)	-	1,074,684	1,074,684	-
Restricted assets (Note 8)	1,287,886	1,737,092	3,024,978	276,381
Properties held for sale	103,275	-	103,275	-
Capital assets: (Note 5)				
Assets not subject to depreciation	41,383,452	5,835,061	47,218,513	13,224,361
Assets subject to depreciation - Net	129,508,872	147,826,192	277,335,064	1,357,197
Advances to primary government (Note 6)	-	-	-	823,239
<b>Total assets</b>	<b>240,546,660</b>	<b>177,351,272</b>	<b>417,897,932</b>	<b>43,564,965</b>
<b>Deferred Outflows of Resources</b>				
Other deferred outflows	-	-	-	9,175
Pension deferred outflows (Notes 4 and 13)	2,226,543	-	2,226,543	-
Deferred OPEB costs (Notes 4 and 10)	7,322,415	936,192	8,258,607	-
<b>Total deferred outflows of resources</b>	<b>9,548,958</b>	<b>936,192</b>	<b>10,485,150</b>	<b>9,175</b>
<b>Liabilities</b>				
Accounts payable	6,507,957	1,286,142	7,794,099	1,554,491
Due to other governmental units	522,405	27,985	550,390	17,712
Due to component units	44,605	-	44,605	620,744
Due to primary government	-	-	-	45,021
Accrued liabilities and other	2,214,656	761,077	2,975,733	259,327
Unearned revenue	3,410,272	6,608	3,416,880	3,014
Tenant security deposits	-	-	-	29,567
Noncurrent liabilities:				
Due within one year:				
Current portion of compensated absences (Note 7)	1,026,232	99,677	1,125,909	-
Liabilities payable from restricted assets	-	1,074,684	1,074,684	-
Current portion of bonds and contracts payable (Note 7)	2,140,153	539,902	2,680,055	910,601
Due in more than one year:				
Compensated absences (Note 7)	2,051,879	226,481	2,278,360	-
Workers' compensation (Notes 7 and 9)	799,027	-	799,027	-
Advances from component unit (Note 6)	-	823,239	823,239	-
Net pension liability (Note 13)	84,603,463	11,079,023	95,682,486	179,389
Net OPEB liability (Note 10)	119,479,052	15,288,942	134,767,994	-
Long-term debt - Net of current portion (Note 7)	16,350,304	17,273,544	33,623,848	6,864,669
<b>Total liabilities</b>	<b>239,150,005</b>	<b>48,487,304</b>	<b>287,637,309</b>	<b>10,484,535</b>

Statement of Net Position (Continued)

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension (Notes 4 and 13)	\$ 4,935,096	\$ 53,419	\$ 4,988,515	\$ -
Deferred inflows related to OPEB (Notes 4 and 10)	59,315	7,583	66,898	-
Leases	155,853	-	155,853	-
Total deferred inflows of resources	5,150,264	61,002	5,211,266	-
<b>Net Position</b>				
Net investment in capital assets	153,689,753	135,847,807	289,537,560	14,364,830
Restricted:				
Roads	6,148,827	-	6,148,827	-
Drug forfeiture	4,572,439	-	4,572,439	-
Library	1,482,035	-	1,482,035	-
Special millage	7,646,638	-	7,646,638	-
Grants	2,607,443	-	2,607,443	-
Debt service	-	1,737,092	1,737,092	-
Sewer grant expenses	-	240,621	240,621	-
HAP restricted	-	-	-	244,814
Building	804,433	-	804,433	-
Opioid settlement	1,202,773	-	1,202,773	-
Unrestricted	(172,358,992)	(8,086,362)	(180,445,354)	18,479,961
Total net position	<u>\$ 5,795,349</u>	<u>\$ 129,739,158</u>	<u>\$ 135,534,507</u>	<u>\$ 33,089,605</u>

# City of Taylor, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 15,947,283	\$ 9,120,472	\$ 3,917,390	\$ 256,521
Public safety	33,854,830	5,446,610	5,128,501	-
Public works	31,856,139	3,483,823	8,780,477	1,082,062
Health and welfare	183,240	-	36,365	-
Community and economic development	1,107,350	602,344	90,086	508,556
Recreation and culture	8,016,666	1,968,666	1,504,746	-
Interest on long-term debt	341,320	-	-	-
Total governmental activities	91,306,828	20,621,915	19,457,565	1,847,139
Business-type activities:				
Water	14,210,791	11,734,961	-	-
Sewer	9,720,042	10,158,298	-	-
Golf courses	3,949,545	5,163,917	-	357,938
Nonmajor enterprise	650,670	275,126	-	-
Total business-type activities	28,531,048	27,332,302	-	357,938
Total primary government	<b>\$ 119,837,876</b>	<b>\$ 47,954,217</b>	<b>\$ 19,457,565</b>	<b>\$ 2,205,077</b>
Component units	<b>\$ 18,731,753</b>	<b>\$ 854,621</b>	<b>\$ 9,355,951</b>	<b>\$ 829,609</b>

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

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year, as previously reported

**Error Correction** (Note 1)

**Net Position** - Beginning of year

**Net Position** - End of year

# Statement of Activities

**Year Ended June 30, 2025**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,652,900)	\$ -	\$ (2,652,900)	\$ -
(23,279,719)	-	(23,279,719)	-
(18,509,777)	-	(18,509,777)	-
(146,875)	-	(146,875)	-
93,636	-	93,636	-
(4,543,254)	-	(4,543,254)	-
(341,320)	-	(341,320)	-
(49,380,209)	-	(49,380,209)	-
-	(2,475,830)	(2,475,830)	-
-	438,256	438,256	-
-	1,572,310	1,572,310	-
-	(375,544)	(375,544)	-
-	(840,808)	(840,808)	-
(49,380,209)	(840,808)	(50,221,017)	-
-	-	-	(7,691,572)
34,963,851	16,020	34,979,871	10,159,569
10,125,240	-	10,125,240	642,078
860,565	494,626	1,355,191	846,058
272,400	-	272,400	-
8,102,148	264,819	8,366,967	-
54,324,204	775,465	55,099,669	11,647,705
4,943,995	(65,343)	4,878,652	3,956,133
851,354	129,804,501	130,655,855	28,937,557
-	-	-	195,915
851,354	129,804,501	130,655,855	29,133,472
<b>\$ 5,795,349</b>	<b>\$ 129,739,158</b>	<b>\$ 135,534,507</b>	<b>\$ 33,089,605</b>

Governmental Funds  
Balance Sheet

June 30, 2025

	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Total
<b>Assets</b>				
Cash and investments (Note 3)	\$ 22,202,450	\$ 518,393	\$ 20,392,978	\$ 43,113,821
Receivables - Net:				
Property taxes	12,467	12,693	12,177	37,337
Special assessments receivable	167,506	-	-	167,506
Leases receivable	169,633	-	-	169,633
Other	8,252,718	-	2,473,315	10,726,033
Due from other governmental units	2,411,193	22,165	2,533,167	4,966,525
Due from component units (Note 6)	41,086	-	3,935	45,021
Due from other funds (Note 6)	12,017,486	653,391	4,459,238	17,130,115
Prepaid expenses and other assets	1,261,568	375,284	125,531	1,762,383
Restricted assets	-	-	1,287,886	1,287,886
Properties held for sale	-	-	103,275	103,275
<b>Total assets</b>	<b>\$ 46,536,107</b>	<b>\$ 1,581,926</b>	<b>\$ 31,391,502</b>	<b>\$ 79,509,535</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,661,464	\$ 111,566	\$ 4,734,927	\$ 6,507,957
Due to other governmental units	243,531	94,103	184,771	522,405
Due to component units (Note 6)	44,605	-	-	44,605
Due to other funds (Note 6)	5,218,126	134,981	4,502,092	9,855,199
Accrued liabilities and other	1,697,376	207,351	141,900	2,046,627
Unearned revenue	3,410,272	-	-	3,410,272
<b>Total liabilities</b>	<b>12,275,374</b>	<b>548,001</b>	<b>9,563,690</b>	<b>22,387,065</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	7,363,443	22,165	1,020,108	8,405,716
Leases	155,853	-	-	155,853
<b>Total deferred inflows of resources</b>	<b>7,519,296</b>	<b>22,165</b>	<b>1,020,108</b>	<b>8,561,569</b>
<b>Fund Balances</b>				
Nonspendable - Prepaid expenses	1,261,568	375,284	125,531	1,762,383
Restricted:				
Roads	-	-	6,148,827	6,148,827
Drug forfeiture	-	-	4,554,129	4,554,129
Grants	1,903,549	-	108,971	2,012,520
Capital projects	-	-	895,621	895,621
Special millage	-	636,476	6,346,622	6,983,098
Building	-	-	796,547	796,547
Library	-	-	1,479,865	1,479,865
Opioid settlement	-	-	388,346	388,346
Assigned - Subsequent year capital outlay	2,935,224	-	-	2,935,224
Unassigned	20,641,096	-	(36,755)	20,604,341
<b>Total fund balances</b>	<b>26,741,437</b>	<b>1,011,760</b>	<b>20,807,704</b>	<b>48,560,901</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 46,536,107</b>	<b>\$ 1,581,926</b>	<b>\$ 31,391,502</b>	<b>\$ 79,509,535</b>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

<b>Fund Balances Reported in Governmental Funds</b>	\$ 48,560,901
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and subscription assets used in governmental activities are not financial resources and are not reported in the funds	170,892,324
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	8,405,716
Bonds payable and subscription liabilities are not due and payable in the current period and are not reported in the funds	(18,490,457)
Accrued interest is not due and payable in the current period and is not reported in the funds	(168,029)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(3,078,111)
Pension benefits	(87,312,016)
Retiree health care benefits	(112,215,952)
Workers' compensation claims	(799,027)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 5,795,349</u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 13,285,152	\$ 11,350,862	\$ 12,311,646	\$ 36,947,660
Charges for services	5,359,904	-	1,276,770	6,636,674
Intergovernmental:				
Federal grants	6,036,389	-	477,282	6,513,671
State-shared revenue and grants	13,258,181	118,570	11,071,168	24,447,919
Licenses and permits	979,711	-	2,863,308	3,843,019
Fines and forfeitures	7,593,850	-	25,526	7,619,376
Rental income	1,631,612	-	-	1,631,612
Interest income	256,425	82,010	537,481	875,916
DMA/911 and other revenue	7,546,388	-	300,671	7,847,059
Total revenue	55,947,612	11,551,442	28,863,852	96,362,906
<b>Expenditures</b>				
Current services:				
General government	12,814,536	-	422,251	13,236,787
Employee benefits	5,370,738	11,493,583	-	16,864,321
Public safety	20,364,745	-	69,334	20,434,079
Public works and capital projects	5,190,851	-	19,265,821	24,456,672
Community development	387,783	-	392,108	779,891
Recreation and culture	4,309,595	-	1,160,506	5,470,101
Capital outlay	3,326,675	-	2,379,905	5,706,580
Debt service:				
Principal	92,499	-	1,290,000	1,382,499
Interest and fiscal charges	6,711	-	531,657	538,368
Total expenditures	51,864,133	11,493,583	25,511,582	88,869,298
<b>Excess of Revenue Over Expenditures</b>	4,083,479	57,859	3,352,270	7,493,608
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	-	-	3,662,728	3,662,728
Transfers out (Note 6)	(40,686)	-	(3,622,042)	(3,662,728)
Total other financing (uses) sources	(40,686)	-	40,686	-
<b>Net Change in Fund Balances</b>	4,042,793	57,859	3,392,956	7,493,608
<b>Fund Balances - Beginning of year</b>	22,698,644	953,901	17,414,748	41,067,293
<b>Fund Balances - End of year</b>	<b>\$ 26,741,437</b>	<b>\$ 1,011,760</b>	<b>\$ 20,807,704</b>	<b>\$ 48,560,901</b>

**Governmental Funds**

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

**Year Ended June 30, 2025**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$</b>	<b>7,493,608</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Capital outlay		15,490,231
Depreciation and amortization expense		(12,643,949)
Net book value of assets disposed of		(46,543)
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		1,417,927
Repayment of bond principal and subscription liabilities are expenditures in the governmental funds but not in the statement of activities (where it reduces long-term debt)		1,420,693
Interest expense is recognized in the government-wide statements as it accrues		15,007
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		(264,305)
Increase in estimated workers' compensation liability is recorded in the statement of activities		(541,878)
Changes in the net pension liability and net OPEB liability and the deferred inflows and outflows related to pension are not included in governmental funds		(7,396,796)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>4,943,995</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2025

	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
<b>Assets</b>					
Current assets:					
Cash and investments (Note 3)	\$ 13,861,392	\$ 3,257,227	\$ 2,546,751	\$ 922,344	\$ 20,587,714
Receivables	2,946,565	3,828,060	3,468	83,860	6,861,953
Due from other funds (Note 6)	1,509,855	255,553	65	5,239	1,770,712
Inventory	333,350	9,862	294,779	-	637,991
Prepaid expenses and other assets	45,401	20,100	-	-	65,501
Current portion of restricted assets (Note 8)	-	1,074,684	-	-	1,074,684
<b>Total current assets</b>	<b>18,696,563</b>	<b>8,445,486</b>	<b>2,845,063</b>	<b>1,011,443</b>	<b>30,998,555</b>
Noncurrent assets:					
Restricted assets (Note 8)	-	1,737,092	-	-	1,737,092
Capital assets: (Note 5)					
Assets not subject to depreciation	1,265,447	18,813	4,550,801	-	5,835,061
Assets subject to depreciation - Net	31,779,505	104,221,194	9,195,127	2,630,366	147,826,192
<b>Total noncurrent assets</b>	<b>33,044,952</b>	<b>105,977,099</b>	<b>13,745,928</b>	<b>2,630,366</b>	<b>155,398,345</b>
<b>Total assets</b>	<b>51,741,515</b>	<b>114,422,585</b>	<b>16,590,991</b>	<b>3,641,809</b>	<b>186,396,900</b>
<b>Deferred Outflows of Resources -</b>					
Deferred OPEB costs	540,360	176,463	219,369	-	936,192
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	776,332	237,086	272,724	-	1,286,142
Due to other governmental units	3,233	-	24,752	-	27,985
Due to other funds (Note 6)	8,292,337	605,210	148,031	50	9,045,628
Accrued liabilities and other	50,251	179,845	529,119	1,862	761,077
Unearned revenue	-	-	6,608	-	6,608
Current portion of compensated absences (Note 7)	76,788	21,882	1,007	-	99,677
Liabilities payable from restricted assets	-	1,074,684	-	-	1,074,684
Current portion of bonds and contracts payable (Note 7)	-	475,836	7,728	56,338	539,902
<b>Total current liabilities</b>	<b>9,198,941</b>	<b>2,594,543</b>	<b>989,969</b>	<b>58,250</b>	<b>12,841,703</b>
Noncurrent liabilities:					
Compensated absences (Note 7)	141,818	53,958	30,705	-	226,481
Advances from component unit	-	-	823,239	-	823,239
Net pension liability (Note 13)	7,292,528	3,786,495	-	-	11,079,023
Net OPEB liability (Note 10)	8,834,868	2,885,685	3,568,389	-	15,288,942
Long-term debt - Net of current portion (Note 7)	-	17,065,433	-	208,111	17,273,544
<b>Total noncurrent liabilities</b>	<b>16,269,214</b>	<b>23,791,571</b>	<b>4,422,333</b>	<b>208,111</b>	<b>44,691,229</b>
<b>Total liabilities</b>	<b>25,468,155</b>	<b>26,386,114</b>	<b>5,412,302</b>	<b>266,361</b>	<b>57,532,932</b>
<b>Deferred Inflows of Resources - Related to OPEB</b>					
	39,540	19,685	1,777	-	61,002

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

**June 30, 2025**

	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
<b>Net Position</b>					
Net investment in capital assets	\$ 33,044,952	\$ 86,698,738	\$ 13,738,200	\$ 2,365,917	\$ 135,847,807
Restricted:					
Debt service	-	1,737,092	-	-	1,737,092
Sewer grant expenses	-	240,621	-	-	240,621
Unrestricted	(6,270,772)	(483,202)	(2,341,919)	1,009,531	(8,086,362)
Total net position	<u><u>\$ 26,774,180</u></u>	<u><u>\$ 88,193,249</u></u>	<u><u>\$ 11,396,281</u></u>	<u><u>\$ 3,375,448</u></u>	<u><u>\$ 129,739,158</u></u>

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

Year Ended June 30, 2025

	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
<b>Operating Revenue</b>					
Water sales	\$ 9,992,883	\$ -	\$ -	\$ -	\$ 9,992,883
Sewage disposal charges	-	9,265,362	-	-	9,265,362
Charges for services	1,330,062	892,936	3,276,583	275,126	5,774,707
Sale of merchandise	-	-	1,887,334	-	1,887,334
Charges to other funds	412,016	-	-	-	412,016
Total operating revenue	11,734,961	10,158,298	5,163,917	275,126	27,332,302
<b>Operating Expenses</b>					
Cost of water operations	7,277,396	-	-	-	7,277,396
Cost of sewage treatment	-	5,797,095	-	-	5,797,095
Ecorse Creek user charge system	-	-	-	529,341	529,341
Cost of sales	-	-	1,110,848	-	1,110,848
Cost of operating and maintenance	-	-	1,582,146	-	1,582,146
General and administrative	2,785,868	616,535	1,620,253	-	5,022,656
Pension and OPEB expense (recovery)	2,827,869	342,922	(1,269,709)	-	1,901,082
Depreciation and amortization	1,319,658	2,248,872	878,379	112,853	4,559,762
Total operating expenses	14,210,791	9,005,424	3,921,917	642,194	27,780,326
<b>Operating (Loss) Income</b>	(2,475,830)	1,152,874	1,242,000	(367,068)	(448,024)
<b>Nonoperating Revenue (Expenses)</b>					
Property tax revenue	-	16,020	-	-	16,020
Investment income	195,066	272,085	-	27,475	494,626
Interest expense	-	(714,618)	(27,628)	(8,476)	(750,722)
Other nonoperating revenue	179,578	85,241	-	-	264,819
Total nonoperating revenue (expense)	374,644	(341,272)	(27,628)	18,999	24,743
<b>(Loss) Income - Before donated assets</b>	(2,101,186)	811,602	1,214,372	(348,069)	(423,281)
<b>Donated Assets</b>	-	-	357,938	-	357,938
<b>Change in Net Position</b>	(2,101,186)	811,602	1,572,310	(348,069)	(65,343)
<b>Net Position - Beginning of year</b>	28,875,366	87,381,647	9,823,971	3,723,517	129,804,501
<b>Net Position - End of year</b>	<u>\$ 26,774,180</u>	<u>\$ 88,193,249</u>	<u>\$ 11,396,281</u>	<u>\$ 3,375,448</u>	<u>\$ 129,739,158</u>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2025

	Enterprise Funds				
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 11,440,350	\$ 9,668,658	\$ 5,162,665	\$ 237,463	\$ 26,509,136
Interfund activity - Receipts from other funds	3,396,481	111,931	8,711	838	3,517,961
Payments to suppliers	(8,896,010)	(7,330,592)	(2,700,072)	(529,341)	(19,456,015)
Payments to employees and fringes	(3,708,298)	(1,141,227)	(1,593,725)	-	(6,443,250)
Net cash and cash equivalents provided by (used in) operating activities	2,232,523	1,308,770	877,579	(291,040)	4,127,832
<b>Cash Flows from Noncapital Financing Activities</b>					
Operating grants	179,578	-	-	-	179,578
Principal and interest paid on operating debt	-	-	-	(8,476)	(8,476)
Net cash and cash equivalents provided by (used in) noncapital financing activities	179,578	-	-	(8,476)	171,102
<b>Cash Flows from Capital and Related Financing Activities</b>					
Receipt of grants	-	189,172	-	-	189,172
Property taxes	-	14,701	-	-	14,701
Purchase of capital assets	(274,141)	(349,795)	(63,782)	-	(687,718)
Principal and interest paid on capital debt	-	(2,289,188)	(27,628)	(55,340)	(2,372,156)
Payments on advance from component unit	-	-	(259,711)	-	(259,711)
Net cash and cash equivalents used in capital and related financing activities	(274,141)	(2,435,110)	(351,121)	(55,340)	(3,115,712)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	195,066	272,085	-	27,475	494,626
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,333,026	(854,255)	526,458	(327,381)	1,677,848
<b>Cash and Cash Equivalents</b> - Beginning of year	11,528,366	6,923,258	2,020,293	1,249,725	21,721,642
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 13,861,392</u>	<u>\$ 6,069,003</u>	<u>\$ 2,546,751</u>	<u>\$ 922,344</u>	<u>\$ 23,399,490</u>
<b>Classification of Cash and Cash Equivalents</b>					
Cash and investments	\$ 13,861,392	\$ 3,257,227	\$ 2,546,751	\$ 922,344	\$ 20,587,714
Restricted cash - Noncurrent	-	1,737,092	-	-	1,737,092
Restricted cash - Current	-	1,074,684	-	-	1,074,684
Total cash and cash equivalents	<u>\$ 13,861,392</u>	<u>\$ 6,069,003</u>	<u>\$ 2,546,751</u>	<u>\$ 922,344</u>	<u>\$ 23,399,490</u>

See notes to financial statements.

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2025

	Enterprise Funds				
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>					
Operating (loss) income	\$ (2,475,830)	\$ 1,152,874	\$ 1,242,000	\$ (367,068)	\$ (448,024)
Adjustments to reconcile operating (loss) income to net cash from operating activities:					
Depreciation and amortization	1,319,658	2,248,872	878,379	112,853	4,559,762
Changes in assets and liabilities:					
Receivables	117,405	(489,640)	(1,252)	(37,663)	(411,150)
Due to and from other funds	2,984,465	111,931	8,711	838	3,105,945
Inventories	(148,986)	(5,909)	(47,091)	-	(201,986)
Prepaid and other assets	(21,119)	4,182	-	-	(16,937)
Net pension or OPEB asset	6,324	8,687	26,528	-	41,539
Accounts payable	(1,527,218)	(1,574,131)	40,013	-	(3,061,336)
Net pension or OPEB liability and deferrals	1,977,824	(148,096)	(1,269,709)	-	560,019
Total adjustments	4,708,353	155,896	(364,421)	76,028	4,575,856
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 2,232,523</u>	<u>\$ 1,308,770</u>	<u>\$ 877,579</u>	<u>\$ (291,040)</u>	<u>\$ 4,127,832</u>
<b>Significant Noncash Transactions - Donor assets</b>	\$ -	\$ -	\$ 357,938	\$ -	\$ 357,938

**Noncash Capital and Related Financing Activities** - There was a decrease in the City's debt of \$101,083 due to a decrease in the City's allocation of the Downriver Utility Wastewater System debt due to a decrease in the City's sewage flow compared to the total sewage flow of the system.

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 7,842,014	\$ 3,215,452	\$ 11,057,466
Investments:			
Pooled investments	6,229,003	-	6,229,003
U.S. government securities	2,528,289	-	2,528,289
Agency securities	623,240	-	623,240
Common and preferred stocks	31,940,262	-	31,940,262
Corporate bonds	2,612,198	-	2,612,198
Mutual funds	69,187,920	-	69,187,920
Partnerships	32,203,518	-	32,203,518
Receivables	425,204	381,879	807,083
Total assets	153,591,648	3,597,331	157,188,979
<b>Liabilities</b>			
Due to other governmental units	-	2,698,822	2,698,822
Other current liabilities	-	898,509	898,509
Total liabilities	-	3,597,331	3,597,331
<b>Net Position</b>			
Restricted:			
Pension	147,107,645	-	147,107,645
Postemployment benefits other than pension	6,484,003	-	6,484,003
Total net position	\$ 153,591,648	\$ -	\$ 153,591,648

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 4,151,246	\$ -	\$ 4,151,246
Net increase in fair value of investments	12,765,841	-	12,765,841
Investment costs	(312,809)	-	(312,809)
Net investment income	16,604,278	-	16,604,278
Contributions:			
Employer contributions	16,817,790	-	16,817,790
Employee contributions	585,979	-	585,979
Total contributions	17,403,769	-	17,403,769
Property tax collections for other governments	-	51,505,715	51,505,715
Fines and fees	-	1,089,149	1,089,149
Total additions	34,008,047	52,594,864	86,602,911
<b>Deductions</b>			
Benefit payments	26,806,324	-	26,806,324
Administrative expenses	80,914	-	80,914
Tax distributions to other governments	-	51,505,715	51,505,715
Disbursements to State	-	738,243	738,243
Disbursements to county	-	350,906	350,906
Total deductions	26,887,238	52,594,864	79,482,102
<b>Net Increase in Fiduciary Net Position</b>	7,120,809	-	7,120,809
<b>Net Position - Beginning of year</b>	146,470,839	-	146,470,839
<b>Net Position - End of year</b>	<b>\$ 153,591,648</b>	<b>\$ -</b>	<b>\$ 153,591,648</b>

Component Units  
Statement of Net Position

June 30, 2025

	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
<b>Assets</b>						
Cash and investments (Note 3)	\$ 1,210,820	\$ 17,159,288	\$ 1,523,117	\$ 1,662,772	\$ 3,967,199	\$ 25,523,196
Accounts receivable:						
Other	-	829,609	-	-	324	829,933
Due from other governmental units	-	449,555	45,923	71,674	-	567,152
Due from component units	-	-	620,744	-	-	620,744
Due from primary government	-	44,605	-	-	-	44,605
Prepaid expenses and other assets	-	256,105	-	-	42,052	298,157
Restricted assets	-	-	-	-	276,381	276,381
Capital assets: (Note 5)						
Assets not subject to depreciation	17,745	11,500,055	77,187	869,375	759,999	13,224,361
Assets subject to depreciation - Net	-	367,348	-	-	989,849	1,357,197
Advances to primary government	-	823,239	-	-	-	823,239
<b>Total assets</b>	<b>1,228,565</b>	<b>31,429,804</b>	<b>2,266,971</b>	<b>2,603,821</b>	<b>6,035,804</b>	<b>43,564,965</b>
<b>Deferred Outflows of Resources</b>	-	-	-	-	9,175	9,175
<b>Liabilities</b>						
Accounts payable	-	1,516,412	9,040	130	28,909	1,554,491
Due to other governmental units	17,712	-	-	-	-	17,712
Due to component units	-	32,828	-	587,916	-	620,744
Due to primary government	-	44,491	500	30	-	45,021
Accrued liabilities and other	-	-	219,582	-	39,745	259,327
Unearned revenue	-	-	-	-	3,014	3,014
Tenant security deposits	-	-	-	-	29,567	29,567
Noncurrent liabilities:						
Due within one year (Note 7)	-	69,733	840,868	-	-	910,601
Due in more than one year (Note 7)	-	146,995	6,717,674	-	179,389	7,044,058
<b>Total liabilities</b>	<b>17,712</b>	<b>1,810,459</b>	<b>7,787,664</b>	<b>588,076</b>	<b>280,624</b>	<b>10,484,535</b>
<b>Net Position (Deficit)</b>						
Net investment in capital assets	17,745	11,650,675	77,187	869,375	1,749,848	14,364,830
Restricted - HAP	-	-	-	-	244,814	244,814
Unrestricted	1,193,108	17,968,670	(5,597,880)	1,146,370	3,769,693	18,479,961
<b>Total net position (deficit)</b>	<b>\$ 1,210,853</b>	<b>\$ 29,619,345</b>	<b>\$ (5,520,693)</b>	<b>\$ 2,015,745</b>	<b>\$ 5,764,355</b>	<b>\$ 33,089,605</b>

\*Balances are as of March 31, 2025 for the Housing Commission.

# City of Taylor, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Local Development Financing Authority	\$ -	\$ -	\$ -	\$ -
Tax Increment Financing Authority	8,857,427	-	-	829,609
Brownfield Redevelopment Authority	391,156	-	-	-
Downtown Development Authority	70,039	-	-	-
Housing Commission	9,413,131	854,621	9,355,951	-
<b>Total component units</b>	<b>\$ 18,731,753</b>	<b>\$ 854,621</b>	<b>\$ 9,355,951</b>	<b>\$ 829,609</b>

General revenue:

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

Total general revenue

Transfers

**Change in Net Position**

**Net Position** - Beginning of year, as previously reported

**Error Correction** (Note 1)

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

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

Component Units  
Statement of Activities

Year Ended June 30, 2025

Net (Expense) Revenue and Changes in Net Position					
Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(8,027,818)	-	-	-	(8,027,818)
-	-	(391,156)	-	-	(391,156)
-	-	-	(70,039)	-	(70,039)
-	-	-	-	797,441	797,441
-	(8,027,818)	(391,156)	(70,039)	797,441	(7,691,572)
-	8,259,276	592,554	1,307,739	-	10,159,569
-	642,078	-	-	-	642,078
27,298	634,479	135,709	32,040	16,532	846,058
27,298	9,535,833	728,263	1,339,779	16,532	11,647,705
-	(32,828)	620,744	(587,916)	-	-
27,298	1,475,187	957,851	681,824	813,973	3,956,133
1,183,555	28,144,158	(6,478,544)	1,333,921	4,754,467	28,937,557
-	-	-	-	195,915	195,915
1,183,555	28,144,158	(6,478,544)	1,333,921	4,950,382	29,133,472
<b>\$ 1,210,853</b>	<b>\$ 29,619,345</b>	<b>\$ (5,520,693)</b>	<b>\$ 2,015,745</b>	<b>\$ 5,764,355</b>	<b>\$ 33,089,605</b>

**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.

**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 (LDFA) and the Tax Increment Financing Authority (TIFA) (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 (BRDA) 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.

***Housing Commission***

The Taylor Housing Commission (the "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.

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

**Fiduciary Component Units**

*23rd District Court*

The 23rd Judicial District Court is reported within the custodial 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.

*Police and Fire Retirement System*

The Police and Fire Retirement System is governed by a five-member pension board that includes one police officer elected by the members, one firefighter elected by the members, two members representing the City, and the city treasurer. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City.

*Retiree Health Care Plan*

The City's other postemployment benefit plan (OPEB) is administered by the City through the MERS of Michigan Retiree Health Funding Vehicle. Although it is legally separate from the City, it is reported as a fiduciary component unit because the plan imposes a financial burden on the City.

**Jointly Governed Organization**

*Downriver Utility Wastewater Authority*

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 \$17.6 million in debt for operations of the System and paid \$1.8 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.

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

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.

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). 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 and other employee benefit trust funds account for the Police and Fire Retirement System and the City's OPEB plan. The plans accumulate resources for pension and retiree health care benefit payments to qualified employees.

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

- The custodial funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. The City’s custodial funds include the Tax Receiving Fund and the 23rd District Court Fund.

**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.

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

**Investments**

Investments are reported at fair value or estimated fair value.

**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.

**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
	<hr/>
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
Right-of-use subscription assets	1-6

**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 bond 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 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.

**Unearned Revenue**

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of June 30, 2025, the General Fund balance of unearned revenue includes \$3,410,272 of American Rescue Plan Act cash received in advance of eligibility criteria being met. Unearned amounts are reported as liabilities.

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

**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, OPEB, and leases. 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 three primary sources: grants, special assessments, and lease revenue for future lease receipts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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.

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

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 2024 property tax revenue was levied and collectible on July 1, 2024 and is recognized as revenue in the year ended June 30, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2024 taxable valuation of the City totaled \$1,721,309,407 (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 8.2627 mills for operating purposes, 0.8694 mills for library services, 8.3691 mills for public safety pension, 2.2558 mills for disposal authority, 2.6090 mills for garbage and rubbish services, 0.0370 mills for publicity services, and 2.7000 mills for the building authority. This resulted in approximately \$11,199,000 for operating purposes, \$1,181,000 for library services, \$11,366,000 for public safety pension, \$3,057,000 for disposal authority, \$3,535,000 for garbage and rubbish services, \$50,000 for publicity services, and \$4,489,000 for the building authority. These amounts are recognized in the respective General Fund, special revenue funds, and debt service 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 outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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.

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

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

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The compensated absence liabilities are reported in the government-wide and proprietary fund financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**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.

**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.

**Leases**

The City is a lessor for noncancelable leases of office space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

**Subscriptions**

The City obtains the right to use vendors' information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements. The City recognizes subscription assets and liabilities with an initial value of \$5,000. The City's component units recognize subscription assets and liabilities with an initial value of \$5,000.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

**Upcoming Accounting Pronouncements**

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

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

**Accounting Changes and Error Corrections**

**Correction of an Error in Previously Issued Financial Statements**

During fiscal year 2025, the Housing Commission determined that the net pension liability, as stated in the March 31, 2024 audited statements, was misstated due to prior year valuation estimate corrections. Therefore, the net position for the Housing Commission was understated by \$195,915 for the fiscal year ended June 30, 2024. As such, the beginning balance of net position for the Housing Commission, and component units as a whole, was increased by \$195,915. The effects of correcting that error are shown in the table at the end of this section.

**Adjustments to and Restatements of Beginning Balances**

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>June 30, 2024</u>		<u>June 30, 2024</u>	
	<u>As Previously Reported</u>	<u>Adoption of New Accounting Pronouncement</u>	<u>Error Correction</u>	<u>As Restated</u>
Government-wide - Component units	\$ 28,937,557	\$ -	\$ 195,915	\$ 29,133,472
Discretely presented component unit - Taylor Housing Commission	\$ 4,754,467	\$ -	\$ 195,915	\$ 4,950,382

**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 and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Fund Deficits**

The component units are presented on the full accrual basis in the basic financial statements, resulting in a deficit on that basis in the Brownfield Redevelopment Authority. The Golf Courses, Sewer, and Water funds also have unrestricted net position deficits as of June 30, 2025, but total net position is positive. The Community Development Block Grant Fund also closed the year with a fund deficit.

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase 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 bank deposits of \$56,837,382 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had bank deposits of \$8,895,501 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.

**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.

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

Police and Fire Retirement System	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$ 2,612,198	\$ 34,902	\$ 2,087,097	\$ 490,199	\$ -
U.S. government securities	2,528,289	-	1,884,610	643,679	-
Agency securities	623,240	-	49,703	93,589	479,948
<b>Total</b>	<b>\$ 5,763,727</b>	<b>\$ 34,902</b>	<b>\$ 4,021,410</b>	<b>\$ 1,227,467</b>	<b>\$ 479,948</b>

June 30, 2025

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

**Credit Risk**

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

Investment	Fair Value	Rating	Rating Organization
<b>Police and Fire Retirement System</b>			
Corporate bonds	\$ 342,570	A1	Moody's
Corporate bonds	257,441	A2	Moody's
Corporate bonds	302,706	A3	Moody's
Corporate bonds	30,940	AA2	Moody's
Corporate bonds	59,243	AA3	Moody's
Corporate bonds	244,585	AAA	Moody's
Corporate bonds	24,010	B2	Moody's
Corporate bonds	43,741	BA1	Moody's
Corporate bonds	34,221	BA2	Moody's
Corporate bonds	127,951	BA3	Moody's
Corporate bonds	319,090	BAA1	Moody's
Corporate bonds	540,825	BAA2	Moody's
Corporate bonds	146,186	BAA3	Moody's
Corporate bonds	116,314	Not rated	Moody's
Corporate bonds	22,375	Undefined	Moody's
Agency securities	623,240	Not rated	Moody's
U.S. government securities	2,528,289	AA1	Moody's

**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 21.89 percent of the Police and Fire Retirement System's assets are not publicly traded and, therefore, do 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:

	Governmental Activities	Business-type Activities
Pension deferrals	\$ 2,226,543	\$ -
OPEB deferrals	7,322,415	936,192

June 30, 2025

**Note 4 - Deferred Inflows/Outflows of Resources (Continued)**

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

	Governmental Funds	Business-type Activities	Governmental Activities
Special assessments - Unavailable	\$ 138,305	\$ -	\$ -
Grant revenue - Unavailable	594,923	-	-
Other unavailable revenue	7,672,488	-	-
Pension deferrals	-	53,419	4,935,096
OPEB deferrals	-	7,583	59,315
Leases	155,853	-	155,853
<b>Total deferred inflows</b>	<b>\$ 8,561,569</b>	<b>\$ 61,002</b>	<b>\$ 5,150,264</b>

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2024	Reclassifications	Additions	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 28,886,652	\$ -	\$ -	\$ -	\$ 28,886,652
Construction in progress	8,052,371	(3,374,901)	7,819,330	-	12,496,800
Subtotal	36,939,023	(3,374,901)	7,819,330	-	41,383,452
Capital assets being depreciated:					
Buildings and improvements	94,991,689	-	3,390,343	-	98,382,032
Machinery and equipment	45,725,319	507,639	3,572,310	(574,430)	49,230,838
Other improvements	24,895,184	-	-	-	24,895,184
Roads and sidewalks	294,851,507	2,867,262	13,155	-	297,731,924
Leased assets	-	-	532,809	-	532,809
Subscription assets	3,051,052	-	162,284	(44,228)	3,169,108
Subtotal	463,514,751	3,374,901	7,670,901	(618,658)	473,941,895
Accumulated depreciation:					
Buildings and improvements	51,729,823	-	2,556,890	-	54,286,713
Machinery and equipment	37,625,213	-	1,997,746	(527,887)	39,095,072
Other improvements	20,050,788	-	547,919	-	20,598,707
Roads and sidewalks	222,203,096	-	6,992,298	-	229,195,394
Accumulated amortization - Leased assets	-	-	133,203	-	133,203
Accumulated amortization - Subscription assets	752,269	-	415,893	(44,228)	1,123,934
Subtotal	332,361,189	-	12,643,949	(572,115)	344,433,023
Net capital assets being depreciated	131,153,562	3,374,901	(4,973,048)	(46,543)	129,508,872
Net governmental activities capital assets	<u>\$ 168,092,585</u>	<u>\$ -</u>	<u>\$ 2,846,282</u>	<u>\$ (46,543)</u>	<u>\$ 170,892,324</u>

June 30, 2025

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

***Business-type Activities***

	Balance July 1, 2024	Reclassifications	Additions	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 3,358,372	\$ -	\$ -	\$ -	\$ 3,358,372
Construction in progress	5,185,016	(3,004,227)	295,900	-	2,476,689
Subtotal	8,543,388	(3,004,227)	295,900	-	5,835,061
Capital assets being depreciated:					
Water mains and meters	53,500,553	3,004,227	-	-	56,504,780
Sanitary sewer system	152,465,877	-	-	(107,678)	152,358,199
Buildings and improvements	12,000,179	-	-	-	12,000,179
Machinery and equipment	7,000,398	-	779,659	-	7,780,057
Vehicles	865,902	-	50,707	-	916,609
Furniture and equipment	621,414	-	11,978	-	633,392
Land improvements	12,042,277	-	-	-	12,042,277
Intangible ECPAD improvement	2,882,728	-	-	-	2,882,728
Subscription assets	44,567	-	-	-	44,567
Subtotal	241,423,895	3,004,227	842,344	(107,678)	245,162,788
Accumulated depreciation:					
Water and sewer lines	24,504,633	-	1,166,377	-	25,671,010
Sanitary sewer system	46,817,205	-	2,125,472	-	48,942,677
Buildings and improvements	6,130,974	-	288,013	-	6,418,987
Machinery and equipment	3,683,366	-	593,773	-	4,277,139
Vehicles	603,329	-	62,273	-	665,602
Furniture and equipment	566,573	-	18,578	-	585,151
Land improvements	9,799,395	-	232,655	-	10,032,050
Intangible ECPAD improvement	649,075	-	57,765	-	706,840
Accumulated amortization - Subscription assets	22,284	-	14,856	-	37,140
Subtotal	92,776,834	-	4,559,762	-	97,336,596
Net capital assets being depreciated	148,647,061	3,004,227	(3,717,418)	(107,678)	147,826,192
Net business-type activities capital assets	\$ 157,190,449	\$ -	\$ (3,421,518)	\$ (107,678)	\$ 153,661,253

June 30, 2025

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

**Component Units**

	Balance July 1, 2024	Reclassifications	Additions	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 13,944,722	\$ -	\$ -	\$ (720,361)	\$ 13,224,361
Construction in progress	415,068	(415,068)	-	-	-
Subtotal	14,359,790	(415,068)	-	(720,361)	13,224,361
Capital assets being depreciated:					
Buildings and improvements	5,219,605	415,068	244,683	-	5,879,356
Furniture, equipment, and machinery	681,483	-	138,731	-	820,214
Leased assets	-	-	294,536	-	294,536
Subscription assets	218,301	-	-	-	218,301
Subtotal	6,119,389	415,068	677,950	-	7,212,407
Accumulated depreciation:					
Buildings and improvements	5,581,201	-	64,636	-	5,645,837
Furniture, equipment, and machinery	63,884	-	-	-	63,884
Accumulated amortization - Leased asset	-	-	73,634	-	73,634
Accumulated amortization - Subscription assets	11,606	-	60,249	-	71,855
Subtotal	5,656,691	-	198,519	-	5,855,210
Net capital assets being depreciated	462,698	415,068	479,431	-	1,357,197
Net component units capital assets	<u>\$ 14,822,488</u>	<u>\$ -</u>	<u>\$ 479,431</u>	<u>\$ (720,361)</u>	<u>\$ 14,581,558</u>

Depreciation and amortization expense were charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,298,890
Public safety	1,353,882
Public works	7,577,588
Economic development	177,842
Recreation and culture	1,686,652
Amortization - Subscription assets	549,095
Total governmental activities	<u>\$ 12,643,949</u>
Business-type activities:	
Water	\$ 1,319,658
Sewer	2,248,872
Ecorse Creek	112,853
Golf Courses	863,523
Amortization - Subscription assets	14,856
Total business-type activities	<u>\$ 4,559,762</u>

June 30, 2025

**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:

	Spent to Date	Remaining Commitment
Governmental activities	\$ 5,534,960	\$ 2,932,919
Business-type activities	1,076,375	461,464
Component units	7,364,913	2,044,100
Total	<u>\$ 13,976,248</u>	<u>\$ 5,438,483</u>

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Police and Fire Retirement Fund	\$ 134,981
	Golf Courses Fund	147,885
	Water Fund	8,034,429
	Sewer Fund	192,834
	Other nonmajor governmental funds	<u>3,507,357</u>
	Total General Fund	
Other nonmajor governmental funds	General Fund	3,464,503
	Other nonmajor governmental funds	<u>994,735</u>
	Total other nonmajor governmental funds	
Sewer Fund	Water Fund	252,717
	General Fund	2,794
	Ecorse Creek Fund	<u>42</u>
	Total Sewer Fund	
Ecorse Creek Fund	Water Fund	5,191
	Sewer Fund	<u>48</u>
	Total Ecorse Creek Fund	
Golf Courses Fund	General Fund	65
Water Fund	General Fund	1,097,373
	Sewer Fund	412,328
	Ecorse Creek Fund	8
	Golf Courses	<u>146</u>
	Total Water Fund	
Police and Fire Retirement Fund	General Fund	<u>653,391</u>
	Total	<u>\$ 18,900,827</u>

June 30, 2025

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

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
Tax Increment Financing Authority	Golf Courses Fund	\$ 823,239

***Due to/from Primary Government and Component Units***

Receivable	Payable	Amount
General Fund	Tax Increment Financing Authority	\$ 40,556
	Downtown Development Authority	30
	Brownfield Redevelopment Authority	500
	Total General Fund	41,086
Act 179 Rubbish Fund	Tax Increment Financing Authority	3,935
Tax Increment Financing Authority	General Fund	44,605
	Total	<u>\$ 89,626</u>

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Michigan Indigent Defense Commission Fund	\$ 40,686
Major Streets Fund	Local Streets Fund	3,081,385
Building and Grounds Fund	Building Authority Debt Fund	540,657
	Total	<u>\$ 3,662,728</u>

The 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 the Building and Grounds Fund to the Building Authority Debt Fund is for Building Authority lease payments. The transfer from the General Fund to the Michigan Indigent Defense Commission Fund is for operations in accordance with the adopted budget.

**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.

June 30, 2025

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

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable						
Direct borrowings and direct placements:						
IT Wifi Upgrade Citywide - Comerica Leasing - Amount of issue - \$54,770	2.08%	\$ 1,568	\$ -	\$ (1,568)	\$ -	\$ -
Comerica Leasing - Elgin Pelican Sweeper Trucks - Amount of issue - \$454,909	2.40%	279,394	-	(90,931)	188,463	93,114
Total direct borrowings and direct placements principal outstanding		280,962	-	(92,499)	188,463	93,114
Other debt -						
2019 Building Authority Bonds - Amount of issue - \$4,950,000	1.79%	3,075,000	-	(490,000)	2,585,000	500,000
Michigan Transportation Fund Bonds, Series 2021 - Amount of issue - \$14,355,000	4.00%	12,025,000	-	(800,000)	11,225,000	830,000
Total other debt principal outstanding		15,100,000	-	(1,290,000)	13,810,000	1,330,000
Unamortized bond premiums		2,161,767	-	(182,043)	1,979,724	182,044
Total bonds and contracts payable		17,542,729	-	(1,564,542)	15,978,187	1,605,158
Workers' compensation claims		257,149	1,474,568	(932,690)	799,027	-
Compensated absences		2,813,806	1,234,618	(970,313)	3,078,111	1,026,232
Lease liability		-	532,809	(147,032)	385,777	124,125
Subscription liability		2,368,421	162,284	(404,212)	2,126,493	410,870
Total governmental activities long-term debt		<u>\$ 22,982,105</u>	<u>\$ 3,404,279</u>	<u>\$ (4,018,789)</u>	<u>\$ 22,367,595</u>	<u>\$ 3,166,385</u>

**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	\$ 1,363,640	\$ -	\$ (315,966)	\$ 1,047,674	\$ 332,596
Downriver Utility Wastewater Authority Bonds - Amount of initial issue - \$25,651,802	Various	18,822,164	-	(1,253,889)	17,568,275	1,217,924
Series 2009A - ECPAD 1 CWRF - Amount of issue - \$3,717,000	2.50%	319,450	-	(54,997)	264,453	56,338
Total direct borrowings and direct placements principal outstanding		20,505,254	-	(1,624,852)	18,880,402	1,606,858
Compensated absences		273,397	144,911	(92,150)	326,158	99,677
Subscription liability		22,818	-	(15,090)	7,728	7,728
Total business-type activities long-term debt		<u>\$ 20,801,469</u>	<u>\$ 144,911</u>	<u>\$ (1,732,092)</u>	<u>\$ 19,214,288</u>	<u>\$ 1,714,263</u>

June 30, 2025

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

**Component Units**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable						
Other debt -						
Brownfield:						
2017 Refunding - Series A -	2.10% -					
Amount of issue - \$1,915,000	4.45%	\$ 580,000	\$ -	\$ -	\$ 580,000	\$ -
2017 Refunding - Series B -						
Amount of issue - \$2,045,000	Various	675,000	-	(225,000)	450,000	140,000
Brownfield Redevelopment Tax	2.00% -					
Increment Bonds, Series 2015	5.00%	6,965,000	-	(6,310,000)	655,000	655,000
2024 Tax Increment Refunding						
Bonds -						
Amount of issue - \$5,455,000	5.00%	-	5,455,000	-	5,455,000	-
Total other debt principal outstanding		8,220,000	5,455,000	(6,535,000)	7,140,000	795,000
Brownfield - Bond premium		198,379	458,676	(238,513)	418,542	45,868
Subscription liability		62,292	-	(62,292)	-	-
Lease liability		-	294,536	(77,808)	216,728	69,733
Total component unit long-term debt		<u>\$ 8,480,671</u>	<u>\$ 6,208,212</u>	<u>\$(6,913,613)</u>	<u>\$ 7,775,270</u>	<u>\$ 910,601</u>

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

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities					
	Direct Borrowings and Direct Placements			Other Debt		Total
	Principal*	Interest	Principal	Interest		
2026	\$ 93,114	\$ 4,525	\$ 1,330,000	\$ 490,797	\$ 1,918,436	
2027	95,349	2,289	1,375,000	448,557	1,921,195	
2028	-	-	1,415,000	404,783	1,819,783	
2029	-	-	1,460,000	359,475	1,819,475	
2030	-	-	1,510,000	312,588	1,822,588	
2031-2035	-	-	5,490,000	921,800	6,411,800	
2036-2040	-	-	1,230,000	49,200	1,279,200	
Thereafter	-	-	-	-	-	
<b>Total</b>	<b>\$ 188,463</b>	<b>\$ 6,814</b>	<b>\$ 13,810,000</b>	<b>\$ 2,987,200</b>	<b>\$ 16,992,477</b>	

  

Years Ending June 30	Business-type Activities			Component Unit Activities		
	Direct Borrowings and Direct Placements			Other Debt		
	Principal	Interest	Total	Principal*	Interest	Total
2026	\$ 1,606,857	\$ 696,632	\$ 2,303,489	\$ 795,000	\$ 339,486	\$ 1,134,486
2027	1,689,926	640,385	2,330,311	780,000	311,115	1,091,115
2028	1,683,956	580,753	2,264,709	820,000	273,540	1,093,540
2029	1,238,171	531,484	1,769,655	695,000	234,060	929,060
2030	1,203,992	492,459	1,696,451	730,000	199,310	929,310
2031-2035	4,474,000	1,942,888	6,416,888	3,320,000	424,065	3,744,065
2036-2040	3,567,857	1,141,169	4,709,026	-	-	-
Thereafter	3,415,643	492,363	3,908,006	-	-	-
<b>Total</b>	<b>\$ 18,880,402</b>	<b>\$ 6,518,133</b>	<b>\$ 25,398,535</b>	<b>\$ 7,140,000</b>	<b>\$ 1,781,576</b>	<b>\$ 8,921,576</b>

\*Balances exclude bond premium

**Defeased Debt**

In prior years, the City defeased an aggregate amount of \$21.5 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 balance of prior year defeased bonds are not included in the basic financial statements. At June 30, 2025, approximately \$7.9 million of bonds outstanding are considered defeased.

**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. Based on current tax increment revenue, the bonds are expected to be fully repaid from tax captures; therefore, no liability has been recorded related to this financial guarantee as of June 30, 2025.

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

**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, 2025, restricted assets are composed of the following:

Description	Business-type Activities
Assets held at Wayne County, Michigan for future debt payments	\$ 536,719
Assets held at Downriver Utility Wastewater Authority for sewer operations	2,275,057
Total	<u>\$ 2,811,776</u>

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 \$25,111,310 of DUWA and Downriver Sewage Disposal System (DRDS) 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 \$1,127,913 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 \$23,983,397. During the current year, net revenue of the system before depreciation and other adjustments was \$3,708,761 compared to the debt service requirements of \$1,804,866 for the DUWA bonds. Tax collections related to the Wayne County, Michigan debt were \$16,020, compared to the debt service requirements of \$376,644.

In addition, the Road Capital Improvement Fund has restricted cash of \$1,287,886 as of June 30, 2025.

**Note 9 - Risk Management**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City 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.

June 30, 2025

**Note 9 - Risk Management (Continued)**

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 and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2025	2024
Estimated liability - Beginning of year	\$ 257,149	\$ 611,508
Incurred claims, including adjustments to claims incurred but not reported	1,474,568	578,572
Claim payments - Net of insurance refunds	(932,690)	(932,931)
Estimated liability - End of year	\$ 799,027	\$ 257,149

**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](http://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, 2025
Inactive plan members or beneficiaries currently receiving benefits	555
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	304
Total plan members	868

***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, 2025, the City made payments for postemployment health benefit premiums of \$9,876,983. Of that amount, \$255,000 was an additional prefunding contribution.

***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, 2025 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, 2025 measurement date. The June 30, 2025 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2024, which used updated procedures to roll forward the estimated liability to June 30, 2025.

**Note 10 - Other Postemployment Benefit Plan (Continued)**

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2024</b>	\$ 125,259,554	\$ 5,691,890	\$ 119,567,664
Changes for the year:			
Service cost	696,289	-	696,289
Interest	8,400,923	-	8,400,923
Differences between expected and actual experience	10,017,105	-	10,017,105
Changes in assumptions	6,500,109	-	6,500,109
Contributions - Employer	-	9,876,983	(9,876,983)
Net investment income	-	549,517	(549,517)
Benefit payments	(9,621,983)	(9,621,983)	-
Administrative expenses	-	(12,404)	12,404
<b>Net changes</b>	<b>15,992,443</b>	<b>792,113</b>	<b>15,200,330</b>
<b>Balance at June 30, 2025</b>	<b>\$ 141,251,997</b>	<b>\$ 6,484,003</b>	<b>\$ 134,767,994</b>

The plan's fiduciary net position represents 4.6 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, 2025, the City recognized OPEB expense of \$21,211,949.

At June 30, 2025, 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	\$ 5,008,552	\$ -
Changes in assumptions	3,250,055	-
Net difference between projected and actual earnings on OPEB plan investments	-	(66,898)
<b>Total</b>	<b>\$ 8,258,607</b>	<b>\$ (66,898)</b>

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
2026	\$ 8,340,812
2027	(59,887)
2028	(59,883)
2029	(29,333)
<b>Total</b>	<b>\$ 8,191,709</b>

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3 percent; a health care cost trend rate of 8.0 percent for 2025 decreasing to an ultimate rate of 4.50 percent for 2040; and the Pub-2010 mortality tables with the MP-2021 improvement scale.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.93 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, 2025 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 %	4.50 %
Global fixed income	20.00	2.16
Private investments	20.00	6.50

For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 9.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**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 6.93 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 (5.93%)	Current Discount Rate (6.93%)	1 Percentage Point Increase (7.93%)
Net OPEB liability	\$ 149,668,529	\$ 134,767,994	\$ 122,238,655

**Note 10 - Other Postemployment Benefit Plan (Continued)**

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.00 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 (3.50 - 7.00%)	Current Health Care Cost Trend Rate (4.50 - 8.00%)	1 Percentage Point Increase (5.50 - 9.00%)
Net OPEB liability	\$ 121,098,874	\$ 134,767,994	\$ 151,034,243

For 2025, the health care trend rates begin at 8.00 percent for pre-65 participants and 6.50 percent for post-65 participants, with both rates declining by 0.25 percent per year until reaching 4.50 percent in 2040. In contrast, the prior valuation for 2024 assumed the same initial rates - 8.00 percent for pre-65 and 6.50 percent for post-65 - but applied a faster decline of 0.50 percent per year for pre-65 and 0.25 percent per year for post-65, reaching 4.50 percent by 2033. The slower annual decrease in the current assumption keeps health care trend rates higher for a longer period, which increases projected benefit costs and, consequently, the actuarial liability.

**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, 2025, the City made contributions of \$180,955 and the plan members contributed \$180,955 to the plan.

**Note 12 - Defined Contribution Pension Plan**

The City provides benefits to recently hired employees who 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 \$28,473,179. The current year contribution was calculated based on covered payroll of \$8,960,397, resulting in an employer contribution of \$369,950 and employee contributions of \$358,416.

**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 issues its own publicly available financial statements, which are no longer included within the City's financial statements as a result of GASB 84 implementation.

Management of the plan is vested in the board of trustees, which consists of six individuals: the city HR director, the city budget and finance director, the city treasurer, and three members who represent the unions.

**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 supplementary information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://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 AFCSME 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 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 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.

**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 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 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 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.

**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:

	<u>City of Taylor General Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>	<u>Municipal Employees' Retirement System</u>
Date of member count	December 31, 2023	June 30, 2025	December 31, 2024
Inactive plan members or beneficiaries currently receiving benefits	253	281	15
Inactive plan members entitled to but not yet receiving benefits	19	8	3
Active plan members	24	79	1
Pending refunds	-	-	1
	<hr/>	<hr/>	<hr/>
Total employees covered by the plan	<u>296</u>	<u>368</u>	<u>20</u>

**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, 2024, the average active member contribution rate was 6.34 percent of annual pay, and the City's average contribution rate was 197.56 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, 2025, the average active member contribution rate was 9.51 percent of annual pay, and the City's average contribution rate was 112.62 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, 2024, the average active employee contribution rate was 5.0 percent of annual pay, and the court's average contribution rate was 269.65 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.

	<u>City of Taylor General Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>	<u>Municipal Employees' Retirement System</u>
Measurement date used for the City's net pension liability	December 31, 2024	June 30, 2025	December 31, 2024
Based on a comprehensive actuarial valuation as of	December 31, 2023	June 30, 2024	December 31, 2024

**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	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2023</b>	\$ 81,362,650	\$ 47,394,669	\$ 33,967,981
Changes for the year:			
Service cost	90,413	-	90,413
Interest	5,463,538	-	5,463,538
Differences between expected and actual experience	1,782,855	-	1,782,855
Contributions - Employer	-	3,612,356	(3,612,356)
Contributions - Employee	-	115,906	(115,906)
Net investment income	-	4,799,922	(4,799,922)
Benefit payments, including refunds	(6,805,032)	(6,805,032)	-
Administrative expenses	-	(39,811)	39,811
Miscellaneous other charges	-	561,022	(561,022)
<b>Net changes</b>	<b>531,774</b>	<b>2,244,363</b>	<b>(1,712,589)</b>
<b>Balance at December 31, 2024</b>	<b>\$ 81,894,424</b>	<b>\$ 49,639,032</b>	<b>\$ 32,255,392</b>

The plan's fiduciary net position represents 60.61 percent of the total pension liability.

**Police and Fire Retirement System**

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at July 1, 2024</b>	\$ 209,269,023	\$ 140,778,947	\$ 68,490,076
Changes for the year:			
Service cost	1,083,242	-	1,083,242
Interest	14,435,989	-	14,435,989
Differences between expected and actual experience	1,425,702	-	1,425,702
Changes in assumptions	(417,790)	-	(417,790)
Contributions - Employer	-	6,940,807	(6,940,807)
Contributions - Employee	-	585,979	(585,979)
Net investment income	-	16,046,850	(16,046,850)
Benefit payments, including refunds	(17,184,341)	(17,184,341)	-
Administrative expenses	-	(68,508)	68,508
Miscellaneous other charges	-	7,910	(7,910)
<b>Net changes</b>	<b>(657,198)</b>	<b>6,328,697</b>	<b>(6,985,895)</b>
<b>Balance at June 30, 2025</b>	<b>\$ 208,611,825</b>	<b>\$ 147,107,644</b>	<b>\$ 61,504,181</b>

The plan's fiduciary net position represents 70.5 percent of the total pension liability.

**Note 13 - Pension Plans (Continued)**

**Municipal Employees' Retirement System of Michigan**

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2023</b>	\$ 4,746,198	\$ 2,904,135	\$ 1,842,063
Changes for the year:			
Service costs	6,581	-	6,581
Interest	328,715	-	328,715
Differences between expected and actual experience	54,080	-	54,080
Changes in actuarial assumptions	(5,601)	-	(5,601)
Contributions - Employer	-	90,483	(90,483)
Contributions - Employee	-	6,167	(6,167)
Net investment income	-	212,503	(212,503)
Benefit payments	(342,581)	(342,581)	-
Administrative expenses	-	(6,228)	6,228
Net changes	41,194	(39,656)	80,850
<b>Balance at December 31, 2024</b>	<b>\$ 4,787,392</b>	<b>\$ 2,864,479</b>	<b>\$ 1,922,913</b>

The plan's fiduciary net position represents 59.8 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, 2025, the City recognized pension expense of \$3,804,794 from the Police and Fire Retirement System, \$3,187,937 from the general employees' plan, and \$330,201 from the MERS plan.

At June 30, 2025, 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	\$ 2,067,096	\$ -
Changes in assumptions	-	(364,157)
Net difference between projected and actual earnings on pension plan investments	131,143	(4,624,358)
Employer contributions to the plan subsequent to the measurement date	28,304	-
Total	<b>\$ 2,226,543</b>	<b>\$ (4,988,515)</b>

**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	Amount
2026	\$ 3,999,776
2027	(1,716,981)
2028	(3,453,961)
2029	(1,619,114)
Total	<u>\$ (2,790,280)</u>

**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:

	General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Inflation	2.75%	2.5%	2.5%
Salary increases (including inflation)	1.00%	3.00%-8.00%	3.00%-9.70%
Investment rate of return (gross of investment expenses)	7.00%	7.25%	6.93%
Mortality rates	Pub-2010 Mortality Tables with MP-2021	Pub-2010 Mortality Tables with MP-2019	Pub-2010 Mortality Tables with MP-2019

**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.

	General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Assumed investment rate of return	7.00%	7.25%	7.18%
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	7.00%	7.21%	7.18%

June 30, 2025

**Note 13 - Pension Plans (Continued)**

***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	50.00 %	7.50 %
International equity	15.00	8.50
Domestic fixed income	25.00	2.50
Real estate	5.00	4.50
Other	5.00	6.18

**Police and Fire Retirement System**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	64.00 %	6.09 %
Fixed income	6.00	2.47
Cash	2.00	0.99
International equity	8.00	6.79
Real estate	10.00	4.12
Other	10.00	6.79

**Municipal Employees' Retirement System**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.16
Private investments	20.00	6.50

***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 7.00 percent	\$ 39,552,513	\$ 32,255,392	\$ 25,995,878
Police and Fire Retirement System - Current rate 7.21 percent	82,676,735	61,504,181	43,776,711
Municipal Employees' Retirement System - Current rate 7.18 percent	2,400,147	1,922,913	1,517,408

**Note 13 - Pension Plans (Continued)**

**Assumption Changes**

The Police and Fire Retirement System's discount rate increased from 7.16 percent for the year ended June 30, 2024 to 7.21 percent for the year ended June 30, 2025.

**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, 2025, the annual money-weighted rates of return on pension plan investments for the Police and Fire Retirement System, net of pension plan investment expense, was 11.73 percent. 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**

**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 8.0 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, 2025.

The balances of the reserve accounts at June 30, 2025 are as follows:

	Required Reserve	Amount Funded
Employee reserve	\$ 3,001,301	\$ 3,001,301
Retiree reserve	144,106,344	144,106,344

**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.

June 30, 2025

**Note 15 - Fair Value Measurements (Continued)**

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 Police and Fire Retirement System has the following recurring fair value measurements as of June 30, 2025:

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2025</u>				
	<u>Quoted Prices in</u>			
	<u>Active Markets</u>	<u>Significant Other</u>	<u>Significant</u>	
	<u>for Identical</u>	<u>Observable</u>	<u>Unobservable</u>	<u>Balance at</u>
	<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>	<u>June 30, 2025</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Investments by fair value level:				
Agency bonds	\$ -	\$ 623,240	\$ -	\$ 623,240
Asset-backed securities	-	330,193	-	330,193
Corporate bonds	-	2,282,005	-	2,282,005
ETF - Equity	171,280	-	-	171,280
ETF - Fixed income	174,891	-	-	174,891
Mutual funds - Equity	68,841,749	-	-	68,841,749
Stocks	31,940,262	-	-	31,940,262
Treasury bonds	2,528,289	-	-	2,528,289
Total	<u>\$ 103,656,471</u>	<u>\$ 3,235,438</u>	<u>\$ -</u>	106,891,909
Investments measured at NAV:				
Equity long/short hedge funds				18,841,857
Debt obligation hedge funds				2,762,877
Real estate funds				<u>10,598,784</u>
Total assets				<u>\$ 139,095,427</u>

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, and certain corporate bonds at June 30, 2025 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 valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table.

**Investments in Entities that Calculate Net Asset Value per Share**

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

**Note 15 - Fair Value Measurements (Continued)**

As of June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible
MERS Total Market Fund	\$ 6,229,003	\$ -	N/A
Equity long/short hedge funds	18,841,857	-	N/A
Debt obligation hedge funds	2,762,877	-	N/A
Real estate funds	10,598,784	-	N/A

The MERS Total Market Fund holds the investments for the retiree health care trust and is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide growth of income and capital appreciation while minimizing the volatility of capital markets.

MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

The equity long/short hedge fund class includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The debt obligation hedge fund class includes investments that focus primarily on debt obligations consisting of commercial mortgage loans, deeds of trust, and other real estate and/or debt-related investments. The fund's primary target investment is gap, transitional, or opportunistic financing. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate.

**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.

**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, 2025, the City abated \$76,062 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.

June 30, 2025

**Note 18 - Leases**

The City leases cameras from a third party. Payments are fixed monthly.

Future principal and interest payment requirements related to the City's lease liability at June 30, 2025 are as follows:

Year Ending	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2026	\$ 124,125	\$ 9,375	\$ 69,733	\$ 5,267
2027	128,540	4,960	72,213	2,787
2028	133,112	388	74,782	218

The City leases certain assets to third parties. The assets include office and retail spaces to tenants. Payments are generally fixed monthly with the exception of some leases having a provision where certain months' payments are not required.

During the year ended June 30, 2025, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 116,211
Interest income related to its leases	6,902

**Note 19 - Subscriptions**

The City obtains the right to use vendors' information technology software through various long-term contracts. Payments are fixed monthly.

Future principal and interest payment requirements related to the governmental activities' subscription liability at June 30, 2025 are as follows:

Years	Principal	Interest	Total
2026	\$ 410,870	\$ 61,554	\$ 472,424
2027	432,289	48,081	480,370
2028	396,447	34,771	431,218
2029	389,583	21,843	411,426
2030	241,540	12,392	253,932
Thereafter	255,764	4,455	260,219
Total	<u>\$ 2,126,493</u>	<u>\$ 183,096</u>	<u>\$ 2,309,589</u>

Future principal and interest payment requirements related to the City's golf fund subscription liability at June 30, 2025 are as follows:

Years	Principal	Interest	Total
2026	\$ 7,728	\$ 72	\$ 7,800

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## Required Supplementary Information

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Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 13,108,000	\$ 13,098,000	\$ 13,285,152	\$ 187,152
Charges for services	5,872,400	5,686,900	5,359,904	(326,996)
Intergovernmental	13,454,516	21,097,105	19,294,570	(1,802,535)
Licenses and permits	1,337,000	1,002,800	979,711	(23,089)
Fines and forfeitures	6,129,000	7,334,000	7,593,850	259,850
Rental income	1,718,388	1,893,581	1,631,697	(261,884)
Interest income	312,000	312,000	256,171	(55,829)
DMA/911 and other revenue	8,321,780	8,639,461	7,546,388	(1,093,073)
Total revenue	50,253,084	59,063,847	55,947,443	(3,116,404)
<b>Expenditures</b>				
Current services:				
General government	13,917,868	13,854,591	12,814,536	1,040,055
Employee benefits	4,893,200	5,426,906	5,370,738	56,168
Public safety	20,504,632	21,184,205	20,364,745	819,460
Public works and capital projects	5,231,830	5,271,323	5,190,851	80,472
Community development	581,070	586,770	387,783	198,987
Recreation and culture	3,879,030	5,633,838	4,309,595	1,324,243
Capital outlay	894,184	5,414,832	3,326,675	2,088,157
Debt service	99,211	99,211	99,210	1
Total expenditures	50,001,025	57,471,676	51,864,133	5,607,543
<b>Excess of Revenue Over Expenditures</b>	252,059	1,592,171	4,083,310	2,491,139
<b>Other Financing Uses - Transfers out</b>	(40,371)	(310,686)	(40,686)	270,000
<b>Net Change in Fund Balance</b>	211,688	1,281,485	4,042,624	2,761,139
<b>Fund Balance - Beginning of year</b>	22,681,749	22,681,749	22,681,749	-
<b>Fund Balance - End of year</b>	<u>\$ 22,893,437</u>	<u>\$ 23,963,234</u>	<u>\$ 26,724,373</u>	<u>\$ 2,761,139</u>

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

**Year Ended June 30, 2025**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 11,481,807	\$ 11,481,807	\$ 11,350,862	\$ (130,945)
Intergovernmental	165,000	165,000	118,570	(46,430)
Interest income	65,000	65,000	82,010	17,010
Total revenue	11,711,807	11,711,807	11,551,442	(160,365)
<b>Expenditures</b> - Current services - Employee benefits	11,711,807	11,711,807	11,493,583	218,224
<b>Net Change in Fund Balance</b>	-	-	57,859	57,859
<b>Fund Balance</b> - Beginning of year	953,901	953,901	953,901	-
<b>Fund Balance</b> - End of year	<u>\$ 953,901</u>	<u>\$ 953,901</u>	<u>\$ 1,011,760</u>	<u>\$ 57,859</u>

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

Last Ten Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 90,413	\$ 100,822	\$ 109,676	\$ 167,516	\$ 172,368	\$ 173,696	\$ 200,901	\$ 239,266	\$ 278,102	\$ 306,468
Interest	5,463,538	5,577,837	5,938,576	6,231,347	6,008,933	5,999,436	5,973,181	5,991,735	5,933,218	5,610,828
Differences between expected and actual experience	1,782,855	461,470	(5,715,463)	(1,799,819)	416,760	391,348	619,218	(216,865)	914,633	1,318,385
Changes in assumptions	-	1,670,490	(1,705,872)	3,677,263	2,736,561	(165,474)	(190,968)	27,101	-	3,166,569
Benefit payments, including refunds	(6,805,032)	(6,565,663)	(6,472,681)	(6,459,928)	(6,268,553)	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)
<b>Net Change in Total Pension Liability</b>	531,774	1,244,956	(7,845,764)	1,816,379	3,066,069	125,437	425,788	(521,964)	1,036,536	4,312,592
<b>Total Pension Liability - Beginning of year</b>	81,362,650	80,117,694	87,963,458	86,147,079	83,081,010	82,955,573	82,529,785	83,051,749	82,015,213	77,702,621
<b>Total Pension Liability - End of year</b>	<b>\$ 81,894,424</b>	<b>\$ 81,362,650</b>	<b>\$ 80,117,694</b>	<b>\$ 87,963,458</b>	<b>\$ 86,147,079</b>	<b>\$ 83,081,010</b>	<b>\$ 82,955,573</b>	<b>\$ 82,529,785</b>	<b>\$ 83,051,749</b>	<b>\$ 82,015,213</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 3,612,356	\$ 3,488,723	\$ 4,173,222	\$ 4,177,172	\$ 4,119,517	\$ 3,964,651	\$ 3,968,766	\$ 3,720,318	\$ 3,530,436	\$ 3,259,165
Contributions - Member	115,906	109,903	119,807	132,674	137,271	143,486	152,086	179,943	164,004	172,866
Contributions - Nonemployer contributing member	-	651,528	-	-	-	-	-	-	-	-
Net investment income (loss)	4,799,922	6,771,256	(6,542,020)	6,884,617	5,914,718	7,391,439	(1,650,303)	5,925,408	2,764,949	(115,718)
Administrative expenses	(39,811)	(30,114)	(38,519)	(57,767)	(51,099)	(103,703)	(54,571)	(121,699)	(65,781)	(206,733)
Benefit payments, including refunds	(6,805,032)	(6,565,663)	(6,472,681)	(6,459,928)	(6,268,553)	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)
Other	561,022	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	2,244,363	4,425,633	(8,760,191)	4,676,768	3,851,854	5,122,304	(3,760,566)	3,140,769	304,191	(2,980,078)
<b>Plan Fiduciary Net Position - Beginning of year</b>	47,394,669	42,969,036	51,729,227	47,052,459	43,200,605	38,078,301	41,838,867	38,698,098	38,393,907	41,373,985
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 49,639,032</b>	<b>\$ 47,394,669</b>	<b>\$ 42,969,036</b>	<b>\$ 51,729,227</b>	<b>\$ 47,052,459</b>	<b>\$ 43,200,605</b>	<b>\$ 38,078,301</b>	<b>\$ 41,838,867</b>	<b>\$ 38,698,098</b>	<b>\$ 38,393,907</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 32,255,392</b>	<b>\$ 33,967,981</b>	<b>\$ 37,148,658</b>	<b>\$ 36,234,231</b>	<b>\$ 39,094,620</b>	<b>\$ 39,880,405</b>	<b>\$ 44,877,272</b>	<b>\$ 40,690,918</b>	<b>\$ 44,353,651</b>	<b>\$ 43,621,306</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	60.61 %	58.25 %	53.63 %	58.81 %	54.62 %	52.00 %	45.90 %	50.70 %	46.60 %	46.81 %
<b>Covered Payroll</b>	\$ 1,828,459	\$ 2,420,292	\$ 2,303,292	\$ 2,772,886	\$ 2,905,323	\$ 2,985,903	\$ 3,049,120	\$ 2,645,503	\$ 3,092,088	\$ 3,405,502
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	1,764.08 %	1,403.47 %	1,612.85 %	1,306.73 %	1,345.62 %	1,335.62 %	1,471.81 %	1,538.12 %	1,434.42 %	1,280.91 %

See notes to required supplementary information.



Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios  
Police and Fire Retirement System

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service cost	\$ 1,083,242	\$ 1,565,729	\$ 2,091,187	\$ 2,166,067	\$ 2,407,238	\$ 2,512,993	\$ 2,925,390	\$ 3,255,908	\$ 4,313,576	\$ 2,270,877
Interest	14,435,989	14,522,051	14,340,497	13,920,384	13,973,333	13,866,097	13,796,825	11,833,236	11,363,200	11,979,040
Changes in benefit terms	-	-	190,473	359,534	-	-	-	-	-	-
Differences between expected and actual experience	1,425,702	3,349,882	3,388,755	5,656,642	(1,833,339)	739,394	(1,678,775)	4,074,016	(1,734,435)	474,915
Changes in assumptions	(417,790)	(256,891)	-	-	(578,810)	(2,356,054)	-	(35,517,503)	(13,993,367)	27,114,985
Benefit payments, including refunds	(17,184,341)	(17,300,338)	(16,662,200)	(15,803,956)	(14,712,901)	(14,142,901)	(13,612,691)	(13,528,538)	(12,501,524)	(11,811,553)
<b>Net Change in Total Pension Liability</b>	(657,198)	1,880,433	3,348,712	6,298,671	(744,479)	619,529	1,430,749	(29,882,881)	(12,552,550)	30,028,264
<b>Total Pension Liability - Beginning of year</b>	209,269,023	207,388,590	204,039,878	197,741,207	198,485,686	197,866,157	196,435,408	226,318,289	238,870,839	208,842,575
<b>Total Pension Liability - End of year</b>	<b>\$ 208,611,825</b>	<b>\$ 209,269,023</b>	<b>\$ 207,388,590</b>	<b>\$ 204,039,878</b>	<b>\$ 197,741,207</b>	<b>\$ 198,485,686</b>	<b>\$ 197,866,157</b>	<b>\$ 196,435,408</b>	<b>\$ 226,318,289</b>	<b>\$ 238,870,839</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 6,940,807	\$ 6,636,384	\$ 6,574,292	\$ 6,568,459	\$ 6,416,342	\$ 6,314,749	\$ 6,576,408	\$ 4,987,980	\$ 5,190,370	\$ 5,588,834
Contributions - Member	585,979	576,009	626,846	769,179	874,695	555,732	715,718	715,020	784,187	728,821
Net investment income (loss)	16,046,850	15,108,266	12,938,360	(16,008,593)	39,459,103	2,950,703	6,706,356	14,355,591	14,698,347	652,396
Administrative expenses	(68,508)	(88,995)	(81,683)	(72,955)	(123,283)	(113,863)	(120,429)	(65,886)	(72,618)	(108,612)
Benefit payments, including refunds	(17,184,341)	(17,300,338)	(16,662,200)	(15,803,956)	(14,712,901)	(14,142,901)	(13,612,691)	(13,528,538)	(12,501,524)	(11,811,553)
Other	7,910	270,436	(3,361)	40,118	(1,005)	4,408	121	227	52	104
<b>Net Change in Plan Fiduciary Net Position</b>	6,328,697	5,201,762	3,392,254	(24,507,748)	31,912,951	(4,431,172)	265,483	6,464,394	8,098,814	(4,950,010)
<b>Plan Fiduciary Net Position - Beginning of year</b>	140,778,947	135,577,185	132,184,931	156,692,679	124,779,728	129,210,900	128,945,417	122,481,023	114,382,209	119,332,219
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 147,107,644</b>	<b>\$ 140,778,947</b>	<b>\$ 135,577,185</b>	<b>\$ 132,184,931</b>	<b>\$ 156,692,679</b>	<b>\$ 124,779,728</b>	<b>\$ 129,210,900</b>	<b>\$ 128,945,417</b>	<b>\$ 122,481,023</b>	<b>\$ 114,382,209</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 61,504,181</b>	<b>\$ 68,490,076</b>	<b>\$ 71,811,405</b>	<b>\$ 71,854,947</b>	<b>\$ 41,048,528</b>	<b>\$ 73,705,958</b>	<b>\$ 68,655,257</b>	<b>\$ 67,489,991</b>	<b>\$ 103,837,266</b>	<b>\$ 124,488,630</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	70.52 %	67.27 %	65.37 %	64.78 %	79.24 %	62.87 %	65.30 %	65.64 %	54.12 %	47.88 %
<b>Covered Payroll</b>	\$ 6,162,885	\$ 6,282,167	\$ 6,051,154	\$ 8,196,459	\$ 8,404,265	\$ 8,291,531	\$ 8,316,625	\$ 8,898,318	\$ 8,050,037	\$ 9,360,386
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	997.98 %	1,090.23 %	1,186.74 %	876.66 %	488.42 %	888.93 %	825.52 %	758.46 %	1,289.90 %	1,329.95 %

Required Supplementary Information  
 Schedule of City Contributions  
 Police and Fire Retirement System

Last Ten Fiscal Years  
 Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 6,940,807	\$ 6,636,384	\$ 6,574,292	\$ 6,568,459	\$ 6,416,342	\$ 6,314,749	\$ 6,576,408	\$ 4,987,980	\$ 5,190,370	\$ 5,588,834
Contributions in relation to the actuarially determined contribution	6,940,807	6,636,384	6,574,292	6,568,459	6,416,342	6,314,749	6,576,408	4,987,980	5,190,370	5,588,834
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 6,162,885</b>	<b>\$ 6,282,167</b>	<b>\$ 6,051,154</b>	<b>\$ 8,196,459</b>	<b>\$ 8,404,265</b>	<b>\$ 8,291,531</b>	<b>\$ 8,316,625</b>	<b>\$ 8,898,318</b>	<b>\$ 8,050,037</b>	<b>\$ 9,360,386</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>112.62 %</b>	<b>105.64 %</b>	<b>108.65 %</b>	<b>80.14 %</b>	<b>76.35 %</b>	<b>76.16 %</b>	<b>79.08 %</b>	<b>56.06 %</b>	<b>64.48 %</b>	<b>59.71 %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which the contribution is 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	16 years as of June 30, 2023
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increase	3.00 - 8.00 percent, including inflation
Investment rate of return	7.25 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 with MP-2019

Required Supplementary Information  
Schedule of Pension Investment Returns  
Police and Fire Retirement System

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**Last Ten Fiscal Years  
Years Ended June 30**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return - Net of investment expense	11.73 %	11.80 %	10.20 %	(10.62)%	32.54 %	2.35 %	5.34 %	12.34 %	13.50 %	0.60 %

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

**Last Ten Years Ended June 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 6,581	\$ 12,359	\$ 16,440	\$ 18,544	\$ 30,623	\$ 34,564	\$ 34,236	\$ 33,767	\$ 40,596	\$ 38,483
Interest	328,715	324,017	319,541	332,742	320,160	319,549	312,534	299,716	287,968	263,413
Differences between expected and actual experience	54,080	77,143	38,674	(190,911)	(119,497)	(34,284)	(28,235)	54,099	30,322	95,801
Changes in assumptions	(5,601)	31,358	-	153,842	190,529	131,428	-	-	-	172,366
Benefit payments, including refunds	(342,581)	(323,397)	(298,362)	(269,410)	(231,018)	(231,018)	(231,018)	(224,155)	(193,111)	(135,684)
<b>Net Change in Total Pension Liability</b>	41,194	121,480	76,293	44,807	190,797	220,239	87,517	163,427	165,775	434,379
<b>Total Pension Liability - Beginning of year</b>	4,746,198	4,624,718	4,548,425	4,503,618	4,312,821	4,092,582	4,005,065	3,841,638	3,675,863	3,241,484
<b>Total Pension Liability - End of year</b>	<b>\$ 4,787,392</b>	<b>\$ 4,746,198</b>	<b>\$ 4,624,718</b>	<b>\$ 4,548,425</b>	<b>\$ 4,503,618</b>	<b>\$ 4,312,821</b>	<b>\$ 4,092,582</b>	<b>\$ 4,005,065</b>	<b>\$ 3,841,638</b>	<b>\$ 3,675,863</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 90,483	\$ 79,237	\$ 63,561	\$ 77,391	\$ 90,833	\$ 73,769	\$ 57,328	\$ 49,750	\$ 42,463	\$ 46,082
Contributions - Member	6,167	7,225	8,389	12,797	17,457	17,671	17,503	19,552	20,845	24,797
Net investment income (loss)	212,503	310,190	(378,968)	422,727	403,334	362,964	(112,834)	362,289	294,707	(40,969)
Administrative expenses	(6,228)	(6,462)	(7,147)	(5,025)	(5,832)	(6,248)	(5,700)	(5,748)	(5,821)	(5,997)
Benefit payments, including refunds	(342,581)	(323,397)	(298,362)	(269,410)	(231,018)	(231,018)	(231,018)	(224,155)	(193,111)	(135,684)
Other	-	-	-	(548)	(500)	(250)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	(39,656)	66,793	(612,527)	237,932	274,274	216,888	(274,721)	201,688	159,083	(111,771)
<b>Plan Fiduciary Net Position - Beginning of year</b>	2,904,135	2,837,342	3,449,869	3,211,937	2,937,663	2,720,775	2,995,496	2,793,808	2,634,725	2,746,496
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 2,864,479</b>	<b>\$ 2,904,135</b>	<b>\$ 2,837,342</b>	<b>\$ 3,449,869</b>	<b>\$ 3,211,937</b>	<b>\$ 2,937,663</b>	<b>\$ 2,720,775</b>	<b>\$ 2,995,496</b>	<b>\$ 2,793,808</b>	<b>\$ 2,634,725</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 1,922,913</b>	<b>\$ 1,842,063</b>	<b>\$ 1,787,376</b>	<b>\$ 1,098,556</b>	<b>\$ 1,291,681</b>	<b>\$ 1,375,158</b>	<b>\$ 1,371,807</b>	<b>\$ 1,009,569</b>	<b>\$ 1,047,830</b>	<b>\$ 1,041,138</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	59.83 %	61.19 %	61.35 %	75.85 %	71.32 %	68.11 %	66.48 %	74.79 %	72.72 %	71.68 %
<b>Covered Payroll</b>	\$ 59,558	\$ 118,155	\$ 157,019	\$ 193,565	\$ 312,475	\$ 353,413	\$ 350,057	\$ 348,110	\$ 419,817	\$ 403,805
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	3,228.64 %	1,559.02 %	1,138.32 %	567.54 %	413.37 %	389.11 %	391.88 %	290.01 %	249.59 %	257.83 %



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

Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service cost	\$ 696,289	\$ 599,257	\$ 567,799	\$ 417,432	\$ 494,473	\$ 893,637	\$ 3,705,380	\$ 4,136,989
Interest	8,400,923	7,930,107	7,758,543	6,960,780	9,083,551	11,124,998	10,543,165	10,324,168
Changes in benefit terms	-	-	-	9,547	-	-	-	-
Differences between expected and actual experience	10,017,105	2,137,294	2,871,777	4,809,139	(7,418,379)	(39,438,580)	(55,703,885)	(1,361,775)
Changes in assumptions	6,500,109	6,463,812	-	12,049,282	2,665,604	7,874,620	(88,984,720)	(2,765,110)
Benefit payments, including refunds	(9,621,983)	(8,966,151)	(8,597,418)	(7,936,704)	(7,250,975)	(8,389,421)	(8,742,467)	(9,016,012)
Miscellaneous other charges	-	7,226	-	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	<b>15,992,443</b>	<b>8,171,545</b>	<b>2,600,701</b>	<b>16,309,476</b>	<b>(2,425,726)</b>	<b>(27,934,746)</b>	<b>(139,182,527)</b>	<b>1,318,260</b>
<b>Total OPEB Liability - Beginning of year</b>	<b>125,259,554</b>	<b>117,088,009</b>	<b>114,487,308</b>	<b>98,177,832</b>	<b>126,645,254</b>	<b>154,580,000</b>	<b>293,762,527</b>	<b>292,444,267</b>
<b>Total OPEB Liability - End of year</b>	<b>\$ 141,251,997</b>	<b>\$ 125,259,554</b>	<b>\$ 117,088,009</b>	<b>\$ 114,487,308</b>	<b>\$ 124,219,528</b>	<b>\$ 126,645,254</b>	<b>\$ 154,580,000</b>	<b>\$ 293,762,527</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 9,876,983	\$ 9,221,151	\$ 8,852,418	\$ 8,191,704	\$ 7,505,975	\$ 8,644,421	\$ 11,742,467	\$ -
Net investment income (loss)	549,517	507,136	315,165	(370,483)	934,033	70,503	-	-
Administrative expenses	(12,404)	(10,822)	(8,185)	(8,076)	(6,876)	(5,505)	-	-
Benefit payments, including refunds	(9,621,983)	(8,966,151)	(8,597,418)	(7,936,704)	(7,250,975)	(8,389,421)	(8,742,467)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>792,113</b>	<b>751,314</b>	<b>561,980</b>	<b>(123,559)</b>	<b>1,182,157</b>	<b>319,998</b>	<b>3,000,000</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>5,691,890</b>	<b>4,940,576</b>	<b>4,378,596</b>	<b>4,502,155</b>	<b>3,319,998</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 6,484,003</b>	<b>\$ 5,691,890</b>	<b>\$ 4,940,576</b>	<b>\$ 4,378,596</b>	<b>\$ 4,502,155</b>	<b>\$ 3,319,998</b>	<b>\$ 3,000,000</b>	<b>\$ -</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 134,767,994</b>	<b>\$ 119,567,664</b>	<b>\$ 112,147,433</b>	<b>\$ 110,108,712</b>	<b>\$ 119,717,373</b>	<b>\$ 123,325,256</b>	<b>\$ 151,580,000</b>	<b>\$ 293,762,527</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	<b>4.59 %</b>	<b>4.54 %</b>	<b>4.22 %</b>	<b>3.82 %</b>	<b>3.62 %</b>	<b>2.62 %</b>	<b>1.94 %</b>	<b>- %</b>
<b>Covered Payroll</b>	<b>\$ 18,723,030</b>	<b>\$ 18,177,699</b>	<b>\$ 15,282,298</b>	<b>\$ 16,277,453</b>	<b>\$ 13,458,719</b>	<b>\$ 12,054,882</b>	<b>\$ 10,625,983</b>	<b>\$ 10,465,328</b>
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>719.80 %</b>	<b>657.77 %</b>	<b>733.84 %</b>	<b>676.45 %</b>	<b>889.52 %</b>	<b>1,023.03 %</b>	<b>1,426.50 %</b>	<b>2,807.01 %</b>

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

Restatement - The June 30, 2022 beginning net OPEB liability has been restated/reduced by \$26,041,696 to correct errors in the calculation of total OPEB liability made in prior years.

Required Supplementary Information  
Schedule of OPEB Contributions

	<b>Last Ten Fiscal Years</b>									
	<b>Years Ended June 30</b>									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 9,975,035	\$ 9,053,859	\$ 7,614,106	\$ 7,936,704	\$ 8,770,402	\$ 10,916,727	\$ 16,922,687	\$ -	\$ 17,992,359	\$ 17,751,739
Contributions in relation to the actuarially determined contribution	9,876,983	9,221,151	8,852,418	8,191,704	7,505,975	8,644,421	11,742,467	-	7,892,660	7,652,506
<b>Contribution (Deficiency) Excess</b>	<b>\$ (98,052)</b>	<b>\$ 167,292</b>	<b>\$ 1,238,312</b>	<b>\$ 255,000</b>	<b>\$ (1,264,427)</b>	<b>\$ (2,272,306)</b>	<b>\$ (5,180,220)</b>	<b>\$ -</b>	<b>\$ (10,099,699)</b>	<b>\$ (10,099,233)</b>
<b>Covered Payroll</b>	\$ 18,723,030	\$ 18,177,699	\$ 15,282,298	\$ 16,277,453	\$ 13,458,719	\$ 12,054,882	\$ 10,625,983	\$ -	\$ 11,720,401	\$ 11,720,401
<b>Contributions as a Percentage of Covered Payroll</b>	52.75 %	50.73 %	57.93 %	110.51 %	110.51 %	110.51 %	110.51 %	- %	67.34 %	65.29 %

**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	19 years
Asset valuation method	Market value
Inflation	2.50 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	3.00 percent
Investment rate of return	6.93 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Mortality Tables using Scale MP-2021

Required Supplementary Information  
Schedule of OPEB Investment Returns

	<b>Last Seven Fiscal Years</b>						
	<b>Years Ended June 30</b>						
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return - Net of investment expense	9.75 %	10.28 %	7.47 %	(8.23)%	28.12 %	2.32 %	3.09 %

Note: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2018. Therefore, 10-year trend information is not yet available.

**June 30, 2025**

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 and Transfers Out	Fund Balance
Amounts per operating statement	\$ 55,947,612	\$ 51,904,819	\$ 26,741,437
Tree Replacement Fund	(169)	-	(17,064)
Amounts per budget statement	<u>\$ 55,947,443</u>	<u>\$ 51,904,819</u>	<u>\$ 26,724,373</u>

**Pension Information**

**Changes in Assumptions**

*General Employees' Retirement System*

In 2023, the discount rate used to calculate the total pension, liability was decreased from 7.25 percent for the year ended December 31, 2022 to 7.00 percent for the year ended December 31, 2023.

In 2022, the discount rate used to calculate the total pension liability was increased from 7.00 percent for the year ended December 31, 2021 to 7.25 percent for the year ended December 31, 2022.

The discount rate decreased from 7.50 percent for the year ended December 31, 2020 to 7.0 percent for the year ended December 31, 2021. In addition, the mortality tables were updated from the Pub-2010 Mortality Tables Projected Generationally with Scale MP-2020 for the year ended December 31, 2020 to the Pub-2010 Mortality Tables Projected Generationally with Scale MP-2021 for the year ended December 31, 2021.

In 2020, the mortality rates were updated to be based on the Pub-2010 mortality tables.

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:

2025 - Discount rate was updated from 7.16 to 7.21 percent.

2024 - Discount rate was updated from 7.25 to 7.16 percent.

2022 - DROP provisions were added for members of the Taylor Professional Fire Fighters Association Local 1252 who earned 20 years of service on or before June 30, 2021. Retirement rates were updated to reflect the value of this change. In addition, a new tier of benefits was added for fire members hired on or after August 1, 2021.

2021 - Discount rate was updated from 7.22 to 7.25 percent. The assumed salary increases were updated from 0.00-6.50 percent to 5.00-8.00 percent.

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*

On February 12, 2025, the MERS retirement board adopted the results of an experience study covering the period from January 1, 2019 through December 31, 2023. The study examined recent experience and trends, with consideration for the COVID-19 pandemic. The study resulted in incremental assumption updates, with limited impact on employer contributions and funded status, for most employers when results are measured on the new assumption basis. The results of this study are reflected in the December 31, 2024 annual actuarial valuations.

For plans with the year ended December 31, 2023, the Municipal Employees' Retirement System dedicated gain policy, which went into effect December 31, 2021, is reflected in the reduction of the assumed rate of investment return and discount rate. The expected investment return assumption decreased from 7.25 percent to 7.18 percent (net of investment expenses and gross of administrative expenses).

In 2021, the mortality rates were updated to be based on the Pub-2010 mortality tables.

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***

**Changes in Assumptions**

In 2025, the health care trend rates begin at 8.00 percent declining by 0.25 percent per year until reaching 4.50 percent in 2040. In contrast, the prior valuation for 2024 assumed the same initial rates but declined at 0.50 percent per year, reaching 4.50 percent by 2033.

In 2024, the discount rate was updated to 6.93 percent from 7.00 percent. Additionally, the health care trend rate was updated to 8.00 percent, decreasing down to 4.50 percent, from 7.00 percent, decreasing down to 4.50 percent.

In 2022, the discount rate was updated to 7.00 percent from 7.35 percent.

In 2021, the inflation assumption was updated from 2.75 percent to 2.50 percent. In addition, the mortality rates were updated to be based on the Pub-2010 mortality tables.

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 were 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.

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## Supplementary Information

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# City of Taylor, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department
<b>Assets</b>							
Cash and investments	\$ 3,680,958	\$ 1,929,360	\$ 2,616,567	\$ 409,849	\$ 2,059,344	\$ 13,259	\$ 763,018
Receivables:							
Property taxes	-	-	-	-	-	-	-
Other	-	-	2,196,933	-	-	-	-
Due from other governmental units	979,583	353,077	-	-	14,937	36,755	-
Due from component units	-	-	-	-	-	-	-
Due from other funds	-	983,383	-	-	-	11,352	156,606
Prepaid expenses and other assets	-	-	-	-	-	-	7,886
Restricted assets	-	-	-	-	-	-	-
Properties held for resale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,660,541</b>	<b>\$ 3,265,820</b>	<b>\$ 4,813,500</b>	<b>\$ 409,849</b>	<b>\$ 2,074,281</b>	<b>\$ 61,366</b>	<b>\$ 927,510</b>
<b>Liabilities</b>							
Accounts payable	\$ 163,953	\$ 437,826	\$ 2,728,564	\$ -	\$ -	\$ 28,457	\$ 62,307
Due to other governmental units	-	-	-	-	-	-	-
Due to other funds	1,010,299	165,456	-	-	-	32,909	45,615
Accrued liabilities and other	-	-	-	-	-	-	15,155
<b>Total liabilities</b>	<b>1,174,252</b>	<b>603,282</b>	<b>2,728,564</b>	<b>-</b>	<b>-</b>	<b>61,366</b>	<b>123,077</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,937</b>	<b>36,755</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,174,252</b>	<b>603,282</b>	<b>2,728,564</b>	<b>-</b>	<b>14,937</b>	<b>98,121</b>	<b>123,077</b>
<b>Fund Balances (Deficit)</b>							
Nonspendable	-	-	-	-	-	-	7,886
Restricted:							
Roads	3,486,289	2,662,538	-	-	-	-	-
Drug forfeiture	-	-	2,084,936	409,849	2,059,344	-	-
Grants	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Special millages	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	796,547
Library	-	-	-	-	-	-	-
Opioid settlement	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(36,755)	-
<b>Total fund balances (deficit)</b>	<b>3,486,289</b>	<b>2,662,538</b>	<b>2,084,936</b>	<b>409,849</b>	<b>2,059,344</b>	<b>(36,755)</b>	<b>804,433</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 4,660,541</b>	<b>\$ 3,265,820</b>	<b>\$ 4,813,500</b>	<b>\$ 409,849</b>	<b>\$ 2,074,281</b>	<b>\$ 61,366</b>	<b>\$ 927,510</b>

Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2025

Special Revenue Funds							Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
DARE/ GREAT	Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	Opioid Settlement	Taylor Building Authority Debt	Road Capital Improvement	
\$ 3,373	\$ 24,392	\$ 2,861,848	\$ 1,391,049	\$ -	\$ 4,639,961	\$ -	\$ -	\$ -	\$ 20,392,978
-	-	3,993	1,225	-	6,959	-	-	-	12,177
-	-	75,000	118	-	201,264	-	-	-	2,473,315
-	-	152,726	108,127	53,116	20,419	814,427	-	-	2,533,167
-	-	-	-	-	3,935	-	-	-	3,935
-	-	311,026	67,186	1,964,286	577,053	388,346	-	-	4,459,238
-	-	117,645	-	-	-	-	-	-	125,531
-	-	-	-	-	-	-	-	1,287,886	1,287,886
-	103,275	-	-	-	-	-	-	-	103,275
<b>\$ 3,373</b>	<b>\$ 127,667</b>	<b>\$ 3,522,238</b>	<b>\$ 1,567,705</b>	<b>\$ 2,017,402</b>	<b>\$ 5,449,591</b>	<b>\$ 1,202,773</b>	<b>\$ -</b>	<b>\$ 1,287,886</b>	<b>\$ 31,391,502</b>
\$ -	\$ -	\$ 376,880	\$ 24,739	\$ 65,496	\$ 454,440	\$ -	\$ -	\$ 392,265	\$ 4,734,927
-	-	36,528	9,553	-	138,690	-	-	-	184,771
-	18,696	41,582	29,901	1,951,906	1,205,728	-	-	-	4,502,092
-	-	39,523	21,477	-	65,745	-	-	-	141,900
-	18,696	494,513	85,670	2,017,402	1,864,603	-	-	392,265	9,563,690
3,373	-	6,708	2,170	-	141,738	814,427	-	-	1,020,108
3,373	18,696	501,221	87,840	2,017,402	2,006,341	814,427	-	392,265	10,583,798
-	-	117,645	-	-	-	-	-	-	125,531
-	-	-	-	-	-	-	-	-	6,148,827
-	-	-	-	-	-	-	-	-	4,554,129
-	108,971	-	-	-	-	-	-	-	108,971
-	-	-	-	-	-	-	-	895,621	895,621
-	-	2,903,372	-	-	3,443,250	-	-	-	6,346,622
-	-	-	-	-	-	-	-	-	796,547
-	-	-	1,479,865	-	-	-	-	-	1,479,865
-	-	-	-	-	-	388,346	-	-	388,346
-	-	-	-	-	-	-	-	-	(36,755)
-	108,971	3,021,017	1,479,865	-	3,443,250	388,346	-	895,621	20,807,704
<b>\$ 3,373</b>	<b>\$ 127,667</b>	<b>\$ 3,522,238</b>	<b>\$ 1,567,705</b>	<b>\$ 2,017,402</b>	<b>\$ 5,449,591</b>	<b>\$ 1,202,773</b>	<b>\$ -</b>	<b>\$ 1,287,886</b>	<b>\$ 31,391,502</b>

# City of Taylor, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Intergovernmental:							
Federal grants	-	-	-	-	110,412	366,870	-
State-shared revenue and grants	6,162,770	2,215,070	1,649,850	-	-	-	-
Licenses and permits	-	-	-	-	-	-	2,863,308
Fines and forfeitures	-	-	-	-	-	-	-
Interest income	69,097	15,266	5,844	4,156	45,401	-	10,065
DMA/911 and other revenue	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>6,231,867</b>	<b>2,230,336</b>	<b>1,655,694</b>	<b>4,156</b>	<b>155,813</b>	<b>366,870</b>	<b>2,873,373</b>
<b>Expenditures</b>							
Current services:							
General government	-	-	-	-	-	-	-
Public safety	-	-	55,011	14,323	-	-	-
Public works and capital projects	1,625,162	3,835,029	-	-	-	-	2,423,606
Community development	-	-	-	-	-	388,828	-
Recreation and culture	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	44,386	-	-
Debt service	1,281,000	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,906,162</b>	<b>3,835,029</b>	<b>55,011</b>	<b>14,323</b>	<b>44,386</b>	<b>388,828</b>	<b>2,423,606</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>3,325,705</b>	<b>(1,604,693)</b>	<b>1,600,683</b>	<b>(10,167)</b>	<b>111,427</b>	<b>(21,958)</b>	<b>449,767</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	3,081,385	-	-	-	-	-
Transfers out	(3,081,385)	-	-	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>(3,081,385)</b>	<b>3,081,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>244,320</b>	<b>1,476,692</b>	<b>1,600,683</b>	<b>(10,167)</b>	<b>111,427</b>	<b>(21,958)</b>	<b>449,767</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>3,241,969</b>	<b>1,185,846</b>	<b>484,253</b>	<b>420,016</b>	<b>1,947,917</b>	<b>(14,797)</b>	<b>354,666</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 3,486,289</b>	<b>\$ 2,662,538</b>	<b>\$ 2,084,936</b>	<b>\$ 409,849</b>	<b>\$ 2,059,344</b>	<b>\$ (36,755)</b>	<b>\$ 804,433</b>

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

**Year Ended June 30, 2025**

Special Revenue Funds							Debt Service Fund	Capital Project Fund	
DARE/ GREAT	Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	Opioid Settlement	Taylor Building Authority Debt	Road Capital Improvement	Total
\$ -	\$ -	\$ 4,481,047	\$ 1,237,390	\$ -	\$ 6,593,209	\$ -	\$ -	\$ -	\$ 12,311,646
-	-	-	-	-	1,276,770	-	-	-	1,276,770
-	-	-	-	-	-	-	-	-	477,282
-	-	255,074	181,222	395,568	132,474	79,140	-	-	11,071,168
-	-	-	-	-	-	-	-	-	2,863,308
-	-	-	25,526	-	-	-	-	-	25,526
-	-	86,512	36,761	-	218,195	-	-	46,184	537,481
-	-	300,668	-	-	3	-	-	-	300,671
-	-	5,123,301	1,480,899	395,568	8,220,651	79,140	-	46,184	28,863,852
-	-	-	-	422,251	-	-	-	-	422,251
-	-	-	-	-	-	-	-	-	69,334
-	-	2,013,375	-	-	7,611,418	-	-	1,757,231	19,265,821
-	3,280	-	-	-	-	-	-	-	392,108
-	-	-	1,160,506	-	-	-	-	-	1,160,506
-	-	1,665,619	7,367	-	662,533	-	-	-	2,379,905
-	-	-	-	-	-	-	540,657	-	1,821,657
-	3,280	3,678,994	1,167,873	422,251	8,273,951	-	540,657	1,757,231	25,511,582
-	(3,280)	1,444,307	313,026	(26,683)	(53,300)	79,140	(540,657)	(1,711,047)	3,352,270
-	-	-	-	40,686	-	-	540,657	-	3,662,728
-	-	(540,657)	-	-	-	-	-	-	(3,622,042)
-	-	(540,657)	-	40,686	-	-	540,657	-	40,686
-	(3,280)	903,650	313,026	14,003	(53,300)	79,140	-	(1,711,047)	3,392,956
-	112,251	2,117,367	1,166,839	(14,003)	3,496,550	309,206	-	2,606,668	17,414,748
<b>\$ -</b>	<b>\$ 108,971</b>	<b>\$ 3,021,017</b>	<b>\$ 1,479,865</b>	<b>\$ -</b>	<b>\$ 3,443,250</b>	<b>\$ 388,346</b>	<b>\$ -</b>	<b>\$ 895,621</b>	<b>\$ 20,807,704</b>

Supplementary Information  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2025

	Pension and Other Employee Benefit Trust Funds			Custodial Funds			Total Fiduciary Funds
	Police and Fire Retirement System	OPEB Trust	Total	Tax Receiving	23rd District Court	Total	
<b>Assets</b>							
Cash and cash equivalents	\$ 7,842,014	\$ -	\$ 7,842,014	\$ 2,115,092	\$ 1,100,360	\$ 3,215,452	\$ 11,057,466
Investments:							
Pooled investments	-	6,229,003	6,229,003	-	-	-	6,229,003
U.S. government securities	2,528,289	-	2,528,289	-	-	-	2,528,289
Agency securities	623,240	-	623,240	-	-	-	623,240
Common and preferred stocks	31,940,262	-	31,940,262	-	-	-	31,940,262
Corporate bonds	2,612,198	-	2,612,198	-	-	-	2,612,198
Mutual funds	69,187,920	-	69,187,920	-	-	-	69,187,920
Partnerships	32,203,518	-	32,203,518	-	-	-	32,203,518
Receivables	170,204	255,000	425,204	381,879	-	381,879	807,083
Total assets	147,107,645	6,484,003	153,591,648	2,496,971	1,100,360	3,597,331	157,188,979
<b>Liabilities</b>							
Due to other governmental units	-	-	-	1,709,313	989,509	2,698,822	2,698,822
Other current liabilities	-	-	-	787,658	110,851	898,509	898,509
Total liabilities	-	-	-	2,496,971	1,100,360	3,597,331	3,597,331
<b>Net Position</b>							
Restricted:							
Pension	147,107,645	-	147,107,645	-	-	-	147,107,645
Postemployment benefits other than pension	-	6,484,003	6,484,003	-	-	-	6,484,003
Total net position	<b>\$ 147,107,645</b>	<b>\$ 6,484,003</b>	<b>\$ 153,591,648</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 153,591,648</b>

Supplementary Information  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

**Year Ended June 30, 2025**

	Pension and Other Employee Benefit Trust Funds			Custodial Funds			Total Fiduciary Funds
	Police and Fire Retirement System	OPEB Trust	Total	Tax Receiving	23rd District Court	Total	
<b>Additions</b>							
Investment income (loss):							
Interest and dividends	\$ 4,151,246	\$ -	\$ 4,151,246	\$ -	\$ -	\$ -	\$ 4,151,246
Net increase in fair value of investments	12,216,324	549,517	12,765,841	-	-	-	12,765,841
Investment costs	(312,809)	-	(312,809)	-	-	-	(312,809)
Net investment income	16,054,761	549,517	16,604,278	-	-	-	16,604,278
Contributions:							
Employer contributions	6,940,807	9,876,983	16,817,790	-	-	-	16,817,790
Employee contributions	585,979	-	585,979	-	-	-	585,979
Total contributions	7,526,786	9,876,983	17,403,769	-	-	-	17,403,769
Property tax collections for other governments	-	-	-	51,505,715	-	51,505,715	51,505,715
Fines and fees	-	-	-	-	1,089,149	1,089,149	1,089,149
Total additions	23,581,547	10,426,500	34,008,047	51,505,715	1,089,149	52,594,864	86,602,911
<b>Deductions</b>							
Benefit payments	17,184,341	9,621,983	26,806,324	-	-	-	26,806,324
Administrative expenses	68,510	12,404	80,914	-	-	-	80,914
Tax distributions to other governments	-	-	-	51,505,715	-	51,505,715	51,505,715
Disbursements to State	-	-	-	-	738,243	738,243	738,243
Disbursements to county	-	-	-	-	350,906	350,906	350,906
Total deductions	17,252,851	9,634,387	26,887,238	51,505,715	1,089,149	52,594,864	79,482,102
<b>Net Increase in Fiduciary Net Position</b>	6,328,696	792,113	7,120,809	-	-	-	7,120,809
<b>Net Position - Beginning of year</b>	140,778,949	5,691,890	146,470,839	-	-	-	146,470,839
<b>Net Position - End of year</b>	<b>\$ 147,107,645</b>	<b>\$ 6,484,003</b>	<b>\$ 153,591,648</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 153,591,648</b>