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City of Taylor, Michigan Financial Report with Supplemental Information

City of Taylor, Michigan

Financial Report

with Supplemental Information

June 30, 2022

City of Taylor, Michigan

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Michigan (the "City") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Taylor Housing Commission (a discretely presented component unit), which represents 16 percent and 45 percent, respectively, of the assets and revenue of the discretely presented component units for the year ended June 30, 2022. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Taylor Housing Commission, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As described in Note 1 to the financial statements, in 2022, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which gives guidance on the identification and report of lease activities. Our opinion is not modified with respect to this matter.

As discussed in Note 19 to the financial statements, certain errors resulting in an overstatement of the net other postemployment benefit liability were discovered by the City's management during the current year. Accordingly, an adjustment has been made to the net position as of July 1, 2021 to correct the errors. Our opinion is not modified with respect to this matter.

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

As explained in Note 15, the financial statements include investments valued at \$41,384,185 (approximately 31 percent of the pension and other employee benefit trust funds investments) at June 30, 2022, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund manager of the retirement system investments for the Police and Fire Retirement System. Our opinion has not been modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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To the Honorable Mayor and

Members of the City Council

City of Taylor, Michigan

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Handwritten signature image reading 'Plante & Moran, PLLC' (signature)

December 28, 2022

Management's Discussion and Analysis

Our discussion and analysis of the City of Taylor, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements.

In the City's General Fund, the main operating fund of the City, revenue increased by approximately \$90,000 from 2021, an increase of 0.2 percent.

- **Revenue related to property tax, which is the largest source of revenue, increased in the current year by \$230,000.** Although the City's tax revenue has steadily increased the past few years, the long-term effect of the COVID-19 pandemic on property values is uncertain. If the economy declines, it could result in lower tax revenue in future years.
- **State-shared revenue, which is the City's second largest revenue source, approximated \$8.9 million.** Constitutional and statutory revenue sharing increased by \$634,978, or 7.7 percent, and is primarily driven by the collection of state sales tax. As the State began to lift COVID-19 restrictions, there was an increase in sales tax collections, which resulted in more revenue being disbursed to local communities.
- **Federal grant revenue for the year was approximately \$1,163,000, which is a decrease of approximately \$1,872,000 compared to the prior year.** The decrease was due to one-time grants related to federal CARES Act expenditures that were incurred in the prior year. The City has an allocation of the American Rescue Plan Act (ARPA) federal grant that will be expended in the subsequent years.
- **Other fines and forfeitures revenue decreased by approximately \$890,000 from the prior year amount of \$5.8 million to approximately \$4.9 million for the year ended June 30, 2022.** The amount is attributable to a decrease in ordinance and traffic enforcement due to the low police staffing levels.
- **Other revenue for the year was approximately \$8,620,000, which is an increase of approximately \$1,300,000 compared to the prior year.** The increase was due to a contribution from the Taylor Community Development Corporation based on the disbursement of surplus cash achieved during the year. The annual contribution fluctuates based on the annual surplus cash of the corporation.

The City's General Fund expenditures increased by approximately \$2,600,000 from 2021, an increase of 6.4 percent.

- **Capital outlay, or the one-time purchase of equipment and vehicles, approximated \$1,675,000, which is an increase of \$1,380,000 from the prior year.** The majority of the capital outlay was funded through grants.
- **Risk management expenditures increased by approximately \$430,000.** These expenditures are related to the property/liability insurance premiums paid by the City and settlements paid through litigation.
- **Approximately \$300,000 of the increase in total expenditures was based on repairs completed to the Heritage Park Church, which was damaged by a fire.** The majority of expenditures were paid from insurance proceeds.

The General Fund's change in fund balance (the difference between revenue and expenditures) was a negative \$846,244. The unassigned portion of fund balance slightly increased to \$11,120,731 at June 30, 2022, which is approximately 25.5 percent of total expenditures. Industry best practices often indicate that, in order to achieve financial stability, the City should target an unassigned fund balance range of 15 to 30

percent of annual expenditures, depending on the City's specific financial situation. Due to the uncertainty of the future economic impacts related to the COVID-19 pandemic and the limits on the City's ability to increase revenue, it is imperative that management focus on maintaining appropriate fund balances.

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City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

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

Government-wide Financial Statements

The statement of net position and the statement of activities provide information about the activities of the City on a government-wide basis. They are designed to present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting, similar to a private sector business, so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

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

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

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

Fund Financial Statements

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

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.
- **Proprietary funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks and for its fleet of vehicles. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the

City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include both the pension and other postemployment benefit trust funds and agency funds.

Notes and Other Information

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

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

The City of Taylor, Michigan as a Whole

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$53,492,780	\$51,140,123	\$25,986,947	\$25,074,014	\$79,479,727	\$76,214,137
Capital assets	167,389,719	166,178,872	154,424,572	156,588,605	321,814,291	322,767,477
Total assets	220,882,499	217,318,995	180,411,519	181,662,619	401,294,018	398,981,614
Deferred Outflows of Resources	18,473,228	4,217,940	1,058,730	530,330	19,531,958	4,748,270
Liabilities						
Current liabilities	14,940,882	7,588,842	2,680,249	2,723,678	17,621,131	10,312,520
Noncurrent liabilities	224,143,769	207,508,729	47,528,363	51,190,630	271,672,132	258,699,359
Total liabilities	239,084,651	215,097,571	50,208,612	53,914,308	289,293,263	269,011,879
Deferred Inflows of Resources	7,905,244	42,656,710	1,594,199	3,224,890	9,499,443	45,881,600
Net Position (Deficit)						
Net investment in capital assets	155,816,772	157,602,985	131,566,553	133,768,597	287,383,325	291,371,582
Restricted	22,330,073	14,116,179	4,040,787	4,754,910	26,370,860	18,871,089
Unrestricted	(185,781,013)	(207,936,510)	(5,939,902)	(13,469,756)	(191,720,915)	(221,406,266)
Total net position (deficit)	\$(7,634,168)	\$(36,217,346)	\$129,667,438	\$125,053,751	\$122,033,270	\$88,836,405

The City's combined net position totaled approximately \$122 million, an increase of \$33.2 million from the prior year. Total net position related to the City's governmental activities at the end of the year was a deficit of approximately \$7.6 million, this is a \$28.6 million decrease from the prior year's deficit of approximately \$36.2 million in net position. The change is due to the decrease in the net OPEB and pension liability and related deferred inflows and outflows. The City began to prefund OPEB liabilities in 2019. Those assets will accumulate earnings to be used to fund OPEB obligations. City management has made great strides in addressing the future increases of the OPEB obligation by mandating all newly hired and future city employees participate in a health savings account instead of the more costly retiree health care insurance. Also, for the most part, all future retirees eligible for retiree health care are now required to pay 20 percent cost share.

Approximately \$26 million of the decrease in OPEB liability was related to a correction from the prior year actuary report. The actuary used inaccurate assumptions related to retiree life insurance and participant count data. The error was discovered during the review of the 2022 actuary report. The \$26 million reduction in OPEB liability was accounted for using a prior period adjustment, which restated and increased the beginning of year net position for fiscal year 2022.

City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

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

Category	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$15,733,520	\$15,032,283	\$21,099,884	\$21,727,583	\$36,833,404	\$36,759,866
Operating grants and contributions	11,648,327	12,047,114	-	-	11,648,327	12,047,114
Capital grants and contributions	1,895,930	2,098,600	331,461	1,107,790	2,227,391	3,206,390
General revenue:						
Property taxes	30,180,296	29,376,161	31,191	429,739	30,211,487	29,805,900
State-shared revenue	9,556,966	8,893,384	-	-	9,556,966	8,893,384

Category	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Unrestricted investment earnings	28,189	15,573	12,612	(64,657)	40,801	(49,084)
Miscellaneous revenue:						
Cable franchise fees	244,267	236,965	-	-	244,267	236,965
Sale of capital assets	1,400	-	6,500	-	7,900	-
State grant	7,913,337	7,901,421	147,322	105,574	8,060,659	8,006,995
Total revenue	77,202,232	75,601,501	21,628,970	23,306,029	98,831,202	98,907,530
Program Expenses						
General government	12,102,788	8,706,479	-	-	12,102,788	8,706,479
Public safety	28,610,761	15,647,033	-	-	28,610,761	15,647,033
Public works and capital projects	22,912,682	23,428,347	-	-	22,912,682	23,428,347
Health and welfare	19,483	461,858	-	-	19,483	461,858
Community and economic development	973,245	1,280,373	-	-	973,245	1,280,373
Recreation and culture	6,359,871	3,935,070	-	-	6,359,871	3,935,070
Interest on long-term debt	556,916	532,065	-	-	556,916	532,065
Water	-	-	7,253,664	10,856,605	7,253,664	10,856,605
Sewer	-	-	7,879,137	9,061,866	7,879,137	9,061,866
Golf Courses	-	-	4,789,928	4,518,468	4,789,928	4,518,468
Ecorse Creek	-	-	217,558	270,077	217,558	270,077
Total program expenses	71,535,746	53,991,225	20,140,287	24,707,016	91,676,033	78,698,241
Transfers	-	(183,167)	-	183,167	-	-
Change in Net Position	5,666,486	21,427,109	1,488,683	(1,217,820)	7,155,169	20,209,289
Net Position (Deficit) - Beginning of year (as restated)	(13,300,654)	(57,644,455)	128,178,755	126,271,571	114,878,101	68,627,116
Net Position (Deficit) - End of year	\$(7,634,168)	\$(36,217,346)	\$129,667,438	\$125,053,751	\$122,033,270	\$88,836,405

Governmental Activities

The City's total governmental revenue increased from approximately \$75.6 million to approximately \$77.2 million. The increase is attributed to the \$1.2 million increase in surplus cash contribution from the Taylor Community Development Corporation and increase in state sharing revenue. The City's total governmental expenses increased by approximately \$17.5 million, which is attributable to the increase to the City's net OPEB/pension liabilities compared to the prior year recovery amount.

City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The City's business-type activities consist of the Water, Sewer, Ecorse Creek, and Golf Courses enterprise funds. The City provides water to residents from the Detroit Water System. The City also provides sewage treatment through a sewage treatment plant owned by the Downriver Utility Waste Authority (DUWA), which is governed by the 13 downriver communities. The City operates two outstanding golf courses. The Lakes of Taylor Golf Club is a championship caliber golf course designed to challenge golfers at every level. Taylor Meadows Golf Club is a links style course that is challenging yet still player friendly. Both courses also provide food service and pro shop operations. The Sewer Fund accounts for the activity related to the City's participation in the Downriver Sewage Disposal System.

For all business-type activities in 2022, total revenue decreased by approximately \$1.6 million, and total expenses decreased by approximately \$4.5 million. The reduction in the annual EPA judgment tax revenue, which is no longer being levied, is the main reason for the decrease in revenue. The decrease in expenditures is primarily related to the decrease in the City's net OPEB and pension recoveries compared to the prior year.

The City of Taylor, Michigan's Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City of Taylor, Michigan as a whole. The City creates funds to help manage money for specific purposes and to show accountability for certain activities, such as bond projects. The City's major governmental funds for 2022 are the General Fund and the Police and Fire Retirement Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenses of approximately \$17.2 million, and public works, which incurred expenses of approximately \$4.5 million in 2022. Employee benefit expenses accounted for approximately \$5.8 million. A brief analysis of the general fund is presented below:

General Fund Budgetary Highlights

During the year, the City amended the budget to take into account changes in estimated revenue and expenditures. Overall, the General Fund's budgeted change in fund balance was decreased during the year by approximately \$2.0 million. Approximately \$1.6 million of the decrease was due to reduction in court fines and forfeitures revenue. The traffic and ordinance enforcement citations issued during the fiscal year were much lower due to low staffing levels. The remaining decrease was due to an increase in risk management and capital outlay expenditures.

The City's 2022 actual change in General Fund balance had a positive variance of \$1.6 million compared to the amended budget. Actual state sharing revenue was approximately \$233,000 more than the estimated budget. One-time capital outlay and repair costs were approximately \$694,000 lower than the estimated budget. Some of the capital outlay expenditures were carried over to the subsequent fiscal year.

Capital Assets and Debt Administration

At the end of 2022, the City, including its component units, had approximately \$336 million (net of depreciation) invested in a broad range of capital assets, including buildings, roads, water and sewer lines, parks, and machinery and equipment. The City finances most of its capital improvements through the issuance of long-term debt.

The City's investment in capital assets, net of related debt, decreased from approximately \$291.4 million to approximately \$287.3 million. The component units' investment in capital assets, net of related debt, decreased from \$14.5 million to \$13.2 million. The City's total debt, including the recorded OPEB liability, net pension liability, compensated absences, and nonexchange financial guarantees, was approximately \$282.0 million, including approximately \$10.3 million of component unit debt. Expected fiscal year 2023 debt service payments on all interest-bearing long-term obligations inclusive of interest are approximately \$6.8 million for the City and component units in total. The overall debt, while manageable and well within legal limits, should be monitored and, when possible, reduced to ensure long-term financial stability of the City.

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City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. While the COVID-19 pandemic could have an adverse effect on the City's operations over time, no impairments were recorded as of the statement of net position/balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Municipal revenue opportunities are systematically limited by state law and the current economic conditions, so the General Fund budget continues to depend on uncertain revenue, such as state-shared revenue, cable franchise fees, court fines, and charges for services. With revenue limited, the City understands the need to continue to control expenditure budgets very closely.

The City's unfunded OPEB liability was reduced during the year but remains high. In accordance with Public Act 202 of 2017, the City has filed a corrective action plan for underfunded status with the State of Michigan and is committed to reduce OPEB costs. The City started to prefund OPEB liabilities in 2019 and had made the required annual contributions in accordance with the corrective action plan.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the city clerk's office at 23555 Goddard Road, Taylor, MI 48180.

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Page 13 is complex and may be difficult to understand. This page is a dense financial statement with very small text, grouped column headers, many subtotal rows, and nested liability categories, which creates a moderate-to-high risk that a screen reader user could lose the table structure. I used a real HTML table with grouped headers, row headers, and explicit section rows to preserve reading order and improve navigation. If you need help understanding this page, please use the live assistance options in the sidebar.

Basic Financial Statements

Government-wide Financial Statements — Statement of Net Position

City of Taylor, Michigan

June 30, 2022

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets				
Cash and investments (Note 3)	\$31,883,376	\$16,446,597	\$48,329,973	\$18,294,821
Receivables:				
Property taxes	18,037	-	18,037	-
Special assessments receivable	114,044	-	114,044	-
Customers	-	5,252,719	5,252,719	-
Leases receivable	246,918	-	246,918	-
Other	4,977,840	39,228	5,017,068	1,183,082
Due from other governmental units	4,440,625	109,679	4,550,304	-
Due from component units	238,586	-	238,586	165,095
Due from primary government	-	-	-	32,200
Internal balances (Note 6)	(183,500)	183,500	-	-
Inventory	-	294,448	294,448	-
Prepaid expenses and other assets	135,414	645	136,059	2,515
Current portion of restricted assets (Note 8)	-	958,325	958,325	-
Restricted assets (Note 8)	11,508,375	2,701,806	14,210,181	-
Properties held for sale	113,065	-	113,065	-
Capital assets: (Note 5)				
Assets not subject to depreciation	41,895,220	3,782,130	45,677,350	13,944,722
Assets subject to depreciation - Net	125,494,499	150,642,442	276,136,941	421,164
Total assets	220,882,499	180,411,519	401,294,018	34,043,599
Deferred Outflows of Resources				
Other deferred outflows	-	-	-	27,796
Pension deferred outflows (Notes 4 and 13)	9,979,761	-	9,979,761	-
Deferred OPEB costs (Notes 4 and 10)	8,493,467	1,058,730	9,552,197	-
Total deferred outflows of resources	18,473,228	1,058,730	19,531,958	27,796
Liabilities				
Accounts payable	5,627,630	2,073,833	7,701,463	423,236
Due to other governmental units	810,586	24,197	834,783	17,712
Due to component units	32,200	-	32,200	165,095
Due to primary government	-	-	-	238,586
Accrued liabilities and other	3,369,149	580,092	3,949,241	293,891
Unearned revenue	5,101,317	2,127	5,103,444	743,673
Tenant security deposits	-	-	-	29,862
Noncurrent liabilities:				
Due within one year:				
Current portion of compensated absences (Note 7)	802,912	89,092	892,004	-
Liabilities payable from restricted assets	-	958,325	958,325	-
Nonexchange financial guarantee (Note 7)	-	214,122	214,122	-
Current portion of bonds and contracts payable (Note 7)	2,819,508	549,422	3,368,930	745,522
Due in more than one year:				
Compensated absences (Note 7)	1,645,661	153,988	1,799,649	-
Workers' compensation (Notes 7 and 9)	532,367	-	532,367	-
Net pension liability (Note 13)	100,176,856	9,010,878	109,187,734	378,969
Net OPEB liability (Note 10)	97,892,151	12,216,561	110,108,712	-
Long-term debt - Net of current portion (Note 7)	20,261,814	22,308,597	42,570,411	9,223,901
Nonexchange financial guarantee (Note 7)	12,500	2,027,378	2,039,878	-
Total liabilities	239,084,651	50,208,612	289,293,263	12,260,447

See notes to financial statements.

Additional content from previous item (Government-wide Financial Statements — Statement of Net Position):

City of Taylor, Michigan

Statement of Net Position (Continued)
June 30, 2022

Description	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Deferred Inflows of Resources				
Deferred inflows related to pension (Notes 4 and 13)	\$5,461,590	\$1,320,124	\$6,781,714	-
Deferred inflows related to OPEB (Notes 4 and 10)	2,198,718	274,075	2,472,793	-
Leases	244,936	-	244,936	-
Total deferred inflows of resources	7,905,244	1,594,199	9,499,443	-
Net Position (Deficit)				
Net investment in capital assets	155,816,772	131,566,553	287,383,325	14,365,886
Restricted:				
Roads	5,385,334	-	5,385,334	-
Drug forfeiture	1,864,424	-	1,864,424	-
Library	872,452	-	872,452	-
Special millage	4,993,840	-	4,993,840	-
Grants	1,404,401	-	1,404,401	-
Debt service	-	3,660,131	3,660,131	-
Sewer grant expenses	-	380,656	380,656	-
HAP restricted	-	-	-	127,798
Building	214,798	-	214,798	-
Capital projects	7,594,824	-	7,594,824	-
Unrestricted	(185,781,013)	(5,939,902)	(191,720,915)	7,317,264
Total net position (deficit)	\$(7,634,168)	\$129,667,438	\$122,033,270	\$21,810,948

See notes to financial statements.

Page 15 is complex and may be difficult to understand. This page contains a dense financial statement table with nested groupings, accounting-style symbols, and small text, plus several labels near the bottom that appear without corresponding amounts on this page. Accessibility was improved by converting the layout into a structured data table with explicit headers and row labels, but the page remains moderately high risk for screen reader users because it is a partial statement and some items continue beyond the visible page content. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Government-wide Financial Statements — Statement of Activities

Functions/Programs	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$12,102,788	\$7,108,312	\$169,906	\$6,702
District court	-	-	465,846	-
Public safety	28,610,761	3,982,206	444,343	-
Public works	22,912,682	2,243,074	7,530,699	1,605,728
Health and welfare	19,483	-	1,238,330	-
Community and economic development	973,245	907,581	1,563,656	-
Recreation and culture	6,359,871	1,492,347	235,547	283,500
Interest on long-term debt	556,916	-	-	-
Total governmental activities	71,535,746	15,733,520	11,648,327	1,895,930
Business-type activities:				
Water	7,253,664	10,059,144	-	70,703
Sewer	7,879,137	7,261,347	-	70,703
Golf Courses	4,789,928	3,533,360	-	190,055
Nonmajor Enterprise	217,558	246,033	-	-
Total business-type activities	20,140,287	21,099,884	-	331,461

Functions/Programs	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions
Total primary government	\$91,676,033	\$36,833,404	\$11,648,327	\$2,227,391
Component units	\$11,161,303	\$833,058	\$6,664,738	-

General revenue:

- Taxes - Property taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Gain on sale of capital assets
- Other miscellaneous income

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year, as restated (Note 19)

Net Position (Deficit) - End of year

See notes to financial statements.

Statement of Activities
Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position

	Primary Government		Total	Component Units
Governmental activities	Business-type activities			
(blank label)	\$(4,817,868)	\$-	\$(4,817,868)	-
(unlabeled)	465,846	-	465,846	-
(unlabeled)	(24,184,212)	-	(24,184,212)	-
(unlabeled)	(11,533,181)	-	(11,533,181)	-
(unlabeled)	1,218,847	-	1,218,847	-
(unlabeled)	1,497,992	-	1,497,992	-
(unlabeled)	(4,348,477)	-	(4,348,477)	-
(unlabeled)	(556,916)	-	(556,916)	-
Total net (expense)	(42,257,969)	-	(42,257,969)	-
Program revenue - charges for services	2,876,183	2,876,183	-	-
Operating grants and contributions	(547,087)	(547,087)	-	-
Capital grants and contributions	(1,066,513)	(1,066,513)	-	-
(other program revenue)	28,475	28,475	-	-
Total program revenue	1,291,058	1,291,058	-	-
Net (expense) revenue	(42,257,969)	1,291,058	(40,966,911)	-
(special item or extraordinary item)	-	-	-	(3,663,507)
General revenue: Property taxes	30,180,296	31,191	30,211,487	8,110,432
State-shared revenue	9,556,966	-	9,556,966	598,925
Investment earnings	28,189	12,612	40,801	12,093
Miscellaneous	244,267	-	244,267	-

	Primary Government		Total	Component Units
Governmental activities	Business-type activities			
Gain on sale of capital assets	1,400	6,500	7,900	-
Contributions to permanent funds	7,913,337	147,322	8,060,659	470,961
Total general revenues	47,924,455	197,625	48,122,080	9,192,411
Transfers	5,666,486	1,488,683	7,155,169	5,528,904
Change in net position	(13,300,654)	128,178,755	114,878,101	16,282,044
Net position - beginning	\$(7,634,168)	\$129,667,438	\$122,033,270	\$21,810,948

(All dollar amounts are shown in whole dollars)

Page 17 is complex and may be difficult to understand. This page is a dense financial statement with a large multi-column table, many subtotal and section rows, and numerous dash entries that can be ambiguous for screen reader users. Accessibility was improved by converting the layout into a semantic HTML table with explicit column headers, row labels, section headers, and aria-labels on dash cells to indicate no amount reported. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Fund Financial Statements — Governmental Funds — Balance Sheet

Description	Governmental Funds Balance Sheet June 30, 2022			
	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Total
Assets				
Cash and investments (Note 3)	\$19,199,259	\$199,374	\$12,484,743	\$31,883,376
Receivables - Net:				
Property taxes	6,272	6,023	5,742	18,037
Special assessments receivable	114,044	-	-	114,044
Leases receivable	246,918	-	-	246,918
Other	4,713,599	-	264,241	4,977,840
Due from other governmental units	2,687,956	-	1,752,669	4,440,625
Due from component units (Note 6)	238,586	-	-	238,586
Due from other funds (Note 6)	4,198,191	653,720	3,034,765	7,886,676
Prepaid expenses and other assets	131,820	-	1,968	133,788
Restricted assets	-	-	11,508,375	11,508,375
Properties held for sale	-	-	113,065	113,065
Total assets	\$31,536,645	\$859,117	\$29,165,568	\$61,561,330
Liabilities				
Accounts payable	\$1,358,975	\$257,886	\$4,010,769	\$5,627,630
Due to other governmental units	458,513	180,375	171,698	810,586
Due to component units (Note 6)	32,200	-	-	32,200
Due to other funds (Note 6)	4,219,452	34,549	3,816,175	8,070,176
Accrued liabilities and other	2,972,092	59,221	108,956	3,140,269
Unearned revenue	5,082,947	-	18,370	5,101,317
Total liabilities	14,124,179	532,031	8,125,968	22,782,178
Deferred Inflows of Resources				
Unavailable revenue	4,032,696	-	248,006	4,280,702
Leases	244,936	-	-	244,936
Total deferred inflows of resources	4,277,632	-	248,006	4,525,638
Fund Balances				
Nonspendable - Prepaid expenses	131,820	-	1,968	133,788

Description	General Fund	Police and Fire Retirement Fund	Nonmajor Funds	Total
Restricted:				
Roads	-	-	5,385,334	5,385,334
Drug forfeiture	-	-	1,864,424	1,864,424
Grants	682,283	-	359,526	1,041,809
Capital projects	-	-	7,594,824	7,594,824
Special millage	-	327,086	4,575,014	4,902,100
Building	-	-	214,798	214,798
Library	-	-	795,706	795,706
Assigned - Subsequent year's budget	1,200,000	-	-	1,200,000
Unassigned	11,120,731	-	-	11,120,731
Total fund balances	13,134,834	327,086	20,791,594	34,253,514
Total liabilities, deferred inflows of resources, and fund balances	\$31,536,645	\$859,117	\$29,165,568	\$61,561,330

See notes to financial statements.

Fund Financial Statements — Governmental Funds — Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

Description	Amount
Fund Balances Reported in Governmental Funds	\$ 34,253,514
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds	167,389,719
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	4,280,702
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(23,081,322)
Accrued interest is not due and payable in the current period and is not reported in the funds	(228,880)
Prepaid interest on long-term debt is not reported in the funds	1,626
Prepaid interest on long-term debt is not reported in the funds - Nonexchange financial guarantee	(12,500)
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	(2,448,573)
Pension benefits	(95,658,685)
Retiree health care benefits	(91,597,402)
Workers' compensation claims	(532,367)
Net Position (Deficit) of Governmental Activities	\$ (7,634,168)

See notes to financial statements.

General Fund Police and Fire Retirement Fund Nonmajor Funds Governmental Funds

	Revenue			
Property taxes	\$11,266,013	\$10,256,779	\$10,307,238	\$31,830,030
Charges for services	4,252,755	-	934,592	5,187,347
Intergovernmental:				
Federal grants	1,162,831	-	1,127,222	2,290,053
State-shared revenue and grants	9,646,236	121,744	8,480,862	18,248,842
Licenses and permits	1,247,706	-	1,919,511	3,167,217
Fines and forfeitures	4,892,317	-	10,462	4,902,779
Rental income	1,176,521	-	-	1,176,521
Interest income	7,532	3,083	20,819	31,434
DMA/911 and other revenue	8,628,435	-	338,248	8,966,683
Total revenue	42,280,346	10,381,606	23,138,954	75,800,906
			Expenditures	
Current services:				
General government	10,446,212	-	389,745	10,835,957
Employee benefits	5,829,664	10,710,751	-	16,540,415
Public safety	17,170,543	-	-	17,170,543
Public works and capital projects	4,546,775	-	22,667,228	27,214,003
Community development	395,755	-	172,201	567,956
Recreation and culture	3,074,013	-	1,072,431	4,146,444
Capital outlay	1,675,691	-	1,001,178	2,676,869
Debt service:				
Principal	474,205	-	2,210,000	2,684,205
Interest and fiscal charges	31,937	-	680,310	712,247
Total expenditures	43,644,795	10,710,751	28,193,093	82,548,639
Excess of Expenditures Over Revenue	(1,364,449)	(329,145)	(5,054,139)	(6,747,733)
			Other Financing Sources (Uses)	
Transfers in (Note 6)	48,856	-	4,568,436	4,617,292
Transfers out (Note 6)	(40,331)	-	(4,576,961)	(4,617,292)
Leases entered into	509,680	-	-	509,680
Sale of capital assets	-	-	1,400	1,400
Total other financing sources (uses)	518,205	-	(7,125)	511,080
Net Change in Fund Balances	(846,244)	(329,145)	(5,061,264)	(6,236,653)
Fund Balances - Beginning of year	13,981,078	656,231	25,852,858	40,490,167
Fund Balances - End of year	\$13,134,834	\$327,086	\$20,791,594	\$34,253,514

See notes to financial statements.

Fund Financial Statements — Governmental Funds — Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds \$ (6,236,653)

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	12,209,906
Depreciation and amortization expense	(10,876,283)
Net book value of assets disposed of	(122,776)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available 1,093,868

Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position (509,679)

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt) 2,683,017

Interest expense is recognized in the government-wide statements as it accrues (100,672)

Amortization of bond premium liabilities and deferred costs of financing are reported as expense in the governmental funds when issued 256,867

Changes in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment 643,011

Increase in estimated workers' compensation liability is recorded in the statement of activities (52,124)

Changes in the net OPEB liability and the deferred inflows and outflows related to OPEB are not included in governmental funds 3,196,361

Changes in the net pension liability and the deferred inflows and outflows related to pension are not included in governmental funds 1,343,005

Prepaid interest on long-term debt is reported as an expense when paid in the governmental funds (862)

Decrease in nonexchange financial guarantee 2,139,500

Change in Net Position of Governmental Activities \$ 5,666,486

See notes to financial statements.

See notes to financial statements. 17

Page 21 is complex and may be difficult to understand. This page is a dense financial statement with very small text, multiple section breaks, and many similar currency values across five fund columns, which increases the risk of row or column confusion for screen reader users. I converted it into a single structured HTML table with explicit column headers, row headers, and section labels to improve navigability and reduce ambiguity. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Fund Financial Statements — Proprietary Funds — Statement of Net Position

June 30, 2022

Description	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Assets					
Current assets:					
Cash and investments (Note 3)	\$7,455,632	\$6,029,247	\$889,691	\$2,072,027	\$16,446,597
Receivables	2,910,685	2,403,613	29,617	57,711	5,401,626
Due from other funds (Note 6)	1,071,970	424,899	250	14,244	1,511,363
Inventory	163,156	9,688	121,604	-	294,448
Prepaid expenses and other assets	-	-	645	-	645
Current portion of restricted assets (Note 8)	-	958,325	-	-	958,325
Total current assets	11,601,443	9,825,772	1,041,807	2,143,982	24,613,004
Noncurrent assets:					
Restricted assets (Note 8)	-	2,701,806	-	-	2,701,806
Capital assets: (Note 5)					
Assets not subject to depreciation	233,717	134,369	3,414,044	-	3,782,130
Assets subject to depreciation - Net	31,858,250	107,383,636	9,051,374	2,349,182	150,642,442
Total noncurrent assets	32,091,967	110,219,811	12,465,418	2,349,182	157,126,378
Total assets	43,693,410	120,045,583	13,507,225	4,493,164	181,739,382
Deferred Outflows of Resources					
Deferred OPEB costs	446,232	147,928	464,570	-	1,058,730
Liabilities					
Current liabilities:					
Accounts payable	1,128,136	723,492	222,205	-	2,073,833
Due to other governmental units	-	2,832	21,365	-	24,197

Line item	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Operating Revenue					
Water sales	\$8,761,739	-	-	-	\$8,761,739
Sewage disposal charges	-	6,395,263	-	-	6,395,263
Charges for services	1,297,405	866,084	2,309,512	246,033	4,719,034
Sale of merchandise	-	-	1,223,848	-	1,223,848
Total operating revenue	10,059,144	7,261,347	3,533,360	246,033	21,099,884
Operating Expenses					
Cost of water operations	5,969,447	-	-	-	5,969,447
Cost of sewage treatment	-	5,097,585	-	-	5,097,585
Ecorse Creek user charge system	-	-	-	135,920	135,920
Cost of sales	-	-	736,208	-	736,208
Cost of operating and maintenance	-	-	1,263,058	-	1,263,058
General and administrative	1,692,868	469,758	1,214,792	-	3,377,418
Pension and OPEB (recovery) expense	(1,644,690)	(855,151)	853,164	-	(1,646,677)
Depreciation and amortization	1,236,039	2,124,310	716,131	57,765	4,134,245
Total operating expenses	7,253,664	6,836,502	4,783,353	193,685	19,067,204
Operating Income (Loss)	2,805,480	424,845	(1,249,993)	52,348	2,032,680
Nonoperating Revenue (Expenses)					
Property tax revenue	-	31,191	-	-	31,191
Investment income	2,664	8,004	16	1,928	12,612
Interest expense	-	(829,670)	(6,575)	(23,873)	(860,118)
Brownfield debt guarantee	-	(212,965)	-	-	(212,965)
Gain on sale of assets	6,500	-	-	-	6,500
Other nonoperating revenue	134,913	12,159	250	-	147,322
Total nonoperating revenue (expenses)	144,077	(991,281)	(6,309)	(21,945)	(875,458)
Income (Loss) - Before donated assets	2,949,557	(566,436)	(1,256,302)	30,403	1,157,222
Donated Assets	70,703	70,703	190,055	-	331,461
Change in Net Position	3,020,260	(495,733)	(1,066,247)	30,403	1,488,683
Net Position - Beginning of year, as restated (Note 19)	26,271,853	89,328,610	8,771,237	3,807,055	128,178,755
Net Position - End of year	\$29,292,113	\$88,832,877	\$7,704,990	\$3,837,458	\$129,667,438

See notes to financial statements.

Page 24 is complex and may be difficult to understand. This page is a dense financial statement with a multi-section table, small text, and many negative amounts and subtotals that could be difficult for a screen reader user to follow if left as a visual layout. I converted the page into a structured HTML table with explicit headers, section rows, and labeled subtotal lines to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Fund Financial Statements — Proprietary Funds — Statement of Cash Flows

Year Ended June 30, 2022

Cash flow item	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Cash Flows from Operating Activities					
Receipts from customers	\$10,194,926	7,343,689	3,561,772	234,064	21,334,451
Interfund activity - (Payments to) receipts from other funds	(179,083)	6,364	17,639	333	(154,747)
Payments to suppliers	(5,862,490)	(5,002,078)	(2,001,190)	(178,154)	(13,043,912)
Payments to employees and fringes	(2,374,689)	(862,123)	(1,234,501)	-	(4,471,313)
Net cash and cash equivalents provided by operating activities	1,778,664	1,485,852	343,720	56,243	3,664,479
Cash Flows from Noncapital Financing Activities					
Operating grants and subsidies	-	7,009	-	-	7,009
Brownfield debt guarantee	(70,703)	(70,703)	-	-	(141,406)

Cash flow item	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
Net cash and cash equivalents used in noncapital financing activities	(70,703)	(63,694)	-	-	(134,397)
Cash Flows from Capital and Related Financing Activities					
Receipt of grants	27,817	73,270	250	-	101,337
Proceeds from sale of capital assets	6,500	-	-	-	6,500
Property taxes	-	17,569	-	-	17,569
Purchase of capital assets	(215,730)	(97,875)	-	-	(313,605)
Principal and interest paid on capital debt	-	(1,937,073)	(122,041)	(210,712)	(2,269,826)
Net cash and cash equivalents used in capital and related financing activities	(181,413)	(1,944,109)	(121,791)	(210,712)	(2,458,025)
Cash Flows Provided by Investing Activities - Interest received on investments	2,664	8,004	16	1,928	12,612
Net Increase (Decrease) in Cash and Cash Equivalents	1,529,212	(513,947)	221,945	(152,541)	1,084,669
Cash and Cash Equivalents - Beginning of year	5,926,420	10,203,325	667,746	2,224,568	19,022,059
Cash and Cash Equivalents - End of year	\$7,455,632	\$9,689,378	\$889,691	\$2,072,027	\$20,106,728
Classification of Cash and Cash Equivalents					
Cash and investments	\$7,455,632	6,029,247	889,691	2,072,027	16,446,597
Restricted cash - Noncurrent	-	2,701,806	-	-	2,701,806
Restricted cash - Current	-	958,325	-	-	958,325
Total cash and cash equivalents	\$7,455,632	\$9,689,378	\$889,691	\$2,072,027	\$20,106,728

See notes to financial statements.

City of Taylor, Michigan

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

Year Ended June 30, 2022

Additional content from previous statement of cash flows.

Description	Enterprise Funds				Total
	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$2,805,480	\$424,845	\$(1,249,993)	\$52,348	\$2,032,680
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,236,039	2,124,310	716,131	57,765	4,134,245
Changes in assets and liabilities:					
Receivables	135,782	82,342	28,415	(11,969)	234,570
Due to and from other funds	(179,083)	6,364	17,639	333	(154,747)
Inventories	(31,523)	(5,266)	(4,731)	-	(41,520)
Prepaid and other assets	49,498	49,498	827	-	99,823
Net pension or OPEB asset	1,629,327	549,260	(19,709)	-	2,158,878
Accounts payable	20,436	15,224	1,977	(42,234)	(4,597)
Net pension or OPEB liability	-	-	1,015,626	-	1,015,626
Net pension or OPEB liability and deferrals	(3,887,292)	(1,760,725)	(162,462)	-	(5,810,479)
Total adjustments	(1,026,816)	1,061,007	1,593,713	3,895	1,631,799
Net cash and cash equivalents provided by operating activities	\$1,778,664	\$1,485,852	\$343,720	\$56,243	\$3,664,479
Significant Noncash Transactions - Donor assets					
Description	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total
Significant Noncash Transactions - Donor assets	\$70,703	\$70,703	\$190,055	-	\$331,461

Noncash Capital and Related Financing Activities - During the current year, debt was issued on behalf of the City in the amount of \$1,466,554 for construction related to the Downriver Utility Wastewater System. There was also a decrease in the City's debt of \$170,931 due to a decrease in the City's allocation of the Downriver Utility Wastewater System debt due to a decrease in the City's sewage flow compared to the total sewage flow of the system.

See notes to financial statements.

Fund Financial Statements — Fiduciary Funds — Statement of Fiduciary Net Position

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
	Assets		
Cash and cash equivalents	\$3,544,580	\$1,605,534	\$5,150,114
Investments:			
Pooled investments	4,123,596	-	4,123,596
U.S. government securities	1,668,048	-	1,668,048
Agency securities	540,201	-	540,201
Common and preferred stocks	54,330,648	-	54,330,648
Corporate bonds	2,504,008	-	2,504,008
Mutual funds	27,905,176	-	27,905,176
Partnerships	41,384,185	-	41,384,185
Receivables	482,849	107,685	590,534
Total assets	136,483,291	1,713,219	138,196,510
	Liabilities		
Due to other governmental units	-	1,479,600	1,479,600
Other current liabilities	-	233,619	233,619
Total liabilities	-	1,713,219	1,713,219
	Net Position		
Restricted:			
Pension	132,104,695	-	132,104,695
Postemployment benefits other than pension	4,378,596	-	4,378,596
Total net position	\$136,483,291	\$-	\$136,483,291

See notes to financial statements.

Fund Financial Statements — Fiduciary Funds — Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Statement of Changes in Fiduciary Net Position		
Description	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
	Additions		
Investment income (loss):			
Interest and dividends	\$5,081,722	-	\$5,081,722
Net decrease in fair value of investments	(20,892,603)	-	(20,892,603)
Investment costs	(608,313)	-	(608,313)
Net investment loss	(16,419,194)	-	(16,419,194)
Contributions:			
Employer contributions	14,044,091	-	14,044,091
Employee contributions	769,179	-	769,179
Total contributions	14,813,270	-	14,813,270
Property tax collections for other governments	-	43,357,087	43,357,087
Fines and fees	-	596,649	596,649
Total additions	(1,605,924)	43,953,736	42,347,812
	Deductions		

Description	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Benefit payments	23,024,588	-	23,024,588
Administrative expenses	81,031	-	81,031
Tax distributions to other governments	-	43,357,087	43,357,087
Disbursements to state	-	559,882	559,882
Disbursements to county	-	36,767	36,767
Total deductions	23,105,619	43,953,736	67,059,355
Net Decrease in Fiduciary Net Position	(24,711,543)	-	(24,711,543)
Net Position - Beginning of year	161,194,834	-	161,194,834
Net Position - End of year	\$136,483,291	\$-	\$136,483,291

See notes to financial statements.

Page 28 is complex and may be difficult to understand. This page is a dense multi-column financial statement with small text, accounting notation, and sectioned rows, which increases the chance a screen reader user could lose track of row-to-column relationships. I converted it into a structured HTML table with explicit column headers, row headers, grouped section labels, and the Housing Commission footnote to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Fund Financial Statements — Component Units — Statement of Net Position

June 30, 2022

Description	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
Assets						
Cash and investments (Note 3)	\$1,070,958	\$11,119,489	\$1,821,658	\$96,422	\$4,186,294	\$18,294,821
Accounts receivable - Due from component units	-	426,426	743,673	-	12,983	1,183,082
Due from primary government	310	102,171	28,347	34,577	-	165,095
Prepaid expenses and other assets	-	-	-	-	-	32,200
Capital assets: (Note 5)						
Assets not subject to depreciation	17,745	12,220,416	77,187	869,375	759,999	13,944,722
Assets subject to depreciation - Net	-	-	-	-	421,164	421,164
Total assets	1,089,013	23,868,502	2,670,865	1,032,264	5,382,955	34,043,599
Deferred Outflows of Resources	-	-	-	-	27,796	27,796
Liabilities						
Accounts payable - Due to other governmental units	-	367,112	5,083	81	50,960	423,236
Due to component units	17,712	-	-	-	-	17,712
Due to primary government	102,171	28,347	34,577	-	-	165,095
Accrued liabilities and other	-	236,699	-	1,887	-	238,586
Unearned revenue	7,254	-	244,063	-	42,574	293,891
Tenant security deposits	-	-	743,673	-	-	743,673
Noncurrent liabilities:	-	-	-	-	29,862	29,862

Description	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
Due within one year (Note 7)	-	-	745,522	-	-	745,522
Due in more than one year (Note 7)	-	-	9,223,901	-	378,969	9,602,870
Total liabilities	127,137	632,158	10,996,819	1,968	502,365	12,260,447
Net Position (Deficit)						
Net investment in capital assets	17,745	12,220,416	77,187	869,375	1,181,163	14,365,886
Restricted - HAP payment	-	-	-	-	127,798	127,798
Unrestricted	944,131	11,015,928	(8,403,141)	160,921	3,599,425	7,317,264
Total net position (deficit)	\$961,876	\$23,236,344	\$(8,325,954)	\$1,030,296	\$4,908,386	\$21,810,948

*Balances are as of March 31, 2022 for the Housing Commission.

See notes to financial statements.

Page 29 is complex and may be difficult to understand. This page is a dense financial statement with small text and a wide table, and some right-side numeric content is not fully visible in the supplied PDF, increasing the risk of missing context for screen-reader users. I used semantic table headers, clear row labels, and separated the visible general revenue items into readable text to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Fund Financial Statements — Component Units — Statement of Activities

Functions/Programs	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
Local Development Financing Authority	\$-	\$-	\$-	\$-
Tax Increment Financing Authority	3,248,475	-	-	-
Brownfield Redevelopment Authority	277,639	-	-	-
Downtown Development Authority	59,543	-	-	-
Housing Commission	7,575,646	833,058	6,664,738	-
Total component units	\$11,161,303	\$833,058	\$6,664,738	\$-

General revenue:

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

Total general revenue

Transfers

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

See notes to financial statements.

Page 30 is complex and may be difficult to understand. This page is a continuation of a large financial table in very small text, and the row descriptions are not visible on this page because they continue from the previous page. To reduce screen reader confusion, the content was

preserved in a real HTML table with a caption and explanatory note, but understanding still depends on the prior page for full row context. If you need help understanding this page, please use the live assistance options in the sidebar.

Additional content from previous item: Continuation of the Component Units Statement of Activities table from the previous page.

**Component Units
Statement of Activities**

Year Ended June 30, 2022

The visible portion of this page shows the continuation of the table section titled **Net (Expense) Revenue and Changes in Net Position**. Descriptive row labels are not visible on this page image because the table continues from the previous page, so the values below are presented in the exact visible row order.

Net (Expense) Revenue and Changes in Net Position					
Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission	Total
\$-	\$-	\$-	\$-	\$-	\$-
-	(3,248,475)	-	-	-	(3,248,475)
-	-	(277,639)	-	-	(277,639)
-	-	-	(59,543)	-	(59,543)
-	-	-	-	(77,850)	(77,850)
-	(3,248,475)	(277,639)	(59,543)	(77,850)	(3,663,507)
89,438	7,029,405	364,075	627,514	-	8,110,432
-	598,925	-	-	-	598,925
888	8,856	1,219	567	563	12,093
-	429,926	41,035	-	-	470,961
90,326	8,067,112	406,329	628,081	563	9,192,411
-	(28,347)	569,047	(540,700)	-	-
90,326	4,790,290	697,737	27,838	(77,287)	5,528,904
871,550	18,446,054	(9,023,691)	1,002,458	4,985,673	16,282,044
\$961,876	\$23,236,344	\$(8,325,954)	\$1,030,296	\$4,908,386	\$21,810,948

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Blended Component Units

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

Discretely Presented Component Units

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

Downtown Development Authority

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

the mayor and confirmed by the City Council. In addition, the DDA's budget is subject to approval by the City Council.

Local Development Financing Authority and Tax Increment Financing Authority

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

Brownfield Redevelopment Authority

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

Housing Commission

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

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Note 1 - Significant Accounting Policies (Continued)

Fiduciary Component Units

23rd District Court

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

Police and Fire Retirement System

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

Retiree Health Care Plan

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

Jointly Governed Organization

Downriver Utility Wastewater Authority

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

The City's share of capital assets, restricted assets for debt service (see Note 8), and related debt is recorded in the Water and Sewer funds. The City has been allocated approximately \$21.2 million in debt for operations of the System and paid \$1.6 million in the current year for debt service. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial statements for the joint venture can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

Accounting and Reporting Principles

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report

information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

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

Governmental Funds

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

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

Interfund Activity

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

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash and Cash Equivalents

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

Note 1 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Depreciable Life - Years

Asset class	Years
Roads and sidewalks	10-65
Buildings	15-50
Sanitary sewer system	15-50
Water mains and meters	15-67

Asset class	Years
Improvements other than buildings	20
Vehicles	4-10
Machinery and equipment	2-20
Furniture and fixtures	10-20

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

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Note 1 - Significant Accounting Policies (Continued)

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

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Note 1 - Significant Accounting Policies (Continued)

Property Tax Revenue

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

The City's 2021 property tax revenue was levied and collectible on July 1, 2021 and is recognized as revenue in the year ended June 30, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the City totaled \$1,410,055,461 (a portion of which is abated and a portion of which is captured by the TIFA, BRDA, LDFA, and DDA), on which taxes levied consisted of 8.3958 mills for operating purposes, 0.8835 mills for library services, 9.0154 mills for public safety pension, 2.2558 mills for disposal authority, 2.6591 mills for garbage and rubbish services, 0.0370 mills for publicity services, and 2.7000 mills for the building authority. This resulted in approximately \$9,497,000 for operating purposes, \$1,006,000 for library services, \$10,236,000 for public safety pension, \$2,561,000 for disposal authority, \$3,010,000 for garbage and rubbish services, \$42,000 for publicity services, and \$3,726,000 for the building authority. These amounts are recognized in the respective General Fund, special revenue funds, and debt service funds financial statements as tax revenue.

Pension

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

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

Other Postemployment Benefit Costs

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

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

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Compensated absences will be liquidated primarily by the General, Water, and Sewer funds.

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Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

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

Use of Estimates

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

Leases

The City is a lessee for noncancelable lease of a vehicle. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The City recognizes lease assets and liabilities with an initial value of \$1,187.

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

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

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

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

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City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

Upcoming Accounting Pronouncements

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

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.

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.

Note 1 - Significant Accounting Policies (Continued)

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

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*. As a result, the General Fund now includes receivables for the present value of payments expected to be received and paid and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 18. The financial statements for the year ended June 30, 2021 were not restated in order to adopt GASB Statement No. 87.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except that operating transfers, debt proceeds, bond premiums, and sales of fixed assets have been included in the revenue and/or expenditure categories rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end. The annual budget is prepared by the City's management and adopted by the City Council; subsequent amendments are approved by the City Council.

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

Note 3 - Deposits and Investments

Fund Deficits

The component units are presented on the full accrual basis in the basic financial statements, resulting in a deficit on that basis in the Brownfield Redevelopment Authority. The Golf Courses, Sewer, and Water funds also have unrestricted net position deficits as of June 30, 2022, but total net position is positive.

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase;

obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

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

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

Custodial credit risk of bank deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$62,138,777 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had bank deposits of \$13,262,102 that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest rate risk

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

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Page 42 is complex and may be difficult to understand. This page has moderately high complexity because it contains two dense financial tables with small text, grouped labels, and multiple numeric columns that are easy to misread in image form. I converted the content into structured HTML tables with captions, explicit headers, and row-group labeling to improve screen-reader navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 3 - Deposits and Investments (Continued)

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

	Police and Fire Retirement System				
Police and Fire Retirement System	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$2,504,008	\$95,289	\$1,490,568	\$883,552	\$34,599
U.S. government securities	1,668,048	-	1,429,580	238,468	-
Agency securities	540,201	-	-	183,098	357,103
Total	\$4,712,257	\$95,289	\$2,920,148	\$1,305,118	\$391,702

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Police and Fire Retirement System			
Corporate bonds	\$159,135	A1	Moody's
Corporate bonds	318,848	A2	Moody's
Corporate bonds	177,674	A3	Moody's
Corporate bonds	59,442	AA3	Moody's
Corporate bonds	340,301	AAA	Moody's
Corporate bonds	122,013	BA1	Moody's

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	100,204	BA2	Moody's
Corporate bonds	150,269	BA3	Moody's
Corporate bonds	412,062	BAA1	Moody's
Corporate bonds	374,073	BAA2	Moody's
Corporate bonds	175,949	BAA3	Moody's
Corporate bonds	114,038	Not rated	Moody's
Agency securities	540,201	Not rated	Moody's
U.S. government securities	1,668,048	AAA	Moody's

Risks and Uncertainties

The City invests in various securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Alternative Investment Valuation

Approximately 32 percent of the Police and Fire Retirement System's assets is not publicly traded and, therefore, does not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

City of Taylor, Michigan

Notes to Financial Statements
June 30, 2022

Note 4 - Deferred Inflows/Outflows of Resources

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

	Governmental Activities	Business-type Activities
Pension deferrals	\$9,979,761	\$-
OPEB deferrals	8,493,467	1,058,730

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

	Governmental Funds	Business-type Activities	Governmental Activities
Special assessments - Unavailable	\$88,712	\$-	\$-
Grant revenue - Unavailable	362,592	-	-
Other unavailable revenue	3,427,851	-	-
Pension deferrals	-	1,320,124	5,461,590
OPEB deferrals	-	274,075	2,198,718
Leases	244,936	-	-
Total deferred inflows	\$4,124,091	\$1,594,199	\$7,660,308

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City of Taylor, Michigan

Notes to Financial Statements
June 30, 2022

Note 5 - Capital Assets

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

Governmental Activities

Category	Governmental activities capital asset activity	Balance July 1, 2021	Reclassifications	Additions	Disposals	Balance June 30, 2022
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Category	Balance July 1, 2021	Reclassifications	Additions	Disposals	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$29,018,328	\$-	\$-	\$(122,776)	\$28,895,552
Construction in progress	7,005,432	(1,409,642)	7,403,878	-	12,999,668
Subtotal	36,023,760	(1,409,642)	7,403,878	(122,776)	41,895,220
Capital assets being depreciated:					
Buildings and improvements	92,959,408	-	350,461	-	93,309,869
Machinery and equipment	42,828,528	-	1,588,219	(1,134,173)	43,282,574
Other improvements	21,931,590	1,068,796	51,141	-	23,051,527
Roads and sidewalks	273,866,398	340,846	2,811,680	-	277,018,924
Leased assets	4,527	-	-	-	4,527
Subtotal	431,590,451	1,409,642	4,801,501	(1,134,173)	436,667,421
Accumulated depreciation:					
Buildings and improvements	43,992,678	-	2,577,054	-	46,569,732
Machinery and equipment	34,658,763	-	1,994,876	(1,134,173)	35,519,466
Other improvements	18,675,484	-	454,904	-	19,130,388
Roads and sidewalks	204,103,887	-	5,848,156	-	209,952,043
Accumulated amortization - Leased assets -	-	-	1,293	-	1,293
Subtotal	301,430,812	-	10,876,283	(1,134,173)	311,172,922
Net capital assets being depreciated	130,159,639	1,409,642	(6,074,782)	-	125,494,499
Net governmental activities capital assets	\$166,183,399	\$-	\$1,329,096	\$(122,776)	\$167,389,719

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 5 - Capital Assets (Continued)

Business-type Activities

Category	Balance July 1, 2021	Reclassifications	Additions	Disposals	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$3,358,372	\$-	\$-	\$-	\$3,358,372
Construction in progress	891,121	(727,993)	260,630	-	423,758
Subtotal	4,249,493	(727,993)	260,630	-	3,782,130
Capital assets being depreciated:					
Water mains and meters	53,533,813	-	26,205	(47,655)	53,512,363
Sanitary sewer system	147,864,223	255,215	1,518,395	-	149,637,833
Buildings and improvements	11,721,346	-	31,733	-	11,753,079
Machinery and equipment	4,847,345	-	149,451	-	4,996,796
Vehicles	717,503	-	-	(66,094)	651,409
Office furnishings	621,414	-	-	-	621,414
Land improvements	11,569,499	472,778	-	-	12,042,277
Intangible ECPAD improvement	2,882,728	-	-	-	2,882,728
Subtotal	233,757,871	727,993	1,725,784	(113,749)	236,097,899
Accumulated depreciation:					
Water and sewer lines	21,072,050	-	1,163,613	(31,455)	22,204,208
Sanitary sewer system	40,594,215	-	2,050,315	-	42,644,530
Buildings and improvements	5,293,239	-	275,588	-	5,568,827
Machinery and equipment	3,828,431	-	303,531	-	4,131,962
Vehicles	544,823	-	30,708	(66,092)	509,439
Furniture and equipment	513,730	-	18,372	-	532,102
Land improvements	9,096,488	-	234,355	-	9,330,843
Intangible ECPAD improvement	475,783	-	57,763	-	533,546
Subtotal	81,418,759	-	4,134,245	(97,547)	85,455,457
Net capital assets being depreciated	152,339,112	727,993	(2,408,461)	(16,202)	150,642,442
Net business-type activities capital assets	\$156,588,605	\$-	\$(2,147,831)	\$(16,202)	\$154,424,572

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

Description	Component units capital assets			Balance June 30, 2022
	Balance July 1, 2021	Additions	Disposals	
Capital assets not being depreciated	\$13,944,722	-	-	\$13,944,722
Capital assets being depreciated:				
Buildings and improvements	\$5,219,605	-	-	\$5,219,605
Furniture, equipment, and machinery	\$681,483	-	-	\$681,483
Subtotal	\$5,901,088	-	-	\$5,901,088
Accumulated depreciation	\$5,384,066	\$95,858	-	\$5,479,924
Net capital assets being depreciated	\$517,022	(\$95,858)	-	\$421,164
Net component units capital assets	\$14,461,744	(\$95,858)	-	\$14,365,886

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

Governmental activities:

Depreciation expense for governmental activities	
General government	\$1,280,833
Public safety	\$1,308,347
Public works	\$6,327,507
Economic development	\$198,610
Recreation and culture	\$1,759,693
Total governmental activities	\$10,874,990

Business-type activities:

Depreciation expense for business-type activities	
Water	\$1,236,039
Sewer	\$2,124,310
Ecorse Creek	\$57,765
Golf Courses	\$716,131
Total business-type activities	\$4,134,245

Construction Commitments

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

Construction commitments by reporting unit		
Reporting unit	Spent to Date	Remaining Commitment
Governmental activities	\$10,285,469	\$6,638,994
Business-type activities	\$70,805	\$19,095
Component units	\$1,807,755	\$693,489
Total	\$12,164,029	\$7,351,578

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Police and Fire Retirement Fund	\$34,549
	Golf Courses Fund	179,679
	Water Fund	153,163
	Sewer Fund	57,657
	Other nonmajor governmental funds	3,773,143
	Total General Fund	4,198,191
Other nonmajor governmental funds	General Fund	2,981,519
	Water Fund	10,214
	Other nonmajor governmental funds	43,032
	Total other nonmajor governmental funds	3,034,765
Sewer Fund	Water Fund	397,736
	General Fund	27,163
	Total Sewer Fund	424,899
Ecorse Creek Fund	Water Fund	14,233
	Sewer Fund	11
	Total Ecorse Creek Fund	14,244
Golf Courses Fund	General Fund	250
Water Fund	General Fund	556,800
	Sewer Fund	515,143
	Ecorse Creek Fund	27
	Total Water Fund	1,071,970
Police and Fire Retirement Fund	General Fund	653,720
	Total	\$9,398,039

Due to/from Primary Government and Component Units

Receivable	Payable	Amount
General Fund	Tax Increment Financing Authority	\$236,699
	Brownfield Redevelopment Authority	1,887
	Total General Fund	238,586
Downtown Development Authority	General Fund	31,890
Local Development Financing Authority	General Fund	310
	Total	\$270,786

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

City of Taylor, Michigan

Notes to Financial Statements June 30, 2022

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

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

Paying Fund (Transfer Out)	Interfund transfers reported in the fund financial statements Receiving Fund (Transfer In)	Amount
General Fund	Michigan Indigent Defense Commission Fund	\$ 40,331
Major Streets Fund	Local Streets Fund	\$ 2,643,000
Building and Grounds Fund	Building Authority Debt Fund	\$ 1,609,355
Capital Projects Fund	Building and Grounds Fund	\$ 14,088
Road Capital Improvement Fund	Major Streets Fund	\$ 261,662
1996 Voted Levy	General Fund	\$ 48,856
	Total	\$ 4,617,292

The transfers from the Major Streets Fund to the Local Streets Fund are to cover local road work in accordance with Act 51. The transfer from the Building and Grounds Fund to the Building Authority Debt Fund is for Building Authority lease payments. The transfer from the General Fund to the Michigan Indigent Defense Commission Fund is for operations in accordance with the adopted budget. The transfer from the Road Capital Improvement Fund to the Major Streets Fund is a reimbursement of upfront road project costs. The transfer from the Capital Projects Fund to the Building and Grounds Fund is a reimbursement to the Building and Grounds Fund for project costs that are funded through the Construction Fund bond proceeds. The transfer from the 1996 Voted Levy Fund to the General Fund was used to close the 1996 Voted Levy Fund during the fiscal year.

Page 49 is complex and may be difficult to understand. This page is a dense financial schedule with many similarly formatted debt line items, multiple subtotal rows, and small text, which increases the risk that a screen reader user could lose row and column context. The content was converted into a structured HTML table with explicit column headers, section rows, and fully written currency values to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 7 - Long-term Debt

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

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

Governmental Activities

Description	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Direct borrowings and direct placements:						
Wells Fargo Copier Financed Purchase - Amount of issue - \$163,830	6.09%	\$60,529	-	(\$35,579)	\$24,950	\$24,950
Wells Fargo Copier Financed Purchase - Amount of issue - \$49,821	6.09%	\$18,407	-	(\$10,820)	\$7,587	\$7,587
Dell Financed Purchase - Amount of issue - \$266,502	5.47%	\$140,406	-	(\$53,872)	\$86,534	\$56,898
Dell Financed Purchase - Amount of issue - \$680,911	5.44%	\$358,618	-	(\$137,637)	\$220,981	\$145,313
PNC Equipment Financed Purchase - Amount of issue - \$908,520	3.55%	\$184,303	-	(\$184,303)	-	-
PC/Telecommunication Equipment - Comerica Leasing - Amount of issue - \$77,665	2.23%	\$56,609	-	(\$25,788)	\$30,821	\$26,369
Wells Fargo Copier Financed Purchase - Amount of issue - \$23,385	5.64%	\$20,229	-	(\$9,830)	\$10,399	\$10,399
IT Wifi Upgrade Citywide - Comerica Leasing - Amount of issue - \$54,770	2.08%	-	\$54,770	(\$16,375)	\$38,395	\$18,222
Comerica Leasing - Elgin Pelican Sweeper Trucks - Amount of issue - \$454,909	2.40%	-	\$454,909	-	\$454,909	\$86,716
Total direct borrowings and direct placements principal outstanding		\$839,101	\$509,679	(\$474,204)	\$874,576	\$376,454
Other debt:						
2004 Building Authority Public Facilities Bonds - Amount of issue - \$1,250,000	2.00%	\$270,000	-	(\$85,000)	\$185,000	\$90,000
2015 Building Authority Refunding Bonds - \$6,965,000	2.00% - 5.00%	\$2,645,000	-	(\$840,000)	\$1,805,000	\$880,000
2019 Building Authority Bonds - Amount of issue - \$4,950,000	1.79%	\$4,495,000	-	(\$465,000)	\$4,030,000	\$475,000
Michigan Transportation Fund Bonds, Series 2021 - Amount of issue - \$14,355,000	4.00%	\$14,355,000	-	(\$820,000)	\$13,535,000	\$740,000
Total other debt principal outstanding		\$21,765,000	-	(\$2,210,000)	\$19,555,000	\$2,185,000

Description	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Unamortized bond premiums		\$2,907,426	-	(\$256,867)	\$2,650,559	\$256,867
Total bonds and contracts payable		\$25,511,527	\$509,679	(\$2,941,071)	\$23,080,135	\$2,818,321
Workers' compensation claims		\$480,243	\$455,771	(\$403,647)	\$532,367	-
Nonexchange financial guarantee		\$2,152,000	-	(\$2,139,500)	\$12,500	-
Compensated absences		\$3,091,584	\$292,970	(\$935,981)	\$2,448,573	\$802,912
Lease liability		\$4,527	-	(\$3,340)	\$1,187	\$1,187
Total governmental activities long-term debt		\$31,239,881	\$1,258,420	(\$6,423,539)	\$26,074,762	\$3,622,420

Page 50 is complex and may be difficult to understand. This page contains two dense financial tables with small text, multi-line debt descriptions, and several subtotal and total rows, which can be difficult for screen reader users to follow if not properly structured. The content was converted into semantic HTML tables with captions, row and column headers, grouped section labels, and emphasized total rows to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 7 - Long-term Debt (Continued)

Debt item	<i>Business-type Activities</i>					
	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct: borrowings and direct placements:						
1994 Downriver Sewage Disposal System Bonds - Amount of issue - \$60,010,808	Various	\$2,220,830	-	(\$272,124)	\$1,948,706	\$285,730
Downriver Utility Wastewater Authority Bonds - Amount of initial issue - \$25,651,802	Various	\$20,525,609	\$1,518,395	(\$886,652)	\$21,157,352	\$971,333
Series 2009A - ECPAD 1 CWRP - Amount of issue - \$3,717,000	2.50%	\$589,111	-	(\$107,332)	\$481,779	\$108,674
ECPAD 1 Taylor/Pelham Basin Series 2014 - Amount of issue - \$722,172	5.75%	\$247,132	-	(\$78,258)	\$168,874	\$82,377
Lease purchase agreement - Golf carts for TMGC - Amount of issue - \$217,128	4.35%	\$84,930	-	(\$56,006)	\$28,924	\$28,924
Lease purchase agreement - Golf carts for LTGC - Amount of issue - \$230,530	4.35%	\$90,172	-	(\$59,463)	\$30,709	\$30,709
Total direct borrowings and direct placements principal outstanding		\$23,757,784	\$1,518,395	(\$1,459,835)	\$23,816,344	\$1,507,747
Nonexchange financial guarantee		\$2,382,906	-	(\$141,406)	\$2,241,500	\$214,122
Compensated absences		\$171,113	\$137,532	(\$65,565)	\$243,080	\$89,092
Total business-type activities long-term debt		\$26,311,803	\$1,655,927	(\$1,666,806)	\$26,300,924	\$1,810,961

Component Units

Debt item	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable::						
Other debt:						
Brownfield:						
2017 Refunding - Series A - Amount of issue - \$1,915,000	2.10% - 4.45%	\$835,000	-	(\$255,000)	\$580,000	-
2017 Refunding - Series B - Amount of issue - \$2,045,000	Various	\$1,290,000	-	(\$190,000)	\$1,100,000	\$205,000
Brownfield Redevelopment Tax Increment Bonds, Series 2015	2.00% - 5.00%	\$8,290,000	-	(\$240,000)	\$8,050,000	\$520,000
Total other debt principal outstanding		\$10,415,000	-	(\$685,000)	\$9,730,000	\$725,000
Brown field - Bond premium		\$259,945	-	(\$20,522)	\$239,423	\$20,522
Total component unit long-term debt		\$10,674,945	-	(\$705,522)	\$9,969,423	\$745,522

June 30, 2022

Note 7 - Long-term Debt (Continued)**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities					
	Governmental Activities			Other Debt		Total
	Direct Borrowings and Direct Placements			Principal	Interest	
	Principal*	Interest	Principal	Interest	Total	
2023	\$376,454	\$25,765	\$2,185,000	\$706,186	\$3,293,405	
2024	\$217,160	\$11,263	\$2,270,000	\$619,645	\$3,118,068	
2025	\$92,499	\$6,711	\$1,290,000	\$531,657	\$1,920,867	
2026	\$93,114	\$4,525	\$1,330,000	\$490,797	\$1,918,436	
2027	\$95,349	\$2,289	\$1,375,000	\$448,557	\$1,921,195	
2028-2032	-	-	\$6,455,000	\$1,573,847	\$8,028,847	
2033-2036	-	-	\$4,650,000	\$474,000	\$5,124,000	
Total	\$874,576	\$50,553	\$19,555,000	\$4,844,689	\$25,324,818	
	Business-type Activities					
Years Ending June 30	Direct Borrowings and Direct Placements					
	Principal	Interest	Total			
2023	\$1,507,747	\$816,619	\$2,324,366			
2024	\$2,059,319	\$766,173	\$2,825,492			
2025	\$1,400,819	\$714,443	\$2,115,262			
2026	\$1,449,363	\$665,756	\$2,115,119			
2027	\$1,536,482	\$615,493	\$2,151,975			
2028-2032	\$5,833,918	\$2,406,273	\$8,240,191			
2033-2036	\$10,028,696	\$2,623,170	\$12,651,866			
Total	\$23,816,344	\$8,607,927	\$32,424,271			
	Component Unit Activities					
Years Ending June 30	Other Debt					
	Principal*	Interest	Total			
2023	\$725,000	\$425,367	\$1,150,367			
2024	\$785,000	\$392,418	\$1,177,418			
2025	\$825,000	\$356,401	\$1,181,401			
2026	\$795,000	\$327,736	\$1,122,736			
2027	\$825,000	\$299,364	\$1,124,364			
2028-2032	\$3,975,000	\$1,003,025	\$4,978,025			
2033-2036	\$1,800,000	\$136,000	\$1,936,000			
Total	\$9,730,000	\$2,940,311	\$12,670,311			

*Balances exclude bond premium

Defeased Debt

In prior years, the City defeased an aggregate amount of \$21.5 million of bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the balance of prior year defeased bonds are not included in the basic financial statements. At June 30, 2022, approximately \$12.2 million of bonds outstanding are considered defeased.

Note 8 - Restricted Assets**Note 7 - Long-term Debt (Continued)****Nonexchange Financial Guarantee**

In 2005, the City pledged its full faith and credit on bonds issued by the City's Brownfield Redevelopment Authority (the "Brownfield"). The bonds were related to the Midtown (Island Lakes) development project. The City's pledge is considered a nonexchange financial guarantee or

commitment to back the debt payments of the bonds, which continue through fiscal year 2034. Due to the downturn in the economy, the development project was never finished, and, as a result, the Brownfield's projected tax increment revenue was insufficient to fully pay the bond debt. The present value of the total estimated shortfall related to the Brownfield's bond payments is \$2,254,000 and has been recognized by the City as a liability of \$12,500, \$1,120,750, and \$1,120,750 in the governmental activities, Water Fund, and Sewer Fund, respectively. In a prior year, the full amount was recorded in governmental activities; the City obtained additional guidance from third-party legal counsel that concluded that the Water and Sewer funds are responsible for a portion of the cost. As such, the City recorded the proportionate share in these funds.

No Commitment Debt

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

Note 8 - Restricted Assets

At June 30, 2022, restricted assets are composed of the following:

Restricted assets composition (Business-type activities)

Description	Business-type Activities
Assets held at Wayne County, Michigan for future debt payments	\$1,572,371
Assets held at Downriver Utility Wastewater Authority (DUWA) for sewer operations	2,087,760
Total	\$3,660,131

The above assets held by third parties are set aside for contractual obligations related to the issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay its portion of principal and interest totaling \$31,646,589 of DUWA and Downriver Sewage Disposal System (DRDS) obligations. In addition, it has pledged to raise property taxes, to the extent permitted by law, to repay its portion of principal and interest totaling \$2,258,640 of the Wayne County, Michigan obligations. Proceeds from these bond issuances provided financing for the construction of the expansion of the Downriver Wastewater Treatment Plant and System. The remaining principal and interest to be paid on the DUWA/DRSD obligations not paid with property taxes totals \$29,387,949. During the current year, net revenue of the system before depreciation and other adjustments was \$1,958,606 compared to the debt service requirements of \$1,610,300 for the DUWA bonds. Tax collections related to the Wayne County, Michigan debt were \$31,191, compared to the debt service requirements of \$378,615.

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Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical and property claims and for risk related to torts and errors and omissions and is uninsured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2022	2021
Estimated liability - Beginning of year	\$ 480,243	\$ 386,823
Incurred claims, including adjustments to claims incurred but not reported	455,771	427,475
Claim payments - Net of insurance refunds	(403,647)	(334,055)
Estimated liability - End of year	\$ 532,367	\$ 480,243

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

Members Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	494
Inactive plan members entitled to but not yet receiving benefits	34
Active plan members	272
Total plan members	800

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2022, the City made payments for postemployment health benefit premiums of \$8,191,704. Of that amount, \$255,000 was an additional prefunding contribution.

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City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2022 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, 2022 measurement date. The June 30, 2022 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2022.

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

Changes in Net OPEB Liability	Changes in net OPEB liability		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
		Increase (Decrease)	
Balance at July 1, 2021, as restated (Note 19)	\$98,177,832	\$4,502,155	\$93,675,677
	Changes for the year:		
Service cost	417,432	-	417,432
Interest	6,960,780	-	6,960,780
Changes in benefits	9,547	-	9,547
Differences between expected and actual experience	4,809,139	-	4,809,139
Changes in assumptions	12,049,282	-	12,049,282
Contributions - Employer	-	8,191,704	(8,191,704)
Net investment loss	-	(370,483)	370,483
Benefit payments	(7,936,704)	(7,936,704)	-
Administrative expenses	-	(8,076)	8,076
Net changes	16,309,476	(123,559)	16,433,035
Balance at June 30, 2022	\$114,487,308	\$4,378,596	\$110,108,712

The plan's fiduciary net position represents 3.82 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, 2022, the City recognized OPEB expense of \$3,428,182.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$2,404,570	(\$2,472,793)
Changes in assumptions	6,913,176	-
Net difference between projected and actual earnings on OPEB plan investments	234,451	-
Total	\$9,552,197	(\$2,472,793)

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 10 - Other Postemployment Benefit Plan (Continued)

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

Years Ending June 30	Amount
2023	\$6,893,649
2024	37,747
2025	5,914
2026	142,094
Total	\$7,079,404

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3 percent; a health care cost trend rate of 7.50 percent for 2022, decreasing to an ultimate rate of 4.50 percent for 2028 and later years; and the Pub-2010 mortality tables with the MP-2021 improvement scale.

Assumption Changes

These assumptions differ from the 2021 OPEB valuation, as the 2021 valuation used the Pub-2010 mortality tables with the MP-2020 improvement scale. The discount rate was also updated from the 2021 valuation rate of 7.35 percent to 7.00 percent in the 2022 valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2022 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	7.00 %
Global fixed income	20.00	4.50
Private investments	20.00	9.50

Note 11 - Other Postemployment Benefits - MERS Health Care Plan

Plan Description

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

During the year ended June 30, 2022, the City made contributions of \$91,027, and the plan members contributed \$91,027 to the plan.

Note 12 - Defined Contribution Pension Plan

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

The City's total payroll during the current year was \$25,483,447. The current year contribution was calculated based on covered payroll of \$6,220,019, resulting in an employer contribution of \$282,409 and employee contributions of \$248,801.

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Note 13 - Pension Plans

Plan Description

General Employees' Retirement System

The City of Taylor General Employees' Retirement System board of trustees administers the City of Taylor General Employees' Retirement Pension Plan, a single-employer defined benefit pension plan that provides pensions for all employees of the City other than court, police, and fire employees. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

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

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

Police and Fire Retirement System

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

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

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

Municipal Employees' Retirement System of Michigan

The court participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all district court employees hired before June 30, 2002. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

General Employees' Retirement System

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

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

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

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

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Note 13 - Pension Plans (Continued)

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

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

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

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

Local 1128 AFCSME and Local 1917 members hired prior to August 4, 1988 are eligible at the earlier of age 55 with 8 or more years of service (10 or more years if hired after August 1, 1982), or 25 years of service. Taylor Governmental Management and Administrative Employees Association members and elected officials elected before November 27, 1989 hired prior to May 18, 1988 are eligible at age 55 with 4 or more years of service or any age with 25 or more years of service. Local 1128 AFCSME and Local 1917 members hired on or after August 4, 1988 are eligible at age 55 with 10 or more years of service or age 50 and 25 or more years of service beginning on January 1, 2009. Employees hired after December 22, 2004 are not eligible to participate. Taylor Governmental Management and Administrative Employees Association members hired on or after May 18, 1988 are eligible at age 55 with 5 or more years of service. Employees hired after March 6, 2001 are not eligible to participate. Elected officials elected on or after November 27, 1989, excluding City Council officials elected on or after November 25, 1997; judges elected on or after October 1, 2008; and the mayor, clerk, and treasurer elected on or after November 8, 2005 are eligible at age 55 with 5 or more years of service.

Police and Fire Retirement System

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

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

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

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

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

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Note 13 - Pension Plans (Continued)

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

Municipal Employees' Retirement System of Michigan

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

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

Retirement benefits for employees are calculated as 2.25 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but

are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Taylor General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
	Date of member count	Date of member count	Date of member count
Date of member count	December 31, 2020	June 30, 2022	December 31, 2021
Inactive plan members or beneficiaries currently receiving benefits	265	245	12
Inactive plan members entitled to but not yet receiving benefits	23	7	3
Active plan members	45	96	4
Pending refunds	-	-	1
Total employees covered by the plan	333	348	20

Note 13 - Pension Plans (Continued)

Contributions

General Employees' Retirement System

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended December 31, 2021, the average active member contribution rate was 4.8 percent of annual pay, and the City's average contribution rate was 150.64 percent of annual payroll.

Police and Fire Retirement System

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended June 30, 2022, the average active member contribution rate was 9.4 percent of annual pay, and the City's average contribution rate was 80.14 percent of annual payroll.

Municipal Employees' Retirement System of Michigan

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2021, the average active employee contribution rate was 5.0 percent of annual pay, and the court's average contribution rate was 45.75 percent of annual payroll for the district court.

Net Pension Liability

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

Measurement dates and actuarial valuation dates for each plan

	City of Taylor General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Measurement date used for the City's net pension liability	December 31, 2021	June 30, 2022	December 31, 2021
Based on a comprehensive actuarial valuation as of	December 31, 2021	June 30, 2021	December 31, 2021

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City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 13 - Pension Plans (Continued)

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

General Employees' Retirement System

General Employees' Retirement System - Changes in Net Pension Liability			
Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$86,147,079	\$47,052,459	\$39,094,620
Changes for the year:			
Service cost	167,516	-	167,516
Interest	6,231,347	-	6,231,347
Differences between expected and actual experience	(1,799,819)	-	(1,799,819)
Changes in assumptions	3,677,263	-	3,677,263
Contributions - Employer	-	4,177,172	(4,177,172)
Contributions - Employee	-	132,674	(132,674)
Net investment income	-	6,884,617	(6,884,617)
Benefit payments, including refunds	(6,459,928)	(6,459,928)	-
Administrative expenses	-	(57,767)	57,767
Net changes	1,816,379	4,676,768	(2,860,389)
Balance at December 31, 2021	\$87,963,458	\$51,729,227	\$36,234,231

The plan's fiduciary net position represents 58.8 percent of the total pension liability.

Police and Fire Retirement System

Police and Fire Retirement System - Changes in Net Pension Liability			
Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2021	\$197,741,207	\$156,692,679	\$41,048,528
Changes for the year:			
Service cost	2,166,067	-	2,166,067
Interest	13,920,384	-	13,920,384
Changes in benefits	359,534	-	359,534
Differences between expected and actual experience	5,656,642	-	5,656,642
Contributions - Employer	-	6,568,459	(6,568,459)
Contributions - Employee	-	769,179	(769,179)
Net investment loss	-	(16,008,593)	16,008,593
Benefit payments, including refunds	(15,803,956)	(15,803,956)	-
Administrative expenses	-	(72,955)	72,955
Miscellaneous other charges	-	40,118	(40,118)
Net changes	6,298,671	(24,507,748)	30,806,419
Balance at June 30, 2022	\$204,039,878	\$132,184,931	\$71,854,947

The plan's fiduciary net position represents 64.8 percent of the total pension liability.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 13 - Pension Plans (Continued)

Municipal Employees' Retirement System of Michigan

Changes in Net Pension Liability

Description	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$4,503,618	\$3,211,937	\$1,291,681
Changes for the year:			
Service costs	18,544	-	18,544
Interest	332,742	-	332,742
Differences between expected and actual experience	(190,911)	-	(190,911)
Changes in actuarial assumptions	153,842	-	153,842
Contributions - Employer	-	77,391	(77,391)
Contributions - Employee	-	12,797	(12,797)
Net investment income	-	422,727	(422,727)
Benefit payments	(269,410)	(269,410)	-
Administrative expenses	-	(5,025)	5,025
Miscellaneous other charges	-	(548)	548
Net changes	44,807	237,932	(193,125)
Balance at December 31, 2021	\$4,548,425	\$3,449,869	\$1,098,556

The plan's fiduciary net position represents 75.9 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, 2022, the City recognized pension expense of \$5,395,307 from the Police and Fire Retirement System, \$2,909,349 from the general employees' plan, and \$47,471 from the MERS plan.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$3,771,095	\$(916,670)
Changes in assumptions	-	(289,405)
Net difference between projected and actual earnings on pension plan investments	6,178,439	(5,575,639)
Employer contributions to the plan subsequent to the measurement date	30,227	-
Total	\$9,979,761	\$(6,781,714)

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 13 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2023	\$1,011,940
2024	(480,818)

Years Ending June 30	Amount
2025	(2,038,865)
2026	4,705,790
Total	\$3,198,047

Actuarial Assumptions

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

	General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Inflation	2.75%	3.5%	2.5%
Salary increases (including inflation)	1.00%	5.00% - 8.01%	3.75%
Investment rate of return (gross of investment expenses)	7.00%	7.25%	7.35%
Mortality rates	Pub-2010 Mortality Tables projected generationally with Scale MP-2021	Pub-2010 Mortality Tables with MP-2019	Pub-2010 Mortality Tables

Discount Rate

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

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

	General Employees' Retirement System	Police and Fire Retirement System	Municipal Employees' Retirement System
Assumed investment rate of return	7.00%	7.25%	7.25
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes	Yes
Discount rate used to measure total pension liability	7.00%	7.25%	7.25

Note: In the supplied PDF image, the Municipal Employees' Retirement System values in the last table appear as 7.25 without a visible percent symbol.

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 13 - Pension Plans (Continued)

Investment Rate of Return

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

General Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	6.04 %
International equity	15.00	6.55
Domestic fixed income	21.00	1.14
International fixed income	4.00	3.22
Real estate	5.00	5.41
Other	10.00	3.04

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	64.00 %	7.50 %
Fixed income	14.00	2.50
Cash	2.00	(2.50)
International equity	8.00	8.50
Real estate	5.00	4.50
Other	7.00	6.56

Municipal Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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

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

	Net Pension Liability		
	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
General Employees' Retirement System - Current rate 7.00 percent	\$44,193,028	\$36,234,231	\$29,429,085
Police and Fire Retirement System - Current rate 7.25 percent	93,530,095	71,854,947	53,892,133
Municipal Employees' Retirement System - Current rate 7.25 percent	1,592,428	1,098,556	581,484

City of Taylor, Michigan

Notes to Financial Statements

June 30, 2022

Note 13 - Pension Plans (Continued)

Assumption Changes

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

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

For the Municipal Employees' Retirement System a dedicated gains policy was adopted that automatically adjusts the assumed rate of investment returns by using excess asset gains to mitigate large increases in required contributions to the plan. As a result, the discount rate and expected investment return assumption decreased from 7.60 percent to 7.25 percent (net of investment expenses and gross of administrative expenses).

Investment Policy

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

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rates of return on pension plan investments for the Police and Fire Retirement System, net of pension plan investment expense, was (10.62) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 14 - Pension Plan Reserves

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

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

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

There are no employer reserves as of June 30, 2022.

Note 15 - Fair Value Measurements

Note 14 - Pension Plan Reserves (Continued)

The balances of the reserve accounts at June 30, 2022 are as follows:

Reserve balances	Required Reserve Amount Funded	
Employee reserve	\$14,357,665	\$14,357,665
Retiree reserve	161,378,056	117,747,030

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

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

The Police and Fire Retirement System has the following recurring fair value measurements as of June 30, 2022:

Assets measured at fair value on a recurring basis at June 30, 2022

Quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), significant unobservable inputs (Level 3), and balance at June 30, 2022

Investments by fair value level:	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, 2022
Agency bonds	\$-	\$540,201	-	\$540,201
Asset-backed securities	-	398,523	-	398,523
Corporate bonds	-	2,105,486	-	2,105,486
ETF - Fixed income	460,104	-	-	460,104
Mutual funds - Equity	27,445,072	-	-	27,445,072
Stocks	54,330,648	-	-	54,330,648
Treasury bonds	1,668,048	-	-	1,668,048
Total	\$83,903,872	\$3,044,210	\$-	86,948,082

Investments measured at NAV:

- Equity long/short hedge funds: 17,881,814
- Debt obligation hedge funds: 4,250,652
- Real estate funds: 19,251,719

Total assets \$ 128,332,267

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

The fair value of agency bonds, certain asset-backed securities, common and corporate - not traded, certain corporate bonds, and Treasury bonds at June 30, 2022 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 16 - Contingent Liabilities

Note 15 - Fair Value Measurements (Continued)

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share

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

As of June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value
MERS Total Market Fund	\$4,123,596
Equity long/short hedge funds	17,881,814
Debt obligation hedge funds	4,250,652
Real estate funds	19,251,718

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

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

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

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

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

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to the point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. In addition, the City is involved in certain labor negotiation discussions. The City has not recorded an estimate of any liabilities that may result from these matters at June 30, 2022.

Note 16 - Contingent Liabilities (Continued)

In addition, a class action lawsuit was filed against the City (plaintiffs have brought the same suit against numerous Act 345 municipalities) alleging excess taxes were assessed under PA 345 (the Michigan Fire Fighters and Police Officers Retirement Act). The plaintiffs seek a refund of what they believe to be excess taxes levied during the fiscal year ended June 30, 2022 and future periods. In the fiscal year ended June 30, 2022, the City levied 9.0154 mills under PA 345, which imposed property taxes of approximately \$12.7 million, and the lawsuit alleges the levy exceeded the maximum allowed by approximately \$4 million. The City disagrees with these allegations and intends to vigorously defend this claim. The City has not recorded a liability related to this claim at June 30, 2022.

Note 17 - Tax Abatements

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

For the fiscal year ended June 30, 2022, the City abated \$73,875 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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

Note 18 - Leases

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

Future principal and interest payment requirements related to the City's lease liability at June 30, 2022 are as follows:

Future lease payments

Year ending	Principal	Interest	Total
2023	\$1,187	\$24	\$1,211

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

During the year ended June 30, 2022, the City recognized the following related to its lessor agreements:

Lease revenue	\$79,159
Interest income related to its leases	2,993

Note 19 - Prior Period Adjustment

The beginning net position has been restated to correct errors in the net liability related to other postemployment benefits (OPEB) made in prior years. The net OPEB liability had been misstated as the net result of the following errors.

Life insurance benefits were erroneously projected as life annuity payments rather than a one-time death benefit in accordance with benefit terms. The correction of this error resulted in a decrease in the beginning OPEB liability of \$38,499,159.

Certain eligible employees and retirees were excluded from the liability calculation. The correction of this error resulted in an increase in the beginning OPEB liability of \$12,457,463.

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City of Taylor, Michigan

**Notes to Financial Statements
June 30, 2022**

Note 19 - Prior Period Adjustment (Continued)

The net effect of the restatement was to decrease the net OPEB liability by \$26,041,696 as of the beginning of the year. Net position in governmental activities and business-type activities has been increased as of July 1, 2021 by \$22,916,692 and \$3,125,004 respectively, for the effects of the restatement on prior years. The restatement of the business-type activities related to adjustments to the Water Fund, Sewer Fund, and the Golf Courses Fund of \$1,588,544, \$520,834 and \$1,015,626 respectively.

Amounts by activity

	Governmental Activities	Business-type Activities
Net position at June 30, 2021	\$(36,217,346)	\$125,053,751
Restatement	22,916,692	3,125,004
Net position at June 30, 2021 - As restated	\$(13,300,654)	\$128,178,755

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Required Supplemental Information

Required Supplemental Information

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City of Taylor, Michigan

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

Item	Original Budget	Amended Budget	Actual	Variance with Amended Budget
	Revenue			
Property taxes	\$11,324,500	\$11,324,500	\$11,266,013	\$(58,487)
Charges for services	4,661,250	4,104,430	4,252,755	148,325
Intergovernmental	8,663,072	10,575,080	10,809,067	233,987
Licenses and permits	1,280,000	1,207,000	1,247,706	40,706
Fines and forfeitures	6,462,500	4,837,506	4,892,317	54,811
Rental income	914,950	1,134,200	1,167,583	33,383
Interest income	10,000	10,000	7,520	(2,480)
DMA/911 and other revenue	8,288,472	9,146,912	8,628,435	(518,477)
Total revenue	41,604,744	42,339,628	42,271,396	(68,232)
	Expenditures			
	Current services:			
General government	9,908,009	11,140,340	10,446,212	694,128
Employee benefits	6,142,150	5,853,000	5,829,664	23,336
Public safety	16,701,090	17,044,235	17,170,543	(126,308)
Public works and capital projects	4,202,400	4,817,690	4,546,775	270,915
Community development	855,300	767,700	395,755	371,945
Recreation and culture	3,230,671	3,321,040	3,074,013	247,027
Capital outlay	2,000	1,887,928	1,675,691	212,237
Debt service	478,195	506,176	506,142	34
Total expenditures	41,519,815	45,338,109	43,644,795	1,693,314
Excess of Revenue Over (Under) Expenditures	84,929	(2,998,481)	(1,373,399)	1,625,082
	Other Financing Sources (Uses)			
Transfers in	-	48,339	48,856	517
Transfers out	(40,371)	(40,371)	(40,331)	40
Leases entered into	-	509,681	509,680	(1)
Total other financing (uses) sources	(40,371)	517,649	518,205	556
Net Change in Fund Balance	44,558	(2,480,832)	(855,194)	1,625,638
Fund Balance - Beginning of year	13,966,973	13,966,973	13,966,973	-
Fund Balance - End of year	\$14,011,531	\$11,486,141	\$13,111,779	\$1,625,638

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue	\$10,244,121	\$10,244,121	\$10,256,779	\$12,658
Property taxes	130,000	130,000	121,744	(8,256)
Intergovernmental	1,500	2,200	3,083	883
Total revenue	10,375,621	10,376,321	10,381,606	5,285
Expenditures - Current services - Employee benefits	10,602,050	10,836,100	10,710,751	125,349
Net Change in Fund Balance	(226,429)	(459,779)	(329,145)	130,634
Fund Balance - Beginning of year	656,231	656,231	656,231	-
Fund Balance - End of year	\$429,802	\$196,452	\$327,086	\$130,634

See notes to required supplemental information.

Page 73 is complex and may be difficult to understand. This page is a dense multi-year financial table with small text, repeated row labels, and many negative and percentage values that could be hard for a screen reader user to track. I converted it into a structured HTML table with explicit headers, row groups, and emphasized total rows to improve navigation and comprehension. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Required Supplemental Information

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

	Years Ended December 31							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$167,516	\$172,368	\$173,696	\$200,901	\$239,266	\$278,102	\$306,468	\$295,423
Interest	6,231,347	6,008,933	5,999,436	5,973,181	5,991,735	5,933,218	5,610,828	5,970,109
Differences between expected and actual experience	(1,799,819)	416,760	391,348	619,218	(216,865)	914,633	1,318,385	-
Changes in assumptions	3,677,263	2,736,561	(165,474)	(190,968)	27,101	-	3,166,569	-
Benefit payments, including refunds	(6,459,928)	(6,268,553)	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)	(6,083,112)
Net Change in Total Pension Liability	1,816,379	3,066,069	125,437	425,788	(521,964)	1,036,536	4,312,592	182,420
Total Pension Liability - Beginning of year	86,147,079	83,081,010	82,955,573	82,529,785	83,051,749	82,015,213	77,702,621	77,520,201
Total Pension Liability - End of year	\$87,963,458	\$86,147,079	\$83,081,010	\$82,955,573	\$82,529,785	\$83,051,749	\$82,015,213	\$77,702,621
Plan Fiduciary Net Position								
Contributions - Employer	\$4,177,172	\$4,119,517	\$3,964,651	\$3,968,766	\$3,720,318	\$3,530,436	\$3,259,165	\$2,725,322
Contributions - Member	132,674	137,271	143,486	152,086	179,943	164,004	172,866	192,334
Net investment income (loss)	6,884,617	5,914,718	7,391,439	(1,650,303)	5,925,408	2,764,949	(115,718)	1,909,582
Administrative expenses	(57,767)	(51,099)	(103,703)	(54,571)	(121,699)	(65,781)	(206,733)	(127,101)
Benefit payments, including refunds	(6,459,928)	(6,268,553)	(6,273,569)	(6,176,544)	(6,563,201)	(6,089,417)	(6,089,658)	(6,083,112)
Other	-	-	-	-	-	-	-	(179,016)
Net Change in Plan Fiduciary Net Position	4,676,768	3,851,854	5,122,304	(3,760,566)	3,140,769	304,191	(2,980,078)	(1,561,991)
Plan Fiduciary Net Position - Beginning of year	47,052,459	43,200,605	38,078,301	41,838,867	38,698,098	38,393,907	41,373,985	42,935,976
Plan Fiduciary Net Position - End of year	\$51,729,227	\$47,052,459	\$43,200,605	\$38,078,301	\$41,838,867	\$38,698,098	\$38,393,907	\$41,373,985
City's Net Pension Liability - Ending	\$36,234,231	\$39,094,620	\$39,880,405	\$44,877,272	\$40,690,918	\$44,353,651	\$43,621,306	\$36,328,636
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.81 %	54.62 %	52.00 %	45.90 %	50.70 %	46.60 %	46.81 %	53.25 %
Covered Payroll	\$2,772,886	\$2,905,323	\$2,985,903	\$3,049,120	\$2,645,503	\$3,092,088	\$3,405,502	\$3,171,020
City's Net Pension Liability as a Percentage of Covered Payroll	1,306.73 %	1,345.62 %	1,335.62 %	1,471.81 %	1,538.12 %	1,434.42 %	1,280.91 %	1,145.65 %

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

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of City Contributions - General Employees' Retirement System

**Last Ten Plan Years
Years Ended December 31**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$4,177,172	\$4,119,517	\$3,964,651	\$3,968,766	\$3,720,318	\$3,530,436	\$3,259,165	\$2,725,322	\$2,380,000	\$3,079,000
Contributions in relation to the actuarially determined contribution	4,177,172	4,119,517	3,964,651	3,968,766	3,720,318	3,530,436	3,259,165	2,725,322	2,380,000	3,079,000
Contribution Deficiency	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$2,772,886	\$2,905,323	\$2,985,903	\$3,049,120	\$2,645,503	\$3,092,088	\$3,405,502	\$3,171,020	\$3,800,000	\$4,900,000
Contributions as a Percentage of Covered Payroll	150.64 %	141.79 %	132.78 %	130.16 %	140.63 %	114.18 %	95.70 %	85.94 %	62.63 %	62.84 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Level dollar, closed
Remaining amortization period	17 years from the December 31, 2020 valuation
Asset valuation method	Spreads actual versus expected investment income over a period of 4 years
Inflation	2.75 percent
Salary increase	1.0 percent
Investment rate of return	7.0 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Mortality Tables with Scale MP-2021

See notes to required supplemental information.

Page 75 is complex and may be difficult to understand. This page contains a dense multi-year financial table with many similar numeric cells, negative values in parentheses, and section breaks, which can be difficult for screen reader users to navigate and compare accurately. I converted it into a structured HTML table with clear headers, row labels, section rows, and footer notes to reduce ambiguity and improve reading order. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Required Supplemental Information

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

Item	2022	2021	2020	Years Ended June 30					
				2019	2018	2017	2016	2015	2014
				Total Pension Liability					
Service cost	\$2,166,067	\$2,407,238	\$2,512,993	\$2,925,390	\$3,255,908	\$4,313,576	\$2,270,877	\$3,241,963	\$1,396,417
Interest	13,920,384	13,973,333	13,866,097	13,796,825	11,833,236	11,363,200	11,979,040	11,718,402	11,854,409
Changes in benefit terms	359,534	-	-	-	-	-	-	-	-
Differences between expected and actual experience	5,656,642	(1,833,339)	739,394	(1,678,775)	4,074,016	(1,734,435)	474,915	(2,254,916)	651,910
Changes in assumptions	-	(578,810)	(2,356,054)	-	(35,517,503)	(13,993,367)	27,114,985	14,501,830	-

Item	2022	2021	2020	2019	2018	2017	2016	2015	2014
Benefit payments, including refunds	(15,803,956)	(14,712,901)	(14,142,901)	(13,612,691)	(13,528,538)	(12,501,524)	(11,811,553)	(11,500,428)	(11,524,629)
Net Change in Total Pension Liability	6,298,671	(744,479)	619,529	1,430,749	(29,882,881)	(12,552,550)	30,028,264	15,706,851	2,378,107
Total Pension Liability - Beginning of year	197,741,207	198,485,686	197,866,157	196,435,408	226,318,289	238,870,839	208,842,575	193,135,724	161,043,175
Total Pension Liability* - End of year	\$204,039,878	\$197,741,207	\$198,485,686	\$197,866,157	\$196,435,408	\$226,318,289	\$238,870,839	\$208,842,575	\$163,421,282
Plan Fiduciary Net Position									
Contributions - Employer	\$6,568,459	\$6,416,342	\$6,314,749	\$6,576,408	\$4,987,980	\$5,190,370	\$5,588,834	\$5,409,465	\$5,145,379
Contributions - Member	769,179	874,695	555,732	715,718	715,020	784,187	728,821	802,920	788,448
Net investment (loss) income	(16,008,593)	39,459,103	2,950,703	6,706,356	14,355,591	14,698,347	652,396	7,010,053	18,971,058
Administrative expenses	(72,955)	(123,283)	(113,863)	(120,429)	(65,886)	(72,618)	(108,612)	(104,875)	(96,516)
Benefit payments, including refunds	(15,803,956)	(14,712,901)	(14,142,901)	(13,612,691)	(13,528,538)	(12,501,524)	(11,811,553)	(11,500,428)	(11,524,629)
Other	40,118	(1,005)	4,408	121	227	52	104	-	18,460
Net Change in Plan Fiduciary Net Position	(24,507,748)	31,912,951	(4,431,172)	265,483	6,464,394	8,098,814	(4,950,010)	1,617,135	13,302,200
Plan Fiduciary Net Position - Beginning of year	156,692,679	124,779,728	129,210,900	128,945,417	122,481,023	114,382,209	119,332,219	117,715,084	104,412,884
Plan Fiduciary Net Position - End of year	\$132,184,931	\$156,692,679	\$124,779,728	\$129,210,900	\$128,945,417	\$122,481,023	\$114,382,209	\$119,332,219	\$117,715,084
City's Net Pension Liability - Ending	\$71,854,947	\$41,048,528	\$73,705,958	\$68,655,257	\$67,489,991	\$103,837,266	\$124,488,630	\$89,510,356	\$45,706,198
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.78 %	79.24 %	62.87 %	65.30 %	65.64 %	54.12 %	47.88 %	57.14 %	72.03 %
Covered Payroll	\$8,196,459	\$8,404,265	\$8,291,531	\$8,316,625	\$8,898,318	\$8,050,037	\$9,360,386	\$9,148,649	\$9,328,103
City's Net Pension Liability as a Percentage of Covered Payroll	876.66 %	488.42 %	888.93 %	825.52 %	758.46 %	1,289.90 %	1,329.95 %	978.40 %	489.98 %

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

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

See notes to required supplemental information.

Schedule of City Contributions - Police and Fire Retirement System

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

Description	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$6,568,459	\$6,416,342	\$6,314,749	\$6,576,408	\$4,987,980	\$5,190,370	\$5,588,834	\$5,409,465	\$5,145,379	\$6,070,834
Contributions in relation to the actuarially determined contribution	6,568,459	6,416,342	6,314,749	6,576,408	4,987,980	5,190,370	5,588,834	5,409,465	5,145,379	6,070,834
Contribution Deficiency	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$8,196,549	\$8,404,265	\$8,291,531	\$7,860,354	\$7,931,705	\$8,050,037	\$9,360,386	\$9,148,649	\$9,328,103	\$7,846,245
Contributions as a Percentage of Covered Payroll	80.14 %	76.35 %	76.16 %	83.67 %	62.89 %	64.48 %	59.71 %	59.13 %	55.16 %	77.37 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed, beginning with the 2017 fiscal year
Remaining amortization period	18 years as of June 30, 2021
Asset valuation method	5-year smoothed market
Inflation	3.5 percent
Salary increase	5.00 - 8.01 percent, including inflation
Investment rate of return	7.25 percent net of pension investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 PS with MP-2019

See notes to required supplemental information.

City of Taylor, Michigan

Schedule of Pension Investment Returns - Police and Fire Retirement System

Required Supplemental Information

**Last Nine Fiscal Years
Years Ended June 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	(10.62)%	32.54 %	2.35 %	5.34 %	12.34 %	13.50 %	0.60 %	6.40 %	19.40 %

Note: Governmental Accounting Standards Board Statement No. 67 was implemented beginning with fiscal year 2014. Therefore, 10-year trend information is not yet available.

See notes to required supplemental information.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Covered Payroll	\$193,565	\$312,475	\$353,413	\$350,057	\$348,110	\$419,817	\$403,805	\$463,273	\$499,320	\$488,544
Contributions as a Percentage of Covered Payroll	39.98 %	29.07 %	20.87 %	16.38 %	14.29 %	10.11 %	11.41 %	8.70 %	7.40 %	5.85 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	18 years
Asset valuation method	5-year smoothed
Inflation	2.5 percent
Salary increase	3.75 percent, including inflation
Investment rate of return	7.35 percent, including inflation
Retirement age	Various
Mortality	Pub-2010 Mortality Tables

See notes to required supplemental information.

Page 80 is complex and may be difficult to understand. This page is a dense financial schedule with a large multi-column table, small text, grouped subtotals, negative values in parentheses, and percentage rows, which can be difficult for screen reader users to track across years. The HTML uses a structured data table with explicit column and row headers, section groupings, and text notes to reduce navigation and interpretation errors. If you need help understanding this page, please use the live assistance options in the sidebar.

City of Taylor, Michigan

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

Description	Last Five Fiscal Years				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$417,432	\$494,473	\$893,637	\$3,705,380	\$4,136,989
Interest	6,960,780	9,083,551	11,124,998	10,543,165	10,324,168
Changes in benefit terms	9,547	-	-	-	-
Differences between expected and actual experience	4,809,139	(7,418,379)	(39,438,580)	(55,703,885)	(1,361,775)
Changes in assumptions	12,049,282	2,665,604	7,874,620	(88,984,720)	(2,765,110)
Benefit payments, including refunds	(7,936,704)	(7,250,975)	(8,389,421)	(8,742,467)	(9,016,012)
Net Change in Total OPEB Liability	16,309,476	(2,425,726)	(27,934,746)	(139,182,527)	1,318,260
Total OPEB Liability - Beginning of year, as restated	98,177,832	126,645,254	154,580,000	293,762,527	292,444,267
Total OPEB Liability - End of year	\$114,487,308	\$124,219,528	\$126,645,254	\$154,580,000	\$293,762,527
Plan Fiduciary Net Position					
Contributions - Employer	\$8,191,704	\$7,505,975	\$8,644,421	\$11,742,467	\$-
Net investment (loss) income	(370,483)	934,033	70,503	-	-
Administrative expenses	(8,076)	(6,876)	(5,505)	-	-
Benefit payments, including refunds	(7,936,704)	(7,250,975)	(8,389,421)	(8,742,467)	-
Net Change in Plan Fiduciary Net Position	(123,559)	1,182,157	319,998	3,000,000	-
Plan Fiduciary Net Position - Beginning of year	4,502,155	3,319,998	3,000,000	-	-
Plan Fiduciary Net Position - End of year	\$4,378,596	\$4,502,155	\$3,319,998	\$3,000,000	\$-
Net OPEB Liability - Ending	\$110,108,712	\$119,717,373	\$123,325,256	\$151,580,000	\$293,762,527
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	3.82 %	3.62 %	2.62 %	1.94 %	- %
Covered Payroll	\$16,277,453	\$12,054,882	\$12,054,882	\$10,625,983	\$10,465,328
Net OPEB Liability as a Percentage of Covered Payroll	676.45 %	993.10 %	1,023.03 %	1,426.50 %	2,807.01 %

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

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

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
Item	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$7,936,704	\$8,770,402	\$10,916,727	\$16,922,687	\$-	\$17,992,359	\$17,751,739	\$14,397,330	\$13,900,300	\$13,674,671
Contributions in relation to the actuarially determined contribution	\$8,191,704	\$7,505,975	\$8,644,421	\$11,742,467	\$-	\$7,892,660	\$7,652,506	\$7,467,152	\$6,940,607	\$6,520,812
Contribution Excess (Deficiency)	\$255,000	\$(1,264,427)	\$(2,272,306)	\$(5,180,220)	\$-	\$(10,099,699)	\$(10,099,233)	\$(6,930,178)	\$(6,959,693)	\$(7,153,859)
Covered Payroll	\$16,277,453	\$13,458,719	\$12,054,882	\$10,625,983	\$-	\$11,720,401	\$11,720,401	\$11,720,401	\$12,057,769	\$12,057,769
Contributions as a Percentage of Covered Payroll	50.33 %	55.77 %	110.51 %	110.51 %	- %	67.34 %	65.29 %	63.71 %	57.56 %	62.47 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal

Amortization method

Level percentage of payroll, closed

Remaining amortization period

27 years

Asset valuation method

Market value

Inflation

2.50 percent

Health care cost trend rates

Trend starting at 7.25 percent and gradually decreasing to an ultimate trend rate of 4.5 percent

Salary increase

1.0 to 6.5 percent, including inflation

Investment rate of return

7.35 percent

Retirement age

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

Mortality

See notes to required supplemental information.

City of Taylor, Michigan

Required Supplemental Information

Schedule of OPEB Investment Returns

Last Five Fiscal Years
Years Ended June 30

2022 2021 2020 2019 2018

Annual money-weighted rate of return - Net of investment expense (8.23)% 28.12 % 2.32 % 3.09 % 7.68 %

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

See notes to required supplemental information.

Notes to Required Supplemental Information

City of Taylor, Michigan

June 30, 2022

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

	Total Revenue	Total Expenditures	Fund Balance
Amounts per operating statement	\$42,280,346	\$43,644,795	\$13,134,834
Tree Replacement Fund	(8,950)	-	(23,055)
Amounts per budget statement	\$42,271,396	\$43,644,795	\$13,111,779

During the year, the City of Taylor, Michigan incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
Public Safety	\$17,044,235	\$17,170,543	\$(126,308)

Expenditures over budget were a result of unforeseen expenses.

Pension Information

Changes in Assumptions

General Employees' Retirement System

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

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

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

Police and Fire Retirement System

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

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

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

2020 - The mortality rates were updated to be based on the Pub-2010 mortality tables

2018 - Discount rate was updated from 5.35 to 7.22 percent.

2017 - Discount rate was updated from 4.84 to 5.35 percent.

2016 - Discount rate was updated from 5.87 to 4.84 percent. The inflation assumption was updated from 4.00 to 3.50 percent.

2015 - Discount rate was updated from 7.60 to 5.87 percent.

Municipal Employees' Retirement System

For plans with years ended December 31, 2021, the Municipal Employee's Retirement System dedicated gain policy went into effect and the discount rate, and expected investment return assumption decreased from 7.60 percent to 7.25 percent (net of investment expenses and gross of administrative expenses).

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

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

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

OPEB Information

Changes in Assumptions

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

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

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

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

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

Other Supplemental Information

Other Supplemental Information

Page 86 is complex and may be difficult to understand. This page is a wide financial statement with eight fund columns, many repeated dash entries, and very small source text, which creates a moderate-to-high risk of row or column misassociation for screen reader users. I reduced that risk by converting the layout into a semantic table with row-group headings, explicit column headers, and accessible labels for dash cells. If you need help understanding this page, please use the live assistance options in the sidebar.

Combining Balance Sheet - Nonmajor Governmental Funds

	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department	DARE/GREAT
Assets								
Cash and investments	\$2,814,667	\$1,787,492	\$395,265	\$435,358	\$876,319	\$377,358	\$317,488	\$5,692
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Other	-	1,208	-	-	22	-	5,905	-
Due from other governmental units	853,672	307,184	40,000	141,501	-	105,822	-	-
Due from other funds	488,379	160,251	-	-	30,889	-	126,450	-
Prepaid expenses and other assets	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Properties held for resale	-	-	-	-	-	-	-	-
Total assets	\$4,156,718	\$2,256,135	\$435,265	\$576,859	\$907,230	\$483,180	\$449,843	\$5,692
Liabilities								
Accounts payable	\$145,561	\$514,235	-	\$ -	\$6,107	\$2,617	\$129,776	\$ -
Due to other governmental units	-	-	-	-	-	-	-	-
Due to other funds	105,788	261,935	48,823	-	-	183,497	96,502	-
Accrued liabilities and other	-	-	-	-	-	-	8,767	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	251,349	776,170	48,823	-	6,107	186,114	235,045	-
Deferred Inflows of Resources								
Unavailable revenue	-	-	-	-	-	74,996	-	5,692
Total liabilities and deferred inflows of resources	251,349	776,170	48,823	-	6,107	261,110	235,045	5,692
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted:								
Roads	3,905,369	1,479,965	-	-	-	-	-	-
Drug forfeiture	-	-	386,442	576,859	901,123	-	-	-
Grants	-	-	-	-	-	222,070	-	-
Capital projects	-	-	-	-	-	-	-	-
Special millages	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	214,798	-
Library	-	-	-	-	-	-	-	-
Total fund balances	3,905,369	1,479,965	386,442	576,859	901,123	222,070	214,798	-
Total liabilities, deferred inflows of resources, and fund balances	\$4,156,718	\$2,256,135	\$435,265	\$576,859	\$907,230	\$483,180	\$449,843	\$5,692

Page 87 is complex and may be difficult to understand. This page is a high-complexity continuation table with very small text and no repeated row labels, so a screen reader user could lose the relationship between numeric rows and the line items defined on the previous page. To improve accessibility, I preserved the multi-level column headers, kept section breaks as separate table bodies, and added an explicit continuation note explaining that row labels are on the prior page. If you need help understanding this page, please use the live assistance options in the sidebar.

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

June 30, 2022

Additional content from previous item: This table is a continuation from the previous page. Row labels and earlier fund columns are not repeated on this page; this page shows additional fund columns and totals.

	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department	DARE/GREAT
General government	-	-	-	-	-	-	-	-
Public works and capital projects	1,083,655	5,958,859	-	-	-	-	2,172,191	-
Community development	-	-	-	-	-	172,201	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Capital outlay	-	-	55,623	4,358	15,241	-	31,755	-
Debt service	1,280,955	-	-	-	-	-	-	-
Total expenditures	2,364,610	5,958,859	55,623	4,358	15,241	172,201	2,203,946	-
Excess of Revenue Over (Under) Expenditures	3,177,961	(3,968,611)	89,804	220,293	431,577	222,280	(276,789)	-
Other Financing Sources (Uses)								
Transfers in	261,662	2,643,000	-	-	-	-	-	-
Transfers out	(2,643,000)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing (uses) sources	(2,381,338)	2,643,000	-	-	-	-	-	-
Net Change in Fund Balances	796,623	(1,325,611)	89,804	220,293	431,577	222,280	(276,789)	-
Fund Balances (Deficit) - Beginning of year	3,108,746	2,805,576	296,638	356,566	469,546	(210)	491,587	-
Fund Balances - End of year	\$3,905,369	\$1,479,965	\$386,442	\$576,859	\$901,123	\$222,070	\$214,798	\$-

Note: Table reproduced for accessibility; empty cells denoted with dash or blank where original shows no amount.

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Page 89 is complex and may be difficult to understand. This page is a very dense financial table with many columns, small 6-point text, and several left-edge row labels that are difficult to read confidently from the supplied PDF. Accessibility was improved by converting the statement into a structured HTML table with grouped headers and explicit row headings, but a few row labels remain best-effort transcriptions, which raises the risk of misunderstanding for screen reader users. If you need help understanding this page, please use the live assistance options in the sidebar.

Other Supplemental Information

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

Year Ended June 30, 2022

Accessibility note: This page is a dense financial table with very small text. Several left-side row labels are best-effort transcriptions based on the visible statement structure and totals.

Description	Special Revenue Funds				Debt Service Funds			Capital Project Funds		Total
	Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	Taylor Building Authority Debt	1996 Voted Levy	TBA Capital Projects	Road Capital Improvement Fund	
Property taxes	-	3,717,391	1,007,772	-	5,582,075	-	-	-	-	10,307,238
Special assessments	-	-	-	-	934,592	-	-	-	-	934,592
					Revenues					

Description	Special Revenue Funds				Debt Service Funds			Capital Project Funds		Total
	Neighborhood Stabilization Program	Building and Grounds	Library	Michigan Indigent Defense Commission	Act 179 Rubbish	Taylor Building Authority Debt	1996 Voted Levy	TBA Capital Projects	Road Capital Improvement Fund	Total
Charges for services	1,090,601	17,433	9,438	-	9,750	-	-	-	-	1,127,222
Intergovernmental	7,656,398	226,472	161,133	330,324	106,535	-	-	-	-	8,480,862
Other revenue	1,919,511	-	-	-	-	-	-	-	-	1,919,511
Fines and forfeitures	-	-	10,462	-	-	-	-	-	-	10,462
Interest	4,843	2,808	964	-	3,933	-	-	7	8,264	20,819
Other	-	255,342	10,606	-	72,300	-	-	-	-	338,248
Total revenue	10,671,353	4,219,446	1,200,375	330,324	6,709,185	-	-	7	8,264	23,138,954
Expenditures										
Public safety	-	-	-	389,745	-	-	-	-	-	389,745
Capital outlay	9,214,705	2,080,609	-	-	5,683,818	-	-	-	5,688,096	22,667,228
Community and economic development	172,201	-	-	-	-	-	-	-	-	172,201
Recreation and culture	-	-	1,072,431	-	-	-	-	-	-	1,072,431
Public works	106,977	798,655	-	-	95,546	-	-	-	-	1,001,178
Debt service	1,280,955	-	-	-	-	1,609,355	-	-	-	2,890,310
Total expenditures	10,774,838	2,879,264	1,072,431	389,745	5,779,364	1,609,355	-	-	5,688,096	28,193,093
Excess of revenue over (under) expenditures	(103,485)	1,340,182	127,944	(59,421)	929,821	(1,609,355)	-	7	(5,679,832)	(5,054,139)
Other financing sources (uses)										
Transfers in	2,904,662	14,088	-	40,331	-	1,609,355	-	-	-	4,568,436
Transfers out	(2,643,000)	(1,609,355)	-	-	-	-	(48,856)	(14,088)	(261,662)	(4,576,961)
Sale of capital assets	-	1,400	-	-	-	-	-	-	-	1,400
Net other financing sources (uses)	261,662	(1,593,867)	-	40,331	-	1,609,355	(48,856)	(14,088)	(261,662)	(7,125)
Net change in fund balances	158,177	(253,685)	127,944	(19,090)	929,821	-	(48,856)	(14,081)	(5,941,494)	(5,061,264)
Fund balances - beginning of year	7,665,905	1,877,840	668,930	19,090	2,021,838	-	48,856	14,081	13,536,318	25,852,858
Fund balances - end of year	\$7,824,082	\$1,624,155	\$796,874	\$-	\$2,951,659	\$-	\$-	\$-	\$7,594,824	\$20,791,594

City of Taylor, Michigan

Other Supplemental Information

Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Pension and Other Employee Benefit Trust Funds			Custodial Funds			Total Fiduciary Funds
	Police and Fire Retirement System	OPEB Trust	Total	Tax Receiving	23rd District Court	Total	
Assets							
Cash and cash equivalents	3,544,580	-	3,544,580	1,001,462	604,072	1,605,534	5,150,114
Investments:							
Pooled investments	-	4,123,596	4,123,596	-	-	-	4,123,596
U.S. government securities	1,668,048	-	1,668,048	-	-	-	1,668,048

	Pension and Other Employee Benefit Trust Funds			Custodial Funds			Total Fiduciary Funds
	Police and Fire Retirement System	OPEB Trust	Total	Tax Receiving	23rd District Court	Total	
Agency securities	540,201	-	540,201	-	-	-	540,201
Common and preferred stocks	54,330,648	-	54,330,648	-	-	-	54,330,648
Corporate bonds	2,504,008	-	2,504,008	-	-	-	2,504,008
Mutual funds	27,905,176	-	27,905,176	-	-	-	27,905,176
Partnerships	41,384,185	-	41,384,185	-	-	-	41,384,185
Receivables	227,849	255,000	482,849	107,685	-	107,685	590,534
Total assets	132,104,695	4,378,596	136,483,291	1,109,147	604,072	1,713,219	138,196,510
Liabilities							
Due to other governmental units	-	-	-	950,154	529,446	1,479,600	1,479,600
Other current liabilities	-	-	-	158,993	74,626	233,619	233,619
Total liabilities	-	-	-	1,109,147	604,072	1,713,219	1,713,219
Net Position							
Restricted:							
Pension	132,104,695	-	132,104,695	-	-	-	132,104,695
Postemployment benefits other than pension	-	4,378,596	4,378,596	-	-	-	4,378,596
Total net position	\$132,104,695	\$4,378,596	\$136,483,291	\$-	\$-	\$-	\$136,483,291

City of Taylor, Michigan

Other Supplemental Information

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Description	Pension and Other Employee Benefit Trust Funds			Custodial Funds			Total Fiduciary Funds
	Police and Fire Retirement System	OPEB Trust	Total	Tax Receiving	23rd District Court	Total	Total Fiduciary Funds
Additions							
Investment income (loss):							
Interest and dividends	\$5,081,722	\$-	\$5,081,722	\$-	\$-	\$-	\$5,081,722
Net decrease in fair value of investments	(20,522,120)	(370,483)	(20,892,603)	-	-	-	(20,892,603)
Investment costs	(608,313)	-	(608,313)	-	-	-	(608,313)
Net investment loss	(16,048,711)	(370,483)	(16,419,194)	-	-	-	(16,419,194)
Contributions:							
Employer contributions	6,568,459	7,475,632	14,044,091	-	-	-	14,044,091
Employee contributions	769,179	-	769,179	-	-	-	769,179
Total contributions	7,337,638	7,475,632	14,813,270	-	-	-	14,813,270
Property tax collections for other governments	-	-	-	43,357,087	-	43,357,087	43,357,087
Fines and fees	-	-	-	-	596,649	596,649	596,649
Total additions	(8,711,073)	7,105,149	(1,605,924)	43,357,087	596,649	43,953,736	42,347,812
Deductions							
Benefit payments	15,803,956	7,220,632	23,024,588	-	-	-	23,024,588
Administrative expenses	72,955	8,076	81,031	-	-	-	81,031
Tax distributions to other governments	-	-	-	43,357,087	-	43,357,087	43,357,087
Disbursements to state	-	-	-	-	559,882	559,882	559,882

Description	Pension and Other Employee Benefit Trust Funds			Custodial Funds			Total Fiduciary Funds
	Police and Fire Retirement System	OPEB Trust	Total	Tax Receiving	23rd District Court	Total	Total Fiduciary Funds
Disbursements to county	-	-	-	-	36,767	36,767	36,767
Total deductions	15,876,911	7,228,708	23,105,619	43,357,087	596,649	43,953,736	67,059,355
Net Decrease in Fiduciary Net Position	(24,587,984)	(123,559)	(24,711,543)	-	-	-	(24,711,543)
Net Position - Beginning of year	156,692,679	4,502,155	161,194,834	-	-	-	161,194,834
Net Position - End of year	\$132,104,695	\$4,378,596	\$136,483,291	\$-	\$-	\$-	\$136,483,291