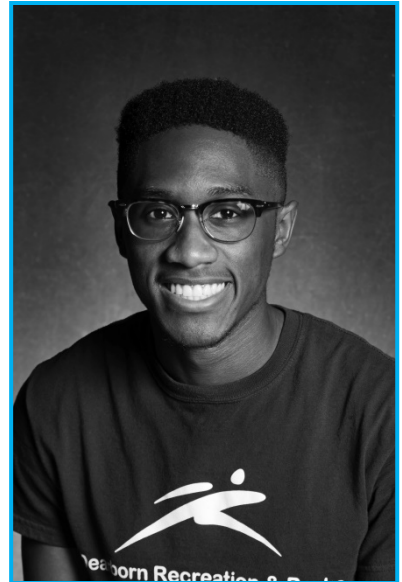
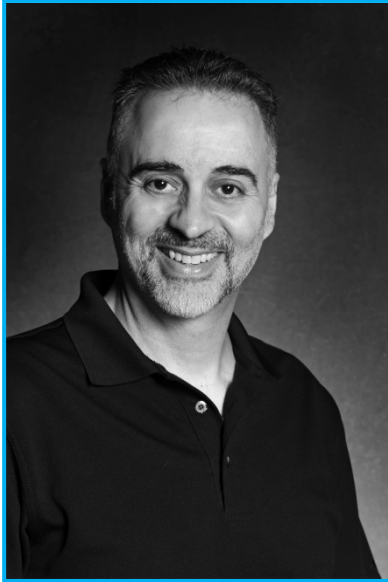




CITY of DEARBORN

Michigan

Comprehensive Annual Financial Report For the Year Ended June 30, 2020



We Are Dearborn

CITY OF DEARBORN, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

MAYOR

John B. O'Reilly, Jr.

CITY COUNCIL

Council President

Susan A. Dabaja

Council President Pro-Tem

Michael T. Sareini

Council Members

David Bazy

Robert A. Abraham

Erin K. Byrnes

Leslie C. Herrick

Brian C. O'Donnell

Ginger Burke-Miller

Finance Director/Treasurer

City of Dearborn, Michigan

Wayne County, Michigan

Comprehensive Annual Financial Report with Supplemental Information June 30, 2020

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CITY OF DEARBORN

Home Town of Henry Ford

Ginger Burke-Miller
Finance Director/Treasurer

DEPARTMENT OF FINANCE ACCOUNTING DIVISION

JOHN B. O'REILLY, JR.
MAYOR

November 17, 2020

Honorable Mayor, John B. O'Reilly Jr.,
Members of the City Council, and
Citizens of the City of Dearborn:

The Comprehensive Annual Financial Report (CAFR) of the City of Dearborn, for the fiscal year ended June 30, 2020, is submitted with this letter. The City's Finance Department prepared this report pursuant to requirements of both the City Charter and Michigan law, and also to comply with continuing disclosure requirements for outstanding bonds.

This letter is designed to complement the Management Discussion & Analysis (MD&A) as required by Generally Accepted Accounting Principles and the Governmental Accounting Standards Board (GASB) Statement No. 34. This letter should be read in conjunction with the complementary MD&A.

MANAGEMENT REPRESENTATIONS

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management.

We believe that the financial information, as presented:

- ◆ is accurate in all material aspects
- ◆ is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by the financial activity of its various funds
- ◆ includes all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs

Management has reviewed and approved the financial statements, supplementary financial information, and related notes prior to their issuance and has accepted responsibility for the adequacy of the financial statements.

ACCOUNTING SYSTEM INTERNAL CONTROL STRUCTURE

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ◆ the safeguarding of assets against loss from unauthorized use or disposition
- ◆ the reliability of financial records for preparing financial statements and maintaining accountability for assets

The concept of reasonable assurance recognizes that:

- ◆ the cost of a control should not exceed the benefits likely to be derived
- ◆ the evaluation of costs and benefits requires estimates and judgments by management

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Internal controls are reviewed on an ongoing basis by staff and consultants with processes and procedures updated.

INDEPENDENT AUDIT

State of Michigan statutes and the City Charter require that an independent audit be made of the City's financial statements. In addition, the City is required to undergo an annual single audit of its federal financial assistance in conformity with the provisions of the Single Audit Act of 1984 and the United States Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Plante & Moran, PLLC, whose reports are included, has performed the independent audit for fiscal year 2020.

FORM OF GOVERNMENT/CITY PROFILE

The City of Dearborn is located in southeast Michigan and borders the City of Detroit to the east. The 2010 census reported a population of 98,146, and current estimates indicate the population is growing. Superior public services and facilities, a well-established employment base, proximity to Detroit and other affluent suburbs, Detroit Metropolitan Airport, and transportation systems, make Dearborn a desirable community in southeast Michigan for families and businesses.

The present City of Dearborn was incorporated in 1929, consolidating the former cities of Fordson and Dearborn. The City operates under a strong mayor, weak council form of government. Its most recent charter was adopted November 6, 2007 and was effective January 1, 2008. The City is incorporated under Michigan law as a home rule city.

Elected officials are comprised of the Mayor, City Clerk, and seven Council members who are elected at large. All terms of office are four years. Department Directors and the Chief of Staff are appointed by, and serve at the pleasure of, the Mayor with the exception of the Human Resource (Civil Service) Director, who is appointed by the respective commission, and the Library Director who is appointed by the Library Commission. Corporation Counsel is appointed by the Mayor, subject to confirmation by the City Council. The Mayor is responsible for administration of all departments and functions of the City government not under the jurisdiction of any other elected official or commission. The City Clerk has duties related to keeping the public records. City Council is led by a Council President being the member receiving the highest number of votes in the last general election. The Council is responsible for all legislative matters including adoption of the annual budget.

Mayor John B. O'Reilly, Jr. and the Council of the City of Dearborn are responsive to the community. Challenges are identified, openly communicated, and action is planned and taken. Mayor O'Reilly served as Council President and was a Council member for total service of seventeen years prior to swearing in as Mayor December 12, 2006. He is very knowledgeable about the internal operations and the community history. The citizens have a clear preference for continuity in leadership that enables Dearborn to build and maintain a premium level of public services.

GENERAL GOVERNMENT

The City of Dearborn is a full-service government. The Mayor, the City Clerk and City Council have department designations. Public Safety departments include Police, and Fire and Rescue.

Property Maintenance & Development Services performs the building permit and inspection work of the public safety function in addition to other core duties. The City includes the 19th District Court with the City serving as the funding unit for this State judicial operation. The Department of Public Works manages the infrastructure projects and general repair and maintenance of City property.

Culture and Recreation encompasses a main library and two branch libraries, a Historical Museum and a robust Recreation Department including neighborhood parks, several large community parks, a dual ice surface arena and the Ford Community & Performing Arts Center. The Recreation Department operates the 18-hole Robert Herndon Dearborn Hills Golf Course within the city limits, as well as the 27-hole Mystic Creek Golf Course within the 626-acre Camp Dearborn Park that is located in Milford, Michigan.

The City has a separate Economic & Community Development department inclusive of the Housing program. Legal, Finance, Human Resources, Telecommunications, Assessment, and Public Information function as support-type departments. The City of Dearborn is a medium-sized community, but in many respects operates similar to a large community due to the presence of Ford Motor Company and the corresponding business environment.

PROPRIETARY TYPE OPERATIONS

The City operates the water and sewer utilities. The City relies on and compensates the Great Lakes Water Authority for providing clean water and for sewage treatment. The City is responsible for complying with the federally mandated reduction in sewer overflows to the Rouge River. This mandate has resulted in substantial capital and operating costs to the community for the construction of enhanced sewer infrastructure. Retention facilities and sewer separation have both been employed depending on the service area. The waterways will be cleaner and the secondary benefit to the community is new water and sewer lines, and new roadways in the construction areas.

The 2004 Voted Combined Sewer Overflow (CSO) Debt Authority of \$314 million was fully issued with the final debt issuance in December 2017. An additional \$60 million of CSO Debt Authority was approved at the August 2018 election, with a \$23 million Unlimited Tax General Obligation (UTGO) bond issued in September 2018. The remaining \$37 million UTGO bond issue is expected in Spring 2021 to complete the CSO projects.

The Housing operation manages five retirement buildings with two City-owned and three owned by the Housing Commission under the Federal program.

A group of internal service funds are operated for asset or risk management. In addition, the Management Information Systems department and the Public Works-Building Services operations are accounted for in the internal service funds with allocations to the various user departments.

FIDUCIARY FUND TYPE OPERATIONS

The City operates three pension trust funds, including two for police and fire personnel and a third for general full-time personnel. All three pension systems were closed with the following operation durations: Policemen and Firemen April 1, 1943 to July 1, 1956, Revised Police and Fire July 1, 1956 to July 1, 2005 (Police) and May 1, 2009 (Fire), General Employees July 1, 1951 through January 1 or July 1, 2002 depending on the labor group.

City Council approves the plans for Chapter 21 (Police & Fire) and Post Employment Healthcare (PEHC), while the plans for the Chapter 22 (General) and Chapter 23 (Revised Police & Fire), are approved by the Pension Boards.

Two bonds were issued in 2018 to partially fund the Chapter 22 Pension and PEHC liabilities. A Limited Tax General Obligation Bond (LTGO) was issued in September 2018 for the Pension liabilities, while a LTGO was issued in December 2018 for the PEHC. These two bonds funded the liabilities at 86% and 49%, respectively.

Beginning in April 2009 police and fire new-hires have the option to participate in the Municipal Employees Retirement System (MERS) defined benefit program, which is a state-wide program.

All full-time personnel not covered by one of these pension plans participate in the defined contribution plan.

COMPONENT UNITS

The City currently has six component units included in this section of the report. The East and West Dearborn Downtown Development Authorities (EDDDA and WDDDA) account for monies from tax increment financing districts under each authority's jurisdiction. These resources are being accumulated to pay debt service and to fund future redevelopment of both the East and West Dearborn Business Districts. The Dix-Vernor and Warren Avenue District Improvement Authorities operate in a similar method, and have completed their third year of operation this fiscal year.

The Brownfield Redevelopment Authority was created to account for the redevelopment of environmentally contaminated and other under-utilized property sites within the City. The Economic Development Corporation (EDC) of Dearborn was created to encourage economic development primarily through the issuance of tax-exempt financing.

BUDGET CONTROLS

The City's budget is prepared in compliance with uniform budgeting provisions of Michigan law for all governmental fund types and in conformity with generally accepted accounting principles (modified accrual basis of accounting). The proposed annual budget is delivered to City Council no later than April 15th, and must be adopted no later than June 13th. Budgets are adopted for all governmental and proprietary funds, and for required trust funds. Appropriations are predominantly controlled at the department level (General fund), project level (Capital Improvement fund), or fund level (all other funds), as appropriate. Appropriations lapse at fiscal year-end except for the portion related to grant- or project-life appropriations, and those amounts approved for carry-forward by the City Council.

Development and Progress

Downtown Development

In addition to the adaptive reuse of the historic City Hall as the Artspace project in the East Downtown District, the West Downtown District has begun to re-emerge as a center for tourism and entertainment. This district was plagued with property ownership issues and failed development proposals associated with the 2008-10 economic recession. Unfortunately, it has taken nearly five years for all of the litigation issues to be resolved, but now substantial reinvestment interest has occurred in various properties in this district with various new businesses opened. A new hotel, several restaurants, a micro-brewery, and some retailers are included in the mix. Additional development is being planned in and near this district in anticipation of surrounding investments at Ford DCT and the Dingell Transit Center.

The most substantial downtown investment completed in 2019/2020 is the Wagner Place and adjoining buildings. This project is a signature redevelopment led by Ford Motor Land Development Corporation (Ford Land). This group of buildings is to create a downtown

environment that will be an attractive for recruiting additional development and redevelopment in West Downtown, while being a focus for dining and entertainment in Dearborn.

Approximately 75% of Wagner Place ground floor retail is occupied now with a mix of businesses from a variety of restaurants, women's retail, and fitness facilities. The Wagner Place project also catalyzed other reinvestments and development in the area along Michigan Avenue.

The City of Dearborn has built three parking decks, with a total of nearly 1200 parking spaces within easy walking distance to support this development in West Downtown. The City is also making significant related investments in streetscape and infrastructure improvements that are underway and nearing completion on the North Connector Streets of Howard, Mason, and Monroe, bringing forth improved walkability, lighting and multi-modal access. This project will continue the transformation of the district and catalyze other investments to broaden the options for people to live, work, and play in this downtown district.

The adoption of Form-Based Codes (FBC) in the West Downtown District, which took place in April 2019, is a major advancement in encouraging downtown development and incorporates quality urban design and pedestrian friendly streetscapes and frontages. The FBC has permitted streamlined reviews and approvals for occupancy and permit applications, eliminating the typical 2-3 public hearings that would have previously been required for most changes of use and renovations. Minor issues related to the urban general storefront designation and how far it extends down side streets are under review for potential amendments to refine the code further.

Corridor Activity

In the Warren Corridor a new mural is under design and construction, with installation due in October. Additionally, a Gateway Arch is also under development with a fall installation planned expected. The mural and arch will be signature elements of the Warren Avenue business area that represent the strong Arab-American culture of Dearborn the designation of the corridor as "The Souk" in Dearborn.

The Dix-Vernor Corridor is working on development of a new public plaza at the junction of Dix & Vernor with assistance from Dearborn Parks and Recreation and the Wayne County Parks Department. The public plaza will provide a place to gather and relax in the midst of a growing and reemerging Dearborn South End.

Branding and Communications

The new Dearborn brand story and design has been completed over this past year, firmly providing the Dearborn messaging that represents Dearborn's assets and values. A communications campaign and production of marketing materials will begin in 2020, with an overall investment of \$440,000.

Ford Motor Company Corporate, Research, and Manufacturing Facilities

As the international home of Ford Motor Company, Ford has a significant presence in Dearborn, including the Ford World Headquarters, Regent Court Marketing Center, and the Research and Engineering complex combining to represent the heart of the corporate operation. Additionally, the Rouge Complex, also located in Dearborn, is competitive with the most advanced manufacturing plants in the world.

Ford is moving forward on a substantial re-imagining of its corporate facilities in Dearborn, which will result in several thousand additional jobs being added and consolidated at these centers of administration, creativity, design, and engineering capabilities. Plans were originally unveiled in 2016 to redevelop the research and engineering campus over the next ten years with an

estimated investment of \$1.2 billion. Ford underwent a rethinking of the campus redevelopment in 2019 and announced a new scheme that is very forward thinking in urban design and workplace environment intended to attract creative and innovative designers and engineers to help move Ford forward as a mobility company, not just an automaker. Ford expects to invest approximately \$2.0 billion over 12 years in the campus and headquarters redevelopment.

This redevelopment plan illustrates a continued commitment to maintaining Dearborn as Ford's home. The plan includes renovation of 7.5 million square feet of work space, studios, and labs with 4.5 million for research and development. The campuses will be environmentally sustainable with strong commitments to eliminating surface parking and creating significant open space features for beautiful campus experiences. Advanced energy management, geothermal and solar energy systems, and a zero-carbon footprint center will highlight the company's ongoing commitment to match its green philosophy with transportation/mobility needs. The project will have significant overlapping positive impacts on the community as well as property values.

In addition to its administrative and research facilities, Ford is making a significant investment in the development of a new Rouge assembly plant for the production of the next generation of Ford's most popular vehicle, the aluminum F-150 pickup truck. Ford is investing over \$500 million in the Rouge assembly plant.

Dearborn Intermodal Passenger Rail Station – A federal grant of \$27.3 million has positioned Dearborn to be a regional leader in rail transit for the Detroit Metro area as high speed and commuter services are developed. This station, known as the Dingell Transit Center, is strategically connected to the West Dearborn Downtown District, The Henry Ford Museum of American innovation, and the Rouge Gateway Greenway trail, linking Dearborn destinations to the region for non-motorized travel. The Michigan Department of Transportation (MDOT) acquired the rail corridor between Dearborn and Kalamazoo in December of 2012 and is investing in corridor upgrades for accelerated rail service between Detroit and Chicago. The new Dearborn station became operational in December of 2014, with higher speed service beginning in 2020. The service improvements to the corridor will offer 110 mph service between Detroit and Chicago, bringing the travel time to four hours or less. The Dearborn station will also be an important location on the Ann Arbor to Detroit commuter line (coming in 2021), moving metro Detroiters effortlessly via rail to their multiple destinations throughout the region. Planning for Transit Oriented Development (TOD) around the new station is occurring with the City and critical partners that include Ford Land, The Henry Ford, the West Downtown Development Authority and The University of Michigan-Dearborn. With Ford Motor Company purchasing the former Michigan Central Train Station in Detroit's Corktown District, there may also be a great regional rail connectivity option to link this acquisition with talent centers in Dearborn and Ann Arbor.

Multi-Modal Plan – Another important initiative recommended in the Master Plan was the formulation of a citywide Multi-Modal Plan for Dearborn. A consultant has been retained and a steering committee formed for this effort. Many public meetings and discussions have occurred since the beginning of 2018. Multi-modal planning examines a variety of subjects that include non-motorized systems, transit, shuttles, new technologies, autonomous vehicles and many mobility options for residents of and visitors to the Dearborn community. This plan will result in short- and long-term improvements that will range from simple solutions like bike lanes painted on roads, to complex transit and technology options that cost millions and interface with regional and statewide systems. In 2019, a draft plan had been created, with adoption occurring on October 6, 2020.

Community Development and Business Support During COVID-19

The COVID-19 pandemic has been the most significant impact to Dearborn over the past year. It has been both a public health and economic crisis that has led to the suffering of businesses, households, families, and individuals throughout Dearborn. As a result, community development

activity in Dearborn has most recently focused on issues related to the COVID-19 outbreak. The City is fortunate to have received a special allocation of CDBG funds via the Coronavirus Aid, Relief, and Economic Security Act (CARES). The US Department of Housing and Urban Development awarded the City of Dearborn \$1,149,371 in Community Development Block Grant (CDBG-CV) funds which must be used to respond to the effects of COVID-19. This is being combined with other CDBG funds to support the community in the following ways:

- Direct Small Business Relief Grants - \$1,300,000

Direct financial assistance to small businesses by providing short-term working and/or operating capital assistance to support the sustainability of the small business and to support the retention of jobs held by extremely low-income, low-income, and moderately-low income persons.

- Public Service Subsistence Payments - \$400,000

This public service activity includes one-time or short-term (no more than 3 months) emergency payments for food, utility, or rent/mortgage made directly to the service providers for households whose income has been significantly affected by COVID-19 due to job loss, medical costs for COVID-19 care, or other qualifying activity.

- Public Services Senior Services - \$20,000

One-for-one match support to the United Way Foundation grant the City received for a COVID-19 Senior Care Package assistance program.

Additionally, through collaborative efforts of the City, DDDAs, Chambers, and ACCESS, 60 small businesses in Dearborn were provided grants ranging from \$1500-\$5000 to provide them immediate capital in the wake of COVID-19. The New Economy Initiative (NEI) provided a total of \$150,000 towards small business relief.

Most recently, the City has enacted special provisions to support businesses throughout Dearborn that, even in reopening after the COVID-19 restrictions, will be subject to capacity limitations due to the need for social distancing. The City is temporarily suspending certain aspects of the zoning ordinance, expediting permits, waiving permit fees, and opening publicly-owned property and rights-of-way to allow for outdoor dining, retail sales, and service provision. Though it is temporary, it is also being viewed as a pilot project that will inform City policy-making for permanent changes in the future.

2020 Census

The Census 2020 is a significant campaign for the City, as it influences so many aspects of our civic infrastructure. Maximizing the count of residents in Dearborn is critical to Federal funding the City receives and representation at the State and Federal levels. The City team for the Census campaign worked with the U.S. Census and many local partners to encourage residents to participate and complete Census forms. We hosted regional Census training, and took part in 14 educational panels at various mosques, in person events, and ZOOM events. COVID-19 made a huge impact as we had to restructure the entire campaign plan. Scheduled events were cancelled, plans for canvassing were halted, and everything went virtual. We received a grant from the Michigan Municipal League (MML) for \$40,000 that helped the City quickly re-envision the structure and implementation of the Complete Count campaign. It went from an expected in-person approach to a robust social media campaign that spanned six weeks. At the end of the 6-week period, our reporting numbers were above the average of local municipalities, the County, the State, and the Federal reports. At the end of the 6-week period, 7 of 10 Census tracts were already reporting higher than 2010 in East Dearborn and the South End was on its way to surpassing 2010 reporting numbers as well. The Census deadline has been pushed back to the end

of October due to Covid-19. We are continuing our work as we engage our Complete Count Committee, the community, and participate in various endeavors to help get out the count.

Additional Information – In a coordinated effort by the Mayor and the Community Task Force, the City of Dearborn voters renewed in August 2016 a supplemental 3.5 operating millage for five years, to sunset after fiscal year 2022. In the November 2011 election, City of Dearborn voters approved two ballot proposals, an operating millage Charter increase of 3.5 mills, and to establish 1.0 mill for the Library. The millage proposals are consistent with the 2010 Community Task Force recommendations, which consisted of a diverse set of resident and business community representatives.

For the past year ending June 30, 2020, the City's General Fund actual result reflected a greater use of reserves than the amended budget as reflected below (in millions). For fiscal year 2020, the use of reserve balance mainly represents a strategic decision in capital LED Street lighting conversion of \$1.280M to take full advantage of expiring rebate incentives and future operational cost savings. Additionally, the actual results did experience shortfalls within revenues and decreased expenditures as relating to closures and stay home orders for Covid-19.

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
2019-2020	\$1.098	(.199)	(\$1.383)	Reserve Use

AWARDS

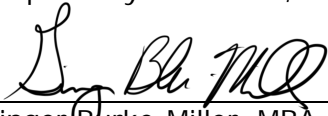
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dearborn for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfies both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Appreciation is extended to the elected officials, department directors and other employees responsible for contributing to the sound financial position of the City. In particular, we acknowledge the special efforts of the entire Finance department staff.

Respectfully submitted,



Ginger Burke-Miller, MBA, CPA, CPM, CPFIM
Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dearborn
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF DEARBORN MISSION STATEMENT

PREAMBLE

Dearborn has a reputation for providing outstanding public service. For over 80 years, Dearborn citizens have benefited from a public service philosophy that has placed their well-being ahead of all other priorities. Today, because of this philosophy, providing outstanding public service is no longer a goal; it's a standard. This standard makes Dearborn a unique and special place to live and work.

Dearborn citizens have responded with a deep sense of loyalty and devotion to the City. They possess a fierce pride in its reputation and are confident in the City's ability to prosper in the future.

MISSION

Our mission is to deliver superior public service and earn the public's trust every day in everything we do.

GUIDING PRINCIPLES

Dearborn citizens can expect:

The City's total commitment to provide the best possible service

Respect and courtesy

Fair and consistent treatment

Cooperation and honesty

Open communication and easy accessibility

Our constant readiness to help

City employees can expect:

Trust, respect, honesty, and fairness

The basic resources needed to do a good job

Clear and complete direction when necessary

A supportive environment that encourages input on what should be done and how it should be done

Recognition and reward based on merit

City employees are expected to:

Make a total commitment to provide the best possible public service

Use all available resources efficiently and effectively

Continuously seek ways to improve service delivery through innovation

Continuously seek feedback from citizens

Be responsible and accountable for their actions

Ask for training when necessary

Challenge the status quo if they believe that service delivery can be improved

Value, support, and respect co-workers as teammates

The City administration will:

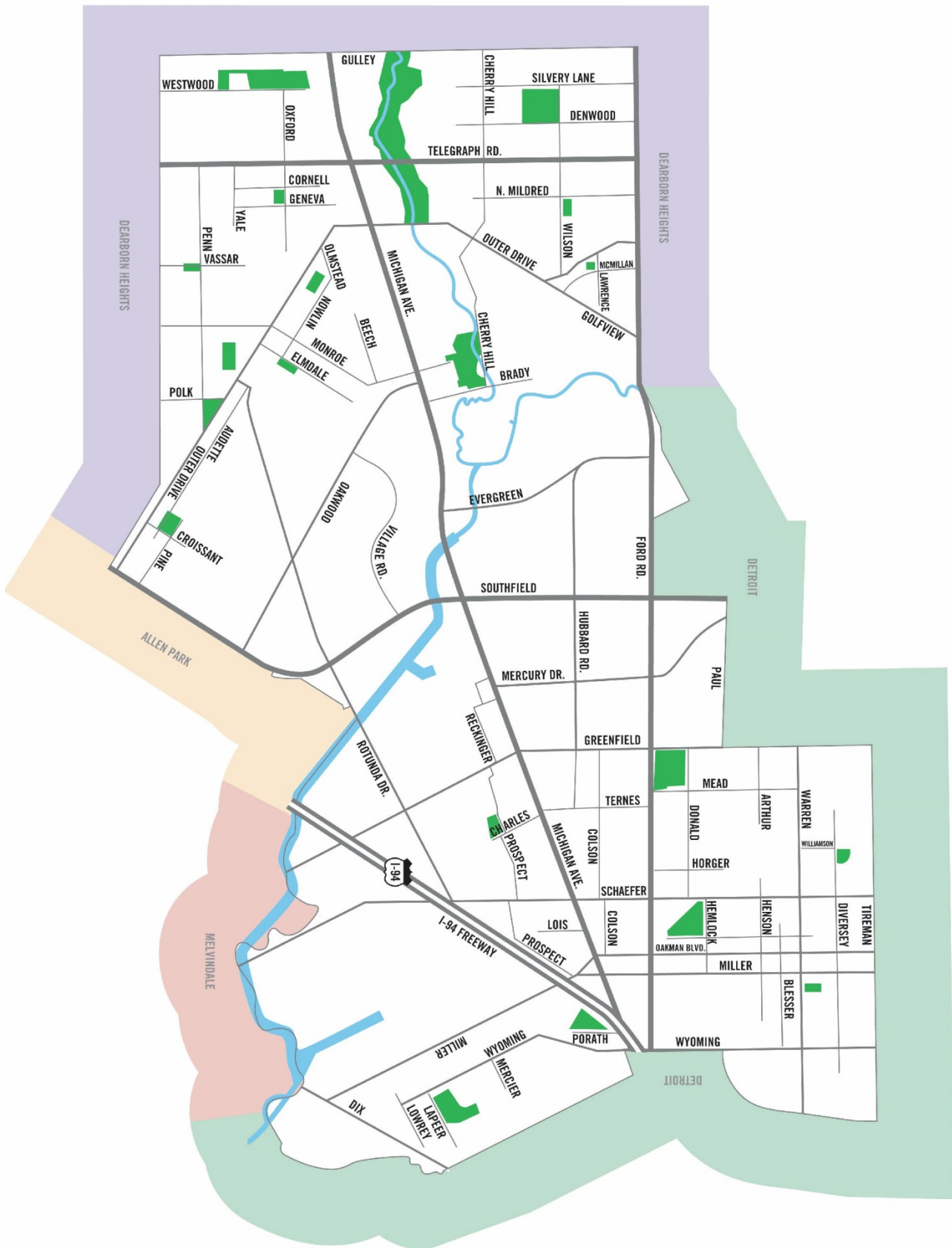
Foster cooperation and teamwork between employees and citizens

Evaluate every action based on its value to our citizens

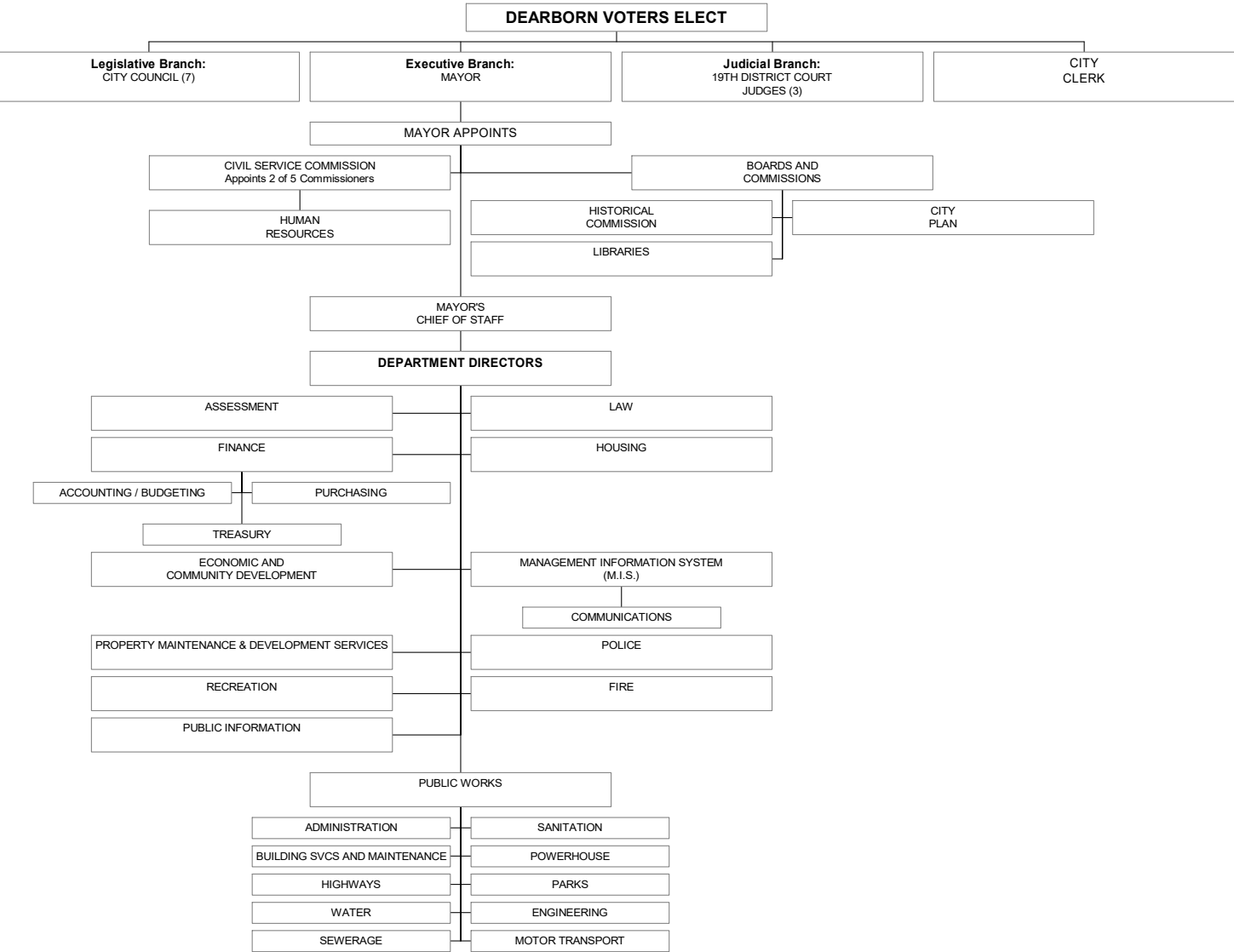
Work with other public agencies to obtain the most benefits for our citizens

Attract citizens dedicated to Dearborn and its future

Continually strive to improve our efficiency and effectiveness



DEARBORN'S ORGANIZATIONAL CHART



CITY OF DEARBORN, MICHIGAN

List of Principal Officials

June 30, 2020

TITLE	NAME
Mayor	John B. O'Reilly, Jr.
City Clerk	George Darany
City Council President	Susan A. Dabaja
Council President Pro Tem	Michael T. Sareini
Council Members	David Bazzy
	Robert A. Abraham
	Erin Byrnes
	Leslie Herrick
	Brian O'Donnell
City Assessor	Scott Miller
City Engineer	M. Yunus Patel
City Librarian	Maryanne Bartles
Corporation Counsel	Debra A. Walling
Economic & Community Development Director	Jeffrey Watson
Mayor's Chief of Staff	Mark G. Guido
Finance Director/Treasurer	Ginger Burke-Miller
Human Resources Administrator	Cynthia Pepper
Management Information Systems Director	Doug Feldkamp
Purchasing Manager	Travis Grubb
Fire Chief	Joseph Murray
Senior Apartments Interim Assistant Director	Chuck Roberts
Police Chief	Ronald Haddad
Public Works Director	James Murray
Public Information Director	Mary Laundroche
Recreation Director	Greg Orner
Property Maintenance & Development Services Director	Nicholas Siroiskey

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dearborn, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents; the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; and the introductory and statistical section schedules are presented for the purpose of additional analysis and are not required parts of the basic financial statements.

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

The introductory and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020 on our consideration of the City of Dearborn, Michigan'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 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 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 of Dearborn, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 17, 2020

June 30, 2020

This section of the City of Dearborn's annual financial report represents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2020. It should be reviewed in conjunction with the preceding transmittal letter and the City's financial statements, which follow this section.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position (on pages 16-17) and the Statement of Activities (on pages 18 and 19) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 20. These statements tell how services were financed in the short term as well as what remains for future spending for governmental activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining 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.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 16. One of the most important questions asked about the City's finances is: "Is the City as a whole better or worse off as a result of the year's activities"? The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. You can think of the City's net position – the difference between assets/deferred outflows and liabilities/deferred inflows – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base and the conditions of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

Governmental activities – Most of the City's basic services are reported here including police, fire, public works, recreation, and the general administration. Property taxes, franchise fees, and state-shared revenues finance most of these activities.

Business-type activities – For these activities, the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer systems, and housing activities are reported here.

Component units – The City includes six separate legal entities in its report – the East and West Dearborn Downtown Development Authorities, Dix-Vernor and Warren Business District Improvement Authorities, the Brownfield Development Authority, and the Economic Development Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

June 30, 2020**Reporting the City's Most Significant Funds****Fund Financial Statements**

Our analysis of the City's major funds begins on page 20 and provides detailed information about the most significant funds; not the City as a whole. The City's two types of funds, governmental and proprietary, use different accounting approaches.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental **activities** (reported in the Government-wide Statement of Net Position and the Government-wide Statement of Activities) and governmental **funds** in a reconciliation following the fund financial statements.

Proprietary funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Government-wide Statement of Net Position and the Government-wide Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements with more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services to the City's other programs and activities. The activity of the internal service funds is eliminated in the government-wide statements to avoid any "doubling up" in reporting revenues and expenses.

The City as Trustee**Reporting the City's Fiduciary Responsibilities**

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 29 and 30. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

June 30, 2020

The City as a Whole

The following table reflects the condensed Statement of Net Position compared to prior year:

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Current and other assets	\$ 122.4	\$ 138.8	\$ 96.5	\$ 115.5	\$ 218.9	\$ 254.3
Capital assets	255.4	238.0	439.1	419.5	694.5	657.5
Total assets	377.8	376.8	535.6	535.0	913.4	911.8
Deferred outflows of resources	68.7	28.0	5.5	2.6	74.2	30.6
Long-term liabilities	387.7	317.3	222.2	232.1	609.9	549.4
Other liabilities	17.7	16.4	27.7	26.4	45.4	42.8
Total liabilities	405.4	333.7	249.9	258.5	655.3	592.2
Deferred inflows of resources	13.0	19.4	1.9	3.6	14.9	23.0
Net position:						
Net investment in capital assets	237.3	226.7	259.2	246.3	496.5	473.0
Restricted	18.7	20.6	12.0	11.0	30.7	31.6
Unrestricted (deficit)	(227.9)	(195.6)	18.1	18.2	(209.8)	(177.4)
Total net position	\$ 28.1	\$ 51.7	\$ 289.3	\$ 275.5	\$ 317.4	\$ 327.2

Net position serves as an indicator of the City's financial position. The table above indicates that the City of Dearborn assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by \$317.4 million as of June 30, 2020 for the Total Primary Government. The largest category of net position is represented by the net investment in capital assets. It is important to note that these assets are not available for future spending and, although they are shown here net of related debt, other resources will be needed to make the debt payments in the future.

The restricted category of net position is defined as those resources that have external restrictions that dictate how the assets are to be used. The final category of net position is unrestricted and these are the assets that are available for use in the City's ongoing operations.

Table 1 Comments:

Total Primary Government net position decreased 3% or \$9.8 million from \$327.2 million to \$317.4 million.

The most significant change in the Primary Government is the decrease in unrestricted. This is primarily due to a \$27M increase in pension liability.

Governmental activities - Total assets increased by 0.27% or \$1.0 million from \$376.8 million to \$377.8 million. Total assets are reflective of both current and non-current assets. During fiscal year 2020 current assets decreased \$16.4 million resulting primarily from a decrease of \$8.3 million in restricted cash related to the use of bond proceeds. Non-current assets increased \$17.4 million primarily due to an increase in capital asset investments in Powerhouse HVAC Upgrade, parking lot expansion and renovation, Wagner streetscape infrastructure, Henry Ford Centennial Library improvements, campus security cameras, and other renovations to the infrastructure of the City's capital assets.

June 30, 2020

Total liabilities increased by 21.5% or by \$71.7 million from \$333.7 million to \$405.4 million. The current liabilities increased \$1.3 million due primarily to the movement of retainage payable from the agency fund. The increase in long-term liabilities of \$70.4 million is due to a \$55.4 million increase in Net Pension Liability and a \$22.6 million increase in Net Other Post Employment Benefits (OPEB) liability. As a result of the above activity, the total net position of governmental activities decreased by \$23.6 million from \$51.7 million to \$28.1 million.

Table 1 Comments:

Business-type activities – Activity in the business-type activities increased net position by \$13.8 million for fiscal year 2020. The most significant changes in business-type activities were driven by \$12.9 million increase in net investment in capital assets and an increase of \$1.0 million in restricted net position. The City is investing in the CSO project and utilizing restricted net position accordingly. Additionally, total liabilities decreased a net \$8.6 million primarily due to the reduction in outstanding debt as principal is paid. The deferred outflows and inflows of resources changes are related to pensions and other post-employment benefits.

Tables 3 and 4 provide more information on capital assets and long-term liabilities. Restricted net position is primarily resources associated with the CSO project.

June 30, 2020

The following table reflects the condensed Statement of Activities:

Table 2 Changes in Net Position (in Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Revenues						
Program revenues:						
Charges for services	\$ 25.5	\$ 28.1	\$ 59.0	\$ 58.7	\$ 84.5	\$ 86.8
Operating grants	14.8	15.1	-	-	14.8	15.1
Capital grants	3.6	3.6	1.7	6.8	5.3	10.4
General revenues:						
Taxes	78.2	75.7	15.6	14.8	93.8	90.5
Intergovernmental revenue	26.3	25.2	-	-	26.3	25.2
Other general revenues	2.9	3.9	0.4	1.9	3.3	5.8
Total revenues	151.3	151.6	76.7	82.2	228.0	233.8
Program expenses						
General government	16.0	12.5	-	-	16.0	12.5
District court	3.7	5.4	-	-	3.7	5.4
Public safety	101.7	83.1	-	-	101.7	83.1
Public works	26.6	20.8	-	-	26.6	20.8
Recreation & culture	24.9	23.0	-	-	24.9	23.0
Community improvement	1.7	1.1	-	-	1.7	1.1
Housing	-	-	1.9	3.1	1.9	3.1
Sewer	-	-	39.3	35.3	39.3	35.3
Water	-	-	22.0	19.8	22.0	19.8
Total expenses	174.6	145.9	63.2	58.2	237.8	204.1
Excess (deficiency) before transfers	(23.3)	5.7	13.5	24.0	(9.8)	29.7
Transfers	(0.3)	-	0.3	-	-	-
Increase (decrease) in net position	(23.6)	5.7	13.8	24.0	(9.8)	29.7
Net position - beginning	51.7	46.0	275.5	251.5	327.2	297.5
Net position - ending	\$ 28.1	\$ 51.7	\$ 289.3	\$ 275.5	\$ 317.4	\$ 327.2

Table 2 Comments:

Governmental activities - Total revenues decreased in combination \$0.3 million. Revenue decreases were due to a decrease in charges for services of \$2.6 million. Additionally, operating and capital grants reduced \$0.3 million, property taxes increased \$2.5 million, and intergovernmental revenue increased \$1.1 million.

June 30, 2020

Program expenses were up \$28.7 million from the previous year. The overall increase was primarily due to a \$18.6 million increase in Public Safety and a \$5.8 million increase in Public Works. These were related to changes in Net Pension and OPEB liabilities.

Table 2 Comments Continued:

Business-type activities –Total revenues for business-type activities decreased \$5.5 million. This is primarily due to a decrease of \$5.1 million in capital grants received through the fiscal year.

Program expenses increased \$5.0 million for 2020. The increase is due to a \$4.0 million increase in sewer expenses, \$2.2 million increase in water expenses, and \$1.2 million decrease in senior housing expenses related to Pension and OPEB expenses.

General Fund Activity

For the year ending June 30, 2020, the General Fund fund balance decreased \$1.4 million primarily for the funding of the street light conversion to LED project for \$1.3 million.

General Fund Budgetary Highlights

Over the course of the year, the Mayor and City Council revised the City budget. The budget is automatically amended with the carry-forward of project-life budgets and for encumbrances rolling to the following fiscal year. The budget is also amended by resolution for specific requests, generally for items that were intended to be completed or expended in the previous fiscal year but for some extenuating circumstance were postponed. During the fiscal year, the budget is amended for unanticipated events that could not be foreseen and for opportunities that arose and weren't known previously.

The City's financial position is sound and the budget provides the resources necessary for delivering the high quality program and service mix, meeting current obligations, and includes reasonable funding for maintaining assets.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the City had \$691.4 million invested in a broad range of capital assets, including vehicles, Police and Fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 3 below). The increase is due in large part to investments in the water and sewer system, infrastructure assets, and construction in progress.

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Land	\$ 12,327,866	\$ 12,290,049	\$ 1,768,541	\$ 1,768,541	\$ 14,096,407	\$ 14,058,590
Right-of-ways	37,818	37,818	-	-	37,818	37,818
Construction in progress	14,944,956	8,797,776	58,419,886	62,575,327	73,364,842	71,373,103
Infrastructure assets	91,213,166	82,474,474	-	-	91,213,166	82,474,474
Buildings & improvements	113,865,883	112,987,693	12,967,369	13,753,761	126,833,252	126,741,454
Machinery & equipment	23,036,651	21,421,000	20,454,053	22,298,499	43,490,704	43,719,499
Water system	-	-	89,748,824	85,418,180	89,748,824	85,418,180
Sewer system	-	-	255,756,499	233,735,554	255,756,499	233,735,554
	<u>\$ 255,426,340</u>	<u>\$ 238,008,810</u>	<u>\$ 439,115,172</u>	<u>\$ 419,549,862</u>	<u>\$ 694,541,512</u>	<u>\$ 657,558,672</u>

June 30, 2020

Table 3 Comments:

This year's major changes included:

Governmental activities:

Construction in Progress:

Powerhouse HVAC Upgrade	\$	6,080,028
City Parking Lot Replacement		1,234,845
Wagner Infrastructure		1,049,991
Henry Ford Centennial Library		817,760
Campus Security Cameras		587,595
Ford Woods Pool (construction complete)		(4,072,703)
Other construction projects		449,664
	\$	6,147,180

Infrastructure assets, net change due to cost less depreciation	\$	8,738,692
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Buildings and improvements, net change due to complete projects and transfers less depreciation	\$	878,190
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Machinery and equipment, net change due to acquisitions, disposals less depreciation	\$	1,615,651
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Business-type activities:

Construction in progress:

Seniors Apartment	\$	197,389
Water system		(1,557,283)
Sewer system		(2,795,547)
	\$	(4,155,441)

Buildings and improvements, net change due to complete projects and transfers less depreciation	\$	(786,392)
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Machinery and equipment, net change due to acquisitions, transfers, and disposals less depreciation	\$	(1,844,446)
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Water system, net change due to completed projects less disposals and depreciation	\$	4,330,644
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Sewer system, net change due to completed projects less disposals and depreciation	\$	22,020,945
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Additional information on the City of Dearborn's capital assets can be found in Note 3 of this report.

June 30, 2020

Debt

At June 30, 2020 the City had approximately \$275.8 million in bonds and notes outstanding versus \$293.2 million in the prior fiscal year, an decrease of 5.9%, as shown in Table 4.

Table 4
Outstanding Debt, at Year-end

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
General obligation bonds (backed by City)	\$ 69,671,021	\$ 72,933,466	\$ 204,784,589	\$ 218,442,082	\$ 274,455,610	\$ 291,375,548
Revenue bonds and notes (backed by specific tax and fee revenue)	-	-	1,383,812	1,798,812	1,383,812	1,798,812
Total	\$ 69,671,021	\$ 72,933,466	\$ 206,168,401	\$ 220,240,894	\$ 275,839,422	\$ 293,174,360

Table 4 Comments:

Governmental activities – There was no new debt issued in fiscal year 2020; changes in outstanding debt is related to the payment of principal.

Business-type activities – The 2004 voter approved CSO debt millage currently is generating and paying the outstanding debt principal, with the final bonding issued in December 2017. An additional \$60 million of debt authority was voted in Aug 2018, with \$23 million issued in September 2018. There was no new debt issued in fiscal year 2020; changes in outstanding debt is related to the payment of principal.

Additional information on the City of Dearborn's long-term debt can be found in Note 4 of this report.

Fiscal Year 2021 Budgets & Rates

The fiscal year 2021 General Fund budget for revenue is estimated at \$133,040,770 with appropriations of \$132,865,944 producing a balanced budget with an addition to fund balance of \$174,826. The primary revenue of the General Fund is property taxes. Property tax revenue is comprised of two components. The first component is property values, which are market driven and the second component is the tax rate, which is controllable within limits of law. Property market values continue to increase. However, Proposal A of 1994 limits the taxable value growth to the current State inflation rate of 1.9%.

The 2020-2021 financial outlook for the City in the midst of the COVID-19 pandemic is cautious. Intergovernmental revenue has rebounded to near normal levels as the economy has responded well to federal stimulus. As a result of low interest rates, home values are high and building permits are at near pre-pandemic levels. There could be lower revenue from fines and charges for services as it relates to the number of cases adjudicated at the district court and the ability of facilities to open due to the pandemic. The long-term effects of the pandemic on residential and commercial property values as well as the local economy are unknown at this time.

June 30, 2020

The State Legislature passed revisions to the business personal property tax law which phases out personal property taxation and replaces it with a state essential services assessment. The State of Michigan is distributing monies under the local community stabilization reimbursement program budgeted in FY2021 at \$17.2 million (Gen Gov't & Component Units) forecasted as of 5/28/20.

In August of 2004, the voters approved a debt millage to cover the debt service associated with the issuance of debt for the federally-mandated remediation of sewer system overflows (referred to as CSO) to the Rouge River. This millage lowered to 4.10 mills with the 2018 voter approved debt millage being set at 0.50 mills. The remaining CSO bond series issue in the approximate amount of \$37 million is expected to be completed in this budget year.

In conjunction with the rapid national decline in property values, in November 2011 the voters approved a five-year, 3.50 mill supplemental operating millage and a 10-year library millage. In August 2016 the voters renewed the 3.50 mill supplemental operating millage. Both millages will expire following the fiscal year ending June 30, 2022. The operating millage continues at 18.5 mills including the 3.50 mill supplemental component and the Library millage remains unchanged at 1.69 mills. The garbage and rubbish millage also remains unchanged at 1.91 mills. The total millage of 26.7 mills, inclusive of the CSO debt service millage, is the same as the prior year millage. Rates and fees continue to be adjusted relative to economic conditions.

The public safety operations have the largest subsidy or tax support at \$69.8 million of the City's Operating 18.5 mills of property tax revenue of \$72.7 million (including PILOTs, Administration Fees, and Penalties and Interest). Public works is second with \$9.6 million in subsidy. Community Services is third at \$5.5 million in subsidy. The Recreation department is fourth with \$5.3 million in subsidy which generates a fair amount of direct revenue that reduces the subsidy. These are the four primary service delivery functions with administrative support services budgeted at a \$6.7 million subsidy.

The primary expense of the General Fund is personnel, and this cost is driven by staff counts and the corresponding labor agreement provisions. Dearborn is the only community in the State that has Charter-mandated Police staffing and is one of a few communities that has Charter-mandated Fire staffing. The budget reflects a total of 142 full-time Fire positions with funding supported in part by the Federal SAFER grant for advance hire and planned retirement replacements. The fiscal year 2021 budget includes 191 sworn police officers.

There are 140 firefighters, 191 sworn police officers and total support staff of 50 positions, totaling 381 positions for the two departments. This represents 48.8% of the total full-time staffing count of 781. The fiscal year 2001 city-wide budget included 911 full-time positions, which was reduced to a low point of 677 positions for fiscal year 2014. 104 positions have been added since. Since 2001, Police have decreased their positions by 7, and Fire has increased their positions by 17. Non-public safety staff declined 25.9%, or 140 positions, from 540 in 2001 to 400 as of the date of this memo. Total full-time General Fund positions were reduced by .5 for the 2020-2021 budget year.

The 2020-2021 budget year new positions reflect four new positions for the Veterans Treatment / Drug court. Changes for the 19th District Court include the addition of one Management Assistant, one Assistant Deputy Court Clerk and the removal of one Chief Probation Officer. Changes for the City Clerk include the removal of one Office Assistant I position. The Police Department removed one Deputy Police Chief; while the Fire department removed five Fire Fighter positions as well. The changes in Department of Public Works include the removal of one Office Assistant, one Electrician, and two Driver/Laborers. Half of the Department of Public Works Deputy Director position was also moved from the Water Fund to General Fund. The changes in the Administrative staffing levels include the addition of five new positions and removal of one in Community Services. Most of the City's negotiated labor contracts expire June 30, 2021 except the firefighter contract which expires June 30, 2024.

June 30, 2020

Other than the Medicare advantage fully-insured programs, the active and retiree health care programs are self-insured supported by stop-loss coverage for individuals. Controlling health care costs is a challenge as approximately \$21 million per year is expended for health care and for example a 10% increase produces \$2 million in additional costs. The active employee cost-share is 20% of the adjusted illustrative monthly rate. In fiscal year 2020, the City's self-insurance fund experienced an increase in budgeted expenses of approximately \$1.3 million. In fiscal year 2021 premium contributions are increased approximately \$1 million.

The traditional defined benefit and City provided retiree health care programs have been closed for many years. Employees hired after these closures participate in defined contribution retirement programs. However, the police officer and firefighter groups' new hires can select a defined benefit program administered by the Municipal Employees Retirement System (MERS) statewide program.

Legacy costs associated with retirement programs are also a challenge. The closing of the systems accelerates funding requirements. There are currently more retirees than active employees and this situation will continue for the immediate future. The funding level for the General Employees and Police/Fire Retirement Systems are 69.2% or higher and the combined unfunded actuarial accrued liability is \$146.8 million. Other Post-Employment Benefits is 49.0% funded leaving an actuarial accrued liability of \$129 million; therefore, the total legacy unfunded liability is \$275.8 million.

Total outstanding debt as of June 30, 2020 is \$291.9 million. Total debt service is \$27.3 million. A majority of the outstanding debt is CSO related with debt service paid by the voted debt millage. Additional open market bonds will be issued to complete the sewer separation and water main replacement program. There are currently SRF and DWRF loans outstanding supported by sewer and water rates that total \$1.4 million. Other outstanding debt includes \$3.2 million Dec 2017 issued bonds for Dunworth Pool and \$13.4 million May 2018 issued bonds for Powerhouse HVAC upgrades.

The General Fund equity (fund balance) as of June 30, 2020 was \$19.5 million. The fiscal year 2020 amended budget assumes a use of General Fund fund balance of \$614k, however the projections show an add to fund balance of \$438k. The greatest threats are inflationary costs exceeding property taxable value growth as restricted by proposal A of 1994 and the Headlee Amendment, the State funding of shared revenue, and the legacy liabilities funding challenge.

BUDGETARY ASSUMPTIONS:

Taxable Value increase for fiscal year 2021 is 5.3% due to increased property values with residential real property values increasing 4.2% limited by the 1.9% State inflation rate for capped properties.

✓ Tax Rates and Water/Sewer Rates

Tax Rates and Water/Sewer Rates

Description	Fiscal Year 2019-2020	Fiscal Year 2020-2021	Difference
Tax Millage Rate:			
City Operating	18.50	18.50	-
Garbage & Rubbish	1.91	1.91	-
Library	1.69	1.69	-
Debt Service	4.60	4.60	-
Total Millage Rate	26.70	26.70	-
Water Rate	\$ 24.60	\$ 24.60	\$ -
Sewer Rate	\$ 34.50	\$ 34.50	\$ -

June 30, 2020

- ✓ The water and sewer bills include two rates: commodity and capacity. The commodity rate is based on water usage. The capacity rate is based on meter size. In fiscal year 2019 the rate methodology changed in order to align more closely with the largely fixed water and sewer system operation costs. The new methodology aligned 40% of rate revenue to the fixed capacity charge and 60% of rate revenue to the variable commodity charge. For 2020, we updated the methodology to 35% of rate revenue to the fixed capacity charge and 65% of the rate revenue to the variable commodity charge. 2021 will continue using the 2020 methodology.
- ✓ The estimated average Dearborn customer water and sewer bill is expected to have no change from FY2020 due to rates remaining consistent, but this will vary based on actual consumption. The City receives water and sewer services from the Great Lakes Water Authority (GLWA). For fiscal year 2021, the GLWA water and sewer costs have increased .7%.
- ✓ Funding for fleet replacement is \$1,540,680 and facility reinvestment is \$2,728,013 for capital, and repair and maintenance projects. The major facility projects include additional funding for the Powerhouse and Main Campus HVAC upgrades, new irrigation system at Dearborn Hills, and various Library upgrades being completed. The majority of the ongoing facility reserve funding was suspended for FY2021 (with the exception of the Ford Community and Performing Arts Center), in order to allocate resources for immediate needs. The fleet funding is intended to accumulate sufficient resources to replace components of the fleet as planned, but not replace the entire fleet at once. The facility funding is structured to accumulate resources for major capital component repair or replacement.
- ✓ *The technology replacement funding for computers and printers is budgeted at \$500,000 for FY2020-2021.*

MAJOR CAPITAL INITIATIVES

The 2020-2021 funding of the Capital Improvement Plan is \$24,649,982. The City is reinvesting in infrastructure and public assets. A classification breakdown follows with some notable projects specifically identified. The projects are supported by various funding sources including the General Fund via the General Capital Improvement Fund, Library Fund, Community Development Block Grant Fund, Seniors Apartment Operating Fund, Major Street & Trunkline Fund, Local Street Fund, Water and Sewer Funds, and by federal aid for street projects, grants and the Wayne County Parks Millage allocation.

Infrastructure - \$20,856,758

◆ Streets	\$ 14,365,873
◆ Water	\$ 4,642,235
◆ Sewer	\$ 1,848,650

Facilities - \$3,793,224

◆ Powerhouse HVAC	\$ 1,740,773
◆ Libraries	\$ 529,240
◆ Other	\$ 525,000
◆ Seniors Apartments	\$ 472,211
◆ Recreation Facilities	\$ 465,000
◆ Public Safety	\$ 50,000
◆ Public Works Facilities	\$ 11,000

June 30, 2020**Other Governmental Fund Types**

This section addresses other fund types and is not intended to be a detailed review of all funds. The Major Street & Trunkline and Local Street Funds rely on State Gas & Weight Tax revenue. The FY2021 estimated Gas & Weight Tax revenue budget for both funds combined increased \$1.2 million from FY2020 adopted budget. The demands for street projects are exceeding the resources available and the need for local funding for roads is anticipated to increase in the coming years.

The grant revenue from the Community Development Block Grant is estimated to be \$1.2 million which provides federal resources to support the low to moderate income population. The revenue from the HOME Consortia Allocation is estimated to be \$500,000 which provides federal resources to the low to moderate income homeowners to complete necessary home rehabilitation projects.

The General Capital Improvement Fund is primarily financed by contributions from other funds.

PROPRIETARY FUND TYPES**Housing**

The Seniors Apartment Operating fund working capital and equity of the fund are both financially stable.

Utility Funds

Water rates and sewer rates are set by ordinance and the budget revenue estimates are based on the assumptions listed in the table earlier in this memo. The revenues support operations, maintenance, and system asset replacement. The City Engineer has established a target infrastructure investment amount for each system and efforts are made to fund the capital projects at this level.

A ballot proposal was approved in August 2004 authorizing the City to issue debt (bonds and low interest State Revolving Fund (SRF) loans) in an amount not to exceed \$314.12 million to fund the federally-mandated CSO project; in August 2018, an additional \$60 million was approved. Overall, the debt authority was used to issue \$85 million in open market bonds and \$252 million in SRF loans. The tax millage rate for fiscal year 2021 is 4.60 mills for debt service to pay the principal and interest payments on the voted bonds.

Sewer separation projects are scheduled through 2022. The final phase of the project will require additional bonds. A majority of the outstanding debt is CSO related with debt service paid by the voted debt millage. Additional open market bonds will be issued to complete the sewer separation and water main replacement program.

Insurance & Fiduciary Funds

These funds are adequately funded in relation to their purpose and there has been some intentional spend-down or return of excess reserves.

The City has been funding for post-employment health care for nearly 30 years. Annual contribution rates are set to more than pay-as-you-go and the unfunded accrued liability is budgeted as lump-sum amounts charged to each department based on historical staffing levels. The City budgeted \$13.7 million in fiscal year 2021 as a contribution to the fund. The actuarially determined contribution is \$15.7 million.

June 30, 2020

COMPONENT UNITS

The West Dearborn Downtown Development Authority (WDDDA) generates funding from tax increment capture. The General Fund is providing the lease revenue generated from the businesses participating in the West Village Commons' outdoor seating space to be used for the Kids Days on the Commons events.

Contacting the City's Financial Management

This financial report is designed 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 any questions about this report or need additional financial information, contact the Department of Finance at the City of Dearborn, 16901 Michigan Avenue, Suite 1, Dearborn, MI 48126.

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 2)	\$ 63,597,271	\$ 43,832,372	\$ 107,429,643	\$ 3,310,368
Investments (Note 2)	22,760,759	15,729,351	38,490,110	1,341,299
Receivables:				
Property taxes receivable	76,450	23,109	99,559	-
Customer receivables	1,877,622	14,114,447	15,992,069	29,610
Accrued interest receivable	148,076	102,543	250,619	8,723
Other receivables	301,839	123,575	425,414	-
Due from other governments	3,245,777	2,065,019	5,310,796	181,094
Inventory	703,051	663,269	1,366,320	-
Prepaid items and other assets	503,162	25,418	528,580	-
Due from fiduciary funds	121,669	-	121,669	-
Restricted assets (Note 18)	9,257,881	19,503,163	28,761,044	478,030
Land held for resale	3,583,237	303,800	3,887,037	-
Net pension asset (Note 6)	16,241,451	-	16,241,451	-
Capital assets: (Note 3)				
Assets not subject to depreciation	27,310,640	60,188,426	87,499,066	-
Assets subject to depreciation - Net	228,115,700	378,926,745	607,042,445	-
Notes receivable - Long term	-	-	-	162,832
Total assets	377,844,585	535,601,237	913,445,822	5,511,956
Deferred Outflows of Resources				
Deferred pension costs (Note 6)	45,402,111	1,727,669	47,129,780	-
Deferred OPEB costs (Note 8)	23,317,183	3,779,873	27,097,056	-
Total deferred outflows of resources	68,719,294	5,507,542	74,226,836	-
Liabilities				
Accounts payable:				
Accounts payable	5,064,917	9,905,143	14,970,060	785,947
Retainage payable	697,150	1,391,127	2,088,277	-
Due to other governmental units	3,036	-	3,036	-
Refundable bonds and deposits	990,305	190,456	1,180,761	-
Accrued liabilities and other:				
Accrued salaries and wages	2,152,826	228,487	2,381,313	-
Accrued interest payable	427,653	1,267,473	1,695,126	122,129
Provision for property tax refunds	438,272	90,969	529,241	-
Unearned revenue	1,673,066	3,508	1,676,574	-
Due to fiduciary funds	9	-	9	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets:				
Interest payable	-	8,649	8,649	-
Long-term debt payable (Note 4)	-	106,250	106,250	-
Compensated absences (Note 4)	2,908,803	329,864	3,238,667	-
Current portion of bonds and contracts payable (Note 4)	3,369,382	14,214,305	17,583,687	546,463
Due in more than one year:				
Compensated absences (Note 4)	4,265,367	412,736	4,678,103	-
Provision for claims (Note 13)	2,929,892	-	2,929,892	-
Net pension liability (Note 6)	183,233,439	8,654,877	191,888,316	-
Net OPEB liability (Note 8)	130,971,042	21,231,286	152,202,328	-
Bonds and contracts payable - Net of current portion (Note 4)	66,301,639	191,847,846	258,149,485	16,028,937
Total liabilities	405,426,798	249,882,976	655,309,774	17,483,476
See notes to financial statements.	16			

Statement of Net Position (Continued)

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 6)	\$ 1,298,634	\$ -	\$ 1,298,634	\$ -
Deferred OPEB cost reductions (Note 8)	11,661,515	1,890,411	13,551,926	-
Total deferred inflows of resources	12,960,149	1,890,411	14,850,560	-
Net Position (Deficit)				
Net investment in capital assets	237,305,169	259,237,292	496,542,461	-
Restricted:				
Capital projects	28,728	2,000,000	2,028,728	-
Community development	692,413	-	692,413	-
Debt service	-	9,965,924	9,965,924	-
Historical museum activities	428,294	-	428,294	-
Indigent defense	156,259	-	156,259	-
Law enforcement activities	1,093,409	-	1,093,409	-
Library activities	2,652,089	-	2,652,089	-
Road construction, preservation, and maintenance	12,346,533	-	12,346,533	-
Telecommunications	1,077,762	-	1,077,762	-
Theatre restoration	303,456	-	303,456	-
Unrestricted	(227,907,180)	18,132,176	(209,775,004)	(11,971,520)
Total net position (deficit)	<u>\$ 28,176,932</u>	<u>\$ 289,335,392</u>	<u>\$ 317,512,324</u>	<u>\$ (11,971,520)</u>

City of Dearborn, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 14,338,708	\$ 1,970,100	\$ 267,997	\$ 90,000
District court	3,707,757	3,966,632	221,048	-
Public safety	101,657,050	10,845,346	1,643,979	-
Public works	26,604,590	2,084,766	11,543,538	3,480,895
Community improvement	1,569,291	90,778	390,398	-
Recreation and culture	24,910,144	6,574,358	694,673	12,841
Interest on long-term debt	1,644,585	-	-	-
Total governmental activities	174,432,125	25,531,980	14,761,633	3,583,736
Business-type activities:				
Major Sewer	39,372,336	31,592,998	-	1,740,360
Major Water	21,986,784	24,478,970	-	-
Nonmajor Seniors Apartment Operating Fund	1,936,557	2,924,667	-	-
Total business-type activities	63,295,677	58,996,635	-	1,740,360
Total primary government	<u>\$ 237,727,802</u>	<u>\$ 84,528,615</u>	<u>\$ 14,761,633</u>	<u>\$ 5,324,096</u>
Component units:				
Dix-Vernor Business District Improvement Authority	\$ 13,853	\$ -	\$ 30,375	\$ -
Warren Business District Improvement Authority	51,888	-	90,210	-
West Dearborn Downtown Development Authority	814,097	7,265	58,811	-
East Dearborn Downtown Development Authority	910,164	-	25,509	-
Brownfield Redevelopment Authority	3,865,141	-	-	-
Economic Development Corporation	181,226	-	-	-
Total component units	<u>\$ 5,836,369</u>	<u>\$ 7,265</u>	<u>\$ 204,905</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Unrestricted state revenue				
Unrestricted investment income				
Cable franchise fees				
Loss on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (12,010,611)	\$ -	\$ (12,010,611)	\$ -
479,923	-	479,923	-
(89,167,725)	-	(89,167,725)	-
(9,495,391)	-	(9,495,391)	-
(1,088,115)	-	(1,088,115)	-
(17,628,272)	-	(17,628,272)	-
(1,644,585)	-	(1,644,585)	-
(130,554,776)	-	(130,554,776)	-
-	(6,038,978)	(6,038,978)	-
-	2,492,186	2,492,186	-
-	988,110	988,110	-
-	(2,558,682)	(2,558,682)	-
(130,554,776)	(2,558,682)	(133,113,458)	-
-	-	-	16,522
-	-	-	38,322
-	-	-	(748,021)
-	-	-	(884,655)
-	-	-	(3,865,141)
-	-	-	(181,226)
-	-	-	(5,624,199)
78,215,990	15,643,907	93,859,897	4,563,604
26,287,736	-	26,287,736	1,556,808
1,174,216	1,278,846	2,453,062	83,986
1,195,374	-	1,195,374	-
-	(878,368)	(878,368)	-
510,200	-	510,200	166
107,383,516	16,044,385	123,427,901	6,204,564
(315,801)	315,801	-	-
(23,487,061)	13,801,504	(9,685,557)	580,365
51,663,993	275,533,888	327,197,881	(12,551,885)
\$ 28,176,932	\$ 289,335,392	\$ 317,512,324	\$ (11,971,520)

Governmental Funds
Balance Sheet

June 30, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents (Note 2)	\$ 14,338,239	\$ 22,151,663	\$ 36,489,902
Investments (Note 2)	6,094,174	7,279,195	13,373,369
Receivables - Net of allowances:			
Property taxes receivable	70,826	5,624	76,450
Customer receivables	1,585,074	292,548	1,877,622
Accrued interest receivable	39,630	47,396	87,026
Other receivables	274,636	6,998	281,634
Due from other governments	1,473,736	1,772,041	3,245,777
Due from other funds (Note 5)	64,654	303,286	367,940
Inventory	703,051	-	703,051
Prepaid items and other assets	33,252	4,650	37,902
Due from fiduciary funds	121,669	-	121,669
Restricted assets	-	388,294	388,294
Land held for resale	-	3,583,237	3,583,237
Total assets	\$ 24,798,941	\$ 35,834,932	\$ 60,633,873
Liabilities			
Accounts payable:			
Accounts payable	\$ 859,473	\$ 2,312,191	\$ 3,171,664
Retainage payable	-	213,875	213,875
Due to other governmental units	3,036	-	3,036
Due to other funds (Note 5)	1,459	335,052	336,511
Refundable bonds and deposits	346,669	643,636	990,305
Accrued liabilities and other	2,023,567	52,444	2,076,011
Provision for property tax refunds	-	33,515	33,515
Unearned revenue	1,569,568	26,498	1,596,066
Compensated absences	218,028	-	218,028
Total liabilities	5,021,800	3,617,211	8,639,011
Deferred Inflows of Resources - Unavailable revenue	288,669	348,894	637,563
Total liabilities and deferred inflows of resources	5,310,469	3,966,105	9,276,574
Fund Balances			
Nonspendable:			
Inventory	703,051	-	703,051
Prepaid items	33,252	4,650	37,902
Restricted:			
Community development	-	432,856	432,856
Historical museum activities	-	428,294	428,294
Indigent defense	-	156,259	156,259
Law enforcement activities	-	1,093,409	1,093,409
Library activities	-	2,637,478	2,637,478
Road construction, preservation, maintenance	-	12,271,807	12,271,807
Telecommunications	1,077,762	-	1,077,762
Committed - Designated purposes - Community programs	-	385,873	385,873
Assigned - Capital projects	-	14,458,201	14,458,201
Unassigned	17,674,407	-	17,674,407
Total fund balances	19,488,472	31,868,827	51,357,299
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,798,941	\$ 35,834,932	\$ 60,633,873

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 51,357,299
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	131,371,650
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	637,563
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(39,588,996)
Accrued interest is not due and payable in the current period and is not reported in the funds	(266,457)
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	(6,572,056)
Pension benefits	(119,058,920)
Retiree health care benefits	(114,407,753)
Internal service funds are included as part of governmental activities:	
Capital asset-related items	124,054,690
Debt-related items	(30,082,025)
Employee fringe benefit and other items	30,731,937
Net Position of Governmental Activities	<u><u>\$ 28,176,932</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 71,092,804	\$ 7,089,286	\$ 78,182,090
Intergovernmental:			
Federal grants	1,437,693	519,273	1,956,966
State sources:			
State-shared revenue	9,797,667	-	9,797,667
Act 51 gas and weight tax	-	10,734,615	10,734,615
Local Community Stabilization Authority	15,228,579	1,261,490	16,490,069
Other state grants	754,468	661,392	1,415,860
Local grants and contributions	475,444	78,182	553,626
Charges for services	13,240,927	235,638	13,476,565
Fines and forfeitures	3,980,310	361,902	4,342,212
Licenses and permits	4,382,482	-	4,382,482
Interest and rentals:			
Investment income	774,468	399,748	1,174,216
Rents and royalties	4,278,427	8,081	4,286,508
Other revenue:			
Private source contributions	138,063	239,650	377,713
Miscellaneous revenue	565,719	295,970	861,689
Total revenue	126,147,051	21,885,227	148,032,278
Expenditures			
Current services:			
General government	9,677,592	306,777	9,984,369
District court	3,707,757	-	3,707,757
Public safety	78,051,981	299,602	78,351,583
Public works	13,864,121	14,541,361	28,405,482
Community and economic development	950,734	248,665	1,199,399
Recreation and culture	14,762,259	5,574,547	20,336,806
Capital outlay	166,459	1,702,642	1,869,101
Debt service	3,197,393	211,704	3,409,097
Total expenditures	124,378,296	22,885,298	147,263,594
Excess of Revenue Over (Under) Expenditures	1,768,755	(1,000,071)	768,684
Other Financing Sources (Uses)			
Transfers in	2,556,889	6,564,615	9,121,504
Transfers out	(5,732,952)	(6,683,224)	(12,416,176)
Sale of capital assets	24,214	-	24,214
Total other financing uses	(3,151,849)	(118,609)	(3,270,458)
Net Change in Fund Balances	(1,383,094)	(1,118,680)	(2,501,774)
Fund Balances - Beginning of year	20,871,566	32,987,507	53,859,073
Fund Balances - End of year	<u>\$ 19,488,472</u>	<u>\$ 31,868,827</u>	<u>\$ 51,357,299</u>

Governmental Funds

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

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ (2,501,774)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	15,869,083
Depreciation expense	(7,963,658)
Net book value of assets disposed of	(37,270)
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	99,110
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,755,344
Interest expense is recognized in the government-wide statements as it accrues	9,169
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(28,710,739)
Internal service funds are included as part of governmental activities	(2,006,326)
Change in Net Position of Governmental Activities	<u>\$ (23,487,061)</u>

Proprietary Funds
Statement of Net Position

June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents (Note 2)	\$ 33,862,170	\$ 4,059,398	\$ 5,910,804	\$ 43,832,372	\$ 27,107,369
Investments (Note 2)	12,288,832	1,348,239	2,092,280	15,729,351	9,387,390
Receivables:					
Property taxes receivable	23,109	-	-	23,109	-
Customer receivables	6,115,871	7,982,250	16,326	14,114,447	-
Accrued interest receivable	80,169	8,768	13,606	102,543	61,050
Other receivables	123,575	-	-	123,575	20,205
Due from other governments	1,733,758	8,617	322,644	2,065,019	-
Due from other funds (Note 5)	241	-	-	241	1,459
Inventory	-	663,269	-	663,269	-
Prepaid items and other assets	-	-	25,418	25,418	465,260
Total current assets	54,227,725	14,070,541	8,381,078	76,679,344	37,042,733
Noncurrent assets:					
Restricted assets (Note 18)	19,485,139	18,024	-	19,503,163	8,869,587
Land held for resale	303,800	-	-	303,800	-
Capital assets - Net (Note 3)	338,695,227	97,989,548	2,430,396	439,115,171	124,054,690
Total noncurrent assets	358,484,166	98,007,572	2,430,396	458,922,134	132,924,277
Total assets	412,711,891	112,078,113	10,811,474	535,601,478	169,967,010
Deferred Outflows of Resources					
Deferred pension costs (Note 6)	369,724	1,118,033	239,912	1,727,669	955,121
Deferred OPEB costs (Note 8)	634,882	2,572,498	572,493	3,779,873	959,072
Total deferred outflows of resources	1,004,606	3,690,531	812,405	5,507,542	1,914,193

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable:					
Accounts payable	\$ 5,189,601	\$ 4,682,802	\$ 32,740	\$ 9,905,143	\$ 1,893,253
Retainage payable	1,120,989	269,122	1,016	1,391,127	483,275
Due to other funds (Note 5)	-	241	-	241	32,888
Refundable bonds and deposits	-	14,000	176,456	190,456	-
Accrued liabilities and other:					
Accrued salaries and wages	63,969	139,523	24,995	228,487	76,815
Accrued interest payable	1,216,561	40,412	10,500	1,267,473	161,196
Provision for property tax refunds	90,969	-	-	90,969	404,757
Unearned revenue	-	-	3,508	3,508	77,000
Due to fiduciary funds	-	-	-	-	9
Compensated absences (Note 4)	96,373	197,639	35,852	329,864	158,541
Current portion of bonds and contracts payable (Note 4)	13,814,483	327,558	72,264	14,214,305	1,556,894
Total current liabilities	21,592,945	5,671,297	357,331	27,621,573	4,844,628
Noncurrent liabilities:					
Payable from restricted assets:					
Interest payable	6,875	1,774	-	8,649	-
Long-term debt payable (Note 4)	90,000	16,250	-	106,250	-
Compensated absences (Note 4)	72,038	280,819	59,879	412,736	225,545
Provision for claims (Note 13)	-	-	-	-	2,929,892
Net pension liability (Note 6)	1,852,187	5,600,822	1,201,868	8,654,877	4,784,712
Net OPEB liability (Note 8)	3,566,088	14,449,544	3,215,654	21,231,286	5,387,038
Bonds and contracts payable - Net of current portion (Note 4)	184,381,382	5,972,560	1,493,904	191,847,846	28,525,131
Total noncurrent liabilities	189,968,570	26,321,769	5,971,305	222,261,644	41,852,318
Total liabilities	211,561,515	31,993,066	6,328,636	249,883,217	46,696,946
Deferred Inflows of Resources - OPEB cost reductions (Note 8)	317,521	1,286,571	286,319	1,890,411	479,655
Net Position					
Net investment in capital assets	159,084,910	97,721,986	2,430,396	259,237,292	105,933,520
Restricted:					
Capital projects	2,000,000	-	-	2,000,000	28,728
Debt service	9,965,924	-	-	9,965,924	-
Theatre restoration	-	-	-	-	303,466
Unrestricted	30,786,627	(15,232,979)	2,578,528	18,132,176	18,438,888
Total net position	\$ 201,837,461	\$ 82,489,007	\$ 5,008,924	\$ 289,335,392	\$ 124,704,602

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Operating Revenue					
Sales	\$ 17,126,965	\$ 13,056,389	\$ -	\$ 30,183,354	\$ -
Charges for services	10,160,965	10,769,103	718,529	21,648,597	7,278,606
Interest and penalty charges	619,579	605,715	-	1,225,294	-
Rents and royalties	-	-	2,160,126	2,160,126	2,462,622
City contributions for insurance premiums	-	-	-	-	20,964,815
Miscellaneous revenue	194,506	47,763	46,012	288,281	375,684
Employee contributions for insurance premiums	-	-	-	-	1,510,545
Total operating revenue	28,102,015	24,478,970	2,924,667	55,505,652	32,592,272
Operating Expenses					
Personnel services	3,425,024	5,437,476	582,969	9,445,469	5,110,947
Contractual services	1,324,990	1,221,994	100,599	2,647,583	2,650,843
Insurance and bonds	194,140	122,120	67,097	383,357	1,298,900
Utilities	372,257	16,520	381,233	770,010	1,271,235
Claims and judgments	-	-	-	-	20,815,154
Repairs and maintenance	1,692,507	1,635,839	381,284	3,709,630	711,473
Supplies	180,967	393,797	50,265	625,029	-
Cost of sales	19,502,400	10,565,896	-	30,068,296	-
Cost of rentals	137,607	240,187	71,059	448,853	-
Other operating expenses	74,103	47,575	9,260	130,938	321,633
Depreciation	7,381,503	2,047,586	227,970	9,657,059	5,919,411
Total operating expenses	34,285,498	21,728,990	1,871,736	57,886,224	38,099,596
Operating (Loss) Income	(6,183,483)	2,749,980	1,052,931	(2,380,572)	(5,507,324)
Nonoperating Revenue (Expense)					
Property tax revenue	15,643,907	-	-	15,643,907	-
Intergovernmental - State sources	3,490,983	-	-	3,490,983	-
Investment income	1,045,654	109,919	123,273	1,278,846	720,605
Interest expense	(5,086,838)	(257,794)	(64,821)	(5,409,453)	(991,289)
(Loss) gain on sale of assets	(850,691)	(27,677)	-	(878,368)	467,311
Total nonoperating revenue (expense)	14,243,015	(175,552)	58,452	14,125,915	196,627
Income (Loss) - Before capital contributions	8,059,532	2,574,428	1,111,383	11,745,343	(5,310,697)
Capital Contributions					
Capital grants - Federal	923,319	-	-	923,319	200,000
Capital grants - State	455,800	-	-	455,800	42,500
Capital grants - Local	361,241	-	-	361,241	63,000
Other capital contributions	-	-	-	-	20,000
Total capital contributions	1,740,360	-	-	1,740,360	325,500
Transfers In	100,901	1,033,873	49,105	1,183,879	5,284,716
Transfers Out	(843,840)	(12,926)	(11,312)	(868,078)	(2,305,845)
Change in Net Position	9,056,953	3,595,375	1,149,176	13,801,504	(2,006,326)
Net Position - Beginning of year	192,780,508	78,893,632	3,859,748	275,533,888	126,710,928
Net Position - End of year	<u>\$ 201,837,461</u>	<u>\$ 82,489,007</u>	<u>\$ 5,008,924</u>	<u>\$ 289,335,392</u>	<u>\$ 124,704,602</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 28,453,834	\$ 24,238,764	\$ 2,857,684	\$ 55,550,282	\$ 1,052,759
Receipts from (payments on) interfund services and reimbursements	661,839	(707,734)	-	(45,895)	31,805,760
Payments to suppliers	(24,434,297)	(13,012,593)	(1,289,544)	(38,736,434)	(7,884,756)
Payments to employees and fringes	(2,557,863)	(5,915,689)	(1,478,681)	(9,952,233)	(3,724,391)
Payments to other funds	(87,319)	(217,597)	(19,447)	(324,363)	-
Claims paid	-	-	-	-	(21,626,818)
Other (payments) receipts	(18,279)	10,679	210,243	202,643	-
Net cash and cash equivalents provided by (used in) operating activities	2,017,915	4,395,830	280,255	6,694,000	(377,446)
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	100,901	1,033,873	49,105	1,183,879	5,284,716
Principal and interest paid on pension and OPEB bonds	(116,775)	(520,906)	(135,172)	(772,853)	(274,102)
Transfers to other funds	(843,840)	(12,926)	(11,312)	(868,078)	(2,305,845)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(859,714)	500,041	(97,379)	(457,052)	2,704,769
Cash Flows from Capital and Related Financing Activities					
Receipt of capital grants	1,042,333	-	-	1,042,333	491,258
Proceeds from sale of capital assets	-	-	-	-	504,688
Property taxes and state revenue restricted for capital items	19,113,389	-	-	19,113,389	-
Purchase of capital assets	(22,910,279)	(5,217,209)	(582,121)	(28,709,609)	(15,002,888)
Principal and interest paid on capital debt	(18,705,312)	(73,720)	-	(18,779,032)	(2,231,754)
Net cash and cash equivalents used in capital and related financing activities	(21,459,869)	(5,290,929)	(582,121)	(27,332,919)	(16,238,696)
Cash Flows from Investing Activities					
Interest received on investments	1,173,045	126,287	146,112	1,445,444	842,030
Purchases of investment securities	(9,283,161)	(983,607)	(1,563,600)	(11,830,368)	(6,741,047)
Net cash and cash equivalents used in investing activities	(8,110,116)	(857,320)	(1,417,488)	(10,384,924)	(5,899,017)
Net Decrease in Cash and Cash Equivalents	(28,411,784)	(1,252,378)	(1,816,733)	(31,480,895)	(19,810,390)
Cash and Cash Equivalents - Beginning of year	81,759,093	5,329,800	7,727,537	94,816,430	55,787,346
Cash and Cash Equivalents - End of year	<u>\$ 53,347,309</u>	<u>\$ 4,077,422</u>	<u>\$ 5,910,804</u>	<u>\$ 63,335,535</u>	<u>\$ 35,976,956</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities
			Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
	Major Sewer	Major Water			
Classification of Cash and Cash Equivalents					
Cash and cash equivalents	\$ 33,862,170	\$ 4,059,398	\$ 5,910,804	\$ 43,832,372	\$ 27,107,369
Restricted assets	19,485,139	18,024	-	19,503,163	8,869,587
Total cash and cash equivalents	<u>\$ 53,347,309</u>	<u>\$ 4,077,422</u>	<u>\$ 5,910,804</u>	<u>\$ 63,335,535</u>	<u>\$ 35,976,956</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities					
Operating (loss) income	\$ (6,183,483)	\$ 2,749,980	\$ 1,052,931	\$ (2,380,572)	\$ (5,507,324)
Adjustments to reconcile operating (loss) income to net cash from operating activities:					
Depreciation	7,381,503	2,047,586	227,970	9,657,059	5,919,411
Changes in assets and liabilities:					
Receivables	376,487	(229,527)	199,041	346,001	(46,450)
Due to and from other funds	661,839	(707,734)	-	(45,895)	310,723
Inventories	(303,800)	(116,847)	-	(420,647)	-
Prepaid and other assets	-	-	-	-	(119,999)
Accounts payable	(781,792)	1,130,585	(315,994)	32,799	(1,511,394)
Estimated claims liability	-	-	-	-	(808,969)
Net pension and OPEB liabilities	1,585,811	2,561,957	(136,592)	4,011,176	2,721,677
Deferrals related to pension and OPEB	(783,869)	(3,121,176)	(717,568)	(4,622,613)	(1,393,176)
Accrued and other liabilities	65,219	81,006	(41,552)	104,673	58,055
Refundable deposits, bonds, etc.	-	-	11,517	11,517	-
Unearned revenue	-	-	502	502	-
Total adjustments	<u>8,201,398</u>	<u>1,645,850</u>	<u>(772,676)</u>	<u>9,074,572</u>	<u>5,129,878</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 2,017,915</u>	<u>\$ 4,395,830</u>	<u>\$ 280,255</u>	<u>\$ 6,694,000</u>	<u>\$ (377,446)</u>
Significant Noncash Transactions - Capital assets contributed from the Brownfield Redevelopment Authority to the Facilities Internal Service Fund	\$ -	\$ -	\$ -	\$ -	\$ 20,000

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2020

	Pension and Other Postemployment Benefits	Agency
Assets		
Cash and cash equivalents (Note 2)	\$ 1,957,510	\$ 1,733,554
Investments: (Note 2)		
Other short-term investments	5,403,705	-
Stocks	276,170,426	-
Fixed-income funds	183,581,820	-
Real estate	41,024,054	-
Mutual funds	75,259,208	-
Receivables:		
Property taxes receivable	-	407,563
Accrued interest receivable	250,801	-
Other receivables	1,464,945	-
Due from other funds	504	3,099
Total assets	585,112,973	<u><u>\$ 2,144,216</u></u>
Liabilities		
Accounts payable	1,276,699	\$ 987,560
Due to other governmental units	-	293,900
Due to other funds	108,412	16,851
Refundable bonds and deposits	-	558,429
Accrued liabilities and other	-	286,143
Other liabilities	-	1,333
Total liabilities	1,385,111	<u><u>\$ 2,144,216</u></u>
Net Position Restricted for Pension and Other Employee Benefits	<u><u>\$ 583,727,862</u></u>	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Pension and Other Postemployment Benefits
Additions	
Investment income (loss):	
Interest and dividends	\$ 8,934,659
Net decrease in fair value of investments	(4,362,136)
Investment-related expenses	<u>(1,954,988)</u>
Net investment income	2,617,535
Contributions:	
Employer contributions	29,873,300
Employee contributions	<u>1,088,544</u>
Total contributions	30,961,844
Reimbursements	<u>4,924</u>
Total additions	33,584,303
Deductions	
Benefit payments	49,175,173
Refunds of contributions	1,276,134
Claims and judgments	25,516
Administrative expenses	<u>159,367</u>
Total deductions	<u>50,636,190</u>
Net Increase in Net Position	(17,051,887)
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	<u>600,779,749</u>
Net Position Restricted for Pension and Other Employee Benefits - End of year	<u><u>\$ 583,727,862</u></u>

Component Units
Statement of Net Position

June 30, 2020

	Dix-Vernor Business District Improvement Authority	Warren Business District Improvement Authority	West Dearborn Downtown Development Authority	East Dearborn Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Assets							
Cash and cash equivalents (Note 2)	\$ 85,912	\$ 284,063	\$ 829,562	\$ 734,185	\$ 1,238,735	\$ 137,911	\$ 3,310,368
Investments (Note 2)	30,418	100,574	293,710	259,941	607,828	48,828	1,341,299
Receivables:							
Customer receivables	-	-	18,860	10,750	-	-	29,610
Accrued interest receivable	198	654	1,910	1,690	3,953	318	8,723
Due from other governments	-	-	-	-	181,094	-	181,094
Restricted assets (Note 18)	-	-	-	-	478,030	-	478,030
Notes receivable - Long term	-	-	-	162,832	-	-	162,832
Total assets	116,528	385,291	1,144,042	1,169,398	2,509,640	187,057	5,511,956
Liabilities							
Accounts payable	-	-	39,703	35,670	702,206	8,368	785,947
Accrued liabilities and other	-	-	-	-	122,129	-	122,129
Noncurrent liabilities - Bonds and contracts payable:							
Due within one year	-	-	-	14,203	532,260	-	546,463
Due in more than one year	-	-	-	113,623	15,915,314	-	16,028,937
Total liabilities	-	-	39,703	163,496	17,271,909	8,368	17,483,476
Net Position (Deficit) - Unrestricted	\$ 116,528	\$ 385,291	\$ 1,104,339	\$ 1,005,902	\$ (14,762,269)	\$ 178,689	\$ (11,971,520)

City of Dearborn, Michigan

		Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Dix-Vernor Business District Improvement Authority - Community improvement	\$ 13,853	\$ -	\$ 30,375	\$ -	
Warren Business District Improvement Authority - Community improvement	51,888	-	90,210	-	
West Dearborn Downtown Development Authority - Community improvement	814,097	7,265	58,811	-	
East Dearborn Downtown Development Authority - Community improvement	910,164	-	25,509	-	
Brownfield Redevelopment Authority - Community improvement	3,865,141	-	-	-	
Economic Development Corporation - Community improvement	181,226	-	-	-	
Total component units	\$ 5,836,369	\$ 7,265	\$ 204,905	\$ -	

General revenue:

Property taxes
 Unrestricted state revenue
 Unrestricted investment income
 Other miscellaneous income

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Component Units Statement of Activities

Year Ended June 30, 2020

Net Revenue (Expense) and Changes in Net Position						
Dix-Vernor Business District Improvement Authority	Warren Business District Improvement Authority	West Dearborn Downtown Development Authority	East Dearborn Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
\$ 16,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,522
-	38,322	-	-	-	-	38,322
-	-	(748,021)	-	-	-	(748,021)
-	-	-	(884,655)	-	-	(884,655)
-	-	-	-	(3,865,141)	-	(3,865,141)
-	-	-	-	-	(181,226)	(181,226)
16,522	38,322	(748,021)	(884,655)	(3,865,141)	(181,226)	(5,624,199)
24,867	159,486	1,018,201	815,148	2,545,902	-	4,563,604
-	-	-	26,223	1,530,585	-	1,556,808
1,372	4,104	15,928	18,330	40,678	3,574	83,986
-	-	11	155	-	-	166
26,239	163,590	1,034,140	859,856	4,117,165	3,574	6,204,564
42,761	201,912	286,119	(24,799)	252,024	(177,652)	580,365
73,767	183,379	818,220	1,030,701	(15,014,293)	356,341	(12,551,885)
\$ 116,528	\$ 385,291	\$ 1,104,339	\$ 1,005,902	\$ (14,762,269)	\$ 178,689	\$ (11,971,520)

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The City of Dearborn, Michigan (the "City") was incorporated in 1929 under Michigan law as a home rule city. The City operates under a strong mayor, weak council form of government. The most recent charter was adopted on November 6, 2007 and was effective on January 1, 2008.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Below is a summary of the City's more significant policies:

Reporting Entity

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

Blended Component Unit

The 19th District Court is governed by a chief judge. Although it is legally separate from the City, the 19th District Court is reported as if it were part of the primary government because its sole purpose is to perform court-related activities on behalf of the City.

Discretely Presented Component Units

Warren Business District Improvement Authority (WBDIA)

The WBDIA was formed in FY 2017 to encourage business improvement and development along the City's Warren Avenue Corridor. The WBDIA has no current outstanding debt, and the City has no obligation for any future debt incurred by the WBDIA. The City Council must approve the WBDIA's budget.

Dix-Vernor Business District Improvement Authority (DBDIA)

The DBDIA was formed in FY 2017 to encourage business improvement and development along the City's Dix-Vernor Corridor. The DBDIA has no current outstanding debt, and the City has no obligation for any future debt incurred by the DBDIA. The City Council must approve the DBDIA's budget.

Brownfield Redevelopment Authority (BRA)

The Brownfield Redevelopment Authority was created to account for the redevelopment of environmentally contaminated and other underutilized sites within the City. The authority's governing body consists of the mayor and six individuals appointed by the mayor. The City Council must approve the BRA's budget.

The Economic Development Corporation of Dearborn (EDC)

The EDC's purpose is to encourage economic development, primarily through the issuance of tax-exempt financing. Although the City has no involvement in the determination of the EDC's budget nor any obligation for the EDC's outstanding debt, the City Council must approve designation of project areas and must approve each project plan.

Note 1 - Significant Accounting Policies (Continued)

East Dearborn Downtown Development Authority (EDDDA)

The EDDDA was formed to encourage development within the City's eastern central business district. The City has no obligation for the EDDDA's outstanding debt. The City Council must approve the EDDDA's budget.

West Dearborn Downtown Development Authority (WDDDA)

The WDDDA was formed to encourage development within the City's western central business district. The City has no obligation for the WDDDA's outstanding debt. The City Council must approve the WDDDA's budget.

The primary government is financially accountable for, imposes its will on, and appoints the voting majority of all component units' boards. Financial information for the discretely presented component units is available during office hours at the City of Dearborn, Michigan, Dearborn Administrative Center, 16901 Michigan Avenue, Dearborn, MI 48126-2899.

Report Presentation

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

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

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

The City does not allocate indirect costs. An administrative fee is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, human resources, purchasing, legal, etc.). The effect of this fee and all other internal activity has been eliminated from the government-wide financial statements.

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.

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 City has spent its resources.

Note 1 - Significant Accounting Policies (Continued)

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, federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflows of resources.

Proprietary funds and fiduciary funds, as applicable, 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.

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 project funds, and permanent funds. The following is a description of the governmental funds of the City:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund

The City has one capital projects fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by business-type/proprietary funds.

Proprietary Funds

The focus of proprietary fund measurement is on determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Note 1 - Significant Accounting Policies (Continued)

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 proprietary funds relates to charges to customers for sales and service. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Property taxes are collected for the payment of Combined Sewer Overflow (CSO) debt and are nonoperating. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The following is a description of the two proprietary fund types of the City:

Enterprise Funds

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenue; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The government reports the following enterprise funds:

- Major Water Fund: This fund accounts for operation of the City's water supply system. Purified water is purchased from the Great Lakes Water Authority.
- Major Sewer Fund: This fund accounts for operation of the City's sewerage system. Sewage treatment is purchased from the Great Lakes Water Authority.
- Nonmajor Seniors Apartment Operating Fund: This fund accounts for operation of the City's housing department, which administers the Senior Citizen Housing Program. The fund also directly accounts for operation of two senior citizen apartment buildings, Hubbard Manor East and Hubbard Manor West, which consist of a total of 351 apartments. Administrative and other costs are billed to the Dearborn Housing Commission based on services provided

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds, or component units of the City on a cost-reimbursement basis. Internal service funds include fleet replacement, workers' compensation and employee insurance, fleet and general liability insurance, information systems, and facilities.

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others and, therefore, are not available to support city programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary pension funds include the General Employees' Retirement System, the Police and Fire Revised Retirement System, and the Policemen's and Firemen's Retirement System. Fiduciary agency funds include the Agency and District Court funds. Other fiduciary funds are the Retiree Death Benefit Fund and Postemployment Healthcare Fund.

June 30, 2020**Note 1 - Significant Accounting Policies (Continued)****Interfund Activity**

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in 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 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.

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investments and certificates of deposit are purchased with pooled cash and are generally held to maturity. Interest is allocated on the basis of time-and-dollar-weighted participation.

The purchase and sale of proprietary fund investments have been netted for cash flow purposes, as the nature of the investments is highly liquid because there is an active market readily available.

Accounts Receivable and Revenue

Revenue is reported net of uncollectible amounts. The amount in the allowance for uncollectibles in the General Fund at June 30, 2020 is \$809,719 and represents potentially uncollectible ambulance billings. Most city service billings, if not paid, are assessed as a lien against the serviced property.

Inventories

Materials and supplies inventories are recorded at cost. Cost is measured using the weighted-average method with the exception of enterprise funds' inventories, which are recorded on a first in, first out basis.

Land Held for Sale

Land for resale is recorded at the lower of cost or market based on individual parcels.

Restricted Assets

The Designated Purposes Fund receives donations for which the purpose is restricted for the historical museum. The revenue bonds of the enterprise and internal service funds require amounts to be set aside for construction, debt service principal and interest, unspent bond proceeds, operations and maintenance, equipment purchases, and a bond reserve. The Brownfield Redevelopment Authority fund requires amounts to be set aside for debt service. These amounts have been classified as restricted assets. See Note 18 for additional information.

Note 1 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and a useful life of greater than one year are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at the estimated acquisition value on the date received.

The City elected to early adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. As a result, all interest incurred during the construction of capital assets of business-type activities is expensed as incurred instead of capitalized.

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

	Depreciable Life - Years
Equipment	2-40
Land improvements	8-45
Infrastructure assets (roads, bridges, and sidewalks)	15-40
Building and improvements	5-50
Water system	75
Sewer system	75

The City has a collection of art work presented for public exhibition and education that is being preserved for future generations. The City has an internal policy stating that the proceeds for the sale of these assets would be used to acquire other items for the collection. Therefore, the collection is not capitalized or depreciated as part of capital assets.

Prepays

Prepays are payments made in the current fiscal year for services in the next fiscal year. Prepays are recorded as expenditures when consumed rather than when purchased.

Unearned Revenue

Unearned revenue represents moneys that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as liabilities.

Compensated Absences

The City accrues vested or accumulated sick, vacation, and paid time off (PTO) leave when earned by the employee. These liabilities are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for outstanding employee terminations as of year end.

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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Unavailable revenue (those not collected within the period of availability) - Reported only at the modified accrual level		✓
Deferred pension costs (or cost reductions)	✓	✓
Deferred OPEB costs (or cost reductions)	✓	✓

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 31 and are billed in two separate billings, July 1 and December 1 of the following year. Taxable valuations are established annually by the city assessor and are based on assessed valuations (established at 50 percent of true cash value), with the annual growth of each property's taxable value limited by inflation. Real and personal property in the City subject to the 2019 levy that financed operations for the fiscal year ended June 30, 2020 had a taxable value of \$3,376,572,223.

In November 2011 the voters approved a 5-year, 3.5 mill supplemental operating millage and a 10-year library millage. In August 2016, the voters renewed the 3.5 mill supplemental operating millage. Both millages will expire following the fiscal year ending June 30, 2022. The city millage for the fiscal year ended June 30, 2020 was 26.70 mills, consisting of 15.00 mills for operating, 3.50 mills for voted operations, 1.69 mills for the library, 1.91 mills for garbage and rubbish, and 4.60 mills for debt service. The City is legally empowered by Section 13.2 of the City Charter and PAs 298 and 164 for a maximum limit of 24.5 mills for each fiscal year. The rollbacks required by Michigan law of 1917, as amended, are 24.5 mills of authorization with an annual maximum limit of 24.5 mills for each fiscal year. The rollbacks required by Michigan law are applied to the authorized 24.5 mills. The maximum potential millage for the fiscal year ended June 30, 2020 was 24.2254 mills after applicable rollbacks.

The July tax billing is payable without penalty in three equal installments due on September 14 and every two months thereafter with the final installment due on January 14. The December tax billing is due in full on February 14. Both summer and winter taxes become delinquent if they remain unpaid on March 1. Unpaid real property taxes are returned to the Wayne County treasurer as delinquent for collection. The amounts of delinquent real property taxes become available to finance expenditures through operation of a County Tax Revolving fund. The city treasurer is responsible for collection of delinquent personal property taxes. Delinquent personal property taxes and associated penalties not collected within 60 days of fiscal year end are recorded as deferred inflows of resources.

Note 1 - Significant Accounting Policies (Continued)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control in the General, special revenue, and Capital Projects funds. Grant revenue will be recognized in future periods when these encumbrances are expended. The amount of encumbrances outstanding at year end relating to the General Fund was \$769,040; the amount of encumbrances outstanding at year end related to the Capital Projects Fund was \$2,236,688; and all other nonmajor governmental funds had total encumbrances of \$8,241,547 at year end.

Pension and Other Postemployment Benefit Costs

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

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Fund Balance

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

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed: Amounts that have been formally set aside by City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of City Council.
- Assigned: Intent to spend resources on specific purposes expressed by City Council or the finance director/treasurer, who is authorized by resolution approved by City Council to make assignments

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

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

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

Upcoming Accounting Pronouncements

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

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

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

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

Note 1 - Significant Accounting Policies (Continued)

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

Note 2 - 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. In addition, bank deposits in the form of Certificate of Deposit Account Registry Service (CDARS) are allowed to include out-of-state certificates of deposit. 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; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools of financial institutions. The City does not engage in reverse repurchase agreements or in repurchase agreements without a master repurchase agreement and delivery of collateral to a third-party custodian.

The pension trust funds are authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. In addition, the City created a retiree health care trust fund under Public Act 149 of 1999, which allows the funds to be invested in the same investments noted in Public Act 314.

The City deposits all funds in either Comerica bank accounts, investment CDs with Flagstar Bank, or investments with Incore Capital Management backed by federal government securities. The investment policy adopted by City Council is required by PA 20 of 1943, as amended. The deposit and investment policies of the City comply with applicable state statutes.

June 30, 2020

Note 2 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City and component units had \$2,126,167 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the City did not have custodial credit risk.

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 minimizes interest rate risk by structuring the portfolio to meet investment requirements and by investing funds in shorter-term securities, money market mutual funds or similar investment pools. The City's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The weighted-average maturity is based on maturity date or contracted modified maturity date as applicable. At year end, the average maturities of investments are as follows:

Primary Government	Fair Value	Weighted-average Maturity
Bank investment pool	\$ 38,490,110	0.26 years
Fiduciary Funds	Fair Value	Weighted-average Maturity
Bank investment pool	\$ 695,357	0.26 years
Derivatives rights and warrants	358	0.08 years
Fixed-income mutual funds	221,400,545	*

*The weighted-average maturity for \$221,400,545 of fixed-income mutual funds is not known based on the information available to the City as of June 30, 2020.

June 30, 2020

Note 2 - 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 at the time of purchase. The City's investment policy limits investments to the safest types of securities. Financial institutions, broker/dealers, intermediaries, and advisers need to be prequalified to do business with the City. The policy also states that the investment portfolio will be diversified to minimize potential losses on individual securities. As of June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Primary Government Investment Types	Fair Value	Rate
Bank investment pool	\$ 38,490,110	N/R
Comerica Government Cash Investment Fund	97,860,042	N/R
Total	<u>\$ 136,350,152</u>	
Fiduciary Funds	Fair Value	Rate
Bank investment pool	\$ 695,357	N/R
American Depository Receipt (ADR)	13,082,905	N/R
Partnerships	2,777	N/R
Fixed-income mutual funds	221,400,545	*
Total	<u>\$ 235,181,584</u>	

*The credit quality ratings for \$221,400,545 of fixed-income mutual funds are not known based on the information available to the City as of June 30, 2020.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any single issuer. At June 30, 2020, the City had more than 5.00 percent of its investments and cash in the following:

Primary Government	Percentage
Comerica Government Cash Investment Fund	56.02 %
Fiduciary Funds	Percentage
Vanguard	20.55 %
Baird	8.57
Loomis Sayles Credit Asset Trust	5.99
Loomis Sayles Strategic Alpha Fund	5.16

Component Units

The component units did not have bank deposits subject to custodial credit risk (uninsured and uncollateralized). Investment securities held by the counterparty (or the counterparty's trust department) were not in the component units' name.

Fair Value Measurements

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

June 30, 2020

Note 2 - Deposits and Investments (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City of Dearborn, Michigan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Governmental and Proprietary Investment Types by Fair Value Measure - Bank investment pool				
	\$ -	\$ 38,490,109	\$ -	\$ 38,490,109
Fiduciary Investment Types by Fair Value Measure				
Common stock:				
ADR	\$ 13,082,905	\$ -	\$ -	\$ 13,082,905
Foreign equity	9,641,179	-	-	9,641,179
U.S. equity	127,312,058	-	-	127,312,058
Real estate trust funds	4,619,781	-	-	4,619,781
Partnerships	2,777	-	-	2,777
Mutual funds:				
Real estate	7,871,060	5,327,636	-	13,198,696
Equity	109,032,023	6,447,283	-	115,479,306
Fixed income	78,183,592	4,650,334	-	82,833,926
Foreign equity	-	20,995,119	-	20,995,119
Derivatives - Rights and warrants	358	-	-	358
Total	\$ 349,745,733	\$ 37,420,372	\$ -	387,166,105
Investments measured at NAV:				
Equity funds				100,747,894
Fixed-income funds				60,296,151
Real estate funds				27,825,358
Other investments				7,361,215
Total assets				\$ 583,396,723

Component unit investments as of June 30, 2020 include \$1,341,299 of U.S. government bonds whose fair value is measured using Level 1 inputs.

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

The fair values of mutual funds noted as Level 2 above were estimated using other inputs, such as interest rate and yield curves, that are observable at commonly quoted intervals.

June 30, 2020

Note 2 - Deposits and Investments (Continued)***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.

The equity funds class includes investments in commingled equity funds and limited partnerships and limited liability companies. The fixed-income class includes investments in commingled fixed-income funds. The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in these classes have been estimated using net asset value of the City of Dearborn, Michigan's ownership interest in partners' capital.

At June 30, 2020, the City of Dearborn, Michigan had no unfunded commitments or redemption restrictions other than the notice periods noted below:

	Fair Value	Redemption Notice Period
Real estate	\$ 21,663,537	90 days

Note 3 - Capital Assets

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

Governmental Activities

	Balance July 1, 2019	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 12,290,049	\$ -	\$ -	\$ 37,817	\$ 12,327,866
Right of ways	37,818	-	-	-	37,818
Construction in progress	8,797,776	(6,999,164)	13,155,659	(9,315)	14,944,956
Subtotal	21,125,643	(6,999,164)	13,155,659	28,502	27,310,640
Capital assets being depreciated:					
Infrastructure assets	152,990,534	-	15,035,060	-	168,025,594
Buildings and improvements	189,646,585	135,000	4,790,639	(37,818)	194,534,406
Machinery and equipment	52,308,460	6,623,895	(1,359,412)	(348,441)	57,224,502
Subtotal	394,945,579	6,758,895	18,466,287	(386,259)	419,784,502
Accumulated depreciation:					
Infrastructure assets	70,516,060	-	6,296,368	-	76,812,428
Buildings and improvements	76,658,892	-	4,009,631	-	80,668,523
Machinery and equipment	30,887,460	(24,027)	3,582,659	(258,241)	34,187,851
Subtotal	178,062,412	(24,027)	13,888,658	(258,241)	191,668,802
Net capital assets being depreciated	216,883,167	6,782,922	4,577,629	(128,018)	228,115,700
Net governmental activities capital assets	\$ 238,008,810	\$ (216,242)	\$ 17,733,288	\$ (99,516)	\$ 255,426,340

June 30, 2020

Note 3 - Capital Assets (Continued)***Business-type Activities***

	Balance July 1, 2019	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 1,768,541	\$ -	\$ -	\$ -	\$ 1,768,541
Construction in progress	62,575,327	(32,768,634)	29,487,712	(874,520)	58,419,885
Subtotal	64,343,868	(32,768,634)	29,487,712	(874,520)	60,188,426
Capital assets being depreciated:					
Buildings	30,169,487	-	-	-	30,169,487
Machinery and equipment	45,061,517	899,256	396,782	-	46,357,555
Land improvements	376,500	-	-	-	376,500
Water system	133,771,626	6,158,087	-	(70,563)	139,859,150
Sewer system	285,687,761	25,951,560	-	-	311,639,321
Subtotal	495,066,891	33,008,903	396,782	(70,563)	528,402,013
Accumulated depreciation:					
Buildings	16,415,726	-	786,392	-	17,202,118
Machinery and equipment	22,763,018	24,027	3,116,457	-	25,903,502
Land improvements	376,500	-	-	-	376,500
Water system	48,353,446	-	1,823,595	(66,715)	50,110,326
Sewer system	51,952,207	-	3,930,615	-	55,882,822
Subtotal	139,860,897	24,027	9,657,059	(66,715)	149,475,268
Net capital assets being depreciated	355,205,994	32,984,876	(9,260,277)	(3,848)	378,926,745
Net business-type activities capital assets	<u>\$ 419,549,862</u>	<u>\$ 216,242</u>	<u>\$ 20,227,435</u>	<u>\$ (878,368)</u>	<u>\$ 439,115,171</u>

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

Governmental activities:	
General government	\$ 398,466
Public safety	2,304,429
Public works	7,904,057
Recreation and culture	2,367,985
Community improvement	913,721
Total governmental activities	<u>\$ 13,888,658</u>
Business-type activities:	
Water	\$ 2,047,586
Sewer	7,381,503
Housing	227,970
Total business-type activities	<u>\$ 9,657,059</u>

June 30, 2020

Note 3 - Capital Assets (Continued)***Construction Commitments*****Proprietary Funds**

The current National Pollution Discharge Elimination System (NPDES) permit M10025542 issued by the Michigan Department of Environmental Quality (MDEQ) specifies the schedule for the design and construction of the Combined Sewer Overflow (CSO) projects for various CSO outfalls. As required by the NPDES permit, no untreated CSO discharges to the Rouge River will be allowed past the date specified in the permit for specific outfalls. The City is aggressively working to meet the MDEQ deadlines for the CSO project. Four underground sinking caissons were constructed and are in operation to address CSO capture and overflow for part of the City (C4, C6, C7, and C8). For the remaining portion of the City, the City is addressing the CSO control with sewer separation.

The structure for the Caisson C5, located at the intersection of Palmer Street and Colson Avenue, to address Outfall 016 had been abandoned and the concrete walls below the ground had been demolished. The sewer separation alternative is being implemented in two phases, Phase 1 and Phase 2, to address Outfall 016. The Phase 1 of construction is complete, which involved placement of larger diameter collector sewers on Ternes Street, within Ford wood Park and on Yinger Street. The Phase 2 of construction is broken down as Phases 2A, 2B, 2C, and 2D. Construction for Phase 2A was completed in 2018, Phase 2B and 2D was completed in 2019. Construction for Phase 2C is under construction, 95 percent of which is expected to be completed by the end of November 2020. The remaining 5 percent of Phase 2C will be completed by October 31, 2021.

The structure for the Caisson C3 located along the Rouge River, north of Rotunda Drive, to address Outfall 014 had been abandoned, and the concrete walls below the ground had been demolished. The structure of the Caisson C2 located within the Greenfield Village Property along Southfield Service Drive to address Outfall 013 remains unfinished. Extensive ground freezing would be required to finish construction. The City is working with the Michigan Department of Environmental Quality (MDEQ) and has obtained conceptual approval for the construction of a screening and disinfection facility (SDF) to address both Outfalls 013 and 014. The SDF will eliminate the need for the unfinished Caisson C2. The structure of the unfinished Caisson C2 may be abandoned similar way as structures C3 and C5.

Construction in West Dearborn for Outfall 003 and 005 and CSO Control Program Phases 1, 2, and 4 sewer separations are complete. Phase 3 of the project is 95 percent complete. The remaining 5 percent will be completed by October 30, 2021. Construction to address part of the drainage area for Outfall 002 was completed in 2018. Construction for the remainder of Outfall 001 and Outfall 004 is 90 percent complete. The remaining 10 percent will be completed by October 15, 2021.

So far, the City of Dearborn, Michigan has completely addressed CSO Outfalls 002, 005 to 012, 015, and 017 to 020. By the end of 2020, sewer separations for the CSO Outfalls 001 will be 90 percent complete, CSO 003/005 Phase 3 will be 95 percent complete, 004 will be 90 percent complete, and 016 will be 95 percent complete. Preliminary conceptual design for the SDF to address outfalls 013 and 014 is in progress.

The Major Sewer Fund cash and cash equivalents balance of \$52 million as of June 30, 2020 includes \$33.5 million earmarked for CSO projects. The City added completed CSO facilities and sewer separation projects of \$301.5 million to fixed assets through fiscal year 2020.

The total cost of construction, including engineering and construction for the City's CSO project, is estimated at \$550 million. This amount does not include any litigation costs or other costs associated with contractor claims. The City has issued all of the authorized \$314.12 million in bonds to finance this project, in combination with Rouge River Wet Weather Demonstration grants and other grants. An additional \$60 million in financing authority was approved by voters in August 2018.

June 30, 2020

Note 3 - Capital Assets (Continued)

As of June 30, 2020, approximately \$252.2 million in SRF low-interest loan bonds and \$80.2 million in general obligation bonds have been issued. This general obligation bond total includes an issuance of \$23.0 million in September 2018. The City uses the Major Sewer Fund to partially fund the separation projects. The water main portion of the project is funded by the Major Water Fund and/or open market bonds. In addition to the above special construction projects, the City expects to invest approximately \$750,000 annually in sewer rehabilitation projects.

The Public Works Engineering Division has a comprehensive water main replacement program under both the CSO Control Program and the annual water main replacement program. Deep excavation associated with sewer construction in CSO areas will impact the performance of the existing aged water mains; therefore, it is important that they be replaced as part of the CSO projects. In addition to replacing aged water mains in the CSO Control Program areas, engineering plans to replace 12,000 to 15,000 linear feet of aging water mains, related gate valves, and fire hydrants with construction expenditures to be in the range of \$5 million annually.

Updates to the City's campus powerhouse facility and related HVAC systems are also underway. Once complete, the updates will increase efficiency and lower utility costs. The total project estimate is \$21 million, with \$7.5 million exhausted and \$5.4 million committed as of fiscal year end.

The City has also initiated a plan to repair and reconstruct its deteriorating parking lots and other asphalt locations. Estimated at a total cost of approximately \$10 million, the multiyear plan is proposed to be completed in five phases. Work is being completed on phase two, with \$3.6 million committed as of fiscal year end.

City infrastructure work related to the new Wagner Place development and parking deck is almost finalized, and similar work is planned to begin in the northern area of west downtown. Work includes updating utility lines, streetscapes, etc.

Note 4 - Long-term Debt

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable - Other					
debt - General obligations	\$ 72,933,466	\$ -	\$ (3,262,445)	\$ 69,671,021	\$ 3,369,382
Compensated absences	6,674,119	4,408,403	(3,908,352)	7,174,170	2,908,803
Total governmental activities long-term debt	<u>\$ 79,607,585</u>	<u>\$ 4,408,403</u>	<u>\$ (7,170,797)</u>	<u>\$ 76,845,191</u>	<u>\$ 6,278,185</u>

June 30, 2020

Note 4 - Long-term Debt (Continued)**Business-type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Loan due to DCC					
Clean Water and Drinking Water Revolving Fund bonds	\$ 132,139,835	\$ -	\$ (11,535,000)	\$ 120,604,835	\$ 11,690,000
Revenue bonds	1,798,812	-	(415,000)	1,383,812	425,000
Total direct borrowings and direct placements	133,938,647	-	(11,950,000)	121,988,647	12,115,000
Other debt - General obligations	86,302,247	-	(2,122,493)	84,179,754	2,205,555
Total bonds and contracts payable	220,240,894	-	(14,072,493)	206,168,401	14,320,555
Compensated absences	692,282	570,256	(519,938)	742,600	329,864
Total business-type activities long-term debt	<u>\$ 220,933,176</u>	<u>\$ 570,256</u>	<u>\$ (14,592,431)</u>	<u>\$ 206,911,001</u>	<u>\$ 14,650,419</u>

Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Loan due to DCC	\$ 469,201	\$ -	\$ (95,996)	\$ 373,205	\$ 95,996
Other debt - General obligations	16,632,262	-	(430,067)	16,202,195	450,467
Total component units long-term debt	<u>\$ 17,101,463</u>	<u>\$ -</u>	<u>\$ (526,063)</u>	<u>\$ 16,575,400</u>	<u>\$ 546,463</u>

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. At June 30, 2020, the City's general obligation debt margin amounted to approximately \$378,000,000.

Description of Long-term Debt - Governmental Activities

On May 18, 2017, the City issued \$10,780,000 in Limited Tax General Obligation Bonds with an interest rate of 3.00 percent. A total of \$2,300,000 of these proceeds will be used to build a new aquatic facility at Ford Woods Park, and the remaining \$8,480,000 will be used to redevelop infrastructure in West Downtown Dearborn related to the Wagner Place redevelopment project by Ford Motor Company. The first principal payment was due on May 1, 2020, and payments will continue to be due on May 1 through 2032.

June 30, 2020**Note 4 - Long-term Debt (Continued)**

On December 7, 2017, the City issued \$3,543,318 in Limited Tax General Obligation Bonds with an interest rate of 3.00 percent. The proceeds from the bonds will be used for the construction of the Dunworth pool dive well conversion and bath house replacement. The first principal payment was due on June 1, 2019, and payments will continue to be due on June 1 through 2038.

On May 3, 2018, the City issued \$14,500,000 in Limited Tax General Obligation Bonds with an interest rate of 3.366 percent. The proceeds from the bonds will be used for the construction of the powerhouse improvement project. The first principal payment was due on June 1, 2019, and payments will continue to be due on June 1 through 2038.

On September 25, 2018, the City issued \$20,000,000 in Limited Tax General Obligation Bonds with an interest rate of 3.922 percent. The proceeds from the bonds were split between governmental activities and business-type activities. Of the \$20,000,000 in issued bonds, \$16,212,000 relates to governmental activities. The proceeds from the bonds were contributed to the City's General Employees' Retirement System, Chapter 22 Plan to pay a part of its unfunded pension liability. The first principal payment was due on May 1, 2019, and payments will continue to be due on May 1 through 2035.

On December 20, 2018, the City issued \$35,000,000 in Limited Tax General Obligation Bonds with an interest rate of 4.35 percent. The proceeds from the bonds were split between governmental activities and business-type activities. Of the \$35,000,000 in issued bonds, \$29,260,000 relates to governmental activities. The proceeds from the bonds were contributed to the City's Retiree Health Care Plan Trust to pay a part of its unfunded accrued health care liability. The first principal payment was due on May 1, 2019, and payments will continue to be due on May 1 through 2035.

Description of Long-term Debt - Business-type Activities

On March 28, 2002, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$6,000,000 in principal of Sewage Disposal System Revenue Bonds, Series 2002 (General Obligation Limited Tax) for the construction of the Miller Road Sewage Pump Station. The City is obligated to pay interest at 2.50 percent per annum commencing on October 1, 2002 and semiannually thereafter. The first principal payment was due on April 1, 2004, and payments will continue to be due on April 1 through 2023.

On September 23, 2004, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$61,640,000 in principal of General Obligation Sewer Bonds, Series 2004A (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 1.625 percent per annum commencing on April 1, 2005 and semiannually thereafter. The first principal payment was due on April 1, 2008, and payments will continue to be due on April 1 through 2027.

On September 22, 2005, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$72,895,000 in principal of General Obligation Sewer Bonds, Series 2005 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 1.625 percent per annum commencing on April 1, 2006 and semiannually thereafter. The first principal payment was due on April 1, 2009, and payments will continue to be due on April 1 through 2028.

On June 22, 2006, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$7,450,000 in principal of General Obligation Sewer Bonds, Series 2006 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. As of December, 2010, this portion of the project was administratively complete, and the final loan amount was \$7,182,942. The City is obligated to pay interest at 1.625 percent per annum commencing on October 1, 2006 and semiannually thereafter. The first principal payment was due on April 1, 2008, and payments will continue to be due on April 1 through 2027.

Note 4 - Long-term Debt (Continued)

On September 20, 2007, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$99,360,000 in principal of General Obligation Sewer Bonds, Series 2007 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 1.625 percent per annum commencing on October 1, 2007 and semiannually thereafter. The first principal payment was due on April 1, 2011, and payments will continue to be due on April 1 through 2030.

On September 28, 2009, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$9,460,000 in principal of General Obligation Sewer Bonds, Series 2009 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 2.50 percent per annum commencing on April 1, 2010 and semiannually thereafter. The first principal payment was due on April 1, 2012, and payments will continue to be due on April 1 through 2031. Of the authorized amount, \$3,784,000 is considered an American Recovery and Reinvestment Act (ARRA) grant. The maximum principal repayment will be \$5,676,000.

On September 28, 2009, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$1,655,000 in principal of Water Supply System Revenue Bonds, Series 2009 (Limited Tax General Obligation) for the construction and installation of improvements to the City's water supply system. The revised final loan amount was \$1,453,020. The City is obligated to pay interest at 2.50 percent per annum commencing on April 1, 2010 and semiannually thereafter. The first principal payment was due on April 1, 2011, and payments will continue to be due on April 1 through 2024. Of the final loan amount, \$581,208 is considered an American Recovery and Reinvestment Act (ARRA) grant. The maximum principal repayment will be \$871,812.

On June 26, 2012, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$7,465,000 in principal of General Obligation Sewer Bonds, Series 2009 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 2.5 percent per annum commencing on October 1, 2012 and semiannually thereafter. The first principal payment was due on October 1, 2014, and payments will continue to be due on October 1 through 2033.

On April 9, 2013, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$8,105,000 in principal of General Obligation Sewer Bonds, Series 2009 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 2.5 percent per annum commencing on October 1, 2013 and semiannually thereafter. The first principal payment was due on October 1, 2015, and payments will continue to be due on October 1 through 2034. The amount drawn as of June 30, 2020 is \$7,980,889.

On July 15, 2014, the City issued \$20,085,000 in Unlimited Tax General Obligation Sewer Refunding Bonds, with interest rates ranging from 3.00 to 3.75 percent. The proceeds from these bonds were used to refinance the 2004 Series B Unlimited Tax General Obligation Sewer Bonds. The proceeds were used to purchase U.S. Certificates of Indebtedness - State and Local Government Securities (SLGS). Those securities were deposited into an irrevocable trust with an escrow agent and subsequently used to pay off the bonds, including a call premium, on August 15, 2014. The advance refunding reduces total debt service payments over 20 years by approximately \$2,423,000, which represents an economic gain of approximately \$1,919,000.

June 30, 2020**Note 4 - Long-term Debt (Continued)**

On December 12, 2014, the City and the Michigan Finance Authority entered into an agreement whereby the City would issue, and the Michigan Finance Authority would purchase, up to \$12,000,000 in principal of General Obligation Sewer Bonds, Series 2014 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 2.50 percent per annum commencing on April 1, 2015 and semiannually thereafter. The first principal payment was due on October 1, 2017, and payments will continue to be due on October 1 through 2036. The amount drawn as of June 30, 2020 is \$12,000,000.

On May 18, 2017, the City issued \$10,700,000 in Unlimited Tax General Obligation Bonds with interest rates ranging from 3.00 to 3.50 percent. The proceeds from the bonds will be used for the construction of the Combined Sewer Overflow project. The first principal payment was due on April 1, 2019, and payments will continue to be due on April 1 through 2043.

On December 7, 2017, the City issued \$26,710,931 in Unlimited Tax General Obligation Bonds with interest rates ranging from 3.00 to 4.00 percent. The proceeds from the bonds will be used for the construction of the Combined Sewer Overflow project. The first principal payment will be due on April 1, 2020, and payments will continue to be due on April 1 through 2043.

On September 20, 2018, the City issued \$23,000,000 in Unlimited Tax General Obligation Bonds with an interest rate of 4.00 percent. The proceeds from the bonds will be used for the construction of the Combined Sewer Overflow project. The first principal payment will be due on April 1, 2020, and payments will continue to be due on April 1 through 2044.

On September 25, 2018, the City issued \$20,000,000 in Limited Tax General Obligation Bonds with an interest rate of 3.922 percent. The proceeds from the bonds were split between governmental activities and business-type activities. Of the \$20,000,000 in issued bonds, \$3,788,000 relates to business-type activities. The proceeds from the bonds were contributed to the City's General Employees' Retirement System, Chapter 22 Plan to pay a part of its unfunded pension liability. The first principal payment was due on May 1, 2019, and payments will continue to be due on May 1 through 2035.

On December 20, 2018, the City issued \$35,000,000 in Limited Tax General Obligation Bonds with an interest rate of 4.35 percent. The proceeds from the bonds were split between governmental activities and business-type activities. Of the \$35,000,000 in issued bonds, \$5,740,000 relates to business-type activities. The proceeds from the bonds were contributed to the City's Retiree Health Care Plan Trust to pay a part of its unfunded accrued health care liability. The first principal payment was due on May 1, 2019, and payments will continue to be due on May 1 through 2035.

Description of Long-term Debt - Component Units

On November 10, 2009, the Brownfield Redevelopment Authority issued \$9,815,000 in General Obligation Limited Tax Redevelopment Bonds, Series A (nontaxable) with interest rates that range from 5.00 percent to 5.50 percent. The proceeds from these bonds were used to construct a parking deck.

On May 18, 2017, the Brownfield Redevelopment Authority issued \$7,655,000 in Limited Tax General Obligation Bonds with interest rates ranging from 3.00 to 3.75 percent. The proceeds from the bonds will be used to build a parking deck in West Downtown Dearborn related to the Wagner Place redevelopment project by Ford Motor Company. The first principal payment was due on May 1, 2020, and payments will continue to be due on May 1 through 2046.

June 30, 2020

Note 4 - Long-term Debt (Continued)

The following is a summary of the debt outstanding of the City as of June 30, 2020:

Purpose	Date Issued	Interest Rates	Outstanding
Governmental Activities			
2017 General Obligation Limited Tax Capital Improvement Bonds	May 18, 2017	3.00%	\$ 10,238,044
2017 General Obligation Limited Tax Capital Improvement Bonds	Dec. 7, 2017	3.00%	3,283,986
2018 General Obligation Limited Tax Capital Improvement Bonds	May 3, 2018	3.366%	13,440,000
2018 General Obligation Limited Tax Pension Bonds	Sept. 25, 2018	3.922%	15,012,311
2018 General Obligation Limited Tax OPEB Bonds	Dec. 20, 2018	4.351%	27,696,680
Total governmental activities			<u>\$ 69,671,021</u>
Business-type Activities			
2002 Sewage Disposal System Clean Water Revolving Fund Revenue Bonds	March 28, 2002	2.50%	\$ 1,100,000
2004 Sewage Disposal System Clean Water Revolving Fund Bonds	Sept. 23, 2004	2.125%	13,814,705
2005 Sewage Disposal System Clean Water Revolving Fund Bonds	Sept. 22, 2005	1.625%	24,476,299
2006 Sewage Disposal System Clean Water Revolving Fund Bonds	June 22, 2006	1.625%	2,762,942
2007 Sewage Disposal System Clean Water Revolving Fund Bonds	Sept. 20, 2007	1.625%	53,675,000
2009 Sewage Disposal System Clean Water Revolving Fund Bonds	Sept. 28, 2009	2.50%	3,460,000
2009 Water Supply System Drinking Water Revolving Fund Revenue Bonds	Sept. 28, 2009	2.50%	283,812
2012 Sewage Disposal System Clean Water Revolving Fund Bonds	June 26, 2012	2.50%	5,605,000
2013 Sewage Disposal System Clean Water Revolving Fund Bonds	April 9, 2013	2.50%	6,255,889
2014 Sewage Disposal System General Obligation Unlimited Tax Refunding Bonds	July 15, 2014	3.00 - 3.75%	15,692,012
2014 Sewage Disposal System Clean Water Revolving Fund Bonds	Dec. 12, 2014	2.50%	10,555,000
2017 Sewage Disposal System General Obligation Unlimited Tax Bonds	May 18, 2017	3.00 - 3.50%	10,101,278
2017 Sewage Disposal System General Obligation Unlimited Tax Bonds	Dec. 7, 2017	3.00 - 4.00%	26,281,457
2018 Sewage Disposal System General Obligation Unlimited Tax Bonds	Sept. 20, 2018	4.00%	23,164,000
2018 General Obligation Limited Tax Pension Bonds	Sept. 25, 2018	3.922%	3,507,687
2018 General Obligation Limited Tax OPEB Bonds	Dec. 20, 2018	4.351%	5,433,320
Total business-type activities			<u>\$ 206,168,401</u>

June 30, 2020

Note 4 - Long-term Debt (Continued)

Purpose	Date Issued	Interest Rates	Outstanding
Component Units			
2009 General Obligation Limited Tax Redevelopment Bonds, Series A (Nontaxable)	Nov. 10, 2009	5.00 - 5.50%	\$ 8,795,825
2017 General Obligation Limited Tax Redevelopment Bonds	May 18, 2017	3.00%	7,406,370
Loan due to DCC (Note 16)	March 1, 2012	0%	373,205
Total component units			<u>\$ 16,575,400</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General, Library, Facilities, and Information Systems funds.

Debt Service Requirements to Maturity

The annual requirements to service all debt outstanding as of June 30, 2020 (excluding sick, vacation, and PTO benefits), including both principal and interest, are as follows:

Years Ending June 30	Governmental Activities		Business-type Activities			
	Other Debt		Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,369,382	\$ 2,565,914	\$ 12,115,000	\$ 2,244,469	\$ 2,205,555	\$ 2,965,433
2022	3,466,320	2,460,908	12,290,000	2,023,132	2,268,617	2,896,369
2023	3,577,438	2,351,573	12,460,000	1,798,413	2,357,499	2,825,119
2024	3,702,736	2,236,204	12,273,812	1,570,294	2,422,201	2,750,375
2025	3,822,087	2,112,726	12,365,000	1,347,912	2,507,850	2,672,842
2026-2030	21,369,447	8,465,125	51,143,946	3,503,342	17,775,239	11,944,806
2031-2035	22,439,833	4,311,968	7,855,889	619,193	23,719,306	8,183,026
2036-2040	7,923,778	555,973	1,485,000	37,313	18,133,043	4,373,209
2041-2045	-	-	-	-	12,790,444	1,113,149
2046-2050	-	-	-	-	-	-
Total	<u>\$ 69,671,021</u>	<u>\$ 25,060,391</u>	<u>\$ 121,988,647</u>	<u>\$ 13,144,068</u>	<u>\$ 84,179,754</u>	<u>\$ 39,724,328</u>

Years Ending June 30	Component Units			
	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2021	\$ 95,996	\$ -	\$ 450,467	\$ 732,771
2022	95,996	-	470,886	713,471
2023	95,996	-	491,332	693,271
2024	14,203	-	516,799	672,171
2025	14,203	-	537,292	649,921
2026-2030	56,811	-	3,129,882	2,865,931
2031-2035	-	-	3,979,572	2,060,339
2036-2040	-	-	4,271,802	1,001,944
2041-2045	-	-	1,926,802	303,758
2046-2050	-	-	427,361	16,126
Total	<u>\$ 373,205</u>	<u>\$ -</u>	<u>\$ 16,202,195</u>	<u>\$ 9,709,703</u>

June 30, 2020

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 31,766
	Internal service funds	32,888
	Fiduciary funds	121,669
	Total General Fund	186,323
Nonmajor governmental funds	Nonmajor governmental funds	303,286
Major Sewer Fund	Major Water Fund	241
Internal service funds	General Fund	1,459
Fiduciary funds	Internal service funds	9
	Fiduciary funds	3,594
	Total fiduciary funds	3,603
	Total	\$ 494,912

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:

Receiving Fund (Transfer In)	Paying Fund (Transfer Out)	Amount
General Fund	Nonmajor governmental funds	\$ 1,000,000
	Internal service funds	1,556,889
	Total General Fund	2,556,889
Nonmajor governmental funds	General Fund	2,421,546
	Nonmajor governmental funds	3,812,941
	Internal service funds	330,128
	Total nonmajor governmental funds	6,564,615
Major Sewer Fund	Internal service funds	100,901
Major Water Fund	Major Sewer Fund	843,840
	Internal service funds	190,033
	Total Major Water Fund	1,033,873
Nonmajor enterprise fund	Internal service funds	49,105
Internal service funds	General Fund	3,311,406
	Nonmajor governmental funds	1,870,283
	Major Water Fund	12,926
	Nonmajor enterprise fund	11,312
	Internal service funds	78,789
	Total internal service funds	5,284,716
	Total	\$ 15,590,099

June 30, 2020

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

The transfers from the internal service funds to the General Fund, Major Sewer Fund, Major Water Fund, and nonmajor enterprise fund and the transfer from the nonmajor governmental funds to the General Fund are used to return equity to the funds. The transfers from nonmajor governmental funds to other nonmajor governmental funds represent the use of revenue collected in the one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and to move revenue from the fund required by statute to collect revenue to the funds from which statute requires it to be expended. The transfer from the Major Sewer Fund to the Major Water Fund represents a transfer of constructed assets. All other transfers represent the use of unrestricted revenue collected in the one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 6 - Pension Plans

Plan Description

The City of Dearborn, Michigan provides various retirement benefits to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer plan, administered by MERS; the Policemen's and Firemen's Retirement System (Chapter 21), a single-employer plan administered by the City; the General Employees' Retirement System (Chapter 22), a single-employer plan administered by the Chapter 22 Pension Board; the Police and Fire Revised Retirement System (Chapter 23), a single-employer plan administered by the Chapter 23 Pension Board; and the City of Dearborn Defined Contribution Plan, a defined contribution plan administered by the City.

The City accounts for the Chapters 21, 22, and 23 pension plans as pension trust funds. Management of the plans is vested in the pension board for Chapters 22 and 23 and with the City for Chapter 21. The Chapter 22 Pension Board consists of five members - two elected by plan members, one appointed by the mayor, one appointed by the City Council, and one appointed by the Civil Service Commission. The Chapter 23 Pension Board consists of seven members - four elected by plan members, two appointed by the mayor, and one appointed by the City Council. The Chapters 21, 22, and 23 pension plans do not issue separate stand-alone financial statements.

The Chapters 21, 22, and 23 plans are all closed to newly hired employees. Employees not covered by these plans are eligible for either the City's defined contribution plan or, for police and fire, the optional Municipal Employees' Retirement System of Michigan defined benefit plan.

In 2009, the City of Dearborn, Michigan began participation in an agent multiple-employer defined benefit pension plan (MERS) administered by the Municipal Employees' Retirement System of Michigan that covers police employees hired on or after July 1, 2005 and fire employees hired on or after May 1, 2009. 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 that includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

The City established a defined contribution plan under Sections 401(a) and 457 of the Internal Revenue Code for general employees who were hired on or after January 1, 2002, depending on bargaining unit. New police officers were added to the plan as of July 1, 2005. The plan became optional for new police officers and firefighters hired in or after 2009.

In addition, the plan covers all general employees who elected to transfer from the City's defined benefit pension plan.

The defined contribution plan is administered by Prudential Retirement. The plan is established by authority of the City Council. The City Council has the authority to amend the plan's provisions.

June 30, 2020**Note 6 - Pension Plans (Continued)*****Benefits Provided*****Chapter 21 Benefits**

The last active member retired in the plan year ended June 30, 1995. The plan contains an "unlimited escalator" provision, which calls for annuity payments to be changed automatically whenever the active member pay schedule changes for Chapter 23. If a member had elected an optional form of benefit and the beneficiary were to predecease the member, the amount payable to the member would "pop-up" to the amount that would have been payable if the optional form had not been elected. This "pop-up" benefit was provided at no cost to the retiring member.

Chapter 22 Benefits

A member may retire after either attaining age 55 (age 50 for police dispatch members) and completing 25 years of service or after attaining age 60 and completing 10 years of service.

Benefits are calculated at 2.50 percent of final average earnings times the first 26 years of credited service plus 1.75 percent of final average earnings times the next 3 years of credited service and 2.25 percent for the 30th year of service. Final average earnings means the average of the member's highest annual pays received during any 3 consecutive years of service contained within the last 10 years of credited service.

Optional Forms of Benefit

Retiring members may elect to receive a reduced retirement allowance with the provision that a portion (100 percent, 75 percent, or 50 percent) of the reduced amount will continue to a beneficiary after the death of the retiree. The reduction amount is based upon 7.00 percent starting on January 1, 2017; the RP-2000 Mortality Table projected to 2020 using projection scale BB with an 85 percent unisex blend; and the ages of the retiree and beneficiary on the member's voluntary retirement date. If a member elects an optional form and the beneficiary predeceases the member, the amount payable to the member "pops-up" to the amount that would have been payable if the optional form had not been elected. This "pop-up" benefit is provided at no cost to the retiring member.

Deferred Retirement

A member with 10 or more years of service who leaves city employment before retirement receives an annuity computed in the same manner as an age and service annuity, with payments beginning upon application at voluntary retirement age.

Disability Retirement

A member who becomes totally and permanently disabled from duty-connected causes before attaining age 60 receives, subject to offsetting for workers' compensation, Social Security, and other remuneration, a duty disability annuity computed in the same manner as an age and service annuity, including service credit for the period from disability to age 60.

A member with 10 or more years of service who becomes totally and permanently disabled from other than duty-connected causes receives, subject to offsetting for workers' compensation, Social Security, and other remuneration, a nonduty disability annuity computed in the same manner as an age and service annuity.

Note 6 - Pension Plans (Continued)

Death of a Member

Upon the death of a member, the surviving dependents receive, subject to offsetting for workers' compensation and Social Security, the following benefits:

(a) The spouse receives an annuity equal to the Option B-100 annuity (joint and 100 percent survivor actuarial equivalent benefit), which would have been payable had the deceased member retired at the time of death and elected Option B-100. The minimum annuity payable to the spouse is 20 percent of the member's final average earnings.

(b) The dependent children under age 18 (23 if they are full-time students) each receive an annuity of 15 percent of the member's final average earnings until they reach age 18 (23 if they are full-time students). If there are four or more dependent children, each child receives an equal share of 50 percent of the member's final average earnings until they reach the above ages.

(c) If there is neither a spouse nor dependent children, each dependent parent receives an annuity equal to 15 percent of final average earnings.

Chapter 23 Benefits

A member may retire after either completing 25 years of service regardless of age or completing 10 years of service and attaining age 55. A member must retire upon attaining age 60, except that, under certain conditions, a member may be extended in service to age 65.

Fire members - Benefits are calculated at final average earnings times the sum of 2.8 percent times the first 26 years of service plus 2.2 percent times the next 1 year of service plus 1 percent times the next 3 years of service, with a maximum of 78 percent.

Police nonsupervisory members - Benefits are calculated at final average earnings times the sum of 2.8 percent times the first 25 years of service plus 2.5 percent times the next 26 and 27 years of service, with a maximum of 75 percent and 1.0 percent times the next 3 years with a maximum of 78 percent.

Police supervisory and command staff members - Benefits are calculated at final average earnings times the sum of 2.8 percent times the first 24 years of service plus 3.8 percent times the next 1 year of service plus 1.4 percent times the next 5 years of service, with a maximum of 78 percent.

Annuity Withdrawal

Upon retirement, a member may withdraw a lump sum not to exceed the amount of his or her accumulated member contributions (not including interest) at time of retirement. The life allowance otherwise payable is not reduced to reflect the withdrawal of contributions. A member may also make an annuity withdrawal after 25 years of credited service.

Optional Forms of Benefit

Retiring members may elect to receive a reduced retirement allowance with the provision that a portion (100 percent, 75 percent, or 50 percent) of the reduced amount will continue to a beneficiary after the death of the retiree. The reduction amount is based upon 7.00 percent starting on January 1, 2017; the RP-2000 Mortality Table projected to 2020 using projected scale BB (multiplied by 110 percent for males) with a 95 percent unisex blend; a 2 percent compound cost of living allowance (COLA) with a 2-year delay; and the ages of the retiree and beneficiary on the retirement date or the member's 25-year service anniversary if earlier. If a member elects an optional form and the beneficiary predeceases the member, the amount payable to the member "pops-up" to the amount that would have been payable if the optional form had not been elected. This "pop-up" benefit is provided at no cost to the retiring member.

June 30, 2020

Note 6 - Pension Plans (Continued)

Deferred Retirement

A member with 10 or more years of service who leaves city employment before retirement is entitled to receive an allowance computed in the same manner as an age and service allowance, with payments beginning upon the member's application at age 55 or when the member would have attained 25 years of service, whichever is earlier.

Disability Retirement

A member who becomes totally and permanently disabled from duty-connected causes receives, subject to offsetting for workers' compensation, Social Security, and other remuneration, a duty disability allowance equal to 70 percent of final average earnings.

A member with 10 or more years of service who becomes totally and permanently disabled from other than duty-connected causes receives, subject to offsetting for workers' compensation, Social Security, and other remuneration, a nonduty disability allowance computed in the same manner as an age and service allowance.

Death of a Member

Upon the death of a member, the surviving dependents receive, subject to offsetting for workers' compensation and Social Security, the following benefits:

(a) The spouse receives an annuity equal to the Option B-100 annuity (joint and 100 percent survivor actuarial equivalent benefit), which would have been payable had the deceased member retired at the time of death and elected Option B-100. The minimum annuity payable to the spouse is 20 percent of the member's final average earnings.

(b) The dependent children under age 18 (23 if they are full-time students) each receive an annuity of 15 percent of the member's final average earnings until they reach age 18 (or 23). If there are four or more dependent children, each child receives an equal share of 50 percent of the member's final average earnings until they reach the above ages.

(c) If there is neither a spouse nor dependent children, each dependent parent receives an annuity equal to 15 percent of final average earnings.

MERS Plan Benefits

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

	Police Hired after July 1, 2005
	2019 Valuation
Benefit multiplier	2.80% multiplier for svc < 25 yrs 2.50% multiplier for svc 26-27 yrs 1% multiplier for svc 28-30 yrs 0% multiplier for svc > 30 yrs (78% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	age 50/25 years of service
Early retirement (reduced)	age 55/15 years of service
Final average compensation	3 years
Employee contributions	6.00%
D-2	D2 (25%)
Act 88	No

June 30, 2020

Note 6 - Pension Plans (Continued)

	Fire Hired on or after May 1, 2009
	2019 Valuation
Benefit multiplier	Bridged benefit: 2.50% multiplier (80% max) Termination FAC 2.80% multiplier for svc < 26 yrs 2.20% multiplier for svc 27 yrs 1.00% multiplier for svc 28-30 yrs 0% multiplier for svc > 30 yrs (78% max)
Bridged benefit data	3/31/2017
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	age 50/25 years of service
Early retirement (reduced)	age 55/15 years of service
Final average compensation	3 years
Employee contributions	5.00%
D-2	D2 (25%)
Act 88	No

Police hired after December 31, 2016 have the same benefit provisions as the table above with the exception of having an employee contribution rate of 7.50 percent.

Employees are eligible for nonduty disability benefits after 10 years of service and for duty-connected disability benefits upon hire. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Disability Retirement

A member who becomes totally and permanently disabled from duty connected causes receives, subject to offsetting for workers' compensation, Social Security, and other remuneration, a duty disability allowance. The member shall be paid a retirement allowance in an amount which is the greater of the following:

(a) 25 percent of the member's final average compensation, or as determined by the Defined Benefits Formula

(b) 10 years of credited service in addition to the member's actual period of credited service provided that the total years of credited service may not exceed the greater of 30 years or the member's actual period of credited service. In all cases where the retirement allowance benefit program in effect imposes a limitation on the maximum amount of retirement allowance payable, then the Benefit Program D-2 allowance shall not exceed such limitation.

A member with 10 or more years of service who becomes totally and permanently disabled from other than duty-connected causes receives, subject to offsetting for workers' compensation, Social Security, and other remuneration, a nonduty disability allowance computed in the same manner as an age and service allowance.

Death of a Member - Duty

Upon the death of a member that is the result of a work-related injury or illness, the surviving dependents receive, subject to offsetting for workers' compensation and Social Security, the following benefits:

(a) The amount of retirement allowance paid a surviving spouse shall not be less than 25 percent of the deceased member's final average compensation

(b) The amount of retirement allowance paid a surviving child shall not be less than an equal share of 25 percent of the deceased member's final average compensation.

Note 6 - Pension Plans (Continued)

(c) Under Benefit Program D-2, the amount of retirement allowance paid a surviving spouse or surviving child shall not be less than the amount computed as if the member had acquired 10 years of credited service in addition to the member's actual period of credited service, provided that the total years of credited service may not exceed the greater of 30 years or the member's actual period of credited service. In all cases where the retirement allowance Benefit Program in effect imposes a limitation on the maximum amount of retirement allowance payable, then the Benefit Program D-2 allowance shall not exceed such limitation.

Vesting is not required.

Death of a Member - Nonduty

Upon the death of a member that is the result of a non-work-related injury or illness, the surviving dependents will receive, subject to offsetting for workers' compensation and Social Security, the following benefits:

(a) The surviving spousal beneficiary will receive the greater of a lifetime benefit of at least 85 percent of the defined benefit formula or the survivor benefit payment option.

(b) Children (not named as survivor beneficiary) would equally share a total of 50 percent of the employees straight life benefit until they are age 21 or married.

Vesting is required based on the member's collective bargaining agreement. There are no provisions for benefit changes after retirement.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, usually after negotiation of these terms with the associated unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Defined Contribution Plan Benefits

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Benefit Changes after Retirement

Chapter 21

The plan contains an "unlimited escalator" provision that calls for annuity payments to be changed automatically whenever the active member pay schedule changes for Chapter 23.

Chapter 22

There are no provisions for benefit changes after retirement.

Chapter 23

The cap on all raises is the lower of the rate of inflation or 2 percent. The provision provides compound increases after retirement.

Fire - Retirements after July 1, 2002 provide increases each January 1 or July 1, beginning with the January 1 or July 1 that is at least 24 full months after retirement. Persons retired prior to July 1, 2002 are covered by different provisions. All increases are based on each retiree's applicable collective bargaining agreement.

June 30, 2020

Note 6 - Pension Plans (Continued)

Police - Nonsupervisory members retiring after July 1, 2004 receive raises starting January 1 or July 1 two years after retirement. Persons retired prior to July 1, 2004 are covered by different provisions. Police supervisory and command staff members retiring after July 1, 2001 receive raises starting 24 full months after retirement. Persons retired prior to July 1, 2001 are covered by different provisions. All increases are based off of each retiree's applicable collective bargaining agreement.

There are no changes to benefits after retirement for employees in the MERS plan.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Chapter 21	Chapter 22	Chapter 23	MERS
Date of member count	June 30, 2019	June 30, 2019	June 30, 2019	December 31, 2019
Retirees and beneficiaries currently receiving benefits	42	567	424	-
Terminated employees entitled to benefits but not yet receiving them	-	50	6	18
Active plan members	-	118	131	197

Contributions

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are recorded at fair value. Please refer to Note 1 for further significant accounting policies.

Chapters 21, 22, and 23 Plans

The obligation to contribute to and maintain the systems for these employees was established by negotiations with the City's collective bargaining units. Police and fire employees participating in the Police and Fire Revised Retirement System contribute a refundable 5 percent of covered wages. Effective January 1, 2013, as established by the City through collective bargaining agreements, general employees participating in the General Employees' Retirement System are required to make a 5 percent nonrefundable contribution into their pension 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 boards retain an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contribution rate was 34.40 percent of covered payroll for Chapter 22, and the Chapter 23 contribution rate was an average 101.36 percent for police and fire members combined. Employer contributions are made primarily by the City's General Fund where the majority of pension plan members are employed. Other funds that make contributions include certain special revenue funds, enterprise funds, and internal service funds that also have employees who are members of the pension plans.

June 30, 2020

Note 6 - Pension Plans (Continued)

MERS Plan

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended December 31, 2019, the average active employee contribution rate was 5 percent of annual pay for fire and 6 percent for police in Division 2 and 7.50 percent for police in Division 20 (new hires), and the City's average contribution rate was 12.05 percent (police) and 14.43 percent (fire) of annual payroll.

Defined Contribution Plan

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the City of Dearborn, Michigan through collective bargaining agreements, the city contribution rates as a percentage of employees' earnings are as follows:

	General Employees		Police and Fire Employees	
	Employee Contribution (Minimum Amount)	Employer Contribution	Employee Contribution (Minimum Amount)	Employer Contribution
401 plan (required)	2.00 %	2.00 %	5.00 %	5.00 %
457 plan (up to amount)	6.00	6.00	5.00	5.00

The City's contributions for each employee (plus interest allocated to the employee's account) are fully vested after five years of service and are vested immediately for employees transferring from the existing defined benefit pension plan.

In accordance with the above requirements, the City contributed \$493,463 during the current year, and employees contributed \$1,088,167.

Reserves

In accordance with legal requirements, the following reserves are required to be set aside within the Chapters 21, 22, and 23 pension plans:

The retiree reserve is to be computed annually by the actuary as the present value of estimates 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. For employees who terminate before vesting in the plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

	Chapter 21	Chapter 22	Chapter 23
Retiree reserve	\$ 23,815,187	\$ 153,230,547	\$ 270,870,486
Employee reserve	-	186,135	8,283,938
Total	\$ 23,815,187	\$ 153,416,682	\$ 279,154,424

June 30, 2020

Note 6 - Pension Plans (Continued)

The required retiree reserve for Chapter 23 is \$325,349,962; however, the amount funded is \$270,870,486.

Net Pension (Asset) Liability

The City chooses a date for each pension plan to measure its net pension (asset) 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.

	Chapter 21	Chapter 22	Chapter 23	MERS
Measurement date used for the City's net pension (asset) liability	June 30, 2020	June 30, 2020	June 30, 2020	December 31, 2019
Based on a comprehensive actuarial valuation as of	June 30, 2019	June 30, 2019	June 30, 2019	December 31, 2019

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

Chapter 21

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at July 1, 2019	\$ 8,261,252	\$ 24,370,048	\$ (16,108,796)
Changes for the year:			
Interest	446,870	-	446,870
Differences between expected and actual experience	514,407	-	514,407
Changes in assumptions	(22,030)	-	(22,030)
Net investment income	-	1,088,350	(1,088,350)
Benefit payments, including refunds	(1,626,763)	(1,626,763)	-
Administrative expenses	-	(16,448)	16,448
Net changes	(687,516)	(554,861)	(132,655)
Balance at June 30, 2020	<u>\$ 7,573,736</u>	<u>\$ 23,815,187</u>	<u>\$ (16,241,451)</u>

The plan's fiduciary net position represents 314 percent of the total pension liability.

June 30, 2020

Note 6 - Pension Plans (Continued)

Chapter 22

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2019	\$ 189,723,367	\$ 162,431,494	\$ 27,291,873
Changes for the year:			
Service cost	983,853	-	983,853
Interest	12,838,979	-	12,838,979
Differences between expected and actual experience	1,319,492	-	1,319,492
Changes in assumptions	5,764,797	-	5,764,797
Contributions - Employer	-	2,739,863	(2,739,863)
Contributions - Employee	-	415,000	(415,000)
Net investment income	-	1,506,950	(1,506,950)
Benefit payments, including refunds	(13,602,619)	(13,602,619)	-
Administrative expenses	-	(53,250)	53,250
Miscellaneous other charges	-	(20,756)	20,756
Net changes	7,304,502	(9,014,812)	16,319,314
Balance at June 30, 2020	<u>\$ 197,027,869</u>	<u>\$ 153,416,682</u>	<u>\$ 43,611,187</u>

The plan's fiduciary net position represents 77.87 percent of the total pension liability.

Chapter 23

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2019	\$ 393,844,394	\$ 288,526,228	\$ 105,318,166
Changes for the year:			
Service cost	3,869,766	-	3,869,766
Interest	26,883,815	-	26,883,815
Differences between expected and actual experience	(1,311,598)	-	(1,311,598)
Changes in assumptions	27,098,377	-	27,098,377
Contributions - Employer	-	13,735,996	(13,735,996)
Contributions - Employee	-	660,923	(660,923)
Net investment loss	-	(223,495)	223,495
Benefit payments, including refunds	(23,449,543)	(23,449,543)	-
Administrative expenses	-	(70,169)	70,169
Miscellaneous other charges	-	(25,516)	25,516
Net changes	33,090,817	(9,371,804)	42,462,621
Balance at June 30, 2020	<u>\$ 426,935,211</u>	<u>\$ 279,154,424</u>	<u>\$ 147,780,787</u>

The plan's fiduciary net position represents 65.39 percent of the total pension liability.

June 30, 2020

Note 6 - Pension Plans (Continued)

MERS

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Balance at December 31, 2018	\$ 17,966,339	\$ 16,469,873	\$ 1,496,466
Changes for the year:			
Service cost	2,680,963	-	2,680,963
Interest	1,544,259	-	1,544,259
Differences between expected and actual experience	(103,993)	-	(103,993)
Changes in assumptions	183,251	-	183,251
Contributions - Employer	-	1,936,063	(1,936,063)
Contributions - Employee	-	1,007,680	(1,007,680)
Net investment income	-	2,402,373	(2,402,373)
Benefit payments, including refunds	(7,176)	(7,176)	-
Administrative expenses	-	(41,512)	41,512
Net changes	4,297,304	5,297,428	(1,000,124)
Balance at December 31, 2019	<u>\$ 22,263,643</u>	<u>\$ 21,767,301</u>	<u>\$ 496,342</u>

The plan's fiduciary net position represents 97.77 percent of the total pension liability.

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

For the year ended June 30, 2020, the City recognized pension expense of \$48,712,898 from all plans, which includes defined contribution expense of \$493,463.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 742,520	\$ 1,298,634
Changes in assumptions	15,447,642	-
Net difference between projected and actual earnings on pension plan investments	29,877,367	-
Employer contributions to the plan subsequent to the measurement date	1,062,251	-
Total	<u>\$ 47,129,780</u>	<u>\$ 1,298,634</u>

June 30, 2020

Note 6 - 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. These amounts are exclusive of the employer contributions to the MERS plan of \$1,062,251 subsequent to the measurement date, which will impact the net pension liability in fiscal year 2021 rather than pension expense:

Years Ending June 30	Amount
2021	\$ 18,435,651
2022	12,599,392
2023	8,093,296
2024	5,779,702
2025	(10,442)
Thereafter	(128,704)
Total	<u>\$ 44,768,895</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:

	Chapter 21	Chapter 22	Chapter 23	MERS
Inflation	2.5%	2.5%	2.5%	2.5%
Salary increases (including inflation)	N/A	3.15 - 6.05%	3.50 - 6.25%	3%
Investment rate of return (gross of investment expenses)	6%	7%	7.0%	7.6%
Mortality rates	See (1) below	See (1) below	See (2) below	RP-2014

(1) The mortality tables used for Chapter 21 healthy and disabled participants were the PubS-2010, Amount-Weighted, Healthy Retiree and Disabled Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019.

(2) The mortality tables used for Chapter 22 were the PubG-2010, Amount-Weighted, Healthy Retiree, Employee, and Disabled Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019.

(3) The mortality tables used for Chapter 23 were the PubS-2010, Amount-Weighted, Healthy Retiree, Employee, and Disabled Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019.

The Chapter 22 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 2006 - 2013 conducted by the City's actuary and adopted by the Chapter 22 Pension Board in July 2014.

The Chapter 23 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 2006 - 2013 conducted by the City's actuary and adopted by the Chapter 23 Pension Board in July 2014.

The MERS actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period from 2009 - 2013.

June 30, 2020

Note 6 - Pension Plans (Continued)***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.

	Chapter 21	Chapter 22	Chapter 23	MERS
Assumed investment rate of return	6.0%	7.0%	7.0%	7.6%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes	Yes	Yes
Discount rate used to measure total pension liability	6.0%	7.0%	7.0%	7.6%

Investment Rate of Return

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 plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The 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. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date (December 31, 2019 for MERS) for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Chapter 21

Asset Class	Asset Allocation	
	Target Allocation	Long-term Expected Real Rate of Return*
U.S. equity	15.00 %	6.00 %
Global equity	30.00	6.25
Core bonds	40.00	0.98
TIPS	15.00	1.66

*Real rate of return is based on investment manager inflation assumption of 2.5 percent.

June 30, 2020

Note 6 - Pension Plans (Continued)

Chapter 22

Asset Class	Asset Allocation	
	Target Allocation	Long-term Expected Real Rate of Return*
Large-cap equity	22.00 %	6.00 %
Small/Mid-cap equity	12.00	5.50
International equity	13.00	4.10
Emerging international equity	5.00	6.25
Core bonds	20.00	0.98
Global bonds	-	0.78
Emerging market debt	4.00	4.29
Diversified credit	4.00	4.29
Absolute return fixed income	5.00	2.15
Real estate - Core	8.00	5.07
Private debt	3.00	4.29
Private equity	4.00	8.59

*Real rate of return is based on investment manager inflation assumption of 2.5 percent.

Chapter 23

Asset Class	Asset Allocation	
	Target Allocation	Long-term Expected Real Rate of Return*
Large-cap equity	20.00 %	6.00 %
Small/Mid-cap equity	12.00	5.50
International equity	13.00	4.10
Emerging international equity	5.00	6.25
Core bonds	15.00	0.98
Emerging market debt	4.00	4.29
Diversified credit	4.00	4.29
Absolute return fixed income	5.00	2.15
Real estate - Core	12.00	5.07
Private debt	5.00	4.29
Private equity	5.00	8.59

*Real rate of return is based on investment manager inflation assumption of 2.5 percent.

MERS

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

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.54 percent for Chapter 21, 0.92 percent for Chapter 22, and (0.11) percent for Chapter 23. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2020

Note 6 - Pension Plans (Continued)***Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate***

The following presents the net pension (asset) liability of the City, calculated using the discount rates of 6.00, 7.00, 7.00, and 7.60 percent for the Chapter 21 plan, Chapter 22 plan, Chapter 23 plan, and MERS plan, respectively, as well as what the City's net pension (asset) 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	Current Discount Rate	1 Percentage Point Increase
Net pension asset of the Chapter 21 plan	\$ (15,911,956)	\$ (16,241,451)	\$ (16,543,813)
Net pension liability of the Chapter 22 plan	63,270,569	43,611,188	26,836,750
Net pension liability of the Chapter 23 plan	202,497,000	147,780,787	102,670,661
Net pension liability (asset) of the MERS plan	5,142,480	496,342	(3,270,927)

Pension Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position for the Chapters 21, 22, and 23 pension plans is available in the other supplemental information schedules in this CAFR.

Detailed information about the MERS plan's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com.

The plans' fiduciary net position have been determined on the same basis used by the plans. The plans use the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

Significant assumption changes for the plans are as follows:

Chapters 21, 22, and 23: Mortality tables used in determining the total pension liability were changed from the RP-2000 tables to the Pub-2010 tables with projection scale MP-2019. Wage inflation changed from 3.0 to 2.75 percent.

MERS: The discount rate used in determination of the net pension liability changed from 8.0 to 7.60 percent. Wage inflation changed from 3.75 to 3.0 percent.

June 30, 2020

Note 7 - Pension Allocations

Pension amounts for each pension plan are as follows:

	Chapter 21	Chapter 22	Chapter 23	MERS	Total
Pension expense	\$ (93,958)	\$ 13,665,500	\$ 32,667,328	\$ 1,980,565	\$ 48,219,435
Deferred outflows of resources representing difference between expected and actual experience	-	-	563,486	179,034	742,520
Deferred outflows of resources representing assumption changes	-	-	15,246,911	200,731	15,447,642
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	328,132	8,706,165	20,752,590	90,480	29,877,367
Deferred outflows of resources representing contributions subsequent to the measurement date	-	-	-	1,062,251	1,062,251
Deferred inflows of resources representing difference between expected and actual experience	-	-	737,971	560,663	1,298,634
Amortization of deferred amounts:					
2021	\$ 56,017	\$ 1,847,347	\$ 16,528,245	\$ 4,042	\$ 18,435,651
2022	149,342	2,682,494	9,702,813	64,743	12,599,392
2023	57,863	2,277,323	5,573,946	184,164	8,093,296
2024	64,910	1,899,001	4,020,012	(204,221)	5,779,702
2025	-	-	-	(10,442)	(10,442)
Thereafter	-	-	-	(128,704)	(128,704)
Total	\$ 328,132	\$ 8,706,165	\$ 35,825,016	\$ (90,418)	\$ 44,768,895

Note 8 - Other Postemployment Benefit Plan**Plan Description**

The City of Dearborn, Michigan established and administers the Retiree Health Care Plan Trust (the "Plan") pursuant to State of Michigan Public Act 149 of 1999 to provide for future payments of medical benefits for eligible employees and their spouses and dependents. Prior to Public Act 149, in June 1991, the City established and began making annual contributions to a postemployment health insurance fund for the purpose of accumulating money designated for payment of the City's health care benefits obligation.

The Plan is a single-employer defined benefit OPEB plan established to provide postemployment benefits other than pensions for eligible full-time general and public safety employees of the City. Management, funding, and fiduciary responsibility of the Plan is vested with the City. The Plan does not issue a separate stand-alone financial statement.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Benefits Provided

The Plan provides for future payments of medical benefits for eligible retirees and their dependents. Qualified employees become eligible for these benefits through age and years of service provisions of the applicable salary plans or union contracts. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Plan was closed in phases by employee group starting on July 1, 2001 and was completely closed to all employees hired after August 26, 2013.

June 30, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	Retiree Health Care Plan Trust
Date of member count	June 30, 2018
Inactive plan members or beneficiaries currently receiving benefits	829
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	401
Total plan members	1,247

Contributions

Employees are not required to contribute to the trust. The City has no obligation to make contributions in advance of when incurred costs are due for payment and the Plan may be financed on a pay-as-you-go basis. The City may make contributions to advance-fund these benefits, as determined by the City Council through the annual budget adoption resolutions and supplemental City Council resolutions. In the current year, the City paid postemployment health care premiums of \$11,722,626, plus it contributed \$1,674,815 into the Postemployment Healthcare trust.

Contributions are made primarily by the City's General Fund where the majority of employees covered by the OPEB plan are employed. Other funds that make contributions include certain special revenue funds, enterprise funds, and internal service funds that also have employees that are covered by the OPEB plan.

Net OPEB Liability

The City has chosen to use June 30 as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, which used update procedures to roll forward the estimated liability to June 30, 2020.

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
Balance at July 1, 2019	\$ 253,286,552	\$ 124,257,804	\$ 129,028,748
Changes for the year:			
Service cost	2,650,159	-	2,650,159
Interest	14,925,019	-	14,925,019
Differences between expected and actual experience	(1,122,391)	-	(1,122,391)
Changes in assumptions	20,331,126	-	20,331,126
Contributions - Employer	-	13,397,441	(13,397,441)
Net investment income	-	227,468	(227,468)
Benefit payments, including refunds	(11,722,626)	(11,722,626)	-
Administrative expenses	-	(19,500)	19,500
Miscellaneous other revenue	-	4,924	(4,924)
Net changes	25,061,287	1,887,707	23,173,580
Balance at June 30, 2020	\$ 278,347,839	\$ 126,145,511	\$ 152,202,328

June 30, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)

The plan's fiduciary net position represents 45.32 percent of the total OPEB liability.

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$12,790,040 from all plans, which includes retiree life insurance expense of \$29,000.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 13,551,926
Changes in assumptions	21,018,020	-
Net difference between projected and actual earnings on OPEB plan investments	6,079,036	-
Total	<u>\$ 27,097,056</u>	<u>\$ 13,551,926</u>

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

Years Ending June 30	Amount
2021	\$ 2,733,258
2022	5,918,150
2023	3,438,162
2024	1,455,560
Total	<u>\$ 13,545,130</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.00-7.80 percent; an investment rate of return (net of investment expenses) of 6.0 percent; a health care cost trend rate of 8.25 percent for 2019, decreasing 0.75 points in 2020 and then decreasing 0.50 points per year to an ultimate rate of 3.5 percent for 2028 and later years; and using the PubG-2010 mortality tables projected using scale MP-2019. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 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.

June 30, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)***Investment Policy***

The Plan's Investment Policy Statement is established, and may be amended, by City Council resolution. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio. The Plan's Investment Policy Statement discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The Plan's Investment Policy Statement was updated on April 17, 2018 by the City Council. This update provided for a restructuring of the Plan's target asset allocation to 55 percent equity securities, 40 percent fixed-income investments, and 5 percent real estate investments. This update also included the addition of language allowing for the option to outsource investment management to an outsourced chief investment officer to manage the fund portfolio. The implementation of this Investment Policy Statement update, including the required transfer of plan assets to align with the new asset allocation, was fully executed within 120 days of the fiscal year end.

Investment Rate of Return

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity securities	55.00 %	5.50 %
Fixed-income investments	33.00	0.98
Real estate	5.00	5.07
Absolute return fixed income	7.00	2.15

For the year ended June 30, 2020, the annual money-weighted rate of return on plan investments, net of investment expense, was 0.17 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 6.00 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 (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net OPEB liability	\$ 190,370,453	\$ 152,202,328	\$ 121,040,817

June 30, 2020

Note 8 - 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 8.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.25%)	Current Health Care Cost Trend Rate (8.25%)	1 Percentage Point Increase (9.25%)
Net OPEB liability	\$ 115,433,051	\$ 152,202,328	\$ 197,620,981

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position can be found in the other supplemental information of the CAFR. 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 Plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

The City adopted new demographic assumptions pursuant to a five-year experience study covering the period ended June 30, 2018, which were implemented in developing the June 30, 2020 total OPEB liability. The most significant change in assumptions resulting from this experience study was changing the mortality tables used to be the PubG-2010 Mortality Tables with a base year of 2010 and future mortality improvements projected using scale MP-2019.

Note 9 - Retiree Life Insurance

Retiree life insurance benefits are paid from the City's Retiree Death Benefit Fund. Retirees electing such coverage pay premiums that, when combined with amounts contributed by the City, pay the cost of benefits. The cost of claims paid for life insurance benefits for the year ended June 30, 2020 was \$29,000.

Note 10 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	General Employees' Retirement System	Police and Fire Revised Retirement System	Policemen's and Firemen's Retirement System	Retiree Death Benefit	Post- employment Healthcare	Pension and Other Employee Benefit Funds
Statement of Net Position						
Investments	\$ 153,266,043	\$ 279,233,480	\$ 23,797,156	\$ 1,202,513	\$ 125,897,531	\$ 583,396,723
Other assets	381,913	886,343	37,099	2,045	408,850	1,716,250
Liabilities	(231,274)	(965,399)	(19,068)	(8,500)	(160,870)	(1,385,111)
Net position	<u>\$ 153,416,682</u>	<u>\$ 279,154,424</u>	<u>\$ 23,815,187</u>	<u>\$ 1,196,058</u>	<u>\$ 126,145,511</u>	<u>\$ 583,727,862</u>

June 30, 2020

Note 10 - Pension and Other Employee Benefit Trust Funds (Continued)

	General Employees' Retirement System	Police and Fire Revised Retirement System	Policemen's and Firemen's Retirement System	Retiree Death Benefit	Post- employment Healthcare	Pension and Other Employee Benefit Funds
Statement of Changes in Net Position						
Net investment income (loss)	\$ 1,506,950	\$ (223,495)	\$ 1,088,350	\$ 18,262	\$ 227,468	\$ 2,617,535
Employer contributions	2,739,863	13,735,996	-	-	13,397,441	29,873,300
Employee contributions	415,000	660,923	-	12,621	-	1,088,544
Other additions	-	-	-	-	4,924	4,924
Benefit payments	(13,602,619)	(22,194,165)	(1,626,763)	(29,000)	(11,722,626)	(49,175,173)
Other deductions	(74,006)	(1,351,063)	(16,448)	-	(19,500)	(1,461,017)
Net change in net position	<u>\$ (9,014,812)</u>	<u>\$ (9,371,804)</u>	<u>\$ (554,861)</u>	<u>\$ 1,883</u>	<u>\$ 1,887,707</u>	<u>\$ (17,051,887)</u>

Note 11 - Health Care Savings Plan (HCSP)

The City established a Health Care Savings Plan (HCSP) for eligible employees in fiscal year 2010. These funds are to be used by the employee, spouse, or dependents to offset the cost of health care during retirement or separation of service. These accounts are for city employees who are not eligible for postemployment health care.

All general employees hired on or after July 1, 2010 are required to participate in the plan as determined by labor contracts. All police employees hired on or after June 20, 2012 and all fire employees hired on or after August 26, 2013 are also required to participate. Employees may also elect to convert into the plan in lieu of retiree health care provided by the City.

The plan is established by the authority of the City Council. The benefits are established under provisions of applicable salary plans or union contracts. Benefits depend solely on amounts contributed to the plan and investment performance.

Participating employees are required to contribute \$25 per pay pretax withholding from 24 pays per year, and the City contributes \$1,500 per year (to be paid monthly at \$125) during employment. Effective in April 2017, participating fire employees are required to contribute \$32.50 per pay pretax withholding from 24 pays, with the City contributing \$1,800 per year (\$150 monthly) during employment. City contributions cease at normal retirement age or termination.

Employee contributions are 100 percent vested, while city contributions vest at five or more years of service.

The HCSP plan is administered by the Municipal Employees' Retirement System of Michigan.

In accordance with the above requirements, the City contributed \$593,251 during the current year and employees contributed \$261,191.

Note 12 - Deferred Compensation

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan is available to all city employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are, until paid or made available to the employee or other beneficiary, held in trust and are not subject to claims of the City's general creditors. Therefore, the assets of the plan are not reported.

June 30, 2020**Note 12 - Deferred Compensation (Continued)**

The City's liability to each participant is equal to the participant's deferred compensation, adjusted by an amount equal to the investment performance in the related asset account. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Investments are managed by a trustee, and investment decisions are made by individual employees.

Note 13 - Risk Management***Commercial Insurance***

The City purchases commercial medical and hospitalization insurance coverage for its employees and eligible retirees. The primary providers are Health Alliance Plan and Blue Cross Blue Shield. A portion of the Health Alliance Plan and Blue Cross Blue Shield groups are self-insured and under administrative service contracts. Many new-hire employees have the option to participate in health savings accounts and may not have access to city-provided retiree health care. A retiree medical savings account is available to employees as an option for funding retirement health care. The amount of settlements has not exceeded insurance or reserve coverage for any of the past five fiscal years.

Unemployment Compensation

Unemployment compensation is on a reimbursement basis with the Unemployment Insurance Agency. Claims are managed by the City's human resources department, with payment for the preceding calendar year's claims due in August of the following year. Funding for unemployment compensation is paid by each department equal to claims paid on its behalf in the prior year.

Workers' Compensation

The City has excess liability coverage that satisfies statutory requirements. The City maintains a self-insured retention in the amount of \$600,000. Funding for the workers' compensation program for the excess premium is based upon a rate applied per \$100 of gross payroll.

Fleet and General Liability Insurance Fund

The City has been self-insured for civil and fleet liability at various times. Currently, the City maintains excess liability coverage for fleet, general, boiler and machinery, property, crime, contractor's equipment, electronic data processing, public officials' errors and omissions, and ambulance attendants' liability. The City has a self-insured retention of \$1,000,000 for each general liability claim. The first layer of insurance is \$5,000,000 per occurrence. The excess layer is \$10,000,000 per occurrence. The City has increased funding of its insurance program as a result of the City's past claims and industry conditions. The City estimates liability for claims based on the law department's evaluation of potential exposure, historical experience, and future development of the claims. Retained earnings are designated for anticipated future catastrophic losses.

The City estimates liability for those claims that have been incurred through the end of the fiscal year, including both those claims that have been reported and those that have not been reported. Estimates are prepared for both general liabilities and at-risk tax claims. Estimates are recorded in the internal service fund type.

June 30, 2020

Note 13 - Risk Management (Continued)

	Unemployment Compensation	Workers' Compensation	Employee Insurance	Fleet and General Liability
Claims liability, June 30, 2018	\$ -	\$ 910,393	\$ 578,763	\$ 3,497,840
Claims incurred during the year	91,822	530,959	23,114,899	2,185,597
Changes in estimates for claims of prior periods	-	(459,708)	421,996	(309,324)
Payments on claims	(91,822)	(20,579)	(23,114,899)	(3,192,319)
Claims liability, June 30, 2019	-	961,065	1,000,759	2,181,794
Claims incurred during the year	84,482	382,119	21,332,772	1,953,842
Changes in estimates for claims of prior periods	-	(639,253)	(202,357)	(2,059,909)
Payments on claims	(84,482)	(17,441)	(21,332,772)	(225,970)
Claims liability, June 30, 2020	\$ -	\$ 686,490	\$ 798,402	\$ 1,849,757

Note 14 - Claims, Litigation, and Potential Contract Disallowances

Provisions for certain claims (see Note 13) and assessments asserted against the City, estimable in amount and probable of payment, have been made in the applicable funds.

In addition, the City is a defendant in certain other lawsuits and claims that have resulted from the ordinary course of its activities. The ultimate effect on the combined financial statements of the resolution of these matters is, in the opinion of Corporation Counsel, not expected to be material considering available insurance coverage, legal defenses, and reserves.

The City receives funds from other governmental units to finance specific programs. The final determination of allowable amounts is subject to financial and compliance audit by the responsible agencies. As of June 30, 2020, the audits of certain programs were not completed. Accordingly, the City's compliance with applicable grant requirements and the amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The City believes that amounts disallowed, if any, from pending or future audits would not be material.

Note 15 - Stewardship, Compliance, and Accountability***Excess of Expenditures Over Appropriations in Budgeted Funds***

The City did not have significant expenditure budget variances.

Construction Code Fees

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

Cumulative shortfall at July 1, 2019		\$ (7,910,235)
Total code enforcement revenue		2,884,675
Related expenses:		
Direct costs	\$ 1,858,919	
Estimated indirect costs	74,357	1,933,276
Current year surplus		951,399
Cumulative shortfall at June 30, 2020		\$ (6,958,836)

Note 16 - Tax Abatements***Brownfield Redevelopment Fund***

Brownfield Redevelopment Financing Act 381 of 1996 authorizes municipalities to create a brownfield redevelopment authority (BRA) to facilitate the implementation of brownfield plans; to create brownfield redevelopment zones; to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, remediating environmental contamination or tax-reverted, blighted, or functionally obsolete property; to prescribe the powers and duties of brownfield redevelopment authorities; to permit the issuance of bonds and other evidences of indebtedness by an authority; to authorize the acquisition and disposal of certain property; to authorize certain funds; to prescribe certain powers and duties of certain state officers and agencies; and to authorize and permit the use of certain tax increment financing.

The City enters into property tax abatement agreements with local businesses under Public Act 381 of 1996. Under the act, taxes are captured from various taxing authorities and then used to reimburse the taxpayer. The taxpayer's property tax is reimbursed for eligible expenses as defined in the Brownfield Redevelopment Act plan agreement.

For the fiscal year ended June 30, 2020, the City of Dearborn, Michigan's Brownfield Redevelopment Authority abated property taxes totaling \$1,132,074 under this program.

In October 2007, the City Council approved BRA Plan #7, the Redico Redevelopment project. BRA Plan #7 allowed the BRA to borrow \$600,000 interest free from the Downriver Community Conference (DCC) and to use the BRA local site remediation revolving fund to repay this loan. The DCC authorized loan amount was increased by \$300,000 in fiscal year 2009 and another \$140,000 in fiscal year 2010. The actual remediation costs covered by the DCC loan were \$1,017,931. Upon completion of this project, the DCC converted \$200,000 of the loan amount into a grant. The BRA made an early loan payment of \$81,793 in 2012 and \$81,793 in 2015. The remaining eight annual payments have and will be paid in years 2016-2023.

Another key aspect of BRA Plan #7 was the approval by the Michigan Economic Development Corporation (MEGA Board) for tax increment capture to cover eligible activities initially financed by the BRA bond issue (\$10,820,000) that occurred in November 2009. In addition, the East Dearborn Downtown Development Authority has pledged its local tax capture generated from the Redico Redevelopment project to the bond repayment.

Severstal International (Severstal) initiated a major modernization strategy involving an investment of over \$1 billion. The first amended BRA Plan #9 allows tax increment revenue to be reimbursed to Severstal to cover the cost of eligible activities. In addition, the BRA assisted Severstal in obtaining Michigan Business Tax credits. Severstal was sold to AK Steel Corporation-Dearborn Works in September 2014. The BRA requirements will continue with the new owners per the first amended BRA Plan #9 agreement.

In July 2016, the City Council approved BRA Plan #13 Wagner Place Redevelopment project, in partnership with Ford Motor Land Development Corporation, to create and fund eligible activities of \$23,937,630 for a West Dearborn mixed-use private and public redevelopment. This project promotes and supports the revitalization, redevelopment, and reuse of functionally obsolete and contaminated property in the west downtown area of the City. The tax capture committed to fund the project will be provided by the WDDDA, the BRA, and the State's commitment of school taxes. This tax capture began in fiscal year 2020. It is estimated that the capture time period to pay for eligible activities associated with the plan is 30 years with capture not to exceed \$11,965,500, plus the principal and interest of \$7,655,000 in Limited Tax General Obligation bonds with interest rate ranging from 3.00 to 3.75 percent for a 30-year bonded debt service. The proceeds from the bonds were used to build a parking deck in West Downtown Dearborn to support the Wagner Place redevelopment project.

Another key aspect of BRA Plan #13 was the approved agreement between the City Council and Ford Motor Land Development Corporation for tax increment capture to cover eligible activities initially financed by the BRA bond issue that occurred in May 2017.

June 30, 2020

Note 16 - Tax Abatements (Continued)

In the event that the project does not generate sufficient tax revenue to pay for bonds issued by the BRA, the City has the right to impose a special assessment on the property owners to cover the cost of the bonds and other eligible expenditures for that year.

The deficit in the Brownfield Redevelopment Fund resulted when the BRA issued the bonds in November 2009 to finance the construction of an East Dearborn parking deck and in May 2017 to finance the construction of the West Dearborn parking deck. The fund deficit will be eliminated, as the bonds are paid off using tax captures derived from Ford Motor Land Development Corporation and Redico.

Industrial Facilities Tax Abatement

The Plant Rehabilitation and Industrial Development Districts Public Act 198 of 1974 allows the City to enter into agreements with local businesses to encourage them to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property and freezes the taxable value for rehabilitation properties for up to 12 years.

For fiscal year ended June 30, 2020, the City's total industrial abatements with Ford Motor Company, AK Steel, Link Testing, and Carhartt under this program totaled \$999,210. 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.

State Housing Development Authority Act

The State Housing Development Authority Act 346 of 1996 is an act to create a state housing development authority; to define the powers and duties of the authority; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; to create certain other funds and provide for the expenditure of certain funds; to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments in lieu of taxes (PILOT) by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe criminal penalties for violations of this act.

The City of Dearborn, Michigan partnered with the Artspace organization to establish sustainable artist live-and-work lofts in the community. City Hall Artspace Lofts opened in 2016 and is based on a 20-year tax abatement of all ad valorem taxes replaced by a PILOT to cover the cost of local services.

The PILOT is calculated at 4 percent of sheltered rents. The City Hall Artspace Lofts project resulted in an abated amount in the fiscal year ended June 30, 2020 of \$44,152 under this program.

Note 17 - Related Party Transactions

The City's housing department and the Dearborn Housing Commission were established in 1963 for developing subsidized housing for low-income residents. The housing department's staff operate and administer the Senior Citizen Housing Program, which includes two city-owned buildings and the Housing and Urban Development (HUD) buildings Sisson Manor, Kennedy Plaza, and Townsend Towers, as well as the Section 8 rental assistance program. The Dearborn Housing Commission reports the financial information for the HUD programs separately. The Housing Commission was billed \$581,881 for reimbursement of direct salary and benefits relating to the HUD and Section 8 rental assistance programs for the fiscal year ended June 30, 2020. In addition, the Housing Commission was billed \$136,648 for reimbursement of shared costs and operating expenses, which represent indirect *de minimis* fees.

June 30, 2020

Note 18 - Restricted Assets

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

Description	Governmental Activities	Business-type Activities	Component Units
Unspent bond proceeds	\$ 8,840,859	\$ 17,243,264	\$ -
Bond debt service reserve	-	259,899	478,030
Operation and maintenance reserve	28,728	2,000,000	-
Private-purpose contributions	388,294	-	-
Total	<u>\$ 9,257,881</u>	<u>\$ 19,503,163</u>	<u>\$ 478,030</u>

Note 19 - Conduit Debt Obligations

The Economic Development Corporation (EDC) has secured various financings for an unrelated entity. These borrowings are repayable only from the borrower's repayment of loans, undisbursed proceeds, and related interest earnings, and the City has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of the City. The total outstanding bonds as of June 30, 2020 were \$52,330,000.

Required Supplemental Information

Year Ended June 30, 2020

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes and Penalties on Taxes				
Current property taxes	\$ 66,714,570	\$ 66,714,570	\$ 66,113,994	\$ (600,576)
Property tax administration fee	2,305,197	2,305,197	2,349,186	43,989
Penalties and interest on taxes	1,108,000	1,108,000	1,132,023	24,023
Payments in lieu of taxes	1,150,168	1,150,168	1,497,601	347,433
Total taxes and penalties on taxes	71,277,935	71,277,935	71,092,804	(185,131)
Licenses and Permits				
Business licenses and permits	170,000	170,000	175,094	5,094
Franchise fees	1,275,482	1,275,482	1,195,374	(80,108)
Liquor licenses	65,000	65,000	56,940	(8,060)
Operators' licenses	3,000	3,000	3,543	543
Nonbusiness licenses and permits	2,904,253	2,904,253	2,951,531	47,278
Total licenses and permits	4,417,735	4,417,735	4,382,482	(35,253)
Intergovernmental Revenues				
State sources:				
Sales and use tax	10,433,150	9,883,450	9,797,667	(85,783)
Local Community Stabilization Act	13,582,760	15,228,579	15,228,579	-
Judges' salaries	137,172	137,172	137,172	-
Alcohol caseload rebate	23,000	23,000	11,905	(11,095)
Other state sources	606,023	642,627	605,391	(37,236)
Total state sources	24,782,105	25,914,828	25,780,714	(134,114)
Other governmental:				
Federal sources	1,302,000	3,528,061	1,437,693	(2,090,368)
Local sources	727,971	822,067	475,444	(346,623)
Total other governmental	2,029,971	4,350,128	1,913,137	(2,436,991)
Total intergovernmental revenues	26,812,076	30,264,956	27,693,851	(2,571,105)
Charges for Services				
General government:				
Birth and death records	315,500	315,500	263,667	(51,833)
City service fee	1,128,650	1,128,650	1,128,650	-
Other general government charges	110,290	110,290	92,439	(17,851)
Total general government	1,554,440	1,554,440	1,484,756	(69,684)
Public safety:				
Inspections	1,146,840	1,146,840	794,548	(352,292)
Property maintenance / code enforcement	325,015	325,015	177,058	(147,957)
Ambulance services	3,049,000	3,049,000	2,745,524	(303,476)
Additional police patrols	476,803	476,803	289,332	(187,471)
Other public safety charges	3,756,339	3,756,339	3,690,176	(66,163)
Total public safety	8,753,997	8,753,997	7,696,638	(1,057,359)
Public works:				
Debris and rubbish pickup	49,709	49,709	40,501	(9,208)
Parking fees	43,500	43,500	27,930	(15,570)
Parking lot maintenance	524,533	524,533	251,407	(273,126)
Total public works	617,742	617,742	319,838	(297,904)
Recreation and culture:				
Programs and activities sales	630,432	630,432	329,160	(301,272)
Sales	1,329,583	1,329,583	848,433	(481,150)
Use and admission fees	3,445,509	3,445,509	2,562,102	(883,407)
Total recreation and culture	5,405,524	5,405,524	3,739,695	(1,665,829)
Total charges for services	16,331,703	16,331,703	13,240,927	(3,090,776)
Fines and Forfeitures				
Parking fines	600,000	600,000	553,575	(46,425)
19th District Court fines	4,123,750	4,123,750	3,407,549	(716,201)
Other fines and forfeits	27,600	27,600	19,186	(8,414)
Total fines and forfeitures	4,751,350	4,751,350	3,980,310	(771,040)
Miscellaneous Revenue				
Private source contributions	180,024	194,760	138,063	(56,697)
Reimbursements	89,100	89,100	232,306	143,206
Other revenue	354,577	439,427	333,413	(106,014)
Total miscellaneous revenue	623,701	723,287	703,782	(19,505)
Interest and Rentals				
Investment Income	1,119,952	1,119,952	774,468	(345,484)
Rents and lease agreements	5,817,455	5,817,455	4,278,427	(1,539,028)
Total interest and rentals	6,937,407	6,937,407	5,052,895	(1,884,512)
Total revenues	131,151,907	134,704,373	126,147,051	(8,557,322)
Other Financing Sources				
Proceeds from Issuance of Debt	-	-	-	-
Sale of fixed assets	-	-	24,214	24,214
Transfers In	2,300,000	2,556,889	2,556,889	-
Total other financing sources	2,300,000	2,556,889	2,581,103	24,214
Total revenues and other sources	\$ 133,451,907	\$ 137,261,262	\$ 128,728,154	\$ (8,533,108)

Year Ended June 30, 2020

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
Expenditures				
General Government				
Council	\$ 437,833	\$ 435,029	\$ 376,296	\$ 58,733
District Court	3,889,791	4,085,840	3,707,757	378,083
Mayor	1,085,451	1,080,388	1,071,981	8,407
City Clerk	853,833	891,573	890,179	1,394
Law	1,968,277	2,069,700	1,794,779	274,921
Human resources	962,445	958,404	892,561	65,843
Building services and maintenance	302,230	302,230	302,230	-
Central garage	(103,995)	(30,837)	(52,663)	21,826
Assessment	1,161,183	1,211,484	1,081,090	130,394
Public Information	869,724	875,645	788,029	87,616
Finance:				
Accounting	1,083,819	1,118,247	953,420	164,827
Purchasing	673,488	672,639	584,180	88,459
Treasurer	825,217	821,754	751,409	70,345
Nondepartmental insurance, tax refunds, and other miscellaneous	-	1,342,831	244,101	1,098,730
Total general government	14,009,296	15,834,927	13,385,349	2,449,578
Public Safety				
Police:				
Police operations	42,934,734	44,107,707	43,985,215	122,492
Ordinance enforcement	977,594	946,463	946,239	224
Fire:				
Fire operations	28,965,110	29,996,496	29,937,462	59,034
Civil preparedness	216,218	204,036	203,986	50
Property maintenance & development services	3,678,981	3,472,620	2,979,079	493,541
Total public safety	76,772,637	78,727,322	78,051,981	675,341
Public Works				
Public works administrative	493,420	489,938	476,124	13,814
Parking system	698,276	788,911	422,833	366,078
Highways	6,599,227	6,371,140	5,771,572	599,568
Train station	299,490	304,540	298,223	6,317
Sanitation	5,812,578	5,821,609	5,572,167	249,442
Neighborhood services	1,297,037	1,293,999	1,085,156	208,843
Line	390,173	396,201	238,046	158,155
Total public works	15,590,201	15,466,338	13,864,121	1,602,217
Recreation and Culture				
Public works	3,003,454	3,016,059	2,725,944	290,115
Recreation:				
Recreation administrative	1,373,550	1,382,568	1,382,544	24
Programs	1,264,902	1,016,069	842,303	173,766
Outdoor pools	1,266,584	699,618	519,824	179,794
Community center:				
Administration / athletics	2,782,832	2,586,307	2,299,338	286,969
Cultural arts	1,105,924	983,590	873,786	109,804
Senior services	675,151	656,007	557,520	98,487
Sports arena	1,215,340	1,213,690	986,404	227,286
Camp Dearborn	3,192,027	2,742,116	2,088,722	653,394
Mystic Creek Golf Course	1,534,619	1,513,615	1,324,994	188,621
Dearborn Hills Golf Course	1,130,087	1,038,222	889,205	149,017
Historical commission	341,082	347,818	271,675	76,143
Total recreation and culture	18,885,552	17,195,679	14,762,259	2,433,420
Community Improvement				
Economic & community development	1,788,225	1,041,810	950,734	91,076
Total community improvement	1,788,225	1,041,810	950,734	91,076
Capital Outlay				
	128,000	264,218	166,459	97,759
Debt Service				
	3,197,392	3,197,392	3,197,393	(1)
Total expenditures	130,371,303	131,727,686	124,378,296	7,349,390
Other Financing Uses				
Transfers out	1,982,184	5,732,952	5,732,952	-
Total expenditures and other uses	132,353,487	137,460,638	130,111,248	7,349,390
Net Change in Fund Balances				
	1,098,420	(199,376)	(1,383,094)	(1,183,718)
Fund Balances - Beginning of Year				
	20,871,566	20,871,566	20,871,566	-
Fund Balances - End of Year				
	\$ 21,969,986	\$ 20,672,190	\$ 19,488,472	\$ (1,183,718)

Required Supplemental Information
Schedule of Pension Contributions
Chapter 21 Policemen's and Firemen's Retirement System

Last Ten Fiscal Years Years Ended June 30										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

The system had no required contributions or covered payroll for the last 10 years.

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Fully funded retiree-only plan
Amortization method	Level dollar
Remaining amortization period	Five years
Asset valuation method	Five-year smoothed market
Investment rate of return	6.00 percent (net of investment and administrative expenses)
Mortality	110 percent of the male RP-2000 Combined Healthy Life Mortality Table and 100 percent of the female RP-2000 Combined Healthy Life Mortality Table adjusted for mortality improvements to 2020 using projection scale BB

For disabled participants, the tables used are the RP-2000 Mortality Table, projected to 2020 using projection scale BB, set forward 10 years.

Required Supplemental Information
Schedule of Changes in the Net Pension Asset and Related Ratios
Chapter 21 Policemen's and Firemen's Retirement System

	Last Seven Fiscal Years						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Interest	\$ 446,870	\$ 500,424	\$ 584,705	\$ 843,395	\$ 968,468	\$ 990,509	\$ 1,080,946
Differences between expected and actual experience	514,407	272,190	(248,496)	(942,664)	(767,527)	34,361	-
Changes in assumptions	(22,030)	-	-	(359,820)	-	832,813	-
Benefit payments, including refunds	(1,626,763)	(1,703,422)	(1,778,459)	(1,910,207)	(2,065,187)	(2,279,928)	(2,465,877)
Net Change in Total Pension Liability	(687,516)	(930,808)	(1,442,250)	(2,369,296)	(1,864,246)	(422,245)	(1,384,931)
Total Pension Liability - Beginning of year	8,261,252	9,192,060	10,634,310	13,003,606	14,867,852	15,290,097	16,675,028
Total Pension Liability - End of year	\$ 7,573,736	\$ 8,261,252	\$ 9,192,060	\$ 10,634,310	\$ 13,003,606	\$ 14,867,852	\$ 15,290,097
Plan Fiduciary Net Position							
Net investment income	\$ 1,088,350	\$ 1,461,421	\$ 1,013,365	\$ 2,161,183	\$ 278,885	\$ 181,557	\$ 3,108,996
Administrative expenses	(16,448)	(18,580)	(12,446)	(11,830)	(13,288)	(14,444)	(13,694)
Benefit payments, including refunds	(1,626,763)	(1,703,422)	(1,778,459)	(1,910,207)	(2,065,187)	(2,279,928)	(2,465,877)
Net Change in Plan Fiduciary Net Position	(554,861)	(260,581)	(777,540)	239,146	(1,799,590)	(2,112,815)	629,425
Plan Fiduciary Net Position - Beginning of year	24,370,048	24,630,629	25,408,169	25,169,023	26,968,613	29,081,428	28,452,003
Plan Fiduciary Net Position - End of year	\$ 23,815,187	\$ 24,370,048	\$ 24,630,629	\$ 25,408,169	\$ 25,169,023	\$ 26,968,613	\$ 29,081,428
City's Net Pension Asset - Ending	\$ (16,241,451)	\$ (16,108,796)	\$ (15,438,569)	\$ (14,773,859)	\$ (12,165,417)	\$ (12,100,761)	\$ (13,791,331)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	314.44 %	294.99 %	267.96 %	238.93 %	193.55 %	181.39 %	190.20 %

Pension schedules are intended to disclose information for 10 years. Additional years will be added as they become available.

Required Supplemental Information
Schedule of Pension Investment Returns
Chapter 21 Policemen's and Firemen's Retirement System

	Last Seven Fiscal Years Years Ended June 30						
	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	4.54 %	6.06 %	4.08 %	8.87 %	1.02 %	0.60 %	11.32 %

Required Supplemental Information
Schedule of Pension Contributions
Chapter 22 General Employees' Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 2,739,863	\$ 4,540,864	\$ 4,481,601	\$ 3,718,752	\$ 3,537,464	\$ 3,743,710	\$ 3,956,836	\$ 4,181,017	\$ 3,860,007	\$ 3,880,924
Contributions in relation to the actuarially determined contribution	2,739,863	24,550,694	4,520,402	3,767,771	3,646,206	3,804,508	3,980,163	4,810,851	3,888,554	4,206,874
Contribution Excess	\$ -	\$ 20,009,830	\$ 38,801	\$ 49,019	\$ 108,742	\$ 60,798	\$ 23,327	\$ 629,834	\$ 28,547	\$ 325,950
Covered Payroll	\$ 8,376,888	\$ 9,888,715	\$ 10,081,502	\$ 11,528,291	\$ 11,430,114	\$ 12,433,033	\$ 13,007,069	\$ 15,972,281	\$ 15,071,915	\$ 17,340,783
Contributions as a Percentage of Covered Payroll	32.71 %	248.27 %	44.84 %	32.68 %	31.90 %	30.60 %	30.60 %	30.12 %	25.80 %	24.26 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market, 80 percent/120 percent corridor
Inflation	2.75 percent
Projected salary increase	3.00 to 6.30 percent, including inflation
Investment rate of return	7.00 percent (net of investment and administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2005 valuation pursuant to an experience study of the period 1999-2004
Mortality	RP-2000 Combined Healthy Mortality Table for males and females, adjusted for mortality improvements to 2020 using projection scale BB. 100 percent of the rates are used for postretirement purposes, 60 percent for preretirement purposes.

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Chapter 22 General Employees' Retirement System

	Last Seven Fiscal Years						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 983,853	\$ 1,198,566	\$ 1,287,938	\$ 1,324,548	\$ 1,406,866	\$ 1,463,932	\$ 1,517,855
Interest	12,838,979	12,672,928	12,599,353	12,538,642	12,334,306	12,268,658	11,983,300
Differences between expected and actual experience	1,319,492	1,764,892	(407,550)	480,342	688,134	(1,318,646)	-
Changes in assumptions	5,764,797	-	-	4,553,695	-	-	1,861,488
Benefit payments, including refunds	(13,602,619)	(12,711,132)	(12,056,834)	(11,613,053)	(11,526,386)	(11,433,468)	(11,365,962)
Net Change in Total Pension Liability	7,304,502	2,925,254	1,422,907	7,284,174	2,902,920	980,476	3,996,681
Total Pension Liability - Beginning of year	189,723,367	186,798,113	185,375,206	178,091,032	175,188,112	174,207,636	170,210,955
Total Pension Liability - End of year	\$ 197,027,869	\$ 189,723,367	\$ 186,798,113	\$ 185,375,206	\$ 178,091,032	\$ 175,188,112	\$ 174,207,636
Plan Fiduciary Net Position							
Contributions - Employer	\$ 2,739,863	\$ 24,550,694	\$ 4,520,402	\$ 3,767,771	\$ 3,646,206	\$ 3,804,508	\$ 3,980,163
Contributions - Member	415,000	488,274	427,812	451,138	467,245	505,681	536,150
Net investment income (loss)	1,506,950	8,456,687	7,609,795	13,691,060	(701,395)	716,111	19,334,481
Administrative expenses	(53,250)	(43,648)	(36,589)	(27,568)	(28,932)	(40,136)	-
Benefit payments, including refunds	(13,602,619)	(12,711,132)	(12,056,834)	(11,613,053)	(11,526,386)	(11,433,468)	(11,365,962)
Other	(20,756)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(9,014,812)	20,740,875	464,586	6,269,348	(8,143,262)	(6,447,304)	12,484,832
Plan Fiduciary Net Position - Beginning of year	162,431,494	141,690,619	141,226,033	134,956,685	143,099,947	149,547,251	137,062,419
Plan Fiduciary Net Position - End of year	\$ 153,416,682	\$ 162,431,494	\$ 141,690,619	\$ 141,226,033	\$ 134,956,685	\$ 143,099,947	\$ 149,547,251
City's Net Pension Liability - Ending	\$ 43,611,187	\$ 27,291,873	\$ 45,107,494	\$ 44,149,173	\$ 43,134,347	\$ 32,088,165	\$ 24,660,385
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.87 %	85.61 %	75.85 %	76.18 %	75.78 %	81.68 %	85.84 %
Covered Payroll	\$ 8,376,888	\$ 9,888,715	\$ 10,081,502	\$ 11,528,291	\$ 11,430,114	\$ 12,433,033	\$ 13,007,069
City's Net Pension Liability as a Percentage of Covered Payroll	520.61 %	275.99 %	389.37 %	382.96 %	377.37 %	258.09 %	189.59 %

Pension schedules are intended to disclose information for 10 years. Additional years will be added as they become available.

Required Supplemental Information
Schedule of Pension Investment Returns
Chapter 22 General Employees' Retirement System

	Last Seven Fiscal Years						
	Years Ended June 30						
	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	0.92 %	5.53 %	5.52 %	10.38 %	(0.52)%	0.46 %	14.43 %

Required Supplemental Information
Schedule of Pension Contributions
Chapter 23 Police and Fire Revised Retirement System

	Last Ten Fiscal Years									
	Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 13,656,682	\$ 13,349,132	\$ 11,581,759	\$ 9,333,396	\$ 9,153,909	\$ 9,298,618	\$ 8,838,087	\$ 7,778,049	\$ 7,584,183	\$ 6,918,132
Contributions in relation to the actuarially determined contribution	13,735,996	13,395,345	12,501,034	9,436,959	9,090,948	9,193,439	8,738,708	7,455,603	7,456,838	7,144,368
Contribution Excess (Deficiency)	\$ 79,314	\$ 46,213	\$ 919,275	\$ 103,563	\$ (62,961)	\$ (105,179)	\$ (99,379)	\$ (322,446)	\$ (127,345)	\$ 226,236
Covered Payroll	\$ 13,349,785	\$ 13,846,216	\$ 13,345,686	\$ 13,780,369	\$ 14,722,316	\$ 15,763,013	\$ 16,420,322	\$ 17,178,809	\$ 18,878,071	\$ 20,429,991
Contributions as a Percentage of Covered Payroll	102.89 %	96.74 %	93.67 %	68.48 %	61.75 %	58.32 %	53.22 %	43.40 %	39.50 %	34.97 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	5-year smoothed market, 80 percent/120 percent corridor
Inflation	2.75 percent
Projected salary increase	3.00 to 6.50 percent including inflation
Investment rate of return	7.00 percent (net of investment and administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2005 valuation pursuant to an experience study of the period 1999-2004.
Mortality	RP-2000 Combined Healthy Mortality Table for males (multiplied by 110 percent) and females (multiplied by 100 percent), adjusted for mortality improvements to 2020 using projection scale BB.

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Chapter 23 Police and Fire Revised Retirement System

	Last Seven Fiscal Years						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 3,869,766	\$ 4,095,947	\$ 4,018,651	\$ 3,513,973	\$ 3,655,514	\$ 3,854,655	\$ 4,192,556
Interest	26,883,815	26,179,052	25,092,709	24,593,122	24,070,844	23,542,045	22,709,018
Changes in benefit terms	-	-	5,515,313	-	-	-	-
Differences between expected and actual experience	(1,311,598)	2,541,671	2,467,804	1,006,214	(243,214)	(429,811)	-
Changes in assumptions	27,098,377	-	-	10,829,368	-	-	3,480,799
Benefit payments, including refunds	(23,449,543)	(21,821,479)	(21,406,454)	(20,479,978)	(19,937,083)	(19,210,018)	(18,236,765)
Net Change in Total Pension Liability	33,090,817	10,995,191	15,688,023	19,462,699	7,546,061	7,756,871	12,145,608
Total Pension Liability - Beginning of year	393,844,394	382,849,203	367,161,180	347,698,481	340,152,420	332,395,549	320,249,941
Total Pension Liability - End of year	\$ 426,935,211	\$ 393,844,394	\$ 382,849,203	\$ 367,161,180	\$ 347,698,481	\$ 340,152,420	\$ 332,395,549
Plan Fiduciary Net Position							
Contributions - Employer	\$ 13,735,996	\$ 13,395,345	\$ 12,501,034	\$ 9,436,959	\$ 9,090,948	\$ 9,193,439	\$ 8,738,708
Contributions - Member	660,923	692,666	700,192	687,669	696,462	735,288	781,333
Net investment (loss) income	(223,495)	11,869,714	14,694,627	27,486,853	(1,664,166)	838,284	36,418,105
Administrative expenses	(70,169)	(50,883)	(58,614)	(44,080)	(50,774)	(60,739)	-
Benefit payments, including refunds	(23,449,543)	(21,821,479)	(21,406,454)	(20,479,978)	(19,937,083)	(19,210,018)	(18,236,765)
Other	(25,516)	(25,516)	(291,433)	-	-	-	-
Net Change in Plan Fiduciary Net Position	(9,371,804)	4,059,847	6,139,352	17,087,423	(11,864,613)	(8,503,746)	27,701,381
Plan Fiduciary Net Position - Beginning of year	288,526,228	284,466,381	278,327,029	261,239,606	273,104,219	281,607,965	253,906,584
Plan Fiduciary Net Position - End of year	\$ 279,154,424	\$ 288,526,228	\$ 284,466,381	\$ 278,327,029	\$ 261,239,606	\$ 273,104,219	\$ 281,607,965
City's Net Pension Liability - Ending	\$ 147,780,787	\$ 105,318,166	\$ 98,382,822	\$ 88,834,151	\$ 86,458,875	\$ 67,048,201	\$ 50,787,584
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.39 %	73.26 %	74.30 %	75.81 %	75.13 %	80.29 %	84.72 %
Covered Payroll	\$ 13,349,785	\$ 13,846,216	\$ 13,345,686	\$ 13,780,369	\$ 14,722,316	\$ 15,763,013	\$ 16,420,322
City's Net Pension Liability as a Percentage of Covered Payroll	1,106.99 %	760.63 %	737.19 %	644.64 %	587.26 %	425.35 %	309.30 %

Pension schedules are intended to disclose information for 10 years. Additional years will be added as they become available.

Required Supplemental Information
Schedule of Pension Investment Returns
Chapter 23 Police and Fire Revised Retirement System

	Last Seven Fiscal Years Years Ended June 30						
	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	(0.11)%	4.21 %	5.25 %	10.73 %	(0.64)%	0.28 %	14.57 %

City of Dearborn, Michigan

Required Supplemental Information Schedule of Pension Contributions Municipal Employees' Retirement System of Michigan

Last Ten Fiscal Years Years Ended June 30										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 2,076,980	\$ 1,869,513	\$ 1,232,976	\$ 1,131,533	\$ 1,000,445	\$ 791,756	\$ 711,350	\$ 589,294	\$ 525,387	\$ 460,742
Contributions in relation to the actuarially determined contribution	2,076,980	1,869,513	1,685,369	1,131,533	1,000,445	791,756	711,350	589,294	525,387	461,883
Contribution Excess	\$ -	\$ -	\$ 452,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,141
Covered Payroll	\$ 16,253,102	\$ 14,787,609	\$ 12,951,006	\$ 11,014,566	\$ 9,949,848	\$ 7,998,743	\$ 7,038,775	\$ 5,988,508	\$ 4,877,608	\$ 3,622,893
Contributions as a Percentage of Covered Payroll	12.78 %	12.64 %	13.01 %	10.27 %	10.05 %	9.90 %	10.11 %	9.84 %	10.77 %	12.75 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, open
Remaining amortization period	21 years
Asset valuation method	10-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent, including inflation
Investment rate of return	8.00 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male and 50 percent female blend of the RP-2014 Group Mortality Tables

Required Supplemental Information
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Municipal Employees' Retirement System of Michigan

Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 2,680,963	\$ 2,434,745	\$ 1,917,113	\$ 1,635,150	\$ 1,481,314	\$ 1,209,895
Interest	1,544,259	1,252,966	902,090	732,364	558,477	413,899
Benefit changes	-	-	1,365,338	-	-	-
Differences between expected and actual experience	(103,993)	(164,646)	(32,862)	(360,953)	238,712	-
Changes in assumptions	183,251	-	-	-	37,679	-
Benefit payments, including refunds	(7,176)	(2,883)	(46,177)	(5,749)	(10,201)	(3,887)
Net Change in Total Pension Liability	4,297,304	3,520,182	4,105,502	2,000,812	2,305,981	1,619,907
Total Pension Liability - Beginning of year	17,966,339	14,446,157	10,340,655	8,339,843	6,033,862	4,413,955
Total Pension Liability - End of year	\$ 22,263,643	\$ 17,966,339	\$ 14,446,157	\$ 10,340,655	\$ 8,339,843	\$ 6,033,862
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,936,063	\$ 1,826,211	\$ 1,632,550	\$ 1,038,018	\$ 460,330	\$ 371,624
Contributions - Member	1,007,680	841,429	616,906	550,895	917,355	743,093
Net investment income (loss)	2,402,373	(675,737)	1,547,083	1,022,036	(123,348)	373,756
Administrative expenses	(41,512)	(30,485)	(46,177)	(5,749)	(16,738)	(14,087)
Benefit payments, including refunds	(7,176)	(2,883)	(24,199)	(20,052)	(10,201)	(3,887)
Net Change in Plan Fiduciary Net Position	5,297,428	1,958,535	3,726,163	2,585,148	1,227,398	1,470,499
Plan Fiduciary Net Position - Beginning of year	16,469,873	14,511,338	10,785,175	8,200,027	6,972,629	5,502,130
Plan Fiduciary Net Position - End of year	\$ 21,767,301	\$ 16,469,873	\$ 14,511,338	\$ 10,785,175	\$ 8,200,027	\$ 6,972,629
City's Net Pension Liability (Asset) - Ending	\$ 496,342	\$ 1,496,466	\$ (65,181)	\$ (444,520)	\$ 139,816	\$ (938,767)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.77 %	91.67 %	100.45 %	104.30 %	98.32 %	115.56 %
Covered Payroll	\$ 15,861,963	\$ 14,787,609	\$ 12,469,883	\$ 11,573,050	\$ 9,452,425	\$ 7,711,024
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	3.13 %	10.12 %	(0.52)%	(3.84)%	1.48 %	(12.17)%

Pension schedules are intended to disclose information for 10 years. Additional years will be added as they become available.

Required Supplemental Information
Schedule of OPEB Contributions

Last Ten Fiscal Years
Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 15,762,276	\$ 16,768,808	\$ 17,411,313	\$ 17,887,412	\$ 18,783,790	\$ 19,854,489	\$ 20,377,082	\$ 13,535,617	\$ 13,974,920	\$ 14,241,851
Contributions in relation to the actuarially determined contribution	13,397,441	48,714,670	15,287,893	15,517,342	13,626,726	13,539,033	12,117,877	14,496,164	10,968,437	9,979,789
Contribution (Deficiency) Excess	\$ (2,364,835)	\$ 31,945,862	\$ (2,123,420)	\$ (2,370,070)	\$ (5,157,064)	\$ (6,315,456)	\$ (8,259,205)	\$ 960,547	\$ (3,006,483)	\$ (4,262,062)
Covered-employee Payroll	\$ 33,138,699	\$ 35,876,120	\$ 36,427,775	\$ 35,829,343	\$ 40,134,079	\$ 40,134,079	\$ 40,070,826	\$ 40,070,826	\$ 48,185,248	\$ 48,185,248
Contributions as a Percentage of Covered-employee Payroll	40.43 %	135.79 %	41.97 %	43.31 %	33.95 %	33.73 %	30.24 %	36.18 %	22.76 %	20.71 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	18 years, closed
Asset valuation method	5-year smoothed market
Inflation	2.75 percent
Health care cost trend rates	Initial trend of 8.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent
Salary increase	3.00 to 14.00 percent, including inflation
Investment rate of return	6.00 percent net of expenses including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2005 valuation pursuant to an experience study of the period from 1999-2004
Mortality	General and Police and Fire: RP-2000 Mortality Combined Health Tables, projected 20 years with U.S. Population Scale BB (multiplied by 110 percent for males in Police and Fire). MERS: Version of RP-2014
Aging factors	Based on 2013 SOA Study "Health Care Costs - From Birth to Death"
Other information	The City of Dearborn Retirement Systems adopted new demographic assumptions pursuant to a five-year experience study covering the period ended June 30, 2018. The impact of these assumption changes is reflected in the development of the June 30, 2020 total OPEB liability.

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Four Fiscal Years			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 2,650,159	\$ 2,495,383	\$ 2,625,312	\$ 2,080,816
Interest	14,925,019	15,602,042	15,307,855	15,471,747
Changes in benefit terms	-	(3,179,714)	-	-
Differences between expected and actual experience	(1,122,391)	(31,430,792)	(1,212,420)	586,687
Changes in assumptions	20,331,126	17,107,620	-	27,406,087
Benefit payments, including refunds	(11,722,626)	(12,188,667)	(11,316,644)	(12,106,610)
Net Change in Total OPEB Liability	25,061,287	(11,594,128)	5,404,103	33,438,727
Total OPEB Liability - Beginning of year	253,286,552	264,880,680	259,476,577	226,037,850
Total OPEB Liability - End of year	\$ 278,347,839	\$ 253,286,552	\$ 264,880,680	\$ 259,476,577
Plan Fiduciary Net Position				
Contributions - Employer	\$ 13,397,441	\$ 48,714,670	\$ 15,287,893	\$ 15,095,027
Contributions - Nonemployer contributing entities	4,924	336,628	373,996	623,636
Net investment income	227,468	5,417,155	4,776,465	4,883,607
Administrative expenses	(19,500)	(44,988)	(29,250)	(76,000)
Benefit payments, including refunds	(11,722,626)	(12,188,667)	(11,316,644)	(12,106,610)
Net Change in Plan Fiduciary Net Position	1,887,707	42,234,798	9,092,460	8,419,660
Plan Fiduciary Net Position - Beginning of year	124,257,804	82,023,006	72,930,546	64,510,886
Plan Fiduciary Net Position - End of year	\$ 126,145,511	\$ 124,257,804	\$ 82,023,006	\$ 72,930,546
Net OPEB Liability - Ending	\$ 152,202,328	\$ 129,028,748	\$ 182,857,674	\$ 186,546,031
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	45.32 %	49.06 %	30.97 %	28.11 %
Covered-employee Payroll	\$ 33,138,699	\$ 35,876,120	\$ 36,427,775	\$ 35,829,343
Net OPEB Liability as a Percentage of Covered-employee Payroll	459.29 %	359.65 %	501.97 %	520.65 %

OPEB schedules are intended to disclose information for 10 years. Additional years will be added as they become available.

**Required Supplemental Information
Schedule of OPEB Investment Returns**

	Last Four Fiscal Years Years Ended June 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	0.17 %	5.72 %	6.96 %	8.38 %

June 30, 2020

Budgetary Information

The City's budget is prepared in compliance with the uniform budgeting provisions of Michigan law. Budgets are adopted for all governmental and proprietary funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to April 15, the mayor delivers the proposed budget to the City Council for the fiscal year commencing the following July 1. The budget includes identification of unusual circumstances; a comparative analysis covering the immediate past and the current budgets, together with the proposed budget; and a proposed general appropriations resolution.

1. The proposed budgets are reviewed through a series of meetings with the City Council, the mayor, the finance department, department directors, etc.
2. A public hearing is conducted to obtain taxpayers' comments.
3. No later than June 13, the City Council shall pass a general appropriations resolution providing the authority to make expenditures and incur obligations on behalf of the City for the ensuing fiscal year.

Appropriations in the General Fund are controlled at the department level. Expenditures for all other governmental funds are controlled at the fund level. While the legislative budget is adopted at summary levels, administrative control is maintained at detail levels. Management may amend the budget at the detail level within summary constraints. During the fiscal year, it was necessary to make budget amendments.

The City maintains budgetary control through the use of a full encumbrance system. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts and those amounts approved for carry forward by the City Council.

Budget to actual statements have been prepared in accordance with generally accepted accounting principles.

Pension Information

Changes in Assumptions

Chapter 21 Policemen's and Firemen's Retirement System

June 30, 2015 - The beginning of year total pension liability was based on 110 percent of the male 1994 Group Annuity Mortality Table and 100 percent of the female Group Annuity Mortality table, and the end of year total pension liability was based on the RP-2000 mortality table projected to 2020.

June 30, 2017 - The beginning of year total pension liability was based on a single discount rate of 7.0 percent, and the end of year total pension liability was based on a single discount rate of 6.0 percent.

June 30, 2020 - The beginning of year total pension liability was determined using the RP-2000 mortality and wage inflation of 3.0 percent. The end of year total pension liability was determined using the Pub-2010 mortality tables with projection scale MP-2019 and wage inflation of 2.75 percent.

Chapter 22 General Employees' Retirement System

June 30, 2014 - The beginning of year total pension liability was based on an inflation component of 3.75 percent and the end of year total pension liability was based on an inflation component of 2.0 to 3.0 percent.

June 30, 2017 - The beginning of year total pension liability was based on a single discount rate of 7.25 percent, and the end of year total pension liability was based on a single discount rate of 7.0 percent.

June 30, 2020 - The beginning of year total pension liability was determined using the RP-2000 mortality and wage inflation of 3.0 percent. The end of year total pension liability was determined using the Pub-2010 mortality tables with projection scale MP-2019 and wage inflation of 2.75 percent.

Chapter 23 Police and Fire Revised Retirement System

June 30, 2020

June 30, 2014 - The beginning of year total pension liability was based on an inflation component of 3.75 percent; and the end of year total pension liability was based on an inflation component of 2.0 to 3.0 percent.

June 30, 2017 - The beginning of year total pension liability was based on a single discount rate of 7.25 percent, and the end of year total pension liability was based on a single discount rate of 7.0 percent.

June 30, 2020 - The beginning of year total pension liability was determined using the RP-2000 mortality and wage inflation of 3.0 percent. The end of year total pension liability was determined using the Pub-2010 mortality tables with projection scale MP-2019 and wage inflation of 2.75 percent.

Municipal Employees' Retirement System of Michigan

December 31, 2015 - The beginning of year total pension liability was based on a single discount rate of 8.25 percent, and the end of year total pension liability was based on a single discount rate of 8.0 percent.

December 31, 2019 - The beginning of year total pension liability was based on a single discount rate of 8.0 percent and wage inflation of 3.75 percent, and the end of year total pension liability was based on a single discount rate of 7.6 percent and wage inflation of 3.0 percent.

OPEB Information

Changes in Assumptions

June 30, 2017 - The beginning of year total OPEB liability was based on a single discount rate of 7.25 percent, and the end of year total OPEB liability was based on a single discount rate of 6.0 percent.

June 30, 2019 - The beginning of year total OPEB liability was based on a health care cost trend rate beginning at 9.0 percent and decreasing to an ultimate rate of 3.0 percent, and the end of year total OPEB liability was based on a health care cost trend rate beginning at 8.25 percent and decreasing to an ultimate rate of 3.5 percent.

June 30, 2020 - The City adopted new demographic assumptions pursuant to a five-year experience study covering the period ended June 30, 2018, which were implemented in developing the June 30, 2020 total OPEB liability. The most significant change in assumptions resulting from this experience study was changing the mortality tables used to be the PubG-2010 Mortality Tables with a base year of 2010 and future mortality improvements projected using scale MP-2019.

Other Supplemental Information

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The combined special revenue funds are composed of the following individual funds:

Major Street & Trunkline Fund and Local Streets Fund

Both of these funds are established by state law to account for expenditures of state gas and weight tax collection allocations to the City. Their use is restricted to maintenance and construction of roads and streets and related expenditure. A total of 10 percent of revenue may be expended for nonmotorized transportation.

Drug Law Enforcement Fund

This fund is used to account for the proceeds of forfeitures resulting from drug law enforcement activities.

Library Fund

This fund accounts for the operations of the City's three libraries. A total of 1.69 mills of tax revenue is designated for libraries.

Community Development Fund

This fund accounts for entitlement funds received through the federal Community Development Block Grant program. The City has participated in this program since its enactment by Congress in 1977.

Indigent Defense Fund

This fund accounts for state revenue received by the City for the purpose of providing court-appointed defense for individuals who cannot afford their own legal defense.

Designated Purposes Fund

This fund accounts for expenditures of various civic projects, which are financed by specific charges for services and by private contributions.

Capital Projects Fund

The City has one capital projects fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

City of Dearborn, Michigan

	Special Revenue Funds			
	Major Street & Trunkline Fund	Local Streets Fund	Drug Law Enforcement Fund	Library Fund
Assets				
Cash and cash equivalents	\$ 4,604,989	\$ 5,020,662	\$ 818,084	\$ 2,050,913
Investments	1,589,987	1,746,065	279,733	724,391
Receivables:				
Property taxes receivable	-	-	-	5,624
Customer receivables	-	-	-	-
Accrued interest receivable	10,340	11,355	1,819	4,711
Other receivables	1,433	5,295	-	270
Due from other governments	1,232,480	340,437	-	3,177
Due from other funds	-	303,286	-	-
Prepaid items and other assets	-	-	-	-
Restricted assets	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 7,439,229	\$ 7,427,100	\$ 1,099,636	\$ 2,789,086
Liabilities				
Accounts payable:				
Accounts payable	\$ 948,697	\$ 1,074,592	\$ 6,227	\$ 52,255
Retainage payable	114,190	79,031	-	-
Due to other funds	303,286	-	-	-
Refundable bonds and deposits	-	-	-	-
Accrued liabilities and other	-	-	-	51,227
Provision for property tax refunds	-	-	-	33,515
Unearned revenue	-	-	-	-
Total liabilities	1,366,173	1,153,623	6,227	136,997
Deferred Inflows of Resources - Unavailable revenue	74,726	-	-	14,611
Total liabilities and deferred inflows of resources	1,440,899	1,153,623	6,227	151,608
Fund Balances				
Nonspendable - Prepaid items	-	-	-	-
Restricted:				
Community development	-	-	-	-
Historical museum activities	-	-	-	-
Indigent defense	-	-	-	-
Law enforcement activities	-	-	1,093,409	-
Library activities	-	-	-	2,637,478
Road construction, preservation, and maintenance	5,998,330	6,273,477	-	-
Committed - Designated purposes - Community programs	-	-	-	-
Assigned - Capital projects	-	-	-	-
Total fund balances	5,998,330	6,273,477	1,093,409	2,637,478
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,439,229	\$ 7,427,100	\$ 1,099,636	\$ 2,789,086

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Special Revenue Funds				
Community Development Fund	Indigent Defense Fund	Designated Purposes Fund	Capital Projects Fund	Total
\$ 296,024	\$ 86,927	\$ 1,039,297	\$ 8,234,767	\$ 22,151,663
-	30,777	-	2,908,242	7,279,195
-	-	-	-	5,624
259,557	-	-	32,991	292,548
-	200	59	18,912	47,396
-	-	-	-	6,998
123,237	69,545	3,000	165	1,772,041
-	-	-	-	303,286
-	-	4,650	-	4,650
-	-	388,294	-	388,294
89,542	-	-	3,493,695	3,583,237
\$ 768,360	\$ 187,449	\$ 1,435,300	\$ 14,688,772	\$ 35,834,932
\$ 43,911	\$ 3,375	\$ 3,794	\$ 179,340	\$ 2,312,191
-	-	-	20,654	213,875
31,636	100	30	-	335,052
400	-	612,659	30,577	643,636
-	1,217	-	-	52,444
-	-	-	-	33,515
-	26,498	-	-	26,498
75,947	31,190	616,483	230,571	3,617,211
259,557	-	-	-	348,894
335,504	31,190	616,483	230,571	3,966,105
-	-	4,650	-	4,650
432,856	-	-	-	432,856
-	-	428,294	-	428,294
-	156,259	-	-	156,259
-	-	-	-	1,093,409
-	-	-	-	2,637,478
-	-	-	-	12,271,807
-	-	385,873	-	385,873
-	-	-	14,458,201	14,458,201
432,856	156,259	818,817	14,458,201	31,868,827
\$ 768,360	\$ 187,449	\$ 1,435,300	\$ 14,688,772	\$ 35,834,932

City of Dearborn, Michigan

	Special Revenue Funds			
	Major Street & Trunkline Fund	Local Streets Fund	Drug Law Enforcement Fund	Library Fund
Revenue				
Property taxes	\$ 579,000	\$ 921,512	\$ -	\$ 5,588,774
Intergovernmental:				
Federal grants	-	258,867	-	11,191
State sources:				
Act 51 gas and weight tax	8,295,423	2,439,192	-	-
Local Community Stabilization Authority	-	-	-	1,261,490
Other state grants	-	379,600	-	78,672
Local grants and contributions	1,433	-	-	76,749
Charges for services	-	-	-	21,964
Fines and forfeitures	-	-	335,693	26,209
Interest and rentals:				
Investment income	83,736	67,048	17,484	69,611
Rents and royalties	-	-	-	8,081
Other revenue:				
Private source contributions	78,467	-	-	7,320
Miscellaneous revenue	-	109	14,347	35,757
Total revenue	9,038,059	4,066,328	367,524	7,185,818
Expenditures				
Current services:				
General government	-	-	-	-
Public safety	-	-	299,602	-
Public works	5,442,550	9,098,811	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	5,170,196
Capital outlay	-	-	77,905	459,550
Debt service	-	-	-	211,704
Total expenditures	5,442,550	9,098,811	377,507	5,841,450
Excess of Revenue Over (Under) Expenditures	3,595,509	(5,032,483)	(9,983)	1,344,368
Other Financing Sources (Uses)				
Transfers in	25,000	4,057,941	-	330,127
Transfers out	(3,732,941)	-	-	(2,509,227)
Total other financing (uses) sources	(3,707,941)	4,057,941	-	(2,179,100)
Net Change in Fund Balances	(112,432)	(974,542)	(9,983)	(834,732)
Fund Balances - Beginning of year	6,110,762	7,248,019	1,103,392	3,472,210
Fund Balances - End of year	\$ 5,998,330	\$ 6,273,477	\$ 1,093,409	\$ 2,637,478

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2020

Special Revenue Funds				
Community Development Fund	Indigent Defense Fund	Designated Purposes Fund	Capital Projects Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 7,089,286
221,735	-	15,000	12,480	519,273
-	-	-	-	10,734,615
-	-	-	-	1,261,490
-	203,120	-	-	661,392
-	-	-	-	78,182
-	-	125,870	87,804	235,638
-	-	-	-	361,902
-	2,415	5,393	154,061	399,748
-	-	-	-	8,081
-	-	93,783	60,080	239,650
180	-	112,016	133,561	295,970
221,915	205,535	352,062	447,986	21,885,227
-	212,361	94,416	-	306,777
-	-	-	-	299,602
-	-	-	-	14,541,361
248,665	-	-	-	248,665
-	-	404,351	-	5,574,547
30	-	12,140	1,153,017	1,702,642
-	-	-	-	211,704
248,695	212,361	510,907	1,153,017	22,885,298
(26,780)	(6,826)	(158,845)	(705,031)	(1,000,071)
-	77,158	16,001	2,058,388	6,564,615
-	-	-	(441,056)	(6,683,224)
-	77,158	16,001	1,617,332	(118,609)
(26,780)	70,332	(142,844)	912,301	(1,118,680)
459,636	85,927	961,661	13,545,900	32,987,507
\$ 432,856	\$ 156,259	\$ 818,817	\$ 14,458,201	\$ 31,868,827

City of Dearborn, Michigan

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds Major Street & Trunkline Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 579,000	\$ 579,000	\$ 579,000	\$ -
Intergovernmental:				
Federal grants	-	400,000	-	(400,000)
State sources:				
Act 51 gas and weight tax	7,814,150	8,369,670	8,295,423	(74,247)
Other state grants	40,000	282,830	-	(282,830)
Local grants and contributions	1,000	1,000	1,433	433
Investment income	106,487	86,487	83,736	(2,751)
Other revenue:				
Private source contributions	-	110,620	78,467	(32,153)
Miscellaneous revenue	30,000	35,660	-	(35,660)
Total revenue	8,570,637	9,865,267	9,038,059	(827,208)
Expenditures - Current services - Public works	4,829,277	11,662,868	5,442,550	6,220,318
Excess of Revenue Over (Under) Expenditures	3,741,360	(1,797,601)	3,595,509	5,393,110
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(3,516,370)	(3,766,351)	(3,732,941)	33,410
Total other financing uses	(3,491,370)	(3,741,351)	(3,707,941)	33,410
Net Change in Fund Balance	249,990	(5,538,952)	(112,432)	5,426,520
Fund Balance - Beginning of year	6,110,762	6,110,762	6,110,762	-
Fund Balance - End of year	\$ 6,360,752	\$ 571,810	\$ 5,998,330	\$ 5,426,520

City of Dearborn, Michigan

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Local Streets Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 921,010	\$ 924,248	\$ 921,512	\$ (2,736)
Intergovernmental:				
Federal grants	1,105,129	791,345	258,867	(532,478)
State sources:				
Act 51 gas and weight tax	2,334,100	2,466,755	2,439,192	(27,563)
Other state grants	270,000	379,601	379,600	(1)
Investment income	128,734	68,734	67,048	(1,686)
Miscellaneous revenue	-	-	109	109
Total revenue	4,758,973	4,630,683	4,066,328	(564,355)
Expenditures - Current services - Public works	8,256,818	14,957,246	9,098,811	5,858,435
Excess of Expenditures Over Revenue	(3,497,845)	(10,326,563)	(5,032,483)	5,294,080
Other Financing Sources - Transfers in	3,841,370	4,091,351	4,057,941	(33,410)
Net Change in Fund Balance	343,525	(6,235,212)	(974,542)	5,260,670
Fund Balance - Beginning of year	7,248,019	7,248,019	7,248,019	-
Fund Balance - End of year	<u>\$ 7,591,544</u>	<u>\$ 1,012,807</u>	<u>\$ 6,273,477</u>	<u>\$ 5,260,670</u>

City of Dearborn, Michigan

Other Supplemental Information
Budgetary Comparison Schedules - Nonmajor Governmental Funds
(Continued)
Drug Law Enforcement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Fines and forfeitures	\$ -	\$ 335,693	\$ 335,693	\$ -
Investment income	23,964	23,964	17,484	(6,480)
Miscellaneous revenue	-	14,347	14,347	-
Total revenue	23,964	374,004	367,524	(6,480)
Expenditures				
Current services - Public safety	452,256	487,603	299,602	188,001
Capital outlay	29,800	62,072	77,905	(15,833)
Total expenditures	482,056	549,675	377,507	172,168
Net Change in Fund Balance	(458,092)	(175,671)	(9,983)	165,688
Fund Balance - Beginning of year	1,103,392	1,103,392	1,103,392	-
Fund Balance - End of year	<u><u>\$ 645,300</u></u>	<u><u>\$ 927,721</u></u>	<u><u>\$ 1,093,409</u></u>	<u><u>\$ 165,688</u></u>

Other Supplemental Information
Budgetary Comparison Schedules - Nonmajor Governmental Funds
(Continued)
Library Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 5,633,450	\$ 5,633,450	\$ 5,588,774	\$ (44,676)
Intergovernmental:				
Federal grants	20,000	65,230	11,191	(54,039)
State sources:				
Local Community Stabilization Authority	1,186,560	1,261,490	1,261,490	-
Other state grants	69,000	69,000	78,672	9,672
Local grants and contributions	65,000	65,000	76,749	11,749
Charges for services	39,070	39,070	21,964	(17,106)
Fines and forfeitures	53,000	53,000	26,209	(26,791)
Interest and rentals:				
Investment income	102,537	102,537	69,611	(32,926)
Rents and royalties	12,040	12,040	8,081	(3,959)
Other revenue:				
Private source contributions	-	6,250	7,320	1,070
Miscellaneous revenue	37,084	37,084	35,757	(1,327)
Total revenue	7,217,741	7,344,151	7,185,818	(158,333)
Expenditures				
Current services - Recreation and culture	6,930,815	5,811,487	5,170,196	641,291
Capital outlay	587,000	557,012	459,550	97,462
Debt service	211,704	211,704	211,704	-
Total expenditures	7,729,519	6,580,203	5,841,450	738,753
Excess of Revenue (Under) Over Expenditures	(511,778)	763,948	1,344,368	580,420
Other Financing Sources (Uses)				
Transfers in	-	330,127	330,127	-
Transfers out	(80,000)	(2,509,227)	(2,509,227)	-
Total other financing uses	(80,000)	(2,179,100)	(2,179,100)	-
Net Change in Fund Balance	(591,778)	(1,415,152)	(834,732)	580,420
Fund Balance - Beginning of year	3,472,210	3,472,210	3,472,210	-
Fund Balance - End of year	<u>\$ 2,880,432</u>	<u>\$ 2,057,058</u>	<u>\$ 2,637,478</u>	<u>\$ 580,420</u>

City of Dearborn, Michigan

Other Supplemental Information
Budgetary Comparison Schedules - Nonmajor Governmental Funds
(Continued)
Community Development Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental - Federal grants	\$ 583,500	\$ 5,308,452	\$ 221,735	\$ (5,086,717)
Miscellaneous revenue	70,000	-	180	180
Total revenue	653,500	5,308,452	221,915	(5,086,537)
Expenditures				
Current services - Community improvement	653,500	5,547,894	248,665	5,299,229
Capital outlay	-	59,685	30	59,655
Total expenditures	653,500	5,607,579	248,695	5,358,884
Net Change in Fund Balance	-	(299,127)	(26,780)	272,347
Fund Balance - Beginning of year	459,636	459,636	459,636	-
Fund Balance - End of year	<u><u>\$ 459,636</u></u>	<u><u>\$ 160,509</u></u>	<u><u>\$ 432,856</u></u>	<u><u>\$ 272,347</u></u>

City of Dearborn, Michigan

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Indigent Defense Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental - State sources	\$ 247,251	\$ 278,178	\$ 203,120	\$ (75,058)
Investment income	256	256	2,415	2,159
Total revenue	247,507	278,434	205,535	(72,899)
Expenditures - Current - General government	335,024	356,971	212,361	144,610
Excess of Expenditures Over Revenue	(87,517)	(78,537)	(6,826)	71,711
Other Financing Sources - Transfers in	77,158	96,013	77,158	(18,855)
Net Change in Fund Balance	(10,359)	17,476	70,332	52,856
Fund Balance - Beginning of year	85,927	85,927	85,927	-
Fund Balance - End of year	<u><u>\$ 75,568</u></u>	<u><u>\$ 103,403</u></u>	<u><u>\$ 156,259</u></u>	<u><u>\$ 52,856</u></u>

City of Dearborn, Michigan

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Designated Purposes Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental - Federal grants	\$ -	\$ 15,000	\$ 15,000	\$ -
Charges for services	-	125,870	125,870	-
Investment income	-	5,393	5,393	-
Other revenue:				
Private source contributions	-	93,782	93,783	1
Miscellaneous revenue	-	112,015	112,016	1
Total revenue	-	352,060	352,062	2
Expenditures				
Current services:				
General government	15,500	233,587	94,416	139,171
Public safety	-	22,667	-	22,667
Recreation and culture	500	1,061,322	404,351	656,971
Capital outlay	-	12,140	12,140	-
Total expenditures	16,000	1,329,716	510,907	818,809
Excess of Expenditures Over Revenue	(16,000)	(977,656)	(158,845)	818,811
Other Financing Sources - Transfers in	16,000	16,001	16,001	-
Net Change in Fund Balance	-	(961,655)	(142,844)	818,811
Fund Balance - Beginning of year	961,661	961,661	961,661	-
Fund Balance - End of year	<u>\$ 961,661</u>	<u>\$ 6</u>	<u>\$ 818,817</u>	<u>\$ 818,811</u>

City of Dearborn, Michigan

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Capital Projects Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental:				
Federal grants	\$ 25,000	\$ 25,000	\$ 12,480	\$ (12,520)
Local grants and contributions	35,000	35,000	-	(35,000)
Charges for services	45,000	272,940	87,804	(185,136)
Investment income	197,281	197,281	154,061	(43,220)
Other revenue:				
Private source contributions	-	161,300	60,080	(101,220)
Miscellaneous revenue	1,200	408,125	133,561	(274,564)
Total revenue	303,481	1,099,646	447,986	(651,660)
Expenditures - Capital outlay	883,026	11,951,892	1,153,017	10,798,875
Excess of Expenditures Over Revenue	(579,545)	(10,852,246)	(705,031)	10,147,215
Other Financing Sources (Uses)				
Transfers in	778,026	2,058,388	2,058,388	-
Transfers out	-	(441,056)	(441,056)	-
Total other financing sources	778,026	1,617,332	1,617,332	-
Net Change in Fund Balance	198,481	(9,234,914)	912,301	10,147,215
Fund Balance - Beginning of year	13,545,900	13,545,900	13,545,900	-
Fund Balance - End of year	<u><u>\$ 13,744,381</u></u>	<u><u>\$ 4,310,986</u></u>	<u><u>\$ 14,458,201</u></u>	<u><u>\$ 10,147,215</u></u>

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds, or component units of the City on a cost-reimbursement basis.

Information Systems Fund

Computers and related equipment are purchased by this fund for most city departments. Funding for the equipment, as well as technology projects and the operations of the information systems department, is received through annual lease fees to the user departments.

Facilities Fund

The repair and maintenance costs for city-owned facilities are accounted for in this fund. Funding for utilities, repair, and maintenance and the operations of the building services and powerhouse divisions are received through annual lease fees charged to the user departments.

Fleet Replacement Fund

Replacement vehicles for General Fund departments are purchased from this fund and are funded through annual equipment lease fees charged to the departments.

Workers' Compensation and Employee Insurance Fund

The workers' compensation fund accounts for reserves established to support future expenditures for indemnity claims arising from work-related injuries. The City maintains a self-insurance retention in the amount of \$600,000 per occurrence. The employee insurance fund handles employee life and dental insurance. Life insurance coverage is provided by an outside insurance company. Dental insurance is on a reimbursement basis with Delta Dental. The employee insurance fund also includes health insurance for both active employees and retirees.

Fleet and General Liability Insurance Fund

This fund accounts for reserves established for both fleet and general liability insurance and related claims against the City. The City retains the first \$1,000,000 per occurrence. The first layer of insurance is \$5,000,000 per occurrence. The excess layer is \$10,000,000 per occurrence.

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2020

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,909,438	\$ 14,004,337	\$ 4,505,752	\$ 1,830,317	\$ 2,857,525	\$ 27,107,369
Investments	1,384,153	4,786,585	1,595,281	609,652	1,011,719	9,387,390
Receivables:						
Accrued interest receivable	9,001	31,132	10,374	3,964	6,579	61,050
Other receivables	-	506	-	19,699	-	20,205
Due from other funds	-	-	1,459	-	-	1,459
Prepaid items and other assets	79,472	-	-	385,788	-	465,260
Total current assets	5,382,064	18,822,560	6,112,866	2,849,420	3,875,823	37,042,733
Noncurrent assets:						
Restricted assets	-	8,869,587	-	-	-	8,869,587
Capital assets - Net	3,194,724	107,584,044	13,275,922	-	-	124,054,690
Total noncurrent assets	3,194,724	116,453,631	13,275,922	-	-	132,924,277
Total assets	8,576,788	135,276,191	19,388,788	2,849,420	3,875,823	169,967,010
Deferred Outflows of Resources						
Deferred pension costs	311,721	643,400	-	-	-	955,121
Deferred OPEB costs	330,215	628,857	-	-	-	959,072
Total deferred outflows of resources	641,936	1,272,257	-	-	-	1,914,193
Liabilities						
Current liabilities:						
Accounts payable:						
Accounts payable	202,061	1,369,618	47,338	195,547	78,689	1,893,253
Retainage payable	-	483,275	-	-	-	483,275
Due to other funds	-	-	-	-	32,888	32,888
Accrued liabilities and other:						
Accrued salaries and wages	19,925	56,890	-	-	-	76,815
Accrued interest payable	6,494	154,702	-	-	-	161,196
Provision for property tax refunds	-	-	-	-	404,757	404,757
Unearned revenue	77,000	-	-	-	-	77,000
Due to fiduciary funds	-	-	-	9	-	9
Compensated absences	58,340	100,201	-	-	-	158,541
Current portion of bonds and contracts payable	48,760	1,508,134	-	-	-	1,556,894
Total current liabilities	412,580	3,672,820	47,338	195,556	516,334	4,844,628
Noncurrent liabilities:						
Compensated absences	113,142	112,403	-	-	-	225,545
Provision for claims	-	-	-	1,484,892	1,445,000	2,929,892
Net pension liability	1,561,563	3,223,149	-	-	-	4,784,712
Net OPEB liability	1,854,792	3,532,246	-	-	-	5,387,038
Bonds and contracts payable - Net of current portion	949,260	27,575,871	-	-	-	28,525,131
Total liabilities	4,891,337	38,116,489	47,338	1,680,448	1,961,334	46,696,946
Deferred Inflows of Resources - Deferred OPEB cost reductions						
	165,148	314,507	-	-	-	479,655
Net Position						
Net investment in capital assets	3,194,724	89,462,874	13,275,922	-	-	105,933,520
Restricted:						
Capital projects	-	28,728	-	-	-	28,728
Theatre restoration	-	303,456	-	-	-	303,456
Unrestricted	967,515	8,322,394	6,065,528	1,168,972	1,914,489	18,438,898
Total net position	\$ 4,162,239	\$ 98,117,452	\$ 19,341,450	\$ 1,168,972	\$ 1,914,489	\$ 124,704,602

Other Supplemental Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

Year Ended June 30, 2020

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Operating Revenue						
Charges for services	\$ 2,842,292	\$ 4,436,314	\$ -	\$ -	\$ -	\$ 7,278,606
Rents and royalties	643,000	6,264	1,813,358	-	-	2,462,622
City contributions for insurance premiums	-	-	-	18,764,025	2,200,790	20,964,815
Miscellaneous revenue	40	71,396	-	60,147	244,101	375,684
Employee contributions for insurance premiums	-	-	-	1,510,545	-	1,510,545
Total operating revenue	3,485,332	4,513,974	1,813,358	20,334,717	2,444,891	32,592,272
Operating Expenses						
Personnel services	1,766,657	3,344,290	-	-	-	5,110,947
Contractual services	1,829,455	99,447	-	400,652	321,289	2,650,843
Insurance and bonds	-	-	-	93,112	1,205,788	1,298,900
Utilities	-	1,271,235	-	-	-	1,271,235
Claims and judgments	-	-	-	20,542,904	272,250	20,815,154
Repairs and maintenance	-	711,473	-	-	-	711,473
Other operating expenses	-	-	-	148,052	173,581	321,633
Depreciation	574,800	3,206,257	2,138,354	-	-	5,919,411
Total operating expenses	4,170,912	8,632,702	2,138,354	21,184,720	1,972,908	38,099,596
Operating (Loss) Income	(685,580)	(4,118,728)	(324,996)	(850,003)	471,983	(5,507,324)
Nonoperating Revenue (Expense)						
Investment income	82,813	440,137	104,090	44,965	48,600	720,605
Interest expense	(40,147)	(951,142)	-	-	-	(991,289)
(Loss) gain on sale of assets	(5,626)	397,756	75,181	-	-	467,311
Total nonoperating revenue (expense)	37,040	(113,249)	179,271	44,965	48,600	196,627
(Loss) Income - Before capital contributions	(648,540)	(4,231,977)	(145,725)	(805,038)	520,583	(5,310,697)
Capital Contributions						
Capital grants - Federal	-	-	200,000	-	-	200,000
Capital grants - State	-	42,500	-	-	-	42,500
Capital grants - Local	-	63,000	-	-	-	63,000
Other capital contributions	-	20,000	-	-	-	20,000
Total capital contributions	-	125,500	200,000	-	-	325,500
Transfers In	25,568	5,259,148	-	-	-	5,284,716
Transfers Out	(6,010)	(2,000,001)	-	(299,834)	-	(2,305,845)
Change in Net Position	(628,982)	(847,330)	54,275	(1,104,872)	520,583	(2,006,326)
Net Position - Beginning of year	4,791,221	98,964,782	19,287,175	2,273,844	1,393,906	126,710,928
Net Position - End of year	<u>\$ 4,162,239</u>	<u>\$ 98,117,452</u>	<u>\$ 19,341,450</u>	<u>\$ 1,168,972</u>	<u>\$ 1,914,489</u>	<u>\$ 124,704,602</u>

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2020

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers	\$ 714,040	\$ 38,490	\$ -	\$ 56,128	\$ 244,101	\$ 1,052,759
Receipts from (payments on) interfund services and reimbursements	2,763,975	4,385,914	1,824,367	20,618,949	2,212,555	31,805,760
Payments to suppliers	(1,910,566)	(3,340,969)	-	(980,033)	(1,653,188)	(7,884,756)
Payments to employees and fringes	(1,178,461)	(2,545,930)	-	-	-	(3,724,391)
Claims paid	-	-	-	(21,022,531)	(604,287)	(21,626,818)
Net cash and cash equivalents provided by (used in) operating activities	388,988	(1,462,495)	1,824,367	(1,327,487)	199,181	(377,446)
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	25,568	5,259,148	-	-	-	5,284,716
Principal and interest paid on operating debt	(87,614)	(186,488)	-	-	-	(274,102)
Transfers to other funds	(6,010)	(2,000,001)	-	(299,834)	-	(2,305,845)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(68,056)	3,072,659	-	(299,834)	-	2,704,769
Cash Flows from Capital and Related Financing Activities						
Receipt of capital grants	-	105,500	385,758	-	-	491,258
Proceeds from sale of capital assets	-	397,756	106,932	-	-	504,688
Purchase of capital assets	(351,676)	(11,865,483)	(2,785,729)	-	-	(15,002,888)
Principal and interest paid on capital debt	-	(2,231,754)	-	-	-	(2,231,754)
Net cash and cash equivalents used in capital and related financing activities	(351,676)	(13,593,981)	(2,293,039)	-	-	(16,238,696)
Cash Flows from Investing Activities						
Interest received on investments	96,888	506,778	122,178	58,220	57,966	842,030
Purchases of investment securities	(1,049,406)	(3,368,957)	(1,182,404)	(359,867)	(780,413)	(6,741,047)
Net cash and cash equivalents used in investing activities	(952,518)	(2,862,179)	(1,060,226)	(301,647)	(722,447)	(5,899,017)
Net Decrease in Cash and Cash Equivalents	(983,262)	(14,845,996)	(1,528,898)	(1,928,968)	(523,266)	(19,810,390)
Cash and Cash Equivalents - Beginning of year	4,892,700	37,719,920	6,034,650	3,759,285	3,380,791	55,787,346
Cash and Cash Equivalents - End of year	<u>\$ 3,909,438</u>	<u>\$ 22,873,924</u>	<u>\$ 4,505,752</u>	<u>\$ 1,830,317</u>	<u>\$ 2,857,525</u>	<u>\$ 35,976,956</u>
Classification of Cash and Cash Equivalents						
Cash and investments	\$ 3,909,438	\$ 14,004,337	\$ 4,505,752	\$ 1,830,317	\$ 2,857,525	\$ 27,107,369
Restricted cash	-	8,869,587	-	-	-	8,869,587
Total cash and cash equivalents	<u>\$ 3,909,438</u>	<u>\$ 22,873,924</u>	<u>\$ 4,505,752</u>	<u>\$ 1,830,317</u>	<u>\$ 2,857,525</u>	<u>\$ 35,976,956</u>

Other Supplemental Information
Combining Statement of Cash Flows (Continued)
Internal Service Funds

Year Ended June 30, 2020

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Reconciliation of Operating (Loss)						
Income to Net Cash from Operating Activities						
Operating (loss) income	\$ (685,580)	\$ (4,118,728)	\$ (324,996)	\$ (850,003)	\$ 471,983	\$ (5,507,324)
Adjustments to reconcile operating (loss) income to net cash from operating activities:						
Depreciation	574,800	3,206,257	2,138,354	-	-	5,919,411
Changes in assets and liabilities:						
Receivables	-	(39,736)	-	(6,714)	-	(46,450)
Due to and from other funds	(7,317)	(43,318)	(1,459)	351,052	11,765	310,723
Prepaid and other assets	(79,472)	84,234	-	(124,761)	-	(119,999)
Accounts payable	(1,639)	(1,349,564)	12,468	(220,129)	47,470	(1,511,394)
Estimated claims liability	-	-	-	(476,932)	(332,037)	(808,969)
Net pension and OPEB liabilities	1,023,598	1,698,079	-	-	-	2,721,677
Deferrals related to pension and OPEB	(468,659)	(924,517)	-	-	-	(1,393,176)
Accrued and other liabilities	33,257	24,798	-	-	-	58,055
Total adjustments	1,074,568	2,656,233	2,149,363	(477,484)	(272,802)	5,129,878
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 388,988</u>	<u>\$ (1,462,495)</u>	<u>\$ 1,824,367</u>	<u>\$ (1,327,487)</u>	<u>\$ 199,181</u>	<u>\$ (377,446)</u>
Significant Noncash Transactions -						
Capital assets contributed from the Brownfield Redevelopment Authority to the Facilities Internal Service Fund	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000

Pension Trust Funds

The City operates three defined benefit retirement systems, which are accounted for in three separate funds. The systems cover full-time employees not covered by the defined contribution or Municipal Employees' Retirement System of Michigan (MERS) plans. The City's three defined benefit plans are all closed to newly hired employees. The funds include the General Employees' Retirement System Fund, covering certain full-time general employees (excluding sworn police and fire), the Police and Fire Revised Retirement System Fund, which covers certain police and fire employees hired since 1956, and the Policemen's and Firemen's Retirement System Fund, which covers police and fire employees hired prior to the establishment of the revised system.

A defined benefit pension plan administered by MERS was made available to police personnel hired on or after July 1, 2005 and fire personnel hired on or after May 1, 2009. This plan may be elected by police and fire employees who are otherwise eligible for the City's defined contribution plan.

Retiree Death Benefit Fund

This fund accounts for reserves established to support future expenditures for death benefit claims. The City is self-insured.

Postemployment Healthcare Fund

This fund accounts for amounts reserved to pay for current and future postemployment health insurance expenses. This fund is equivalent to a trust arrangement, and funding is determined by actuarial studies to stabilize budget requirements as a percentage of pay.

Agency Fund

This fund accounts for deposit of moneys held by the city government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

19th District Court

This fund accounts for moneys collected by the court as bonds or for eventual distribution to the City as the district control unit or the State of Michigan.

City of Dearborn, Michigan

	General Employees' Retirement System	Police and Fire Revised Retirement System
Assets		
Cash and cash equivalents	\$ 360,002	\$ 566,109
Investments:		
Other short-term investments	1,387,295	2,839,429
Stocks	66,867,707	139,238,386
Fixed-income funds	46,873,801	72,797,001
Real estate	7,429,385	28,267,033
Mutual funds	30,347,853	35,525,522
Receivables:		
Accrued interest receivable	45,437	80,310
Other receivables	336,476	805,529
Due from other funds	-	504
Total assets	153,647,956	280,119,823
Liabilities		
Accounts payable	230,770	891,367
Due to other funds	504	74,032
Total liabilities	231,274	965,399
Net Position Restricted for Pension and Other Employee Benefits	\$ 153,416,682	\$ 279,154,424

Other Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Pension and Other Employee Benefits Funds

June 30, 2020

Policemen's and Firemen's Retirement System	Retiree Death Benefit	Postemployment Healthcare	Total Fiduciary Funds
\$ 28,644	\$ 888,083	\$ 114,672	\$ 1,957,510
93,135	314,430	769,416	5,403,705
3,581,278	-	66,483,055	276,170,426
10,708,266	-	53,202,752	183,581,820
-	-	5,327,636	41,024,054
9,385,833	-	-	75,259,208
11,583	2,045	111,426	250,801
25,516	-	297,424	1,464,945
-	-	-	504
23,834,255	1,204,558	126,306,381	585,112,973
19,068	8,500	126,994	1,276,699
-	-	33,876	108,412
19,068	8,500	160,870	1,385,111
\$ 23,815,187	\$ 1,196,058	\$ 126,145,511	\$ 583,727,862

City of Dearborn, Michigan

	General Employees' Retirement System	Police and Fire Revised Retirement System
Additions		
Investment income (loss):		
Interest and dividends	\$ 2,179,322	\$ 3,228,013
Net decrease in fair value of investments	(202,715)	(2,259,100)
Investment-related expenses	(469,657)	(1,192,408)
Net investment income (loss)	1,506,950	(223,495)
Contributions:		
Employer contributions	2,739,863	13,735,996
Employee contributions	415,000	660,923
Total contributions	3,154,863	14,396,919
Reimbursements	-	-
Total additions	4,661,813	14,173,424
Deductions		
Benefit payments	13,602,619	22,194,165
Refunds of contributions	20,756	1,255,378
Claims and judgments	-	25,516
Administrative expenses	53,250	70,169
Total deductions	13,676,625	23,545,228
Net (Decrease) Increase in Net Position	(9,014,812)	(9,371,804)
Net Position Restricted for Pension and Other Employee Benefits -		
Beginning of year	162,431,494	288,526,228
Net Position Restricted for Pension and Other Employee Benefits -		
End of year	<u><u>\$ 153,416,682</u></u>	<u><u>\$ 279,154,424</u></u>

Other Supplemental Information

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Pension and Other Employee Benefits Funds

Year Ended June 30, 2020

Policemen's and Firemen's Retirement System	Retiree Death Benefit	Postemployment Healthcare	Total Fiduciary Funds
\$ 579,604	\$ 18,262	\$ 2,929,458	\$ 8,934,659
540,176	-	(2,440,497)	(4,362,136)
(31,430)	-	(261,493)	(1,954,988)
1,088,350	18,262	227,468	2,617,535
-	-	13,397,441	29,873,300
-	12,621	-	1,088,544
-	12,621	13,397,441	30,961,844
-	-	4,924	4,924
1,088,350	30,883	13,629,833	33,584,303
1,626,763	29,000	11,722,626	49,175,173
-	-	-	1,276,134
-	-	-	25,516
16,448	-	19,500	159,367
1,643,211	29,000	11,742,126	50,636,190
(554,861)	1,883	1,887,707	(17,051,887)
24,370,048	1,194,175	124,257,804	600,779,749
\$ 23,815,187	\$ 1,196,058	\$ 126,145,511	\$ 583,727,862

Other Supplemental Information
Combining Statement of Net Position
Fiduciary Agency Funds

June 30, 2020

	Agency Fund	District Court	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 1,677,754	\$ 55,800	\$ 1,733,554
Receivables	27,956	379,607	407,563
Due from other funds	3,099	-	3,099
	<u>3,099</u>	<u>-</u>	<u>3,099</u>
Total assets	<u>\$ 1,708,809</u>	<u>\$ 435,407</u>	<u>\$ 2,144,216</u>
Liabilities			
Accounts payable	\$ 981,760	\$ 5,800	\$ 987,560
Due to other governmental units	293,900	-	293,900
Due to other funds	16,851	-	16,851
Refundable bonds and deposits	128,822	429,607	558,429
Accrued liabilities and other	286,143	-	286,143
Other liabilities	1,333	-	1,333
	<u>1,333</u>	<u>-</u>	<u>1,333</u>
Total liabilities	<u>\$ 1,708,809</u>	<u>\$ 435,407</u>	<u>\$ 2,144,216</u>

Other Supplemental Information
Statement of Changes in Assets and Liabilities
Fiduciary Agency Funds

Year Ended June 30, 2020

	Agency			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets				
Cash and cash equivalents	\$ 3,418,863	\$ 335,178,233	\$ (336,919,342)	\$ 1,677,754
Receivables	39,391	31,174	(42,609)	27,956
Due from other funds	-	3,099	-	3,099
Total assets	\$ 3,458,254	\$ 335,212,506	\$ (336,961,951)	\$ 1,708,809

Liabilities				
Accounts payable	\$ 588,392	\$ 143,746,266	\$ (143,352,898)	\$ 981,760
Due to other governmental units	582,712	159,577,866	(159,866,678)	293,900
Due to other funds	104,167	13,945,633	(14,032,949)	16,851
Refundable bonds and deposits	1,683,776	6,705,810	(8,260,764)	128,822
Accrued liabilities and other	234,157	5,669,264	(5,617,278)	286,143
Other liabilities	265,050	5,584,519	(5,848,236)	1,333
Total liabilities	\$ 3,458,254	\$ 335,229,358	\$ (336,978,803)	\$ 1,708,809

	District Court			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets				
Cash and cash equivalents	\$ 55,800	\$ 5,623,799	\$ (5,623,799)	\$ 55,800
Receivables - Property taxes receivable	210,545	1,148,539	(979,477)	379,607
Total assets	\$ 266,345	\$ 6,772,338	\$ (6,603,276)	\$ 435,407

Liabilities				
Accounts payable	\$ 5,800	\$ 3,994,534	\$ (3,994,534)	\$ 5,800
Refundable bonds and deposits	260,545	2,764,058	(2,594,996)	429,607
Total liabilities	\$ 266,345	\$ 6,758,592	\$ (6,589,530)	\$ 435,407

	Total - All Fiduciary Agency Funds			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets				
Cash and cash equivalents	\$ 3,474,663	\$ 340,788,286	\$ (342,529,395)	\$ 1,733,554
Receivables	249,936	1,179,713	(1,022,086)	407,563
Due from other funds	-	3,099	-	3,099
Total assets	\$ 3,724,599	\$ 341,971,098	\$ (343,551,481)	\$ 2,144,216

Liabilities				
Accounts payable	\$ 594,192	\$ 147,740,800	\$ (147,347,432)	\$ 987,560
Due to other governmental units	582,712	159,577,866	(159,866,678)	293,900
Due to other funds	104,167	13,945,633	(14,032,949)	16,851
Refundable bonds and deposits	1,944,321	9,469,868	(10,855,760)	558,429
Accrued liabilities and other	234,157	5,669,264	(5,617,278)	286,143
Other liabilities	265,050	5,584,519	(5,848,236)	1,333
Total liabilities	\$ 3,724,599	\$ 341,987,950	\$ (343,568,333)	\$ 2,144,216

Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Sources - Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities:				
Net investment in capital assets	\$ 126,568,635	\$ 133,330,927	\$ 145,372,597	\$ 157,690,864
Restricted	9,491,161	12,654,851	14,849,367	13,885,585
Unrestricted	<u>46,286,480</u>	<u>38,769,382</u>	<u>41,245,404</u>	<u>41,733,653</u>
Total net position	<u>\$ 182,346,276</u>	<u>\$ 184,755,160</u>	<u>\$ 201,467,368</u>	<u>\$ 213,310,102</u>
Business Type Activities:				
Net investment in capital assets	\$ 144,425,891	\$ 153,591,879	\$ 167,961,227	\$ 184,669,553
Restricted	9,525,175	13,815,795	13,093,011	15,018,846
Unrestricted	<u>68,270,100</u>	<u>72,201,183</u>	<u>77,459,857</u>	<u>74,490,345</u>
Total net position	<u>\$ 222,221,166</u>	<u>\$ 239,608,857</u>	<u>\$ 258,514,095</u>	<u>\$ 274,178,744</u>
Primary government in total:				
Net investment in capital assets	\$ 270,994,526	\$ 286,922,806	\$ 313,333,824	\$ 342,360,417
Restricted	19,016,336	26,470,646	27,942,378	28,904,431
Unrestricted	<u>114,556,580</u>	<u>110,970,565</u>	<u>118,705,261</u>	<u>116,223,998</u>
Total net position	<u>\$ 404,567,442</u>	<u>\$ 424,364,017</u>	<u>\$ 459,981,463</u>	<u>\$ 487,488,846</u>

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 181,189,047	\$ 191,870,660	\$ 198,367,487	\$ 208,505,984	\$ 226,687,419	\$ 237,305,169
13,361,366	14,815,686	15,889,698	17,421,022	20,589,038	18,778,943
(14,703,939)	(31,237,828)	(41,965,010)	(179,895,815)	(195,612,464)	(227,907,180)
\$ 179,846,474	\$ 175,448,518	\$ 172,292,175	\$ 46,031,191	\$ 51,663,993	\$ 28,176,932
\$ 193,596,164	\$ 211,580,077	\$ 233,173,005	\$ 224,075,598	\$ 246,275,532	\$ 259,237,292
25,781,055	14,905,135	19,142,203	10,979,271	11,073,712	11,965,924
60,779,679	62,577,385	50,578,533	16,470,087	18,184,644	18,132,176
\$ 280,156,898	\$ 289,062,597	\$ 302,893,741	\$ 251,524,956	\$ 275,533,888	\$ 289,335,392
\$ 374,785,211	\$ 403,450,737	\$ 431,540,492	\$ 432,581,582	\$ 472,962,951	\$ 496,542,461
39,142,421	29,720,821	35,031,901	28,400,293	31,662,750	30,744,867
46,075,740	31,339,557	8,613,523	(163,425,728)	(177,427,820)	(209,775,004)
\$ 460,003,372	\$ 464,511,115	\$ 475,185,916	\$ 297,556,147	\$ 327,197,881	\$ 317,512,324

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Expenses:				
General government	\$ 12,225,979	\$ 11,993,709	\$ 13,049,241	\$ 15,580,246
District Court	-	-	-	-
Public safety	62,196,288	59,102,614	52,835,042	60,883,155
Public works	18,119,188	17,494,663	19,718,230	19,658,290
Health & welfare	373,951	(2,766)	1,270	274
Community & economic development	5,281,873	6,013,857	2,966,945	3,423,885
Recreation and culture	22,010,768	20,718,911	20,761,965	19,580,632
Interest on long-term debt	436,484	252,423	188,610	66,307
Total governmental activities	120,644,531	115,573,411	109,521,303	119,192,789
Program revenues:				
Charges for services				
General government	3,568,250	3,890,329	4,109,909	4,682,807
District Court	-	-	-	-
Public safety	8,746,633	8,044,980	7,681,405	8,712,212
Public works	192,735	81,308	228,766	389,269
Health & welfare	151,598	7,820	2,151	1,575
Community & economic development	28,632	23,511	6,063	764,477
Recreation and culture	6,178,886	6,227,984	6,154,944	7,476,466
Total charges for services	18,866,734	18,275,932	18,183,238	22,026,806
Operating grants and contributions	11,248,838	10,805,625	11,012,688	11,686,487
Capital grants and contributions	3,605,055	10,211,453	11,552,900	14,350,620
Total program revenue	33,720,627	39,293,010	40,748,826	48,063,913
Net (expense) revenue	(86,923,904)	(76,280,401)	(68,772,477)	(71,128,876)
General revenues:				
Property taxes	65,008,877	64,815,389	77,177,876	75,003,853
State-shared revenues	8,257,255	8,374,116	8,670,195	8,879,861
Investment earnings	252,343	75,276	93,240	35,566
Miscellaneous	291,734	241,611	458,812	82,330
Total general revenues	73,810,209	73,506,392	86,400,123	84,001,610
Transfers	18,715	5,182,893	(915,438)	(1,030,000)
Change in net position	\$ (13,094,980)	\$ 2,408,884	\$ 16,712,208	\$ 11,842,734

(1) Prior to 2019, the District Court function was consolidated with the general government and public safety functions

Changes in Governmental Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

As of June 30,					
2015	2016	2017	2018	2019 (1)	2020
\$ 16,125,892	\$ 18,899,385	\$ 23,538,913	\$ 16,576,427	\$ 11,454,525	\$ 14,338,708
-	-	-	-	5,431,586	3,707,757
62,447,337	70,143,987	70,825,489	87,342,059	83,107,151	101,657,050
22,756,920	21,761,119	24,598,364	27,479,082	20,794,427	26,604,590
-	-	-	-	-	-
2,541,722	7,359,131	1,671,366	1,728,336	1,043,823	1,569,291
23,646,790	22,605,162	22,703,075	24,423,187	23,041,209	24,910,144
-	-	-	-	1,006,842	1,644,585
<u>127,518,661</u>	<u>140,768,784</u>	<u>143,337,207</u>	<u>157,549,091</u>	<u>145,879,563</u>	<u>174,432,125</u>
4,640,656	5,096,832	4,429,170	4,743,453	4,863,426	1,970,100
-	-	-	-	4,809,282	3,966,632
9,455,854	9,111,385	11,067,966	10,830,169	7,410,063	10,845,346
704,128	2,114,110	1,180,388	1,001,809	1,618,016	2,084,766
-	-	-	-	-	-
28,248	28,876	27,000	32,177	32,633	90,778
<u>7,958,928</u>	<u>8,600,034</u>	<u>9,037,016</u>	<u>9,379,063</u>	<u>9,366,784</u>	<u>6,574,358</u>
22,787,814	24,951,237	25,741,540	25,986,671	28,100,204	25,531,980
9,423,726	10,471,797	12,723,977	13,591,525	15,108,825	14,761,633
<u>13,129,607</u>	<u>11,898,958</u>	<u>4,918,468</u>	<u>6,368,490</u>	<u>3,585,182</u>	<u>3,583,736</u>
<u>45,341,147</u>	<u>47,321,992</u>	<u>43,383,985</u>	<u>45,946,686</u>	<u>46,794,211</u>	<u>43,877,349</u>
<u>(82,177,514)</u>	<u>(93,446,792)</u>	<u>(99,953,222)</u>	<u>(111,602,405)</u>	<u>(99,085,352)</u>	<u>(130,554,776)</u>
78,864,715	79,733,317	73,176,009	73,721,119	75,582,143	78,215,990
10,103,356	9,061,672	23,066,529	25,098,577	25,175,883	26,287,736
44,036	156,269	403,476	871,687	1,550,483	1,174,216
308,125	97,578	109,177	241,551	2,381,500	1,705,574
<u>89,320,232</u>	<u>89,048,836</u>	<u>96,755,191</u>	<u>99,932,934</u>	<u>104,690,009</u>	<u>107,383,516</u>
<u>14,540,831</u>	<u>-</u>	<u>41,688</u>	<u>68,623</u>	<u>28,145</u>	<u>(315,801)</u>
<u>\$ 21,683,549</u>	<u>\$ (4,397,956)</u>	<u>\$ (3,156,343)</u>	<u>\$ (11,600,848)</u>	<u>\$ 5,632,802</u>	<u>\$ (23,487,061)</u>

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Operating Revenue				
Housing	\$ 3,099,199	\$ 3,151,693	\$ 2,547,145	\$ 2,576,516
Golf Course	1,049,788	1,008,256	773,775	809,909
Parking	1,257,440	1,579,888	1,586,944	1,516,758
Sewer	25,420,282	27,025,311	29,703,949	29,303,558
Water	16,348,307	17,532,486	19,304,119	19,215,410
Total operating revenue	47,175,016	50,297,634	53,915,932	53,422,151
Capital grants and contributions	4,840,836	1,176,183	3,270,702	719,455
Total Program Revenues	52,015,852	51,473,817	57,186,634	54,141,606
Operating Expenses				
Housing	3,300,533	2,990,211	2,495,464	3,617,191
Golf Course	1,372,503	1,259,035	1,060,839	964,229
Parking	2,111,898	2,084,662	2,032,506	2,075,909
Sewer	23,319,895	30,328,151	35,166,346	34,387,772
Water	15,331,842	15,398,293	16,084,791	16,293,822
Total operating expenses	45,436,671	52,060,352	56,839,946	57,338,923
Operating Income (Loss)	6,579,181	(586,535)	346,688	(3,197,317)
Nonoperating Revenue (Expenses)				
Property taxes	15,647,451	16,147,491	16,398,838	15,333,304
Intergovernmental revenues	-	-	-	-
Investment income	292,533	103,383	124,935	48,487
Miscellaneous	127,128	1,492,129	1,125,983	2,450,175
Income (Loss) - Before contributions and other items	22,646,293	17,156,468	17,996,444	14,634,649
Special Items	(5,465,843)	-	-	-
Gain (loss) on sale of capital assets	(18,977)	5,414,116	(6,644)	-
Transfers	(18,715)	(5,182,893)	915,438	1,030,000
Change in Net Position	17,142,758	17,387,691	18,905,238	15,664,649
Change in Primary Government net position				
Change in Governmental net position	(13,094,980)	2,408,884	16,712,208	11,842,734
Change in Business-type net position	17,142,758	17,387,691	18,905,238	15,664,649
Total Change in Primary Government net position	\$ 4,047,778	\$ 19,796,575	\$ 35,617,446	\$ 27,507,383

Changes in Business-type Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 2,685,340	\$ 2,772,198	\$ 2,597,320	\$ 2,771,901	\$ 2,909,597	\$ 2,924,667
474,448	-	-	-	-	-
844,313	-	-	-	-	-
29,350,068	31,998,691	28,573,296	28,418,154	28,835,224	28,102,015
18,902,308	20,677,506	22,462,582	23,214,100	23,889,310	24,478,970
52,256,477	55,448,395	53,633,198	54,404,155	55,634,131	55,505,652
15,426,763	97,530	122,274	-	6,843,920	1,740,360
67,683,240	55,545,925	53,755,472	54,404,155	62,478,051	57,246,012
2,834,958	2,850,550	3,071,420	2,763,651	3,041,770	1,871,736
450,449	-	-	-	-	-
989,904	-	-	-	-	-
38,884,885	40,204,876	36,459,511	33,233,673	30,203,636	34,285,498
14,887,593	19,418,369	20,528,144	16,729,369	19,660,875	21,728,990
58,047,789	62,473,795	60,059,075	52,726,693	52,906,281	57,886,224
9,635,451	(6,927,870)	(6,303,603)	1,677,462	9,571,770	(640,212)
14,820,721	14,986,612	17,456,378	18,280,760	14,790,857	15,643,907
-	-	-	-	3,042,163	3,490,983
64,528	168,881	349,666	789,334	1,884,561	1,278,846
1,057,749	678,076	2,370,391	364,887	(5,298,258)	(5,409,453)
25,578,449	8,905,699	13,872,832	21,112,443	23,991,093	14,364,071
-	-	-	(36,287,463)	-	-
-	-	-	-	45,984	(878,368)
(14,540,831)	-	(41,688)	(68,623)	(28,145)	315,801
11,037,618	8,905,699	13,831,144	(15,243,643)	24,008,932	13,801,504
21,683,549	(4,397,956)	(3,156,343)	(11,600,848)	5,632,802	(23,487,061)
11,037,618	8,905,699	13,831,144	(15,243,643)	24,008,932	13,801,504
\$ 32,721,167	\$ 4,507,743	\$ 10,674,801	\$ (26,844,491)	\$ 29,641,734	\$ (9,685,557)

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
General Fund:				
Nonspendable	\$ 203,754	\$ 247,488	\$ 234,932	\$ 252,586
Restricted	-	-	-	-
Assigned	5,707,125	5,075,442	-	435,600
Unassigned	15,657,636	14,483,393	18,962,626	22,934,549
Total general fund	21,568,515	19,806,323	19,197,558	23,622,735
All other governmental funds:				
Nonspendable	13,282,980	6,449,092	6,740,441	7,347,232
Restricted	9,491,161	12,654,851	14,015,744	13,148,516
Committed	3,180,165	2,889,803	3,170,572	3,392,589
Assigned	8,419,529	6,847,754	7,645,525	3,682,673
Total all other governmental funds	34,373,835	28,841,500	31,572,282	27,571,010
Total of all governmental funds	<u>\$ 55,942,350</u>	<u>\$ 48,647,823</u>	<u>\$ 50,769,840</u>	<u>\$ 51,193,745</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 512,981	\$ 505,131	\$ 600,693	\$ 515,837	\$ 712,343	\$ 736,303
-	-	543,768	737,573	912,716	1,077,762
1,417,297	2,550,029	4,249,826	677,696	-	-
30,392,398	29,303,490	24,518,228	19,730,404	19,246,507	17,674,407
32,322,676	32,358,650	29,912,515	21,661,510	20,871,566	19,488,472
7,216,969	-	-	-	-	4,650
12,802,976	14,016,493	15,071,356	16,414,110	19,049,978	17,020,103
3,195,036	3,618,910	1,177,435	484,658	391,629	385,873
6,238,449	11,347,219	15,815,373	13,849,356	13,545,900	14,458,201
29,453,430	28,982,622	32,064,164	30,748,124	32,987,507	31,868,827
\$ 61,776,106	\$ 61,341,272	\$ 61,976,679	\$ 52,409,634	\$ 53,859,073	\$ 51,357,299

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Revenue				
Property taxes	\$ 68,634,837	\$ 65,586,461	\$ 78,061,215	\$ 75,146,320
Intergovernmental:				
Federal sources	6,344,198	12,117,043	10,987,722	11,862,765
State sources	15,174,605	15,645,123	15,883,980	16,805,010
Local sources	25,000	90,000	828,235	714,299
Other sources	181,390	772,087	-	-
Charges for services	8,919,439	8,543,324	9,046,524	11,393,096
Fines and forfeitures	4,150,768	4,338,557	4,167,059	4,757,661
Licenses and permits	2,606,186	2,164,269	2,002,495	1,607,365
Investment income	252,343	75,276	95,057	36,925
Rents and royalties	5,869,862	4,785,360	4,606,920	5,048,921
Private source contributions	48,882	68,372	41,023	37,398
Miscellaneous revenue	700,242	700,511	2,482,511	3,605,457
Total revenue	<u>112,907,752</u>	<u>114,886,383</u>	<u>128,202,741</u>	<u>131,015,217</u>
Expenditures				
Current:				
General government	12,742,209	12,147,029	14,697,735	15,669,944
District Court	-	-	-	-
Public safety	54,255,155	55,340,145	56,702,499	55,474,235
Public works	18,958,399	18,658,991	17,620,568	21,413,107
Health & welfare	345,274	10,427	194	-
Community & economic development	2,038,767	2,035,755	2,476,715	2,683,368
Recreation and culture	18,533,939	16,430,423	18,803,949	19,772,959
Utilities	305,438	281,736	374,885	393,639
Loss on land held for resale	2,500,000	5,739,000	451,500	251,778
Capital outlay	2,938,196	7,770,659	10,356,592	12,360,720
Debt service principal	3,294,095	3,381,696	3,450,598	1,432,650
Debt service interest	473,257	361,520	230,051	102,911
Total expenditures	<u>116,384,729</u>	<u>122,157,381</u>	<u>125,165,286</u>	<u>129,555,311</u>
Excess of Revenue Over Expenditures	<u>(3,476,977)</u>	<u>(7,270,998)</u>	<u>3,037,455</u>	<u>1,459,906</u>
Other Financing Sources (Uses)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	12,901,955	14,048,394	7,373,659	8,695,075
Transfers out	(13,962,854)	(14,071,923)	(8,289,097)	(9,731,076)
Total other financing sources (uses)	<u>(1,060,899)</u>	<u>(23,529)</u>	<u>(915,438)</u>	<u>(1,036,001)</u>
Net change in fund balances	<u>(4,537,876)</u>	<u>(7,294,527)</u>	<u>2,122,017</u>	<u>423,905</u>
Fund Balances - Beginning of year	60,480,226	55,942,350	48,647,823	50,769,840
Fund Balances - End of year	<u>\$ 55,942,350</u>	<u>\$ 48,647,823</u>	<u>\$ 50,769,840</u>	<u>\$ 51,193,745</u>
Debt service as a percentage of noncapital expenditures	3.45%	3.41%	3.26%	1.37%

(1) Prior to 2019, the District Court function was consolidated with the general government and public safety functions

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

As of June 30,

2015	2016	2017	2018	2019 (1)	2020
\$ 79,071,900	\$ 79,819,086	\$ 73,432,161	\$ 73,933,749	\$ 75,587,073	\$ 78,182,090
9,039,418	4,444,926	3,479,240	2,619,452	3,246,181	1,956,966
17,248,743	18,091,844	32,755,759	36,539,530	38,156,663	38,438,211
861,492	642,928	743,019	882,799	684,969	553,626
-	-	-	-	-	-
12,246,098	12,694,892	12,892,223	12,523,064	12,965,660	13,476,565
4,843,476	5,160,346	4,717,143	5,182,545	6,193,643	4,342,212
2,015,394	2,201,714	3,931,380	3,137,262	4,355,023	4,382,482
45,136	158,353	404,192	872,056	1,550,483	1,174,216
5,468,228	5,740,784	4,943,584	5,343,043	5,842,753	4,286,508
101,193	1,040,829	15,965	201,863	232,454	377,713
5,345,015	7,459,324	2,563,442	3,106,947	1,337,339	861,689
<u>136,286,093</u>	<u>137,455,026</u>	<u>139,878,108</u>	<u>144,342,310</u>	<u>150,152,241</u>	<u>148,032,278</u>
15,715,360	18,046,089	23,001,629	16,751,543	16,959,898	10,002,835
-	-	-	-	5,429,779	3,707,757
57,726,769	61,005,989	62,994,767	71,285,322	97,340,787	78,351,583
24,223,671	26,512,738	26,500,232	28,112,720	32,055,746	17,051,002
-	-	-	-	-	-
2,400,773	4,584,030	1,300,582	1,304,758	2,192,329	1,216,261
20,317,658	20,980,745	22,693,697	22,170,376	29,432,800	20,817,924
250,020	37,429	47,481	46,756	-	-
607,726	2,667,982	123,356	145,596	-	-
6,069,029	4,054,858	2,622,645	2,391,938	2,736,312	12,707,135
-	-	-	-	781,660	1,755,344
-	-	-	-	731,216	1,653,753
<u>127,311,006</u>	<u>137,889,860</u>	<u>139,284,389</u>	<u>142,209,009</u>	<u>187,660,527</u>	<u>147,263,594</u>
8,975,087	(434,834)	593,719	2,133,301	(37,508,286)	768,684
-	-	-	-	42,126,000	-
-	-	-	-	11,878	24,214
5,863,854	2,900,000	10,565,044	6,801,845	6,041,584	9,121,504
<u>(4,256,580)</u>	<u>(2,900,000)</u>	<u>(10,523,356)</u>	<u>(18,502,191)</u>	<u>(9,221,737)</u>	<u>(12,416,176)</u>
1,607,274	-	41,688	(11,700,346)	38,957,725	(3,270,458)
10,582,361	(434,834)	635,407	(9,567,045)	1,449,439	(2,501,774)
51,193,745	61,776,106	61,341,272	61,976,679	52,409,634	53,859,073
<u>\$ 61,776,106</u>	<u>\$ 61,341,272</u>	<u>\$ 61,976,679</u>	<u>\$ 52,409,634</u>	<u>\$ 53,859,073</u>	<u>\$ 51,357,299</u>
0.00%	0.00%	0.00%	0.00%	0.82%	2.66%

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Assets				
Current assets:				
Cash and cash equivalents	\$ 55,444,100	\$ 56,444,046	\$ 58,221,954	\$ 57,200,895
Investments, short-term	-	-	-	-
Accounts Receivable (Net)	311,122	310,900	4,449,552	4,298,326
Property taxes receivable	96,464	25,662	52,325	44,847
Unbilled accounts receivable	2,388,135	2,573,752	2,659,408	2,415,116
Accrued interest receivable	266,843	141,090	81,851	28,542
Due from other governments	-	48,637	1,040,689	297,410
Due from other funds	2,550	-	1,235	-
Prepaid items	-	-	-	-
Inventories	185,287	185,960	185,960	185,960
Total current assets	58,694,501	59,730,047	66,692,974	64,471,096
Noncurrent assets:				
Restricted cash and investments	5,860,507	8,191,867	6,891,576	8,576,876
Investments, long-term	7,188,882	2,953,337	2,208,641	3,262,168
Land held for resale	-	-	-	-
Capital assets (Net)	294,927,700	294,869,058	294,709,088	298,712,306
Total noncurrent assets	307,977,089	306,014,262	303,809,305	310,551,350
Total assets	366,671,590	365,744,309	370,502,279	375,022,446
Deferred Outflows of Resources:				
Pensions	-	-	-	-
OPEB	-	-	-	-
Liabilities				
Current liabilities:				
Accounts payable	5,847,106	5,088,290	6,780,371	6,094,726
Accrued interest payable	1,052,796	1,037,490	1,010,803	989,484
Accrued liabilities	326,681	646,900	403,440	356,867
Due to other governments	101,641	273,850	145,365	222,435
Due to other funds	-	21,540	27,858	-
Liabilities payable from restricted asset	-	-	-	-
Current portion of long-term debt	12,859,403	13,123,403	13,390,903	14,327,471
Total current liabilities	20,187,627	20,191,473	21,758,740	21,990,983
Noncurrent liabilities:				
Liabilities payable from restricted asset	1,760,211	-	-	-
Current portion of long term debt payable with restricted assets	476,546	491,546	509,046	545,000
Accrued interest payable with restricted assets	110,750	93,553	75,379	55,426
Long-term debt, net of current portion	208,397,658	202,297,273	193,395,991	184,895,846
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
Other liabilities	7,565,882	86,793	96,217	120,266
Total noncurrent liabilities	218,311,047	202,969,165	194,076,633	185,616,538
Total liabilities	238,498,674	223,160,638	215,835,373	207,607,521
Deferred Inflows of Resources:				
Pensions	-	-	-	-
OPEB	-	-	-	-
Net Position				
Net investment in capital assets	73,670,639	79,448,382	87,922,193	99,488,989
Restricted for:				
Construction	2,000,000	6,290,064	5,189,520	7,082,451
Debt service	7,525,175	7,525,731	7,903,491	7,936,395
Unrestricted	44,977,102	49,319,494	53,651,702	52,907,090
Total net position	\$ 128,172,916	\$ 142,583,671	\$ 154,666,906	\$ 167,414,925

Statement of Net Position, Sewer Fund

Last Ten Fiscal Years

(accrual basis of accounting)

As of June 30,

2015	2016	2017	2018	2019	2020
\$ 55,955,900	\$ 55,802,391	\$ 34,863,106	\$ 32,058,598	\$ 41,963,366	\$ 33,862,170
-	-	12,992,616	12,520,784	3,005,671	12,288,832
4,157,926	4,109,667	4,258,765	4,236,172	6,467,690	6,122,748
15,571	23,919	29,358	15,407	17,364	23,109
2,668,870	2,569,629	2,718,419	2,291,436	341,990	116,698
20,864	41,594	56,855	81,872	207,560	80,169
797,354	550,679	265,850	1,258,843	841,984	1,733,758
-	-	-	-	689,096	241
-	-	-	-	-	-
185,960	185,960	185,960	185,960	-	-
63,802,445	63,283,839	55,370,929	52,649,072	53,534,721	54,227,725
20,958,302	9,971,405	12,263,936	31,768,156	39,795,727	19,485,139
-	-	649,418	-	-	-
-	-	-	-	-	303,800
306,227,602	318,480,273	332,437,245	303,754,047	322,896,153	338,695,227
327,185,904	328,451,678	345,350,599	335,522,203	362,691,880	358,484,166
390,988,349	391,735,517	400,721,528	388,171,275	416,226,601	412,711,891
396,887	754,891	464,509	318,531	125,687	369,724
-	-	-	-	266,185	634,882
7,412,269	3,670,126	4,638,710	4,719,779	5,971,393	6,310,590
898,834	916,027	927,977	1,104,222	1,282,140	1,216,561
461,731	210,813	161,117	144,208	231,017	251,311
128,149	14,131	49,707	34,184	27,016	-
-	-	-	92	-	-
-	-	-	-	-	-
13,322,612	12,093,537	12,792,872	13,367,603	14,299,982	13,814,483
22,223,595	16,904,634	18,570,383	19,370,088	21,811,548	21,592,945
-	-	-	-	-	-
550,000	81,250	82,500	85,000	87,500	90,000
35,431	15,281	13,250	11,187	9,063	6,875
177,308,944	176,046,207	173,785,852	187,118,182	197,565,865	184,381,382
1,613,478	2,196,509	2,390,732	2,655,386	1,036,014	1,852,187
-	-	-	5,673,876	2,796,450	3,566,088
2,132,396	2,238,609	2,226,065	53,261	42,869	72,038
181,640,249	180,577,856	178,498,399	195,596,892	201,537,761	189,968,570
203,863,844	197,482,490	197,068,782	214,966,980	223,349,309	211,561,515
29,573	-	-	4,232	-	-
-	-	-	34,506	488,656	317,521
115,596,046	130,340,530	145,858,521	132,728,230	149,954,385	159,084,910
19,690,371	9,390,374	11,923,686	2,000,000	2,000,000	2,000,000
6,090,684	5,514,761	7,218,517	8,979,271	9,073,712	9,965,924
46,114,718	49,762,253	39,116,531	29,776,587	31,752,411	30,786,627
\$ 187,491,819	\$ 195,007,918	\$ 204,117,255	\$ 173,484,088	\$ 192,780,508	\$ 201,837,461

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

City of Dearborn, Michigan

	As of June 30,		
	2012	2013	2014
Adjusted General fund essential services expenditures	\$ 47,294,307	\$ 49,047,097	\$ 49,122,282
Adjusted total General fund expenditures	91,067,956	99,333,734	95,539,743
Percentage of general operating millage used to fund essential services	51.9330%	49.3761%	51.4155%

Percentage of Operating Millage Used to Fund Essential Services

Last Nine Fiscal Years

(modified accrual basis of accounting)

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 51,827,274	\$ 54,905,523	\$ 56,078,261	\$ 63,111,874	\$ 86,815,531	\$ 70,402,668
108,150,190	108,095,972	122,918,158	131,959,294	170,541,921	131,501,905
47.9216%	50.7933%	45.6224%	47.8268%	50.9057%	53.5374%

Revenue Sharing Payments
State of Michigan

Last Ten Fiscal Years

Fiscal Year Ending June 30,	Revenue Sharing Payments
2011	8,175,957
2012	8,323,647
2013	8,560,579
2014	8,794,688
2015	8,954,051
2016	8,946,866
2017	9,377,452
2018	9,665,843
2019	10,035,317
2020	9,797,667
2021	9,531,205 (adopted budget)

Source: City of Dearborn Finance Department

History of Sewage System Rates

Last Ten Fiscal Years

Fiscal Year Ending		Quarterly Sewer Capacity Charges Range			
June 30,	Rates Effective July 1,	Sewer Commodity Rate	From 5/8 inches	To 24 inches	
2011	2010	30.38	26.53	15,918.00	
2012	2011	31.95	28.84	17,304.00	
2013	2012	34.50	31.18	18,708.00	
2014	2013	36.50	33.04	19,824.00	
2015	2014	37.60	34.03	20,418.00	
2016	2015	38.80	35.12	21,072.00	
2017	2016	36.40	32.95	19,770.00	
2018	2017	38.20	34.60	20,760.00	
2019	2018	32.10	54.01	32,406.00	
2020	2019	34.50	49.40	29,640.00 (1)	
2021	2020	34.50	49.40	29,640.00 (2)	

Source: City of Dearborn ordinance

(1) For FY2020, the sewer rate methodology was edited. The revenue required from rates is now budgeted to be received 35% from fixed charges and 65% from variable charges.

(2) For FY2021, the sewer rates were kept consistent at the FY2020 rate level for the July 1st - September 30th period. At the time of this updating, a rate increase beginning October 1st was in deliberation.

City of Dearborn, Michigan

Millage rates - Direct City Taxes

Tax Year	Fiscal Year	General operating	Debt	Garbage & Rubbish	Library	Total direct taxes
Dearborn School District						
2010	2011	13.6200	4.5800	1.3800	0.0000	19.5800
2011	2012	15.0000	5.2100	1.6900	0.0000	21.9000
2012	2013	18.5000	5.4200	1.9400	1.0000	26.8600
2013	2014	18.5000	4.4900	1.9100	1.0000	25.9000
2014	2015	18.5000	4.2900	2.2700	1.5400	26.6000
2015	2016	18.5000	4.2500	2.1600	1.5400	26.4500
2016	2017	18.5000	4.2500	2.1600	1.7800	26.6900
2017	2018	18.5000	4.2500	1.9100	1.7800	26.4400
2018	2019	18.5000	4.4700	1.9100	1.6900	26.5700
2019	2020	18.5000	4.6000	1.9100	1.6900	26.7000
2020	2021	18.5000	4.6000	1.9100	1.6900	26.7000

* County Winter Mileage not available at time of schedule preparations.

Westwood School District

2010	2011	13.6200	4.5800	1.3800	0.0000	19.5800
2011	2012	15.0000	5.2100	1.6900	0.0000	21.9000
2012	2013	18.5000	5.4200	1.9400	1.0000	26.8600
2013	2014	18.5000	4.4900	1.9100	1.0000	25.9000
2014	2015	18.5000	4.2900	2.2700	1.5400	26.6000
2015	2016	18.5000	4.2500	2.1600	1.5400	26.4500
2016	2017	18.5000	4.2500	2.1600	1.7800	26.6900
2017	2018	18.5000	4.2500	1.9100	1.7800	26.4400
2018	2019	18.5000	4.4700	1.9100	1.6900	26.5700
2019	2020	18.5000	4.6000	1.9100	1.6900	26.7000
2020	2021	18.5000	4.6000	1.9100	1.6900	26.7000

* County Winter Mileage not available at time of schedule preparation.

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General operating	Debt	Garbage & Rubbish
2019	16.0000*	no limit	2.7254

* Maximum millage rate under state law is 16.0000 mills; Dearborn Charter now limits this to 15.000 mills

- (1) 2018 General operating millage rate of 18.5000 is made up of 15 mills of general operating under Dearborn charter and an additional 3.500 mills of voted operating as approved by voters on August 2, 2016.
- (2) County rate includes all Wayne County, Huron Clinton Metropolitan Park Authority and Wayne County Transit Authority (Smart) tax rates.
- (3) Henry Ford Community College is part of the Dearborn school system. Westwood school taxpayers pay a Wayne County Community College rate.
- (4) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mills of school tax relief to qualified homeowners (Public Act 105 of 2003, MCL 211.7cc). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional tax relief.
- (5) Dearborn School's P.R.E rate includes a "Homestead Supplemental" rate. This is applied to P.R.E. tax parcels only.

Source: City of Dearborn Departments of Assessment and Finance

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping Taxes								
County (2)	Community college (3)	Intermediate school district	State Education Tax (SET)	Total Tax Rate Before School Taxes	School P.R.E (5)	Total Tax Rate P.R.E (4) (5)	Overlapping Taxes School Non - P.R.E	Total Tax Rate Non - P.R.E
8.7266	3.0000	3.4643	6.0000	40.7709	9.9012	50.6721	22.8400	63.6109
8.7266	3.0000	3.4643	6.0000	43.0909	10.9582	54.0491	23.3600	66.4509
8.9266	3.0000	3.4643	6.0000	48.2509	11.9800	60.2309	23.8100	72.0609
8.9266	3.0000	3.4643	6.0000	47.2909	11.5200	58.8109	23.3500	70.6409
9.3366	4.0000	3.4643	6.0000	49.4009	11.5200	60.9209	23.3500	72.7509
10.3127	4.0000	3.4643	6.0000	50.2270	11.1700	61.3970	23.0000	73.2270
11.3366	4.0000	3.4643	6.0000	51.4909	10.6850	62.1759	22.8200	74.3109
9.3360	4.0000	5.4643	6.0000	51.2403	10.9900	62.2303	22.8200	74.0603
9.3349	4.0000	5.4643	6.0000	51.3692	10.9900	62.3592	22.8200	74.1892
9.3247	4.0000	5.4643	6.0000	51.4890	10.9900	62.4790	22.8200	74.3090
5.6483*	4.0000	5.4643	6.0000	TBD*	9.6700	TBD*	21.5000	TBD*
8.7266	2.4769	3.4643	6.0000	40.2478	0.0000	40.2478	18.0000	58.2478
8.7266	2.2408	3.4643	6.0000	42.3317	0.0000	42.3317	18.0000	60.3317
8.9266	2.2408	3.4643	6.0000	47.4917	0.0000	47.4917	18.0000	65.4917
8.9266	3.2408	3.4643	6.0000	47.5317	0.0000	47.5317	18.0000	65.5317
9.3366	3.2408	3.4643	6.0000	48.6417	0.0000	48.6417	18.0000	66.6417
10.3127	3.2408	3.4643	6.0000	49.4678	0.0000	49.4678	18.0000	67.4678
11.3366	3.2408	3.4643	6.0000	50.7317	0.0000	50.7317	18.0000	68.7317
9.3360	3.2408	5.4643	6.0000	50.4811	0.0000	50.4811	18.0000	68.4811
9.3349	3.2408	5.4643	6.0000	50.6100	0.0000	50.6100	18.0000	68.6100
9.3247	3.2408	5.4643	6.0000	50.7298	0.0000	50.7298	18.0000	68.7298
5.6483*	TBD*	5.4643	6.0000	TBD*	0.2986	TBD*	18.2986	TBD*

Real Property Taxable Value

Tax Year	Fiscal year	Residential	Commercial	Industrial	Industrial Facilities Tax (IFT)	Total Real
2010	2011	1,809,480,588	1,022,068,377	373,251,848	83,977,286	3,288,778,099
2011	2012	1,642,189,926	842,185,870	376,592,798	83,314,750	2,944,283,344
2012	2013	1,493,557,022	806,912,049	371,313,141	72,943,140	2,744,725,352
2013	2014	1,494,285,985	770,994,515	369,937,519	67,406,900	2,702,624,919
2014	2015	1,518,215,789	734,768,227	363,094,110	68,712,098	2,684,790,224
2015	2016	1,554,402,595	744,087,986	356,541,464	58,977,450	2,714,009,495
2016	2017	1,569,415,409	737,568,148	388,286,348	23,977,450	2,719,247,355
2017	2018	1,610,417,859	756,536,397	386,760,404	24,067,450	2,777,782,110
2018	2019	1,671,918,046	785,075,237	410,402,494	23,809,191	2,891,204,968
2019	2020	1,751,096,593	845,976,285	397,708,063	24,276,719	3,019,057,660
2020	2021	1,825,416,417	850,824,390	405,091,180	24,192,681	3,105,524,668

Note: Under Michigan law, the revenue base is Taxable Value.

Note: Assessed value is determined by the City Assessor. The State of Michigan reviews the City's assessment and assigns a factor to adjust the Assessor's numbers. The State multiplies this factor by the assessed value to arrive at the State Equalized Valuation (SEV). All reported assessed values are equal to the SEV, since the factor for Dearborn is 1.00.

Tax Base Composition

A breakdown of the City's tax year 2020 (fiscal year 2021) taxable valuation is as follows:

By Type	Taxable Valuation	Percent of total
Real Property	\$ 3,105,524,668	85.59%
Personal Property	522,647,450	14.41%
Total	\$ 3,628,172,118	100.00%

By Class	Taxable Valuation	Percent of total
Ad Valorem		
Commercial	\$ 850,824,390	23.45%
Industrial	405,091,180	11.17%
Residential	1,825,416,417	50.31%
Personal	457,556,150	12.61%
Total Ad Valorem	3,538,888,137	97.53%
Special Act		
Commercial	14,307,649	0.39%
Industrial	9,000,000	0.25%
Residential	885,032	0.02%
Personal	65,091,300	1.79%
Total Special Act	89,283,981	2.45%
Total	\$ 3,628,172,118	99.98%

Source: City of Dearborn Departments of Assessment, Finance and Economic & Community Development

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Personal Property Taxable Value

Personal property	Industrial Facilities Tax (IFT)	Total Personal	Total Value	Tax rate (mills)	Tax Increment Financing Total Captured Valuation	Estimated Actual Value	Taxable Value as a % of Actual
573,416,016	443,260,515	1,016,676,531	4,305,454,630	19.58	86,654,278	4,437,941,179	97.01%
540,699,600	375,335,058	916,034,658	3,860,318,002	21.90	201,946,630	3,930,903,952	98.20%
523,915,150	436,501,550	960,416,700	3,705,142,052	26.86	187,301,154	3,749,986,245	98.80%
552,866,800	398,524,200	951,391,000	3,654,015,919	25.90	183,491,553	3,686,871,400	99.11%
593,338,700	428,540,550	1,021,879,250	3,706,669,474	26.60	191,780,589	3,772,790,150	98.25%
601,898,700	464,460,750	1,066,359,450	3,780,368,945	26.45	199,814,464	3,984,927,350	94.87%
378,163,650	165,127,900	543,291,550	3,262,538,905	26.69	145,967,206	3,586,575,925	90.97%
367,565,200	150,996,350	518,561,550	3,296,343,660	26.44	149,113,385	3,728,929,950	88.40%
390,282,650	91,718,100	482,000,750	3,373,205,718	26.57	147,330,713	3,842,804,400	87.78%
386,158,021	71,868,700	458,026,721	3,477,084,381	26.70	168,078,513	4,200,488,571	82.78%
457,556,150	65,091,300	522,647,450	3,628,172,118	26.70	158,590,865	4,465,371,700	81.25%

Taxpayer	FY2021/TY2020			FY2020/TY2019			FY2011/TY2010		
	Taxable Value	Rank	Percent of total	Taxable Value	Rank	Percent of total	Taxable Value	Rank	Percent of total
Ford Motor Company	553,908,952	1	15.27%	\$ 546,088,114	1	15.71%	1,138,590,230	1	26.45%
DTE Energy Company *	116,804,926	2	3.22%	76,629,182	3	2.20%	26,544,766	7	0.62%
AK Steel Corporation (Severstal Steel)	101,196,431	3	2.79%	115,124,681	2	3.31%	347,957,652	2	8.08%
Ford Motor Land Development Corp	47,280,947	4	1.30%	45,761,207	5	1.32%			0.00%
Dearborn Industrial Generation	49,681,900	5	1.37%	59,446,871	4	1.71%	164,543,084	3	3.82%
ITC Transmission	30,965,818	6	0.85%	16,152,227	7	0.46%			0.00%
Fairlane Town Center	26,329,528	7	0.73%	37,049,027	6	1.07%	40,246,260	4	0.93%
Hewlett Packard Financial Services	23,246,000	8	0.64%			0.00%			0.00%
The ACG (AAA of Michigan)	17,110,208	9	0.47%	16,264,540	8	0.47%	30,002,600	6	0.70%
Dearborn Schaefer Office Co LLC	12,869,986	10	0.35%	12,630,016	9	0.36%			0.00%
Fairlane Meadows LLC			0.00%	11,200,502	10	0.32%			0.00%
Automotive Components Holdings			0.00%			0.00%	20,572,900	8	0.48%
Ashford Hospitality Trust			0.00%			0.00%	16,863,400	10	0.39%
HRP NOM LP (Hallwood Mgmt Co)			0.00%			0.00%	38,841,748	5	0.90%
Oakwood Health Services			0.00%			0.00%	18,277,050	9	0.42%
Total - ten largest taxpayers	979,394,696		26.99%	936,346,367		26.93%	1,842,439,690		42.79%
Total - all other taxpayers	2,648,777,422		73.01%	2,540,738,014		73.07%	2,463,014,940		57.21%
Total - all taxpayers	<u>\$ 3,628,172,118</u>		100.00%	<u>\$ 3,477,084,381</u>		100.00%	<u>\$ 4,305,454,630</u>		100.00%

Notes:

Taxes are billed and collected as current beginning in July of one year through February of the following year.
Taxable values include Ad Valorem and Industrial Facilities Tax (Act 198) taxable values.

Abated Industrial Facilities Taxable Value for the 2008 tax year applicable to Ford Motor Company was \$32,293,225 Real and \$100,426,850 Personal Property; AK Steel (formerly Severstal Steel Company) was \$1,916,500 Real and \$93,766,775 Personal Property; and Dearborn Industrial Generation (DIG) was \$3,012,650 Real and \$49,095,400 Personal Property.

Total Abated OPRA (Obsolete Property Rehabilitation Act) value for 2017 taxable year applicable to Urbcam Michigan LLC was \$13,534,800.

Abated Industrial Facilities Taxable Value for the 2017 tax year applicable to Ford Motor Company was \$616,325 Real and \$5,862,875 Personal Property; AK Steel Company was \$5,850,000 Real and \$68,379,875 Personal Property.

* Detroit Edison and Michigan Consolidated Gas are reported as one combined taxpayer DTE Energy Company.

Total Abated Industrial Facilities Taxable Value for 2018 taxable year applicable to Ford Motor Company was \$8,065,500.

Total Abated Industrial Facilities Taxable Value for 2018 taxable year applicable to AK Steel Company was \$89,048,100.

Total Abated OPRA (Obsolete Property Rehabilitation Act) value for 2018 taxable year applicable to Urbcam Michigan LLC was \$13,746,690.

(1) FY 2010 City of Dearborn Comprehensive Annual Financial Report.

Source: City of Dearborn Department of Assessment

Principal Sewage Utility Customers

June 30, 2020

Employer	Estimated Sewage Volumes (in cubic feet) (1)	Estimated Sewage Disposal Charges Billed (2)
1 AK Steel (3)	68,702,500	\$ 1,185,118
2 Ford Rouge Plant	28,157,500	971,434
3 Dearborn Schools	6,708,800	231,454
4 Oakwood Health Care	5,842,900	201,580
5 Ford Motor Co. & Headquarters	5,465,500	188,560
6 Henry Ford Village	4,280,000	147,660
7 U of M Dearborn	4,164,000	143,658
8 Detroit Water & Sewerage Department	2,437,300	84,087
9 TPC Michigan Golf Course	2,347,000	80,972
10 The Henry	2,197,100	75,800
Total - ten largest sewage customers	130,302,600	\$ 3,310,323

Notes:

(1) Sewage customers reported - some utility customers have high water volumes, but do not have their sewage treated.

(2) The charges estimate is based on the year's commodity rate. Actual sewage disposal charges are billed to include commodity, capacity, and IWCC charges (passed through from Great Lakes Water Authority based on meter size).

(3) AK Steel is only billed sewage charges for half of their water usage.

Source: City of Dearborn DPW Water Division

City of Dearborn, Michigan

Year ended June 30,	Tax Year	Total levy	Current collections (1)	Percent collected	Delinquent Tax
2011	2010	59,300,885	58,071,881	97.93%	1,229,004
2012	2011	60,471,585	60,354,797	99.81%	116,788
2013	2012	69,894,003	69,778,678	99.84%	115,325
2014	2013	69,457,743	69,328,891	99.81%	128,852
2015	2014	71,605,915	71,512,013	99.87%	93,902
2016	2015	72,316,120	72,173,975	99.80%	142,145
2017	2016	65,040,062	64,928,988	99.83%	111,074
2018	2017	65,197,614	65,112,330	99.87%	85,284
2019	2018	67,462,483	67,296,892	99.75%	165,591
2020	2019	69,386,657	69,289,930	99.86%	96,727
2021	2020	73,071,626	in process of collection		

Tax Year	Delinquent Tax	Collections		
		Fiscal Year 2019-2020	Prior Fiscal Years	Total
2010	1,229,004	-	670,489	670,489
2011	116,788	-	201,571	201,571
2012	115,325	-	188,669	188,669
2013	128,852	-	218,229	218,229
2014	93,902	-	178,742	178,742
2015	142,145	-	148,514	148,514
2016	111,074	18	132,586	132,604
2017	85,284	4,009	58,403	62,412
2018	165,591	10,589	103,512	114,101
2019	96,727	10,540	-	10,540

Property Tax Levies and Collections

Last Ten Fiscal Years

Delinquent collections (2)	Delinquent Balance as of June 30, 2020	Total tax collections	Percent of levy collected
1,229,004	-	59,300,885	100.0%
116,788	-	60,471,585	100.0%
115,325	-	69,894,003	100.0%
128,852	-	69,457,743	100.0%
84,066	9,836	71,596,079	100.0%
124,665	17,480	72,298,640	100.0%
98,394	12,680	65,027,382	100.0%
74,047	11,237	65,186,377	100.0%
116,299	49,292	67,413,191	99.9%
10,540	86,187	69,300,470	99.9%

Adjustments	Delinquent Balance as of June 30, 2020
(558,515)	-
84,783	-
73,344	-
89,377	-
94,676	9,836
23,849	17,480
34,210	12,680
(11,635)	11,237
(2,198)	49,292
-	86,187

City of Dearborn, Michigan

Tax Year Fiscal Year	2010 2011	2011 2012	2012 2013	2014 2015
Taxable Value	\$ 4,305,454,630	\$ 3,860,318,002	\$ 3,705,142,052	\$ 3,706,669,474
State Equalized Value (1)	\$ 4,437,941,179	\$ 3,930,903,952	\$ 3,749,986,245	\$ 3,772,790,150
True Cash Value (2)	\$ 8,875,882,358	\$ 7,861,807,904	\$ 7,499,972,490	\$ 7,545,580,300
Population (3)	98,604	100,249	101,216	101,130
Per Capita Taxable Value	\$ 43,664	\$ 38,507	\$ 36,606	\$ 36,653
Per Capita State Equalized Value	\$ 45,008	\$ 39,211	\$ 37,049	\$ 37,306
Per Capita True Cash Value	\$ 90,015	\$ 78,423	\$ 74,099	\$ 74,613

(1) Assessed value is determined by the City Assessor. The State of Michigan reviews the City's assessment and assigns a factor to adjust the Assessor's numbers. The State multiplies this factor by the assessed value to arrive at the State Equalized Valuation (SEV). All reported assessed values are equal to the SEV, since the factor for Dearborn is 1.00.

(2) The True Cash Value is twice the State Equalized Value.

(3) Population statistics are the SEMCOG estimates as of July 1 as published in Southeast Michigan Council of Government's "Population and Households in Southeast Michigan, July, 2019"

Per Capita Taxable Value

Last Ten Fiscal Years

2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021
\$ 3,780,368,945	\$ 3,262,538,905	\$ 3,296,343,660	\$ 3,373,205,718	\$ 3,477,084,381	\$ 3,628,172,118
\$ 3,984,927,350	\$ 3,586,575,925	\$ 3,728,929,950	\$ 3,842,804,400	\$ 4,200,488,571	\$ 4,465,371,700
\$ 7,969,854,700	\$ 7,173,151,850	\$ 7,457,859,900	\$ 7,685,608,800	\$ 8,400,977,142	\$ 8,930,743,400
102,284	102,284	101,584	101,936	101,636	not yet available
\$ 36,960	\$ 31,897	\$ 32,449	\$ 33,091	\$ 34,211	not yet available
\$ 38,959	\$ 35,065	\$ 36,708	\$ 37,698	\$ 41,329	not yet available
\$ 77,919	\$ 70,130	\$ 73,416	\$ 75,396	\$ 82,657	not yet available

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities:				
General obligation bonds	\$ 10,277,268	\$ 6,765,244	\$ 3,180,981	\$ 1,626,558
Business Type Activities:				
General obligation bonds	218,182,845	213,248,466	205,531,240	198,808,356
Revenue bonds	13,589,363	11,665,007	9,584,711	7,549,455
Total business type activities	231,772,208	224,913,473	215,115,951	206,357,811
Total debt of the government	\$ 242,049,476	\$ 231,678,717	\$ 218,296,932	\$ 207,984,369
Total residential personal income	\$ 2,252,509,776	\$ 2,308,132,976	\$ 2,330,397,184	\$ 2,009,473,072
Ratio of total debt to personal income	10.75%	10.04%	9.37%	10.35%
Total Population*	98,604	100,249	101,216	102,566
Total debt per capita	\$ 2,455	\$ 2,311	\$ 2,157	\$ 2,028

Note: The City of Dearborn has no installment purchase agreements, special assessment bonds or capital leases.

* Population statistics are the SEMCOG estimates as of July 1 as published in Southeast Michigan Council of Government's "Population and Households in Southeast Michigan, July, 2019"

Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 5,773,651	\$ 4,410,742	\$ 14,799,978	\$ 29,358,291	\$ 72,933,466	\$ 69,671,021
186,498,731	185,775,993	184,537,216	198,706,783	218,442,083	204,784,589
5,276,637	2,978,812	2,593,812	2,203,812	1,798,812	1,383,812
191,775,368	188,754,805	187,131,028	200,910,595	220,240,895	206,168,401
\$ 197,549,019	\$ 193,165,547	\$ 201,931,006	\$ 230,268,886	\$ 293,174,361	\$ 275,839,422
\$ 2,150,226,060	\$ 2,179,774,324	\$ 2,202,685,940	\$ 2,198,887,264	\$ 2,290,196,112	\$ 2,393,019,620
9.19%	8.86%	9.17%	10.47%	12.80%	11.53%
101,130	102,284	102,284	101,584	101,936	101,636
\$ 1,953	\$ 1,889	\$ 1,974	\$ 2,267	\$ 2,876	\$ 2,714

City of Dearborn, Michigan

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Tax supported bonds (UTGO)	Less pledged debt service funds (2)
2011	15,486,423	212,973,690	7,065,354
2012	12,936,896	207,076,814	7,329,970
2013	10,297,179	198,415,042	8,003,480
2014	7,567,239	192,867,674	7,054,980
2015	5,773,651	186,498,731	5,408,184
2016	4,410,741	185,775,993	5,030,261
2017	14,799,978	184,537,216	6,974,016
2018	29,358,291	198,706,783	8,773,880
2019	72,933,466	218,442,083	8,894,712
2020	69,671,021	204,784,589	9,820,924

(1) Population statistics are the SEMCOG estimates as of July 1 as published in Southeast Michigan Council of Governments' "Population and Households in Southeast Michigan, July, 2019"

(2) The difference between the amounts pledged for debt service funds here and the net position restricted for debt service (in the Sewer fund) is the amount reserved for the revenue bond.

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population (1)	Debt per capita
221,394,759	4,305,454,630	5.14%	98,604	2,245
212,683,740	3,860,318,002	5.51%	100,249	2,122
200,708,741	3,705,142,052	5.42%	101,216	1,983
193,379,933	3,654,015,919	5.29%	102,566	1,885
186,864,198	3,706,669,474	5.04%	101,130	1,848
185,156,473	3,780,368,945	4.90%	102,284	1,810
192,363,178	3,262,538,905	5.90%	102,284	1,881
219,291,194	3,296,343,660	6.65%	101,584	2,159
282,480,837	3,373,205,718	8.37%	101,936	2,771
264,634,686	3,477,084,381	7.61%	101,636	2,604

City of Dearborn, Michigan

	As of June 30,			
	2011	2012	2013	2014
Valuation base				
State equalized valuation - excluding IFT values	\$ 3,910,703,378	\$ 3,472,254,144	\$ 3,240,541,555	\$ 3,220,940,300
Plus: equivalent valuation of Act 198 exemptions	527,237,801	458,649,808	509,444,690	465,931,100
Plus: equivalent valuation for revenue sharing	-	-	-	-
Total valuation	4,437,941,179	3,930,903,952	3,749,986,245	3,686,871,400
Legal debt limitation - 10% of total valuation	\$ 443,794,118	\$ 393,090,395	\$ 374,998,625	\$ 368,687,140
Calculation of debt subject to limit:				
Total debt	242,049,476	231,678,717	218,296,932	207,869,331
Less: revenue bonds not subject to limit	(13,589,363)	(11,665,007)	(9,584,711)	(7,434,416)
Less: CSO bonds not subject to limit	-	-	-	-
Less: amount available for repayment of general obligation bonds	(383)	(83,453)	(207,390)	(13,002)
Net debt subject to limit	228,459,730	219,930,257	208,504,831	200,421,913
Legal debt margin	\$ 215,334,388	\$ 173,160,138	\$ 166,493,794	\$ 168,265,227
Net debt subject to limit as % of debt limit	51.48%	55.95%	55.60%	54.36%

(1) The Home Rule Cities Act provides for the inclusion of State Revenue Sharing and exclusion of CSO related debt. The schedule is amended to reflect these items prospectively starting fiscal year 2017.

Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
\$ 3,275,537,502	\$ 3,461,489,150	\$ 3,397,470,575	\$ 3,553,866,150	\$ 3,727,277,109	\$ 4,104,343,152
497,252,648	523,438,200	189,105,350	175,063,800	115,527,291	96,145,419
-	-	351,347,021	359,522,579	377,693,527	366,953,820
3,772,790,150	3,984,927,350	3,937,922,946	4,088,452,529	4,220,497,927	4,567,442,391
\$ 377,279,015	\$ 398,492,735	\$ 393,792,295	\$ 408,845,253	\$ 422,049,793	\$ 456,744,239
197,549,019	193,165,547	201,931,006	230,268,886	293,174,361	275,839,422
(5,276,637)	(2,978,812)	(2,593,812)	(2,203,812)	(1,798,812)	(1,383,812)
-	-	(184,537,216)	(198,706,783)	(209,099,432)	(195,843,581)
-	-	-	-	-	-
192,272,382	190,186,735	14,799,978	29,358,291	82,276,117	78,612,029
\$ 185,006,633	\$ 208,306,000	\$ 378,992,317	\$ 379,486,962	\$ 339,773,676	\$ 378,132,210
50.96%	47.73%	3.76%	7.18%	19.49%	17.21%

City of Dearborn, Michigan**Direct and Overlapping Governmental Activities Debt****June 30, 2020**

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt	Per Capita (2)
Direct - City of Dearborn	\$ 69,671,021	100.00%	\$ 69,671,021	\$ 685
Overlapping (1):				
Dearborn School District	125,372,500	94.74%	118,777,907	1,169
Westwood School District	500,000	10.79%	53,950	1
Wayne County at large	281,946,697	7.92%	22,330,178	220
Total Overlapping Debt	407,819,197	34.61%	141,162,035	1,390
Grand Total	\$ 477,490,218	44.15%	\$ 210,833,056	\$ 2,075

Sources:

(1) Overlapping debt figures supplied by the Municipal Advisory Council of Michigan. The percentage of overlapping bonded debt related to each governmental unit was established using the taxable value of assessed property. Percentages were estimated by calculating the portion of each governmental unit's taxable property located within the boundaries of the City and dividing it by the unit's total taxable value.

(2) Population of 101,636 as estimated in the Southeast Michigan Council of Governments' "Population and Households in Southeast Michigan, July, 2019".

Sewage Disposal System Pledged-Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal year	Sewage Revenue Bonds						
	Gross revenues	Applicable expenses (1)	Net revenues	Debt service			Coverage
				Principal	Interest	Total	
2011	29,363,798	19,954,770	9,409,028	2,160,000	500,563	2,660,563	354%
2012	28,592,158	22,456,600	6,135,558	1,985,000	443,000	2,428,000	253%
2013	31,305,485	24,711,722	6,593,763	2,045,000	374,213	2,419,213	273%
2014	31,672,504	22,944,467	8,728,037	2,115,000	299,225	2,414,225	362%
2015	29,717,431	26,176,943	3,540,488	2,180,000	221,700	2,401,700	147%
2016	30,362,086	24,458,855	5,903,231	2,200,000	141,725	2,341,725	252%
2017	29,047,847	26,321,106	2,726,741	325,000	61,125	386,125	706%
2018	28,637,553	24,567,296	4,070,257	330,000	53,000	383,000	1,063%
2019	36,689,374	22,798,917	13,890,457	340,000	44,750	384,750	3,610%
2020	29,147,669	27,754,688	1,392,981	350,000	36,250	386,250	361%

(1) Total operating expenses exclusive of depreciation.

City of Dearborn, Michigan

Water Supply System Pledged-Revenue Bond Coverage

Last Ten Fiscal Years

Water Revenue Bonds							
Fiscal year	Gross revenues	Applicable expenses (1)	Net revenues	Debt service			Coverage
				Principal	Interest	Total	
2011	\$ 16,958,944	\$ 14,105,230	\$ 2,853,714	\$ 58,000	\$ 10,686	\$68,686	4,155%
2012	17,566,222	14,057,576	3,508,646	60,000	18,013	78,013	4,498%
2013	19,604,108	14,614,823	4,989,285	55,000	18,627	73,627	6,776%
2014	19,244,518	14,804,877	4,439,641	55,000	17,252	72,252	6,145%
2015	18,585,514	15,078,170	3,507,344	55,000	15,877	70,877	4,948%
2016	20,738,377	17,621,317	3,117,060	60,000	14,470	74,470	4,186%
2017	22,544,946	18,680,246	3,864,700	60,000	13,345	73,345	5,269%
2018	23,361,742	15,702,524	7,659,218	60,000	11,845	71,845	10,661%
2019	24,566,823	16,740,928	7,825,895	65,000	10,345	75,345	10,387%
2020	24,588,890	19,705,230	4,883,660	65,000	8,720	73,720	6,625%

(1) Total operating expenses exclusive of depreciation.

Demographics and Economic Information

These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Demographic and Economic Statistics**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2011	98,604	2,252,509,776	22,844	8.8%
2012	100,249	2,308,132,976	23,024	7.3%
2013	101,216	2,330,397,184	23,024	7.4%
2014	102,566	2,009,473,072	19,592	6.5%
2015	101,130	2,150,226,060	21,262	5.6%
2016	102,284	2,179,774,324	21,311	4.5%
2017	102,284	2,202,685,940	21,535	2.9%
2018	101,584	2,198,887,264	21,646	3.5%
2019 (4)	101,936	2,290,196,112	22,467	4.4%
2020	101,636	2,393,019,620	23,545	14.3%

(1) Population statistics are the SEMCOG estimates as of July 1 as published in the Southeast Michigan Council of Governments' "Population and Households in Southeast Michigan, July, 2018"

(2) U. S. Census Bureau; 2017 American Community Survey for Dearborn, Michigan

(3) State of Michigan through Department of Labor and Economic Growth - Labor Market Information.

(4) For FY2019, the total MI unemployment rate was used (4.4%) instead of the Dearborn rate (3.4%).

Principal Employers

Current and Nine Years Previous

Employer	2020 (1)			2011 (2)		
	Rank	Employees	Percentage of total	Rank	Employees	Percentage of total
Ford Motor Company	1	5,200	29.04%	1	7,992	22.28%
School District of the City of Dearborn	2	3,557	19.86%	7	2,032	5.66%
AK Steel (Severstal North America, Inc.)	3	3,057	17.07%	3	4,900	13.66%
AAA Michigan	4	1,850	10.33%	8	1,664	4.64%
The Edison Institute	5	800	4.47%			0.00%
The University of Michigan, Dearborn	6	800	4.47%			0.00%
City of Dearborn	7	744	4.15%			0.00%
The Edward Village	8	700	3.91%			0.00%
Walmart	9	600	3.35%			0.00%
Hollingsworth Logistics Group	10	600	3.35%			0.00%
Beaumont Health (Oakwood Hospital Corporation)			0.00%	2	5,833	16.26%
Percepta, LLC (HQ)			0.00%	4	4,450	12.41%
Visteon			0.00%	5	4,300	11.99%
Lear Corporation			0.00%	6	2,500	6.97%
United Technologies Auto (HQ)			0.00%	9	1,200	3.35%
Henry Ford Community College			0.00%	10	1,000	2.79%
Total		17,908	100.00%		35,871	100.00%

Sources:

(1) 2020 Michigan Manufacturers Directory, 2019 Crain's Book of Lists and Manta Company Intelligence Website.

(2) FY 2011 City of Dearborn Comprehensive Annual Financial Report.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Dearborn, Michigan

Function/ program:	2011	2012	2013
Primary government			
Government activities:			
General government	182.37	171.31	165.19
Public safety	432.60	428.42	433.06
Public works	54.91	48.13	43.14
Health and welfare	3.72	1.00	1.00
Recreation and culture	278.80	242.50	238.46
Community improvement	14.75	13.40	11.10
Total governmental activities	967.15	904.76	891.95
Business-type activities:			
Housing	23.51	23.00	21.00
Golf Course	20.39	20.02	13.36
Parking	6.43	6.43	6.43
Sewer	16.53	17.00	18.20
Water	51.31	52.97	49.09
Total business-type activities	118.17	119.42	108.08
Total primary government	1,085.32	1,024.18	1,000.03
Component unit			
East Dearborn Downtown Development Authority	2.00	1.50	1.50
Total employees	1,087.32	1,025.68	1,001.53

A full-time employee is scheduled to work 2,080 hours per year (including vacation, sick and paid time off leaves).

Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

(1) The Golf Course and Parking funds were consolidated into the General fund in 2015.

(2) The Telecommunications fund was consolidated into the General fund in 2017.

(3) East Dearborn Downtown Development Authority duties were changed to a contract labor agreement (non City employees).

Source: City of Dearborn Finance Department

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

As of June 30,						
2014	2015 (1)	2016	2017 (2)	2018	2019 (3)	2020
165.09	167.16	167.62	172.93	173.22	179.85	180.61
417.22	438.82	449.00	448.59	476.64	496.16	482.70
42.85	46.80	47.52	47.60	47.60	64.40	60.40
1.00	1.00	1.00	1.00	1.00	1.00	1.00
267.31	279.01	275.37	276.39	268.92	244.72	240.97
7.50	8.53	9.53	9.60	9.60	9.20	9.20
900.97	941.32	950.04	956.11	976.98	995.33	974.88
21.00	21.54	20.74	21.24	24.62	23.66	22.66
12.99	-	-	-	-	-	-
6.43	-	-	-	-	-	-
18.20	23.06	23.06	23.06	25.06	30.23	28.00
48.59	47.12	49.12	50.00	54.81	57.63	64.20
107.21	91.72	92.92	94.30	104.49	111.52	114.86
1,008.18	1,033.04	1,042.96	1,050	1,081.47	1,106.85	1,089.74
1.50	1.50	1.50	2.65	2.40	-	-
1,009.68	1,034.54	1,044.46	1,053.06	1,083.87	1,106.85	1,089.74

City of Dearborn, Michigan

Function/ program	As of June 30,			
	2011	2012	2013	2014
Public safety				
Police patrol units	58	61	51	58
Fire stations	4	4	4	5
Emergency response vehicles	6	6	6	7
Fire suppression vehicles	10	10	11	11
Public works				
Miles of streets				
Major streets	73.01	73.01	73.01	73.01
Local streets	194.24	194.24	194.24	194.24
Recreation and culture				
Parks and recreation:				
City Parks acreage	310	310	310	310
Number of parks in the City	42	42	42	42
Camp Dearborn (Milford) acreage	626	626	626	626
Regional Parks	1	1	1	2
Golf courses	1	1	2	2
Ice surfaces	2	2	2	2
Libraries:				
Branches	4	4	3	3
Collection - number of volumes	276,590	228,162	223,220	223,511
Utilities				
Water				
Miles of water mains	387.93	387.93	387.93	371.07
Miles of water laterals (1)	-	-	-	-
Fire hydrants	2,834	2,838	2,838	2,858
Sewer				
Miles of sanitary sewers	72.76	72.76	72.76	73.63
Miles of storm sewers	144.56	144.56	144.56	210.16
Miles of combined sewers	404.00	404.00	404.00	348.52

Source: City of Dearborn Annual Administrative Report and various City departments

(1) Because of State mandates, the City is monitoring the material (lead vs. copper) and replacing the lead laterals over time. The lateral total only includes City owned in the Right of Way, not private laterals. The lateral total also includes service lines to hydrants. Miles of water laterals for years prior to 2020 not available.

Capital Asset Statistics

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
58	58	54	57	62	53
5	5	5	5	5	5
7	7	7	7	11	9
11	11	13	12	11	12
73.01	73.01	73.01	73.01	73.01	73.01
194.24	194.24	194.24	194.24	194.24	194.24
310	310	310	310	310	310
42	42	42	42	42	42
626	626	626	626	626	626
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
3	3	3	3	3	3
221,316	217,655	210,437	214,401	200,745	206,881
370.34	372.81	372.04	371.92	372.68	366.69
-	-	-	-	-	189.15
2,886	3,020	3,016	3,016	3,021	2,957
73.98	74.53	74.64	75.18	77.33	88.02
189.34	206.96	209.96	210.86	215.15	221.08
348.37	347.69	347.30	346.13	340.88	324.20

City of Dearborn, Michigan

Function/ Program	As of June 30,			
	2011	2012	2013	2014 (1)
Election data				
Registered voters	58,156	59,032	60,117	60,275
District Court				
Number of court cases	79,779	77,805	77,020	79,406
Building and safety				
Permits issued	6,769	7,009	6,344	5,729
Permit inspections conducted	15,301	14,741	13,689	12,520
Police				
Calls for service	62,624	54,164	66,668	71,194
Traffic citations	18,873	21,509	18,045	18,652
Parking citations	34,639	29,022	31,476	35,001
Fire				
Fire incidents	2,221	2,942	3,099	2,799
Emergency medical services incidents	7,768	7,901	7,942	10,301
Public works				
Miles of street resurfaced	7	3	4	6
Curbside refuse collected (tons)	27,510	34,962	31,226	31,255
Curbside compost collected (tons)	7,653	7,631	6,258	7,232
Curbside recyclables collected (tons)	4,989	3,889	5,671	6,281
Leaf collection (cubic yards)	18,268	18,943	20,450	21,134
Recreation				
Passholder visits	211,738	285,055	180,520	193,059
Library				
Collection - number of volumes	276,590	228,162	223,220	223,511
Circulation - number of transactions	874,771	751,668	662,312	610,229
Number of visitors	477,827	420,271	402,934	385,723
Water				
Number of customers billed	32,662	32,826	32,396	32,568
Total consumption (100 cubic feet)	6,298,102	6,993,560	6,197,018	6,337,347
Sewer				
Sewer water conveyed to Detroit (100 cubic feet)	9,745,433	11,331,781	9,614,895	10,775,389

Source: City of Dearborn Annual Administrative Report and various City departments

(1) The City of Melvindale Fire Department was consolidated into the City of Dearborn Fire Department in 2014. 1,348 incidents (223 Fire; 1,125 EMS) were recorded in Melvindale in 2014. An additional 137 mutual aid runs for other governments were performed during the year.

(2) The Great Lakes Water Authority established a simplified sewer rate schedule in FY2015. The City of Dearborn pays a flat monthly rate, based on its shares of the system's sewer flows. The share is updated every three years, so the rate is calculated on the same estimated flows for FY2015-17.

Operating Indicators

Last Ten Fiscal Years

As of June 30,					
2015 (2)	2016	2017	2018	2019	2020
58,219	58,603	60,288	61,574	62,804	65,069
70,279	75,146	71,359	72,544	73,392	63,380
6,324	6,151	6,240	6,486	6,736	5,237
13,612	13,071	13,403	15,851	15,293	13,825
71,790	75,103	77,952	81,632	74,972	70,162
26,382	19,623	17,469	20,817	22,077	14,875
18,424	21,784	22,108	19,911	18,746	15,866
2,927	3,025	3,185	3,276	3,051	3,258
11,674	11,823	12,219	11,823	11,853	11,877
8	3	4	4	1	3
33,940	32,627	34,077	37,476	35,284	40,668
6,550	6,269	6,435	7,151	8,006	9,580
5,161	5,910	6,110	4,816	7,603	9,923
22,526	18,021	28,581	22,754	24,009	27,089
215,461	226,433	223,059	229,181	209,218	138,304
221,316	217,655	210,437	214,401	200,932	206,881
537,739	515,544	481,356	480,890	491,456	324,082
406,885	374,763	359,571	374,374	320,235	147,080
32,567	32,561	32,547	32,564	32,616	32,638
6,022,481	6,311,771	6,450,687	6,269,237	6,377,285	5,801,291
10,697,630	10,697,630	10,697,630	9,881,000	9,881,000	9,881,000

City of Dearborn, Michigan

Federal Awards Supplemental Information
June 30, 2020

Independent Auditor's Reports

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management, the Honorable Mayor,
and Members of the City Council
City of Dearborn, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Dearborn, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management, the Honorable Mayor,
and Members of the City Council
City of Dearborn, Michigan

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

November 17, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dearborn, Michigan's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended June 30, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2020-001 and 2020-002, that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moreau, PLLC

November 17, 2020

City of Dearborn, Michigan

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Identifying/Grant Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Direct Programs - CDBG Entitlement Grants Cluster -				
Community Development Block Grant Program	14.218	N/A	\$ 127,500	\$ 1,142,968
Passed through Wayne County - Home Consortia - Home Investment				
Partnerships Program - Home Resource Fund Grant Year M2016	14.239	M-16-DC-26-0213	-	83,283
Total U.S. Department of Housing and Urban Development			127,500	1,226,251
U.S. Department of Agriculture:				
Passed through Wayne County, Michigan -				
Emergency Food Distribution Program	10.569	N/A	-	56,367
Double Up Food Bucks Program passed through Food Fair Network -				
Dearborn Farmers Market	10.331	DU-MI-18-F0029	-	628
Total U.S. Department of Agriculture			-	56,995
U.S. Department of Justice:				
JAG Program Cluster - Passed through Wayne Co Sheriff's Dept -				
2020 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-0061	-	89,136
Direct programs:				
Bullet Proof Vest Program	16.607	N/A	-	10,400
Equitable Sharing of Federally Forfeited Property	16.922	N/A	-	216,309
2019 Adult Drug Court	16.585	2019-VC-BX-0020	-	30,129
COVID-19 2020 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0165	-	30,249
Total U.S. Department of Justice			-	376,223
Highway Safety Cluster - U.S. Department of Transportation:				
Passed through Michigan Department of State Police and				
Downriver Community Conference - Drive Michigan Safety Task Force	20.600	PT-17-16	-	14,605
Passed through Michigan Supreme Court -				
2020 Office of Highway Safety Planning	20.601	18160-2020	-	5,878
Office of Highway Safety Planning -				
Passed through Michigan State Police	20.616	OP-20-01	-	8,483
Total U.S. Department of Transportation Highway Safety Cluster			-	28,966
U.S. Department of Homeland Security:				
Federal Emergency Management Agency -				
Direct programs:				
2017 Assistance to Firefighters Grant - Equipment & Training	97.044	EMW-2017-FO-04848	-	161,852
2018 Assistance to Firefighters Grant - Equipment & Training	97.044	EMW-2018-FO-05189	-	23,599
Total Assistance to Firefighters Grant			-	185,451
2016 Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2016-FH-00183	-	462,954
2016 Countering Violent Extremism Grant Program	97.132	EMW-2016-CA-00184-S01	-	3,254
Passed through Michigan Department of State Police -				
Civil Preparedness Program	97.042	EMC-2018-EP-00002	-	62,043
FEMA Hazard Mitigation Grant Program - Beaumont Hospital Storm -				
Shutoff Gates and Overflow Structure	97.039	FEMA-4195-DR-MI	-	923,320
Total U.S. Department of Homeland Security			-	1,637,022
National Endowment for the Arts -				
Passed through Art Midwest - The Big Read Program	45.024	2020-24040	-	15,000
Institute of Museum and Library Services -				
Passed through Michigan Department of Education -				
Library of Michigan Library Services and Technology Act Grant Program	45.310	N/A	-	8,123
National Endowment for the Humanities - Passed through				
Michigan Humanities - COVID-19 MI - HOPE - Humanities Grant	45.129	MIHOPE-12	-	6,600
Department of Health and Human Services - COVID-19 Provider Relief Fund	93.498	N/A	-	57,856
Total federal awards			\$ 127,500	\$ 3,413,036

See notes to schedule of expenditures of federal awards.

City of Dearborn, Michigan

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 3,080,892
Add noncash assistance not reported on the financial statements	56,367
Add federal money classified as forfeited revenue	216,309
Add grant receivable not recorded under modified accrual accounting	61,074
Less revenue for prior year expenditures received in current year	(10,110)
Other differences	8,504
	<hr/>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 3,413,036</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Dearborn, Michigan (the "City") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The City has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

 X Yes _____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.218	CDBG Entitlement Grants Cluster - Community Development Block Grant Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Audit Findings

Finding

None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2020-001	<p>CFDA Number, Federal Agency, and Program Name - 14.218, U.S. Department of Housing and Urban Development, Community Development Block Grant Cluster</p> <p>Federal Award Identification Number and Year - B-19-MC-26-0004</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - 2 CFR Section 200.502(a) requires organizations to properly reflect federal expenditures in the schedule of expenditures of federal awards (SEFA).</p> <p>Condition - The SEFA prepared by the City included \$525,543 of expenditures related to work performed in July 2020. These expenditures should have been excluded from the June 30, 2020 SEFA and reported on the 2021 SEFA instead.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - Not applicable, as there were no questioned costs.</p> <p>Context - Community Development Block Grant (CDBG) expenditures reported on the SEFA had to be reduced by \$525,543. The difference did not impact major program determination.</p> <p>Cause and Effect - There was turnover within the economic and community development department, and the individual responsible for preparing reimbursement requests did not have a proper understanding of the requirements for ensuring activity is reported in the proper period. As a result, the City did not segregate expenditures related to fiscal year 2021 when preparing reimbursement requests and the SEFA; thus, the SEFA was overstated.</p> <p>Recommendation - Internal control procedures should be implemented to ensure proper cutoff of expenditures, including a comparison of SEFA expenditures to amounts recorded in the general ledger.</p> <p>Views of Responsible Officials and Planned Corrective Actions - This item relates to accruing contractual payments that had not yet been incurred as of the June 30 year end. The City's staff included FY 2021 project billings in its year-end accruals, which led to CDBG expenses and payables being overstated. This has been corrected and the adjustment processed within the FY 2020 financial statements. Management is incorporating additional training on the year-end process.</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2020-002	<p>CFDA Number, Federal Agency, and Program Name - 14.218, U.S. Department of Housing and Urban Development, Community Development Block Grant Cluster</p> <p>Federal Award Identification Number and Year - B-19-MC-26-0004</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - 2 CFR Section 200.303(a) requires that nonfederal entities must "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the federal award."</p> <p>Condition - During our testing, we noted instances in which the City could not demonstrate proper controls were in place and operating effectively. There were no controls to ensure vendors had been paid prior to funds being requested for reimbursement. The City did not maintain records indicating equipment that had been purchased with CDBG funds. There was no review of reports submitted. We noted one instance in which the wrong vendor name was included on a reimbursement request.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - Not applicable, as there were no questioned costs.</p> <p>Context - During fiscal year 2020, the City expended \$1,142,968 of CDBG funds. Despite the missing controls, we noted no instances of noncompliance.</p> <p>Cause and Effect - There was turnover within the economic and community development department and the new personnel were not familiar with all of the controls that had previously been in place. The City has never had formal controls in place for tracking equipment purchased with federal funds.</p> <p>Recommendation - We recommend the City evaluate the internal controls related to administration of the grant and identify areas where the controls may not be adequate and implement required controls and processes to minimize the risk of noncompliance.</p> <p>Views of Responsible Officials and Corrective Action Plan - The City experienced turnover in the CDBG staff. The turnover and transition of new staff efforts did not successfully accomplish a proper verification of paid items before reimbursement claim or a dual verification of report submittal by secondary staff and included some clerical errors in listing of proper vendors paid. Although the City does have financial records of equipment purchased with federal funds, currently they are not compiled within one central control environment system. Management is incorporating additional training on control procedures and updating the standard operating procedures for these controls, in addition to researching improved, updated accounting tracking systems.</p>



CITY OF DEARBORN

Home Town of Henry Ford

DEPARTMENT OF FINANCE

JOHN B. "JACK" O'REILLY, JR.
MAYOR

GINGER BURKE-MILLER, MBA, CPA, CPM
FINANCE DIRECTOR/TREASURER

November 17, 2020

Corrective Action Plan

Finding Number: 2020-001

Condition: The SEFA prepared by the City included \$525,543 of expenditures related to work performed in July 2020. These expenditures should have been excluded from the June 30, 2020 SEFA and reported on the 2021 SEFA instead.

Planned Corrective Action: Upon notification of the deficiency, City staff recorded correcting adjustments within the general ledger and the SEFA annual report. Sharing and education of the noted deficiency with all parties within the Finance and Economic Community Developments will occur. Scheduled training with staff to ensure full understanding of proper cutoff protocol for expenditures will take place. In addition, year-end procedures will continue to include protocol for reconciliation of SEFA expenditures to recorded general ledger activity.

Contact person responsible for corrective action: Michael Kennedy, Deputy Finance Director

Anticipated Completion Date: 02/17/2020

Finding Number: 2020-002

Condition: During our testing, we noted instances in which the City could not demonstrate proper controls were in place and operating effectively. There were no controls to ensure vendors had been paid prior to funds being requested for reimbursement. The City did not maintain records indicating equipment that had been purchased with CDBG funds. There was no review of reports submitted. We noted one instance in which the wrong vendor name was included on a reimbursement request.

Planned Corrective Action: Sharing and education of the noted deficiency with all parties within the Finance and Economic Community Developments will occur. Implementation of the missing controls will occur via scheduled training with staff to ensure full understanding of ensuring vendors have been paid through the Accounts Payable system before reimbursement request. Additionally, implementation of a citywide system to inventory and track equipment purchased with CDBG funds will occur as an internal control protocol. Updated and implemented standard operating procedures will occur to ensure a second party review of submitted HUD reports and reimbursement requests.

Contact person responsible for corrective action: Michael Kennedy, Deputy Finance Director

Anticipated Completion Date: 03/17/2021

November 17, 2020

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

We have audited the financial statements of the City of Dearborn, Michigan (the "City") as of and for the year ended June 30, 2020 and have issued our report thereon dated November 17, 2020. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections.

Section I - Communications Required Under AU 260 - This section includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the City Council of the City of Dearborn, Michigan.

Section II - Legislative and Informational Items - This section contains updated legislative and informational items that we believe will be of interest to you.

In addition to the comments and recommendations in this letter, our observations and comments regarding the City's internal control, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report is included in the supplemental schedule of expenditures of federal awards, and we recommend that the matters we have noted there receive your careful consideration.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This information is intended solely for the use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Beth A. Bialy



Keith Szymanski

Section I - Communications Required Under AU 260

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 10, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the City's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the City, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated November 17, 2020 regarding 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, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The net other postemployment benefits liability recorded is based on an actuarial valuation that includes significant assumptions related to health care costs, salary increases, and future rates of return on investments. The net pension asset and liability recorded are based on actuarial valuations performed that include significant assumptions related to life expectancies, projected salary increases, and future rates of return on investments. The estimated reserves for workers' compensation, fleet, and general liability claims are based on a combination of known cases at the end of the year and an estimate for claims incurred but not yet reported. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Section I - Communications Required Under AU 260 (Continued)

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are Note 2 - *Deposits and Investments*, Note 4 - *Long-term Debt*, Note 6 - *Pension Plans*, and Note 8 - *Other Postemployment Benefit Plan*.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the City's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the introductory section and statistical section of the Comprehensive Annual Financial Report, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Legislative and Informational Items

Legacy Costs

Legacy costs and the challenge of funding them continue to be topics of discussion. GASB pronouncements of late have placed even more focus on the net long-term liability arising from these benefit promises by requiring governmental financial statements to now reflect the net pension and OPEB liability. These liabilities are perhaps the greatest financial challenges facing the City. Below is a summary of the total pension and OPEB liabilities as of June 30, 2020 compared to four years ago:

	2016	2020
Total pension and OPEB liabilities	\$ 773,170,812	\$ 932,148,297
Fiduciary net position	502,219,489	604,269,105
Net pension and OPEB liabilities	<u>\$ 270,951,323</u>	<u>\$ 327,879,192</u>
Funded ratio	65.0%	64.8%
Actuarially determined contributions	\$ 32,475,608	\$ 34,235,801

This comparison shows that, over the last four years, the net position in the trusts has grown by more than \$100 million. This includes \$55 million of bond proceeds, as well as other contributions and investment gains. At the same time, the liabilities have increased by \$159 million as active employees continue to earn benefits, the present value increases as the benefits are closer to having to be paid, and actuarial assumptions are updated. With both amounts increasing, the funded ratio has remained essentially flat at approximately 65 percent.

In order to keep pace with the growing liabilities, contributions have increased from \$32.5 million to \$34.2 million. The City is also incurring debt service on the pension and OPEB bonds of approximately \$4.5 million per year.

We commend the City for the actions taken simply to maintain the funded level near 65 percent for the last four years. These challenges are not unique to the City, as governments across the country struggle to fund legacy costs. Each year, required contributions are likely to command a greater share of the City's budget in order to inch closer to 100 percent funded status.

COVID-19 Resource Center

Plante & Moran, PLLC (Plante Moran) has assembled a COVID-19 task force of leaders across the firm to monitor, address, and mitigate risks presented by the virus. We understand the unique challenges our local governments are facing in providing essential services to protect communities during the COVID-19 crisis, while going forward, they face seemingly impossible choices around staffing, capital projects, pension obligations, and dozens of other items in the face of an uncertain revenue outlook. We are sharing our insights within our government COVID-19 resource center at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center>. We will keep you updated with relevant economic analyses, crisis management guidelines, notices of changing regulations, and more to keep the City running as smoothly as possible amidst uncertainty and unprecedented disruption.

Have questions about the CARES Act? Submit them at <https://www.plantemoran.com/campaigns/firm/cares-act> by simply providing your contact information and agreeing to our terms and conditions, and an expert from our task force will contact you within the next 24 hours.

Automated CAFR Application and Award Process

In November 2019, the GFOA announced that the Certificate of Achievement for Excellence in Financial Reporting application and award process will be completely automated by spring 2020. This electronic process will allow applicants the ability to apply, pay fees, check application status, and receive CAFR award documents electronically. In preparation for this transition, beginning on January 1, 2020, CAFRs will no longer be accepted in hard copy, on CDs, or on flash drives. The new application process will only accept PDF or other electronic files. Any questions are to be directed to cafrprogram@gfoa.org.

Section II - Legislative and Informational Items (Continued)

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose reputation, their ability to operate efficiently, and proprietary information or assets. Communities can also potentially be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Updated Uniform Chart of Accounts

In April 2017, the State released an updated Uniform Chart of Accounts. Originally, local units of government were expected to comply with the changes beginning with June 30, 2018 year ends. However, the State has extended the deadline for compliance. On April 20, 2020, the State issued a memo that sets an implementation date for fiscal years ending on October 31, 2022 and thereafter. The State has committed to releasing various tools to help local units with implementation, including FAQs and clarification on which accounts should be used when implementing GASB 84. A significant revision to the current version of the chart of accounts will be issued in the future that will incorporate feedback that the Treasury has received. This revision will include significant changes to the expenditure accounts 700-999, which will now mirror the old approach that allowed for various numbers within certain ranges. Going forward, the Treasury will issue the following three documents for any future revisions: a revised chart of accounts, a marked-up version of the chart showing the changes, and a summary of the revisions report. Local units can sign up for alerts at this link: https://public.govdelivery.com/accounts/MITREAS/subscriber/new?gps=MITREAS_1.

Revenue Sharing

Given the ongoing COVID-19 pandemic, there was a slight decline in the state revenue sharing constitutional portion and a much larger decrease in the statutory portion. Overall, the City received \$238,000 less. The COVID-19 impact for the State's 2021 revenue sharing year is obviously very difficult to predict.

Please refer to the Plante Moran COVID-19 resource center discussed above to keep updated on the economic analyses and other up-to-date information related to the pandemic.

Federal Procurement Threshold Changes

The Office of Management and Budget (OMB) has issued significant reforms to the compliance requirements that must be followed by nonfederal entities. The Office of Management and Budget recently issued Memorandum M-18-18, which provides guidance on changes to micropurchases and simplified acquisition threshold requirements. The key changes are as follows:

- Threshold for micropurchases is increased to \$10,000
- Threshold for simplified acquisitions (small purchase procedures limit) increased to \$250,000

Key adoption considerations for micropurchase and simplified acquisition thresholds include the following:

- During the original adoption of UG procurement standards, were specific amounts included within the City procurement policy, or were references to the UG sections or amounts as adjusted referenced? If specific amounts were referenced, the procurement policy will need to be updated to take advantage of the changes.
- If the City's procurement policy was written to allow for changes in amounts, the procedures will need to be updated to conform.

Section II - Legislative and Informational Items (Continued)

- If this change is inconsistent with other procurement policies within the organization, the City must decide how the policy will be enacted. Remember local ordinances in place may limit full utilization of changes.
- If the City has chosen not to fully adopt the change and maintain a lower threshold, then the City is not required to use these thresholds but cannot exceed them.

Upcoming Accounting Standards Requiring Preparation

GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance

This new pronouncement was adopted in May 2020 and is effective immediately. This statement postpones the effective dates of many future pronouncements by a year or more.

GASB Statement No. 84 - Fiduciary Activities

This pronouncement is now effective for the City's 2021 fiscal year. This statement provides criteria for state and local governments to use in identifying whether an activity is fiduciary and should be reported as a fiduciary fund type in its financial statements. In addition, once fiduciary activities are identified, GASB 84 also provides specific reporting requirements.

This statement has the potential to significantly impact what governments currently report as a fiduciary activity. Upon adoption, we anticipate that some governments' fiduciary activities will need to move to governmental funds, while other activities that previously were not considered fiduciary may now be reported as such under certain circumstances. It is also possible that certain pension and OPEB fiduciary funds will no longer be reported in a local unit's financial statements.

Given the potential to have a major impact on many governments, not only to their external financial statements, but also to their accounting system requirements and budget documents, we encourage you to start analyzing the impact of this standard now. The first step to implementation is identifying the types of activities that should be analyzed and then running those activities through the lens of this standard.

GASB Statement No. 87 - Leases

This new accounting pronouncement will be effective for the City's 2022 fiscal year. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

We recommend beginning to accumulate information now related to all significant lease agreements to more efficiently implement this new standard once it becomes effective.

Plante Moran will be providing trainings and other resources to our clients in the coming months in order to help prepare for the implementation of all these new standards. In the interim, please reach out to your engagement team for assistance in getting started.

GASB Statement No. 90 - Majority Equity Interest

This new accounting pronouncement will be effective for the City in fiscal year 2021. This statement requires that governments analyze the holdings of legally separate organizations to see if the ownership of a majority interest in a separate legal organization qualifies as an investment or a component unit.

Section II - Legislative and Informational Items (Continued)

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements

This new accounting pronouncement will be effective for the City in fiscal year 2023. This statement improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It establishes the definitions of public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. The first step to implementation is identifying the types of arrangements that are PPPs and analyzing each of those arrangements through the requirements of this standard. In the interim period prior to the required implementation date, please reach out to your engagement team with any questions or assistance in getting started.