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# City of Westland, Michigan

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**Financial Report  
with Supplemental Information  
June 30, 2021**

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## **Independent Auditor's Report**

To the City Council  
City of Westland, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Westland, Michigan as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Westland, Michigan's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Westland, Michigan as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, during fiscal year 2021. Our opinion is not modified with respect to this matter.

As also described in Note 1, the City made a reporting change to present the Westland Public Library as a discretely presented component unit. Our opinion is not modified with respect to this matter.

To the City Council  
City of Westland, Michigan

### **Other Matters**

#### ***Required Supplemental Information***

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

#### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of the City of Westland, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 of Westland, Michigan'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 of Westland, Michigan's internal control over financial reporting and compliance.

*Plante & Moreau, PLLC*

December 15, 2021

Our discussion and analysis of the City of Westland, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021 and should be read in conjunction with the City's financial statements.

### ***Financial Highlights***

- The City again complied with the requirements from the State of Michigan for the City, Village, and Township Revenue Sharing (CVTRS) program and received \$1.5 million for the fiscal year.
- The City continued the Neighborhood Makeover Program throughout the year to provide safe and clean neighborhoods.
- The City continues to comply with the corrective action plans (CAP) approved by the City Council regarding pensions and other postemployment benefits (OPEB), as required by the State of Michigan. The City issued pension obligation bonds to partially fund the MERS plan and reduce future annual required contributions. The additional contribution made subsequent to the plan's year end as a result of the bond issuance was \$81,626,836 and has been allocated between governmental activities and business-type activities.
- Many capital outlay items were purchased throughout the year, including many improvements throughout the City's parks. Also purchased were new vehicles for the highway maintenance department, new police department vehicles, and safety equipment for the Fire Department, including a new ambulance. In addition, improvements were made to the City's recycling center.
- Many road projects were started and/or completed during the fiscal year, including various projects that had pavement milled and were resurfaced, along with some roads getting joint and crack sealing to extend the life of the road. Hix Road between Ford and Warren was resurfaced and replaced. The Brandon Street water main between Palmer and Glenwood was replaced along with the road. Wildwood between Warren and Marquette was replaced. Farmington between Hunter and Warren was resurfaced. Schuman between Cherry Hill and Palmer was resurfaced. Over 12,000 feet of sanitary sewer lining was performed. Carlson between Ford Road and Marquette was resurfaced. Palmer between Schuman and Venoy was resurfaced. Venoy between Warren and Cowan was resurfaced.

### ***Using This Annual Report***

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This long-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader 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.

## City of Westland, Michigan

### Management's Discussion and Analysis (Continued)

#### *The City of Westland, Michigan as a Whole*

The following table shows, in a condensed format, the net position as of the current date compared to the previous year:

|                                       | Governmental Activities |                         | Business-type Activities |                      | Total                  |                        |
|---------------------------------------|-------------------------|-------------------------|--------------------------|----------------------|------------------------|------------------------|
|                                       | 2021                    | 2020                    | 2021                     | 2020                 | 2021                   | 2020                   |
| <b>Assets</b>                         |                         |                         |                          |                      |                        |                        |
| Current assets                        | \$ 42,924,496           | \$ 30,151,165           | \$ 32,028,452            | \$ 32,862,431        | \$ 74,952,948          | \$ 63,013,596          |
| Noncurrent assets                     | 167,825,104             | 176,248,032             | 83,712,112               | 85,167,688           | 251,537,216            | 261,415,720            |
| Total assets                          | 210,749,600             | 206,399,197             | 115,740,564              | 118,030,119          | 326,490,164            | 324,429,316            |
| <b>Deferred Outflows of Resources</b> | 70,723,781              | 10,818,056              | 20,427,177               | 1,180,793            | 91,150,958             | 11,998,849             |
| <b>Liabilities</b>                    |                         |                         |                          |                      |                        |                        |
| Current liabilities                   | 18,397,797              | 3,828,050               | 3,101,682                | 4,062,034            | 21,499,479             | 7,890,084              |
| Noncurrent liabilities                | 309,829,101             | 286,018,225             | 73,896,989               | 54,524,753           | 383,726,090            | 340,542,978            |
| Total liabilities                     | 328,226,898             | 289,846,275             | 76,998,671               | 58,586,787           | 405,225,569            | 348,433,062            |
| <b>Deferred Inflows of Resources</b>  | 57,848,137              | 47,301,974              | 3,996,586                | 6,417,626            | 61,844,723             | 53,719,600             |
| <b>Net Position (Deficit)</b>         |                         |                         |                          |                      |                        |                        |
| Net investment in capital assets      | 164,577,140             | 172,583,555             | 70,482,916               | 71,122,300           | 235,060,056            | 243,705,855            |
| Restricted                            | 13,608,784              | 16,643,849              | -                        | -                    | 13,608,784             | 16,643,849             |
| Unrestricted                          | (282,787,578)           | (309,158,400)           | (15,310,432)             | (16,915,801)         | (298,098,010)          | (326,074,201)          |
| Total net position (deficit)          | <u>\$ (104,601,654)</u> | <u>\$ (119,930,996)</u> | <u>\$ 55,172,484</u>     | <u>\$ 54,206,499</u> | <u>\$ (49,429,170)</u> | <u>\$ (65,724,497)</u> |

Unrestricted net position in governmental activities and business-type activities, the part of net position that can be used to finance operations, are currently at a deficit of \$282,787,578 and \$15,310,432, respectively. This is generally a result of the accrual for pension, debt, compensated absences, provisions for claims, and other postemployment benefits liabilities, which will be paid from future revenue sources. These accruals in the governmental activities and business-type activities are \$309,829,101 and \$73,896,989, respectively.

## City of Westland, Michigan

### Management's Discussion and Analysis (Continued)

#### The City's Changes in Net Position

The following table shows the changes in net position during the current year from the previous year:

|                                                                         | Governmental Activities |                         | Business-type Activities |                      | Total                  |                        |
|-------------------------------------------------------------------------|-------------------------|-------------------------|--------------------------|----------------------|------------------------|------------------------|
|                                                                         | 2021                    | 2020                    | 2021                     | 2020                 | 2021                   | 2020                   |
| <b>Revenue</b>                                                          |                         |                         |                          |                      |                        |                        |
| Program revenue:                                                        |                         |                         |                          |                      |                        |                        |
| Charges for services                                                    | \$ 17,639,557           | \$ 18,638,343           | \$ 32,097,020            | \$ 30,797,905        | \$ 49,736,577          | \$ 49,436,248          |
| Operating grants                                                        | 16,187,780              | 12,976,403              | -                        | -                    | 16,187,780             | 12,976,403             |
| Capital grants and contributions                                        | 1,074,195               | 1,204,567               | 138,722                  | 422,462              | 1,212,917              | 1,627,029              |
| General revenue:                                                        |                         |                         |                          |                      |                        |                        |
| Taxes - Property taxes                                                  | 30,660,064              | 32,490,083              | -                        | -                    | 30,660,064             | 32,490,083             |
| State-shared revenue                                                    | 9,809,869               | 8,525,091               | -                        | -                    | 9,809,869              | 8,525,091              |
| Interest                                                                | 34,892                  | 229,509                 | 29,066                   | 382,295              | 63,958                 | 611,804                |
| Other revenue:                                                          |                         |                         |                          |                      |                        |                        |
| Cable franchise fees                                                    | 1,506,628               | -                       | -                        | -                    | 1,506,628              | -                      |
| Gain on sale of fixed assets                                            | 847,867                 | -                       | -                        | 2,053                | 847,867                | 2,053                  |
| Other miscellaneous income                                              | 537,634                 | 1,441,697               | -                        | -                    | 537,634                | 1,441,697              |
| Total revenue                                                           | 78,298,486              | 75,505,693              | 32,264,808               | 31,604,715           | 110,563,294            | 107,110,408            |
| <b>Expenses</b>                                                         |                         |                         |                          |                      |                        |                        |
| General government                                                      | 14,530,285              | 13,103,017              | -                        | -                    | 14,530,285             | 13,103,017             |
| Public safety                                                           | 17,988,342              | 29,303,931              | -                        | -                    | 17,988,342             | 29,303,931             |
| Public works                                                            | 16,562,953              | 16,075,783              | -                        | -                    | 16,562,953             | 16,075,783             |
| Community and economic development                                      | 5,013,715               | 4,337,465               | -                        | -                    | 5,013,715              | 4,337,465              |
| Recreation and culture                                                  | 2,127,047               | 4,813,951               | -                        | -                    | 2,127,047              | 4,813,951              |
| Interest on long-term debt                                              | 471,882                 | 66,505                  | -                        | -                    | 471,882                | 66,505                 |
| Water and sewer                                                         | -                       | -                       | 31,298,823               | 29,603,217           | 31,298,823             | 29,603,217             |
| Total expenses                                                          | 56,694,224              | 67,700,652              | 31,298,823               | 29,603,217           | 87,993,047             | 97,303,869             |
| <b>Change in Net Position</b>                                           | 21,604,262              | 7,805,041               | 965,985                  | 2,001,498            | 22,570,247             | 9,806,539              |
| <b>Net Position (Deficit) - Beginning of year, as restated (Note 1)</b> | (126,205,916)           | (127,736,037)           | 54,206,499               | 52,205,001           | (71,999,417)           | (75,531,036)           |
| <b>Net Position (Deficit) - End of year</b>                             | <b>\$ (104,601,654)</b> | <b>\$ (119,930,996)</b> | <b>\$ 55,172,484</b>     | <b>\$ 54,206,499</b> | <b>\$ (49,429,170)</b> | <b>\$ (65,724,497)</b> |

#### Governmental Activities

As referenced in Note 1, in 2021, the City determined the Westland Public Library should be presented as a discretely presented component unit as opposed to a special revenue fund as it had previously been reported. As a result, governmental activities beginning net position for 2021 was reduced by \$6,274,920. The 2020 amounts above have not been restated.

The City's total governmental revenue increased by approximately \$2.8 million. The increase was primarily due to additional grant revenue and state-shared revenue received offset by reduced property tax revenue due to the aforementioned library presentation change.

Expenses decreased by approximately \$11 million during the year. The decrease was primarily due to an increase in funding percentage in the Police and Fire Retirement System, which results in a current year full-accrual credit to expenditures.

#### **Business-type Activities**

The City's business-type activities consist of the Water and Sewer Fund. The City provides water to residents from the Great Lakes Water Authority. The City also provides sewage treatment through Wayne County, Michigan. Total operating revenue increased by approximately \$1.3 million compared to the previous year. This increase primarily relates to increased usage from the prior year along with an increase in water and sewer rates from the water and sewer rate study completed in fiscal year 2019. Total operating expenditures increased by approximately \$1.7 million. The increase primarily relates to water produced and sewage treatment cost increases.

#### **The City of Westland's Funds**

Our analysis of the City's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The Westland City Council creates funds to help manage money for specific purposes and to show accountability for certain activities, such as community development block grant and debt service. The City's major fund for 2021 is the General Fund.

#### **General Fund Budgetary Highlights**

The General Fund's total revenue increased by approximately \$4.5 million. The increase was primarily due to increased grant revenue relief due to the COVID-19 pandemic, state-shared revenue, and additional property tax revenue due to the approved sanitation millage.

The General Fund pays for most of the City's governmental services. The General Fund's total expenditures are approximately \$65.8 million (excluding the additional contribution to the MERS pension system described in Notes 7 and 13). The most significant expenditures are public safety, which incurred expenditures of approximately \$38 million in 2021. Other government services accounted for in the General Fund include general government (finance, city clerk, city assessor, economic development, community development, personnel, and the mayor's office), sanitation, and recreation.

The net change in fund balance for the General Fund was an increase of approximately \$1.2 million.

The fund balance of the General Fund increased from approximately \$9,088,000 to approximately \$10,291,000.

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

As of June 30, 2021, the City had a total of approximately \$251,537,000 million invested in a broad range of capital assets, including roads, buildings, police and fire equipment, and water and sewer lines.

- Various road projects mentioned above were completed during the fiscal year.
- Various park improvements mentioned above were completed during the fiscal year.
- Various water main and sewer mains were replaced or relined during the fiscal year.
- Various vehicle and other equipment, as stated above

Debt service makes up approximately 0.59 percent of the total expenditures of the governmental funds (excluding the additional contribution for the MERS pension bonds).

More detailed information concerning capital assets and long-term debt can be found in Notes 5 and 7, respectively, to the financial statements.



#### ***Economic Factors and Next Year's Budgets and Rates***

The City's budget for the fiscal year ended June 30, 2022 takes into consideration a conservative economic climate. The taxable values increased for the 2021 tax year (2021-2022 fiscal year) by approximately 3.3 percent and are projected to increase by approximately 2.75 percent for the 2022 tax year (2022-2023 fiscal year). The City will continue to comply with the requirements outlined by the State regarding the CVTRS program. The City is working on a plan for the recently awarded \$25.9 million in American Rescue Plan Act relief. The City is required to obligate these funds by December 31, 2024 and to spend them by December 31, 2026. All city employees are contributing toward their health care under the hard cap option in accordance with Public Act 152. Contractual changes have been made for defined benefit pensions, and all employees must contribute toward their pension. The City continues to evaluate more efficient and cost-effective solutions for all services provided. The City will implement a voluntary retiree health care settlement program to further reduce the City's OPEB obligation. In addition, the recently issued pension obligation bonds to fund the MERS pension plan will provide significant savings each year by reducing the annual required contribution into the pension system. This will continue to help with the budget; however, throughout the year, the City will monitor the budget very closely and continue to make adjustments as necessary.

#### ***Contacting the City's Management***

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the finance department.

## Statement of Net Position

June 30, 2021

|                                                  | Primary Government         |                             |                        | Component Units     |
|--------------------------------------------------|----------------------------|-----------------------------|------------------------|---------------------|
|                                                  | Governmental<br>Activities | Business-type<br>Activities | Total                  |                     |
| <b>Assets</b>                                    |                            |                             |                        |                     |
| Cash and cash equivalents (Note 3)               | \$ 33,155,355              | \$ 21,173,518               | \$ 54,328,873          | \$ 10,862,207       |
| Receivables - Net (Note 4)                       | 7,077,438                  | 10,641,146                  | 17,718,584             | 176,071             |
| Due from component units                         | 45,942                     | -                           | 45,942                 | 47,119              |
| Due from primary government                      | -                          | -                           | -                      | 12,500              |
| Internal balances                                | 29,070                     | (29,070)                    | -                      | -                   |
| Inventory                                        | 182,499                    | 107,239                     | 289,738                | -                   |
| Prepaid expenses                                 | 641,975                    | 106,004                     | 747,979                | 81,961              |
| Other current assets                             | -                          | -                           | -                      | 8,194               |
| Deposits held by third parties                   | 88,845                     | 29,615                      | 118,460                | -                   |
| Land held for resale                             | 1,703,372                  | -                           | 1,703,372              | 48,998              |
| Capital assets: (Note 5)                         |                            |                             |                        |                     |
| Not being depreciated                            | 3,369,229                  | -                           | 3,369,229              | 497,601             |
| Depreciable - Net                                | 164,455,875                | 83,712,112                  | 248,167,987            | 7,482,553           |
| <b>Total assets</b>                              | <b>210,749,600</b>         | <b>115,740,564</b>          | <b>326,490,164</b>     | <b>19,217,204</b>   |
| <b>Deferred Outflows of Resources</b>            |                            |                             |                        |                     |
| Deferred charges on bond refunding               | -                          | -                           | -                      | 1,106,007           |
| Deferred pension costs (Note 13)                 | 67,102,956                 | 19,907,734                  | 87,010,690             | -                   |
| Deferred OPEB costs (Note 14)                    | 3,620,825                  | 519,443                     | 4,140,268              | -                   |
| <b>Total deferred outflows of resources</b>      | <b>70,723,781</b>          | <b>20,427,177</b>           | <b>91,150,958</b>      | <b>1,106,007</b>    |
| <b>Liabilities</b>                               |                            |                             |                        |                     |
| Accounts payable                                 | 2,709,626                  | 2,567,112                   | 5,276,738              | 257,592             |
| Due to other governmental units                  | -                          | 1,631                       | 1,631                  | -                   |
| Due to component units                           | 12,500                     | -                           | 12,500                 | 47,119              |
| Due to primary government                        | -                          | -                           | -                      | 45,942              |
| Deposits and bonds                               | -                          | 57,587                      | 57,587                 | -                   |
| Accrued liabilities and other                    | 2,613,110                  | 475,352                     | 3,088,462              | 244,656             |
| Unearned revenue (Note 4)                        | 13,062,561                 | -                           | 13,062,561             | -                   |
| Noncurrent liabilities:                          |                            |                             |                        |                     |
| Due within one year:                             |                            |                             |                        |                     |
| Compensated absences (Note 7)                    | 4,855,249                  | 265,505                     | 5,120,754              | 15,557              |
| Provision for claims (Note 8)                    | 1,082,865                  | 213,402                     | 1,296,267              | -                   |
| Current portion of long-term debt (Note 7)       | 2,234,193                  | 1,435,759                   | 3,669,952              | 1,300,000           |
| Due in more than one year:                       |                            |                             |                        |                     |
| Compensated absences (Note 7)                    | 4,802,795                  | 4,324                       | 4,807,119              | -                   |
| Provision for claims (Note 8)                    | 791,973                    | 246,261                     | 1,038,234              | -                   |
| Net pension liability (Note 13)                  | 95,186,203                 | 20,559,275                  | 115,745,478            | -                   |
| Net OPEB liability (Note 14)                     | 137,102,382                | 19,668,696                  | 156,771,078            | -                   |
| Long-term debt - Net of current portion (Note 7) | 63,773,441                 | 31,503,767                  | 95,277,208             | 13,930,000          |
| <b>Total liabilities</b>                         | <b>328,226,898</b>         | <b>76,998,671</b>           | <b>405,225,569</b>     | <b>15,840,866</b>   |
| <b>Deferred Inflows of Resources</b>             |                            |                             |                        |                     |
| Deferred pension cost reductions (Note 13)       | 34,090,867                 | 588,370                     | 34,679,237             | -                   |
| Deferred OPEB cost reductions (Note 14)          | 23,757,270                 | 3,408,216                   | 27,165,486             | -                   |
| <b>Total deferred inflows of resources</b>       | <b>57,848,137</b>          | <b>3,996,586</b>            | <b>61,844,723</b>      | <b>-</b>            |
| <b>Net Position (Deficit)</b>                    |                            |                             |                        |                     |
| Net investment in capital assets                 | 164,577,140                | 70,482,916                  | 235,060,056            | 6,690,154           |
| Restricted:                                      |                            |                             |                        |                     |
| Retirement systems                               | 2,836,000                  | -                           | 2,836,000              | -                   |
| Road improvements                                | 7,504,280                  | -                           | 7,504,280              | -                   |
| Library operations                               | 70,688                     | -                           | 70,688                 | -                   |
| Other (Note 11)                                  | 3,197,816                  | -                           | 3,197,816              | -                   |
| Unrestricted                                     | (282,787,578)              | (15,310,432)                | (298,098,010)          | (2,207,809)         |
| <b>Total net position (deficit)</b>              | <b>\$ (104,601,654)</b>    | <b>\$ 55,172,484</b>        | <b>\$ (49,429,170)</b> | <b>\$ 4,482,345</b> |

## City of Westland, Michigan

|                                                                         |                      | Program Revenue      |                                    |                                  |
|-------------------------------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                                                         | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Functions/Programs</b>                                               |                      |                      |                                    |                                  |
| Primary government:                                                     |                      |                      |                                    |                                  |
| Governmental activities:                                                |                      |                      |                                    |                                  |
| General government                                                      | \$ 14,530,285        | \$ 6,533,453         | \$ 1,426,294                       | \$ -                             |
| Public safety                                                           | 17,988,342           | 8,556,508            | 3,466,594                          | 928,844                          |
| Public works                                                            | 16,562,953           | 1,885,078            | 8,643,873                          | 145,351                          |
| Community and economic development                                      | 5,013,715            | -                    | 2,502,176                          | -                                |
| Recreation and culture                                                  | 2,127,047            | 664,518              | 148,843                            | -                                |
| Interest on long-term debt                                              | 471,882              | -                    | -                                  | -                                |
| Total governmental activities                                           | 56,694,224           | 17,639,557           | 16,187,780                         | 1,074,195                        |
| Business-type activities - Water and sewer                              | 31,298,823           | 32,097,020           | -                                  | 138,722                          |
| Total primary government                                                | <u>\$ 87,993,047</u> | <u>\$ 49,736,577</u> | <u>\$ 16,187,780</u>               | <u>\$ 1,212,917</u>              |
| Component units                                                         | <u>\$ 5,455,004</u>  | <u>\$ 13,024</u>     | <u>\$ 767,670</u>                  | <u>\$ -</u>                      |
| General revenue:                                                        |                      |                      |                                    |                                  |
| Property taxes                                                          |                      |                      |                                    |                                  |
| State-shared revenue                                                    |                      |                      |                                    |                                  |
| Interest and sundry                                                     |                      |                      |                                    |                                  |
| Cable franchise fees                                                    |                      |                      |                                    |                                  |
| Gain on sale of capital assets                                          |                      |                      |                                    |                                  |
| Other miscellaneous income                                              |                      |                      |                                    |                                  |
| Total general revenue                                                   |                      |                      |                                    |                                  |
| <b>Change in Net Position</b>                                           |                      |                      |                                    |                                  |
| <b>Net Position (Deficit) - Beginning of year, as restated (Note 1)</b> |                      |                      |                                    |                                  |
| <b>Net Position (Deficit) - End of year</b>                             |                      |                      |                                    |                                  |

# Statement of Activities

Year Ended June 30, 2021

| Primary Government         |                             |                        |                     |
|----------------------------|-----------------------------|------------------------|---------------------|
| Governmental<br>Activities | Business-type<br>Activities | Total                  | Component<br>Units  |
| \$ (6,570,538)             | \$ -                        | \$ (6,570,538)         | \$ -                |
| (5,036,396)                | -                           | (5,036,396)            | -                   |
| (5,888,651)                | -                           | (5,888,651)            | -                   |
| (2,511,539)                | -                           | (2,511,539)            | -                   |
| (1,313,686)                | -                           | (1,313,686)            | -                   |
| (471,882)                  | -                           | (471,882)              | -                   |
| (21,792,692)               | -                           | (21,792,692)           | -                   |
| -                          | 936,919                     | 936,919                | -                   |
| (21,792,692)               | 936,919                     | (20,855,773)           | -                   |
| -                          | -                           | -                      | (4,674,310)         |
| 30,660,064                 | -                           | 30,660,064             | 9,109,364           |
| 9,809,869                  | -                           | 9,809,869              | -                   |
| 34,892                     | 29,066                      | 63,958                 | 10,765              |
| 1,506,628                  | -                           | 1,506,628              | -                   |
| 847,867                    | -                           | 847,867                | -                   |
| 537,634                    | -                           | 537,634                | 79,619              |
| 43,396,954                 | 29,066                      | 43,426,020             | 9,199,748           |
| 21,604,262                 | 965,985                     | 22,570,247             | 4,525,438           |
| (126,205,916)              | 54,206,499                  | (71,999,417)           | (43,093)            |
| <b>\$ (104,601,654)</b>    | <b>\$ 55,172,484</b>        | <b>\$ (49,429,170)</b> | <b>\$ 4,482,345</b> |

Governmental Funds  
Balance Sheet

June 30, 2021

|                                                                        | General Fund         | Nonmajor Funds       | Total<br>Governmental<br>Funds |
|------------------------------------------------------------------------|----------------------|----------------------|--------------------------------|
| <b>Assets</b>                                                          |                      |                      |                                |
| Cash and cash equivalents (Note 3)                                     | \$ 21,211,348        | \$ 11,944,007        | \$ 33,155,355                  |
| Receivables - Net (Note 4)                                             | 5,269,891            | 1,807,547            | 7,077,438                      |
| Due from component units (Note 6)                                      | 45,942               | -                    | 45,942                         |
| Due from other funds (Note 6)                                          | 805,131              | 302,959              | 1,108,090                      |
| Inventory                                                              | 182,499              | -                    | 182,499                        |
| Prepaid expenses                                                       | 575,269              | 66,706               | 641,975                        |
| Deposits held by third parties                                         | 88,845               | -                    | 88,845                         |
| Land held for resale                                                   | 24,696               | 1,678,676            | 1,703,372                      |
| Total assets                                                           | <b>\$ 28,203,621</b> | <b>\$ 15,799,895</b> | <b>\$ 44,003,516</b>           |
| <b>Liabilities</b>                                                     |                      |                      |                                |
| Accounts payable                                                       | \$ 1,780,556         | \$ 929,070           | \$ 2,709,626                   |
| Due to component units (Note 6)                                        | 12,500               | -                    | 12,500                         |
| Due to other funds (Note 6)                                            | 42,778               | 1,036,242            | 1,079,020                      |
| Accrued liabilities and other                                          | 2,162,527            | -                    | 2,162,527                      |
| Unearned revenue (Note 4)                                              | 13,062,561           | -                    | 13,062,561                     |
| Total liabilities                                                      | 17,060,922           | 1,965,312            | 19,026,234                     |
| <b>Deferred Inflows of Resources</b> - Unavailable<br>revenue (Note 4) | 851,369              | 8,772                | 860,141                        |
| Total liabilities and deferred inflows of<br>resources                 | 17,912,291           | 1,974,084            | 19,886,375                     |
| <b>Fund Balances</b> (Note 12)                                         |                      |                      |                                |
| Nonspendable                                                           | 782,464              | 66,706               | 849,170                        |
| Restricted                                                             | 3,103,802            | 10,422,497           | 13,526,299                     |
| Committed                                                              | 53,056               | 146,607              | 199,663                        |
| Assigned                                                               | 101,056              | 3,190,001            | 3,291,057                      |
| Unassigned                                                             | 6,250,952            | -                    | 6,250,952                      |
| Total fund balances                                                    | 10,291,330           | 13,825,811           | 24,117,141                     |
| Total liabilities, deferred inflows of<br>resources, and fund balances | <b>\$ 28,203,621</b> | <b>\$ 15,799,895</b> | <b>\$ 44,003,516</b>           |

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2021**

|                                                                                                                                                                                          |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Fund Balances Reported in Governmental Funds</b>                                                                                                                                      | <b>\$ 24,117,141</b>           |
| Amounts reported for governmental activities in the statement of net position are different because:                                                                                     |                                |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds                                                                             | 167,825,104                    |
| 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         | 860,141                        |
| Deferred outflows and inflows of resources related to pension and OPEB are reported in the government-wide statements but not in the governmental funds                                  | 12,875,644                     |
| Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds                                                              | (66,007,634)                   |
| Accrued interest is not due and payable in the current period and is not reported in the funds                                                                                           | (450,583)                      |
| 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                                                                                                                                                            | (9,658,044)                    |
| Pension benefits                                                                                                                                                                         | (95,186,203)                   |
| Retiree health care benefits                                                                                                                                                             | (137,102,382)                  |
| Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities                                | (1,874,838)                    |
| <b>Net Position (Deficit) of Governmental Activities</b>                                                                                                                                 | <b><u>\$ (104,601,654)</u></b> |

**Governmental Funds**

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

**Year Ended June 30, 2021**

|                                                                | General Fund         | Nonmajor Funds       | Total<br>Governmental<br>Funds |
|----------------------------------------------------------------|----------------------|----------------------|--------------------------------|
| <b>Revenue</b>                                                 |                      |                      |                                |
| Property taxes                                                 | \$ 30,660,064        | \$ -                 | \$ 30,660,064                  |
| Special assessments                                            | -                    | 1,547,344            | 1,547,344                      |
| Intergovernmental:                                             |                      |                      |                                |
| Federal grants                                                 | 3,587,468            | 2,336,642            | 5,924,110                      |
| State sources                                                  | 11,123,470           | 9,172,023            | 20,295,493                     |
| Charges for services                                           | 8,992,079            | -                    | 8,992,079                      |
| Court fines and fees                                           | 4,820,231            | 127,480              | 4,947,711                      |
| Licenses and permits                                           | 1,811,017            | -                    | 1,811,017                      |
| Interest income                                                | 32,670               | 2,222                | 34,892                         |
| Other revenue:                                                 |                      |                      |                                |
| Local sources                                                  | 1,485,787            | -                    | 1,485,787                      |
| Other income                                                   | 3,229,658            | 1,332                | 3,230,990                      |
| Cable franchise fees                                           | 1,506,628            | -                    | 1,506,628                      |
| Total revenue                                                  | 67,249,072           | 13,187,043           | 80,436,115                     |
| <b>Expenditures</b>                                            |                      |                      |                                |
| Current:                                                       |                      |                      |                                |
| General government                                             | 78,327,082           | -                    | 78,327,082                     |
| Street lighting                                                | -                    | 1,232,263            | 1,232,263                      |
| Public safety                                                  | 38,040,671           | 598,208              | 38,638,879                     |
| Highway, streets, and drains                                   | -                    | 8,360,288            | 8,360,288                      |
| Sanitation                                                     | 4,803,206            | -                    | 4,803,206                      |
| Community and economic development                             | 4,311,208            | 2,242,904            | 6,554,112                      |
| Recreation and culture                                         | 2,191,789            | -                    | 2,191,789                      |
| Capital outlay                                                 | -                    | 913,687              | 913,687                        |
| Debt service                                                   | 252,537              | 217,210              | 469,747                        |
| Total expenditures                                             | 127,926,493          | 13,564,560           | 141,491,053                    |
| <b>Excess of Expenditures Over Revenue</b>                     | (60,677,421)         | (377,517)            | (61,054,938)                   |
| <b>Other Financing Sources (Uses)</b>                          |                      |                      |                                |
| Transfers in (Note 6)                                          | 30,626               | 4,137,810            | 4,168,436                      |
| Transfers out (Note 6)                                         | (2,548,812)          | (1,619,624)          | (4,168,436)                    |
| Face value of debt issue                                       | 62,759,670           | -                    | 62,759,670                     |
| Proceeds from sale of capital assets                           | 1,638,839            | -                    | 1,638,839                      |
| Total other financing sources                                  | 61,880,323           | 2,518,186            | 64,398,509                     |
| <b>Net Change in Fund Balances</b>                             | 1,202,902            | 2,140,669            | 3,343,571                      |
| <b>Fund Balances</b> - Beginning of year, as restated (Note 1) | 9,088,428            | 11,685,142           | 20,773,570                     |
| <b>Fund Balances</b> - End of year                             | <u>\$ 10,291,330</u> | <u>\$ 13,825,811</u> | <u>\$ 24,117,141</u>           |

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**Governmental Funds**

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

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**Year Ended June 30, 2021**

|                                                                                                                                                                                  |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>Net Change in Fund Balances Reported in Governmental Funds</b>                                                                                                                | <b>\$ 3,343,571</b>         |
| 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                                                                                                                                                                   | 7,180,280                   |
| Depreciation expense                                                                                                                                                             | (13,323,816)                |
| Net book value of assets disposed of                                                                                                                                             | (790,972)                   |
| Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end                        | 65,158                      |
| Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position                                     | (62,759,670)                |
| Repayment of debt principal is an expenditure in the governmental funds but not in the government-wide statements (where it reduces long-term debt)                              | 412,990                     |
| Change in accrued interest and premiums on long-term debt is not recorded in the governmental funds                                                                              | (415,125)                   |
| Changes in liabilities for claims and judgments incurred but not reported are not recorded in the governmental funds                                                             | 20,080                      |
| Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities                                                                      | 259,566                     |
| Change in other postemployment benefit liability is not recorded in the governmental funds                                                                                       | 21,677,190                  |
| Change in pension benefit liability is not recorded in the governmental funds                                                                                                    | 65,935,010                  |
| <b>Change in Net Position of Governmental Activities</b>                                                                                                                         | <b><u>\$ 21,604,262</u></b> |



Proprietary Fund  
Statement of Net Position

June 30, 2021

Water and Sewer  
Fund

**Assets**

Current assets:

|                                |               |
|--------------------------------|---------------|
| Cash and cash equivalents      | \$ 21,173,518 |
| Receivables - Net (Note 4)     | 10,641,146    |
| Inventory                      | 107,239       |
| Prepaid expenses               | 106,004       |
| Deposits held by third parties | 29,615        |

Total current assets 32,057,522

Noncurrent assets - Capital assets - Net (Note 5) 83,712,112

Total assets 115,769,634

**Deferred Outflows of Resources**

|                                  |            |
|----------------------------------|------------|
| Deferred pension costs (Note 13) | 19,907,734 |
| Deferred OPEB costs (Note 14)    | 519,443    |

Total deferred outflows of resources 20,427,177

**Liabilities**

Current liabilities:

|                                            |           |
|--------------------------------------------|-----------|
| Accounts payable                           | 2,567,112 |
| Due to other governmental units            | 1,631     |
| Due to other funds (Note 6)                | 29,070    |
| Deposits and bonds                         | 57,587    |
| Accrued liabilities and other              | 475,352   |
| Compensated absences (Note 7)              | 265,505   |
| Provision for claims (Note 8)              | 213,402   |
| Current portion of long-term debt (Note 7) | 1,435,759 |

Total current liabilities 5,045,418

Noncurrent liabilities:

|                                                  |            |
|--------------------------------------------------|------------|
| Compensated absences (Note 7)                    | 4,324      |
| Provision for claims (Note 8)                    | 246,261    |
| Net pension liability (Note 13)                  | 20,559,275 |
| Net OPEB liability (Note 14)                     | 19,668,696 |
| Long-term debt - Net of current portion (Note 7) | 31,503,767 |

Total noncurrent liabilities 71,982,323

Total liabilities 77,027,741

**Deferred Inflows of Resources**

|                                            |           |
|--------------------------------------------|-----------|
| Deferred pension cost reductions (Note 13) | 588,370   |
| Deferred OPEB cost reductions (Note 14)    | 3,408,216 |

Total deferred inflows of resources 3,996,586

**Net Position**

|                                  |              |
|----------------------------------|--------------|
| Net investment in capital assets | 70,482,916   |
| Unrestricted                     | (15,310,432) |

Total net position \$ 55,172,484

**Proprietary Fund**  
**Statement of Revenue, Expenses, and Changes in Net Position**

**Year Ended June 30, 2021**

|                                                            | <u>Water and<br/>Sewer Fund</u> |
|------------------------------------------------------------|---------------------------------|
| <b>Operating Revenue</b>                                   |                                 |
| Water and sewer                                            | \$ 30,677,657                   |
| Penalties                                                  | 1,340,291                       |
| Other                                                      | <u>79,072</u>                   |
| Total operating revenue                                    | 32,097,020                      |
| <b>Operating Expenses</b>                                  |                                 |
| Cost of water                                              | 6,459,935                       |
| Cost of sewage disposal                                    | 11,152,110                      |
| Wage and fringe benefits                                   | 2,833,745                       |
| Contracted services                                        | 5,242,780                       |
| Operating supplies and other                               | 184,216                         |
| Repairs and maintenance                                    | 876,619                         |
| Depreciation                                               | <u>3,937,368</u>                |
| Total operating expenses                                   | <u>30,686,773</u>               |
| <b>Operating Income</b>                                    | 1,410,247                       |
| <b>Nonoperating Revenue (Expense)</b>                      |                                 |
| Investment income                                          | 29,066                          |
| Interest expense                                           | <u>(612,050)</u>                |
| Total nonoperating expense                                 | <u>(582,984)</u>                |
| <b>Income - Before capital contributions</b>               | 827,263                         |
| <b>Capital Contributions - Lines donated by developers</b> | <u>138,722</u>                  |
| <b>Change in Net Position</b>                              | 965,985                         |
| <b>Net Position - Beginning of year</b>                    | <u>54,206,499</u>               |
| <b>Net Position - End of year</b>                          | <u><u>\$ 55,172,484</u></u>     |

Proprietary Fund  
Statement of Cash Flows

Year Ended June 30, 2021

|                                                                                                        | Water and<br>Sewer Fund |
|--------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Cash Flows from Operating Activities</b>                                                            |                         |
| Receipts from customers                                                                                | \$ 32,420,222           |
| Internal activity - Payments to other funds                                                            | (3,857,405)             |
| Payments to suppliers                                                                                  | (20,568,867)            |
| Payments to employees and fringes                                                                      | (23,951,268)            |
| Net cash and cash equivalents used in operating activities                                             | (15,957,318)            |
| <b>Cash Flows from Noncapital Financing Activities</b> - Issuance of pension bonds                     | 19,710,330              |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                        |                         |
| Purchase of capital assets                                                                             | (2,343,070)             |
| Principal and interest paid on capital debt                                                            | (1,304,197)             |
| Net cash and cash equivalents used in capital and related financing activities                         | (3,647,267)             |
| <b>Cash Flows Provided by Investing Activities</b> - Interest received on investments and other assets | 29,066                  |
| <b>Net Increase in Cash and Cash Equivalents</b>                                                       | 134,811                 |
| <b>Cash and Cash Equivalents</b> - Beginning of year                                                   | 21,038,707              |
| <b>Cash and Cash Equivalents</b> - End of year                                                         | <b>\$ 21,173,518</b>    |
| <b>Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities</b>   |                         |
| Operating income                                                                                       | \$ 1,410,247            |
| Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:  |                         |
| Depreciation                                                                                           | 3,937,368               |
| Changes in assets and liabilities:                                                                     |                         |
| Receivables                                                                                            | 323,202                 |
| Due to and from other funds                                                                            | 587,494                 |
| Inventories                                                                                            | 8,158                   |
| Prepaid and other assets                                                                               | (17,168)                |
| Net pension and OPEB liability                                                                         | (21,226,352)            |
| Accounts payable                                                                                       | (1,128,422)             |
| Accrued and other liabilities                                                                          | 148,155                 |
| Total adjustments                                                                                      | (17,367,565)            |
| Net cash and cash equivalents used in operating activities                                             | <b>\$ (15,957,318)</b>  |
| <b>Significant Noncash Transactions</b> - Donated water and sewer lines                                | \$ 138,722              |

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2021

|                                                 | Pension and<br>Other Employee<br>Benefit Trust<br>Funds | Custodial Funds    |
|-------------------------------------------------|---------------------------------------------------------|--------------------|
| <b>Assets</b>                                   |                                                         |                    |
| Cash and cash equivalents (Note 3)              | \$ 17,970                                               | \$ 413,392         |
| Investments: (Note 3)                           |                                                         |                    |
| Municipal obligations                           | 3,511,650                                               | -                  |
| CIF - Fixed income                              | 23,690,943                                              | -                  |
| U.S. government securities                      | 15,204,469                                              | -                  |
| Pooled investments                              | 1,819,393                                               | -                  |
| Common stocks                                   | 67,443,518                                              | -                  |
| Corporate bonds                                 | 4,735,702                                               | -                  |
| Real estate                                     | 2,246,620                                               | -                  |
| Mutual funds                                    | 66,399,633                                              | -                  |
| Securities lending - Mutual funds               | 5,148,360                                               | -                  |
| Closely held - Equity                           | 27,310,602                                              | -                  |
| Receivables - Net                               | 215,093                                                 | -                  |
| Total assets                                    | 217,743,953                                             | 413,392            |
| <b>Liabilities</b>                              |                                                         |                    |
| Due to other governmental units                 | -                                                       | 350,220            |
| Deposits and bonds                              | -                                                       | 63,172             |
| Obligations under securities lending agreements | 5,194,409                                               | -                  |
| Due to brokers                                  | 9,019                                                   | -                  |
| Total liabilities                               | 5,203,428                                               | 413,392            |
| <b>Net Position - Restricted</b>                |                                                         |                    |
| Pension                                         | 210,721,132                                             | -                  |
| Postemployment benefits other than pension      | 1,819,393                                               | -                  |
| Total net position                              | <u><u>\$ 212,540,525</u></u>                            | <u><u>\$ -</u></u> |

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

|                                                               | Pension and<br>Other Employee<br>Benefit Trust<br>Funds | Custodial Funds |
|---------------------------------------------------------------|---------------------------------------------------------|-----------------|
| <b>Additions</b>                                              |                                                         |                 |
| Investment income (expenses):                                 |                                                         |                 |
| Interest and dividends                                        | \$ 2,576,841                                            | \$ -            |
| Net increase in fair value of investments                     | 51,082,630                                              | -               |
| Investment costs                                              | (883,025)                                               | -               |
| Net investment income                                         | 52,776,446                                              | -               |
| Contributions:                                                |                                                         |                 |
| Employer contributions                                        | 15,407,244                                              | -               |
| Employee contributions                                        | 902,404                                                 | -               |
| Total contributions                                           | 16,309,648                                              | -               |
| Fines, fees, and bonds                                        | -                                                       | 2,109,233       |
| Property tax collections                                      | -                                                       | 61,340,759      |
| Total additions                                               | 69,086,094                                              | 63,449,992      |
| <b>Deductions</b>                                             |                                                         |                 |
| Benefit payments                                              | 24,985,216                                              | -               |
| Administrative expenses                                       | 403,267                                                 | -               |
| District court distributions                                  | -                                                       | 2,109,233       |
| Property tax distributions to other governments               | -                                                       | 61,340,759      |
| Total deductions                                              | 25,388,483                                              | 63,449,992      |
| <b>Net Increase in Fiduciary Net Position</b>                 | 43,697,611                                              | -               |
| <b>Net Position - Beginning of year, as restated (Note 1)</b> | 168,842,914                                             | -               |
| <b>Net Position - End of year</b>                             | <b>\$ 212,540,525</b>                                   | <b>\$ -</b>     |

Component Units  
Statement of Net Position

June 30, 2021

|                                                 | Downtown<br>Development<br>Authority | Local<br>Development<br>Finance<br>Authority | Tax Increment<br>Finance<br>Authority | Brownfield<br>Redevelopment<br>Authority | Westland<br>Public Library | Total         |
|-------------------------------------------------|--------------------------------------|----------------------------------------------|---------------------------------------|------------------------------------------|----------------------------|---------------|
| <b>Assets</b>                                   |                                      |                                              |                                       |                                          |                            |               |
| Cash and cash equivalents (Note 3)              | \$ 1,472,145                         | \$ 166,488                                   | \$ 2,287,331                          | \$ 1,658,008                             | \$ 5,278,235               | \$ 10,862,207 |
| Receivables - Net (Note 4)                      | 12,500                               | -                                            | 30,562                                | -                                        | 133,009                    | 176,071       |
| Due from component units                        | 45,000                               | 2,119                                        | -                                     | -                                        | -                          | 47,119        |
| Due from primary government                     | 6,250                                | -                                            | 6,250                                 | -                                        | -                          | 12,500        |
| Prepaid expenses                                | 10,000                               | -                                            | 1,273                                 | -                                        | 70,688                     | 81,961        |
| Other current assets                            | -                                    | -                                            | -                                     | -                                        | 8,194                      | 8,194         |
| Land held for resale                            | 6,030                                | 42,968                                       | -                                     | -                                        | -                          | 48,998        |
| Capital assets: (Note 5)                        |                                      |                                              |                                       |                                          |                            |               |
| Not being depreciated                           | 497,601                              | -                                            | -                                     | -                                        | -                          | 497,601       |
| Depreciable - Net                               | 5,426,464                            | -                                            | 594,029                               | -                                        | 1,462,060                  | 7,482,553     |
| Total assets                                    | 7,475,990                            | 211,575                                      | 2,919,445                             | 1,658,008                                | 6,952,186                  | 19,217,204    |
| <b>Deferred Outflows of Resources -</b>         |                                      |                                              |                                       |                                          |                            |               |
| Deferred charges on bond refunding              | -                                    | -                                            | 1,106,007                             | -                                        | -                          | 1,106,007     |
| Total assets and deferred outflows of resources | 7,475,990                            | 211,575                                      | 4,025,452                             | 1,658,008                                | 6,952,186                  | 20,323,211    |
| <b>Liabilities</b>                              |                                      |                                              |                                       |                                          |                            |               |
| Accounts payable                                | 68,834                               | 2,599                                        | 68,340                                | -                                        | 117,819                    | 257,592       |
| Due to component units                          | 2,119                                | -                                            | 45,000                                | -                                        | -                          | 47,119        |
| Due to primary government (Note 6)              | 15,120                               | -                                            | 3,930                                 | 19,000                                   | 7,892                      | 45,942        |
| Accrued liabilities and other                   | 25,239                               | -                                            | 72,000                                | 71,002                                   | 76,415                     | 244,656       |
| Noncurrent liabilities:                         |                                      |                                              |                                       |                                          |                            |               |
| Due within one year:                            |                                      |                                              |                                       |                                          |                            |               |
| Compensated absences (Note 7)                   | -                                    | -                                            | -                                     | -                                        | 15,557                     | 15,557        |
| Current portion of long-term debt (Note 7)      | 310,000                              | -                                            | 990,000                               | -                                        | -                          | 1,300,000     |
| Due in more than one year (Note 7)              | 980,000                              | -                                            | 12,950,000                            | -                                        | -                          | 13,930,000    |
| Total liabilities                               | 1,401,312                            | 2,599                                        | 14,129,270                            | 90,002                                   | 217,683                    | 15,840,866    |
| <b>Net Position (Deficit)</b>                   |                                      |                                              |                                       |                                          |                            |               |
| Net investment in capital assets                | 4,634,065                            | -                                            | 594,029                               | -                                        | 1,462,060                  | 6,690,154     |
| Unrestricted                                    | 1,440,613                            | 208,976                                      | (10,697,847)                          | 1,568,006                                | 5,272,443                  | (2,207,809)   |
| Total net position (deficit)                    | \$ 6,074,678                         | \$ 208,976                                   | \$ (10,103,818)                       | \$ 1,568,006                             | \$ 6,734,503               | \$ 4,482,345  |

## City of Westland, Michigan

|                                     | Program Revenue     |                      |                                    |                                  |
|-------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                                     | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Functions/Programs</b>           |                     |                      |                                    |                                  |
| Downtown Development Authority      | \$ 1,004,246        | \$ -                 | \$ 421,675                         | \$ -                             |
| Local Development Finance Authority | 48,622              | -                    | 64,560                             | -                                |
| Tax Increment Finance Authority     | 1,481,603           | -                    | 72,737                             | -                                |
| Brownfield Redevelopment Authority  | 20,647              | -                    | 4,775                              | -                                |
| Library                             | 2,899,886           | 13,024               | 203,923                            | -                                |
| Total component units               | <b>\$ 5,455,004</b> | <b>\$ 13,024</b>     | <b>\$ 767,670</b>                  | <b>\$ -</b>                      |

### General revenue:

Property taxes

Interest income

Other miscellaneous income

Total general revenue

### Change in Net Position

**Net Position (Deficit)** - Beginning of year, as restated (Note 1)

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

Component Units  
Statement of Activities

Year Ended June 30, 2021

| Net (Expense) Revenue and Changes in Net Position |                                              |                                       |                                          |                            |                     |
|---------------------------------------------------|----------------------------------------------|---------------------------------------|------------------------------------------|----------------------------|---------------------|
| Downtown<br>Development<br>Authority              | Local<br>Development<br>Finance<br>Authority | Tax Increment<br>Finance<br>Authority | Brownfield<br>Redevelopment<br>Authority | Westland<br>Public Library | Total               |
| \$ (582,571)                                      | \$ -                                         | \$ -                                  | \$ -                                     | \$ -                       | \$ (582,571)        |
| -                                                 | 15,938                                       | -                                     | -                                        | -                          | 15,938              |
| -                                                 | -                                            | (1,408,866)                           | -                                        | -                          | (1,408,866)         |
| -                                                 | -                                            | -                                     | (15,872)                                 | -                          | (15,872)            |
| -                                                 | -                                            | -                                     | -                                        | (2,682,939)                | (2,682,939)         |
| (582,571)                                         | 15,938                                       | (1,408,866)                           | (15,872)                                 | (2,682,939)                | (4,674,310)         |
| 1,708,742                                         | 82,464                                       | 3,680,555                             | 504,153                                  | 3,133,450                  | 9,109,364           |
| 953                                               | 140                                          | 1,469                                 | 1,228                                    | 6,975                      | 10,765              |
| 46,272                                            | -                                            | 31,250                                | -                                        | 2,097                      | 79,619              |
| 1,755,967                                         | 82,604                                       | 3,713,274                             | 505,381                                  | 3,142,522                  | 9,199,748           |
| 1,173,396                                         | 98,542                                       | 2,304,408                             | 489,509                                  | 459,583                    | 4,525,438           |
| 4,901,282                                         | 110,434                                      | (12,408,226)                          | 1,078,497                                | 6,274,920                  | (43,093)            |
| <b>\$ 6,074,678</b>                               | <b>\$ 208,976</b>                            | <b>\$ (10,103,818)</b>                | <b>\$ 1,568,006</b>                      | <b>\$ 6,734,503</b>        | <b>\$ 4,482,345</b> |



June 30, 2021

## Note 1 - Significant Accounting Policies

### ***Accounting and Reporting Principles***

The City of Westland, Michigan (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). The following is a summary of the significant accounting policies used by the City:

### ***Reporting Entity***

The City is governed by an elected mayor and an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Except for the fiduciary component units, the 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, and separate financial statements are not issued.

### **Blended Component Units**

The City of Westland Building Authority is governed by a three-member board that is appointed by the mayor and approved by the City Council. 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**

#### ***Local Development Finance Authority***

The Local Development Finance Authority was created to promote economic growth and business development within the community. The Local Development Finance Authority's governing body consists of 11 individuals. The mayor appoints 7 of these individuals, and the other 4 individuals are made up of 1 member appointed by the County Board of Commissioners, 1 representative of the local community college, and 2 members appointed by the local school district. In addition, the Authority's budget is subject to approval by the City Council. The Local Development Finance Authority does not issue its own financial statements.

#### ***Economic Development Corporation***

The Economic Development Corporation (EDC) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to residents of the City. The EDC's governing body consists of 9 individuals appointed by the mayor and confirmed by the City Council. The Economic Development Corporation does not issue its own financial statements. The EDC had no financial activity in the current year.

#### ***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 the downtown district. The DDA's governing body, which consists of 11 individuals, 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. The Downtown Development Authority does not issue its own financial statements.

June 30, 2021

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

*Brownfield Redevelopment Authority*

The Brownfield Redevelopment Authority (the "Authority") was created to remediate contaminated properties located within the City and to promote economic growth for these properties through the use of a state-approved revolving loan fund. The properties included are listed as contaminated by the Environmental Protection Agency. The Authority's governing body, which consists of 9 individuals, is appointed by the mayor and confirmed by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The Brownfield Redevelopment Authority does not issue its own financial statements.

*Tax Increment Finance Authority*

The Tax Increment Finance Authority (TIFA) was created to implement infrastructure improvement within the specified district. The TIFA's governing body, which consists of 9 individuals, is appointed by the mayor and confirmed by the City Council. In addition, the TIFA's budget is subject to approval by the City Council. The Tax Increment Finance Authority does not issue its own financial statements.

*Westland Public Library*

The Westland Public Library (the "Library") accounts for the dedicated property tax millages and the provision of library services to residents. The Library's governing body consists of 5 individuals appointed by the mayor and confirmed by the City Council. The City provides services to the Library without charging for the full value of the services. The City has also assumed the obligation to finance any deficits of the Library. The Library does not issue its own financial statements.

**Fiduciary Component Units**

*Pension and OPEB Plans*

The Police and Fire Retirement System is governed by the pension board, which consists of five members - two elected by plan members; two appointed by the City; and the city treasurer, who serves as an ex officio member. The other postemployment benefits plan is governed by the City Council. Although they are legally separate from the City, they are reported as fiduciary component units because the City governs the plans or appoints a voting majority to the board and the plans impose a financial burden on the City.

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

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

For the most part, the effect of interfund activity has been removed from these statements.

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds 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 we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was 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. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following fund as a major governmental fund:

- 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.

#### **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 fund as a major enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

#### **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 Police and Fire Retirement System Fund accounts for the activities of the Police and Fire Retirement System, which accumulates resources for pension and benefit payments to qualified police and fire employees.
- The Other Postemployment Benefits Fund accounts for the activities of the OPEB plan, which accumulates resources for retiree health care benefits to qualified employees.
- The fiduciary custodial funds consist of the District Court Fund and Tax Collection Fund. These funds account for assets held by the City in a fiduciary for individuals and other governments.

#### **Interfund Activity**

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental 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.

June 30, 2021

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

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

***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, some property taxes, special assessments, and grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

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.

**Investments**

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. The fair value of real estate investments is based on periodic appraisals and the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value, as determined by the plan's management.

**Receivables and Payables**

In general, outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. No allowance for uncollectible accounts has been recorded, as the City believes all receivables will be collected.

June 30, 2021

**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.

**Land Held for Sale**

Land held for sale includes land and predevelopment costs and is stated at the lower of cost or market value.

**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.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following useful lives:

| Capital Asset Class                  | Depreciable Life -<br>Years |
|--------------------------------------|-----------------------------|
| Roads and sidewalks                  | 30-40                       |
| Buildings and improvements           | 20-40                       |
| Water and sewer distribution systems | 5-50                        |
| Tools and equipment                  | 2-40                        |

**Unearned Revenue**

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of June 30, 2021, the General Fund balance of unearned revenue includes \$12,966,016 of American Rescue Plan Act cash received in advance of eligibility criteria being met. Unearned amounts are reported as liabilities.

**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 generally are used to liquidate governmental long-term debt.

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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 the following deferred outflows of resources and deferred inflows of resources:

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

Net Position Flow Assumption

Sometimes, the City will 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

Sometimes, the City will 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 City'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 City 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 City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City 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.



**June 30, 2021****Note 1 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. 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. The City Council has by resolution authorized the finance director, budget director, deputy mayor, and mayor to assign fund balance.

**Property Tax Revenue**

Property taxes are levied and become a lien on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on August 15, with the final collection date of February 28 before they are added to the delinquent county tax rolls.

The 2020 taxable valuation of the City totaled \$1.82 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which taxes levied consisted of 6.3851 mills for operating purposes, 1.9082 mills for operations of the library, 8.0000 mills for the Police and Fire Retirement System, 0.0272 for City promotion, and 3.3936 mills for sanitation. The ad valorem taxes levied raised approximately \$11.7 million for city operations, approximately \$3.5 million for operation of the Library, approximately \$14.6 million for the Police and Fire Retirement System, \$50 thousand for city promotion, and approximately \$6.2 million for sanitation. Portions of the amounts levied have been captured by the tax increment financing authorities reported in the component units. These amounts, net of the amounts reported by the component units, are recognized in the respective General Fund and special revenue fund financial statements as taxes receivable or as tax revenue.

**Pension**

The City offers pension benefits 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 purposes 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.

**Other Postemployment Benefit Costs**

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

**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. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (primarily the General Fund and Water and Sewer Fund) are used to liquidate this obligation.

**June 30, 2021****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 Fund is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services and 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.

**Upcoming Accounting Pronouncements**

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

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.



June 30, 2021

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

**Reporting Change**

In 2021, the City determined the Westland Public Library should be presented as a discretely presented component unit as opposed to a special revenue fund as it had previously been reported. As a result, governmental activities net position as of June 30, 2020 was reduced by \$6,274,920, and component unit net position was increased by the same amount. Nonmajor governmental funds fund balance was reduced by \$4,701,686 as of June 30, 2020.

**Adoption of New Accounting Pronouncements**

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the following activities not previously reported in the financial statements now meet the definition of a fiduciary activity and are reported as such: the Other Postemployment Benefits Fund and the additions and deductions of the Tax Collection Fund.

This was also the first year GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was applicable to the City's financial statements. This was a result of the Other Postemployment Benefits Fund now being reported as a fiduciary fund under GASB Statement No. 84. As a result, some of the disclosures within the OPEB plan footnotes have changed, along with the related schedules in the required supplemental information.

Additionally, the Trust and Agency Fund no longer meets the definition of a fiduciary activity. That activity is now recorded within the General Fund.

The effect of this new standard on net position in the fiduciary fund was as follows:

|                                                            |                       |
|------------------------------------------------------------|-----------------------|
| Net position - June 30, 2020 - As previously reported      | \$ 167,850,726        |
| Adjustment for GASB Statement No. 84 - To report OPEB fund | 992,188               |
|                                                            | <u>          </u>     |
| Net position - June 30, 2020 - As restated                 | <u>\$ 168,842,914</u> |

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

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

|                                       |                              |
|---------------------------------------|------------------------------|
| Cumulative shortfall at July 1, 2020  | \$ (3,266,042)               |
| Current year permit revenue           | 2,105,022                    |
| Estimated indirect costs              | <u>2,109,646</u>             |
| Current year shortfall                | <u>(4,624)</u>               |
| Cumulative shortfall at June 30, 2021 | <u><u>\$ (3,270,666)</u></u> |

Note 3 - Deposits and Investments

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

The pension and OPEB trust 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 three 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.

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the City of Westland, Michigan's Police and Fire Retirement System (the "System") lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to no less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2021, only United States currency was received as collateral. The City then converts that cash received as collateral into other investments.

The System does not impose a limit on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

June 30, 2021

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

The City of Westland, Michigan's Police and Fire Retirement System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pools as of June 30, 2021 was one day because the loans are terminable on demand; their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2021, the System had no credit risk exposure to borrowers. The collateral held (at cost) and the fair market value of the underlying securities on loan for the System as of June 30, 2021 totaled \$5,194,409 and \$5,031,481, respectively.

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 \$60,100,391 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the component units had bank deposits of \$4,418,384 that were uninsured and uncollateralized.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, no investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

***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.

At year end, the City had the following investments:

| Investment                        | Fair Value    | Weighted-average Maturity (Years) |
|-----------------------------------|---------------|-----------------------------------|
| Pension funds:                    |               |                                   |
| U.S. Treasury                     | \$ 11,043,984 | 5.24                              |
| U.S. government agency securities | 4,160,485     | 15.85                             |
| Corporate securities              | 4,735,702     | 6.00                              |
| Municipal bonds                   | 3,511,650     | 5.17                              |

June 30, 2021

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

#### Credit Risk

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

| Investment                 | Fair Value | Rating | Rating Organization |
|----------------------------|------------|--------|---------------------|
| Fiduciary funds:           |            |        |                     |
| Corporate securities       | \$ 101,657 | Aa3    | Moody's             |
| Corporate securities       | 864,271    | A1     | Moody's             |
| Corporate securities       | 1,840,742  | A2     | Moody's             |
| Corporate securities       | 652,357    | A3     | Moody's             |
| Corporate securities       | 1,172,885  | Baa1   | Moody's             |
| Corporate securities       | 103,790    | NR     | N/A                 |
| Municipal bonds            | 252,127    | Aaa    | Moody's             |
| Municipal bonds            | 557,217    | Aa1    | Moody's             |
| Municipal bonds            | 932,654    | Aa2    | Moody's             |
| Municipal bonds            | 100,544    | Aa3    | Moody's             |
| Municipal bonds            | 1,669,108  | NR     | N/A                 |
| U.S. government securities | 11,309,219 | Aaa    | Moody's             |
| U.S. government securities | 3,895,250  | NR     | N/A                 |

#### Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. For the year ended June 30, 2021, the City was invested in United States Treasury bonds, Vanguard Midcap Index Fund I, HGK Trinity Street International Equity Fund, WTC-CIF II Small Cap Opportunities Portfolio, and various fixed-income funds, comprising 5.2 percent, 17 percent, 6.2 percent, 5.5 percent, and 8.5 percent respectively, of total investments.

### Note 4 - Receivables

The City's receivables are as follows:

|                            | General Fund        | Nonmajor Funds      | Total Governmental Activities | Business-type Activities | Total Primary Government | Component Units   |
|----------------------------|---------------------|---------------------|-------------------------------|--------------------------|--------------------------|-------------------|
| Receivables:               |                     |                     |                               |                          |                          |                   |
| Property taxes receivable  | \$ 307,642          | \$ -                | \$ 307,642                    | \$ -                     | \$ 307,642               | \$ 35,153         |
| Customer receivables       | -                   | -                   | -                             | 10,641,146               | 10,641,146               | -                 |
| Other receivables          | 762,808             | 66,769              | 829,577                       | -                        | 829,577                  | 104,143           |
| Due from other governments | 4,199,441           | 1,740,778           | 5,940,219                     | -                        | 5,940,219                | 36,775            |
| Net receivables            | <u>\$ 5,269,891</u> | <u>\$ 1,807,547</u> | <u>\$ 7,077,438</u>           | <u>\$ 10,641,146</u>     | <u>\$ 17,718,584</u>     | <u>\$ 176,071</u> |

The delinquent real property taxes of the City are purchased by the County of Wayne, Michigan (the "County"). The County issues tax notes, the proceeds of which were used to pay the City for these property taxes. These taxes have been recorded as revenue for the current year.

June 30, 2021

**Note 4 - Receivables (Continued)**

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also recognize unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue are as follows:

|                                       | Revenue Not<br>Available | Revenue Not<br>Earned |
|---------------------------------------|--------------------------|-----------------------|
| General Fund - Personal property tax  | \$ 300,761               | \$ -                  |
| General Fund - E-911 wireless revenue | 274,192                  | -                     |
| General Fund - Engineering fees       | -                        | 96,545                |
| General Fund - General revenue        | 22,590                   | -                     |
| General Fund - Towing revenue         | 11,355                   | -                     |
| General Fund - Cable franchise fees   | 64,018                   | -                     |
| General Fund - Grant revenue          | 173,483                  | 12,966,016            |
| General Fund - State revenue          | 4,970                    | -                     |
| Other nonmajor - Grant revenue        | 8,772                    | -                     |
| Total                                 | <u>\$ 860,141</u>        | <u>\$ 13,062,561</u>  |

**Note 5 - Capital Assets**

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

**Governmental Activities**

|                                            | Balance<br>July 1, 2020 | Reclassifications | Additions             | Disposals and<br>Adjustments | Balance<br>June 30, 2021 |
|--------------------------------------------|-------------------------|-------------------|-----------------------|------------------------------|--------------------------|
| Capital assets not being depreciated:      |                         |                   |                       |                              |                          |
| Land                                       | \$ 3,335,379            | \$ -              | \$ -                  | \$ -                         | \$ 3,335,379             |
| Construction in progress                   | -                       | -                 | 33,850                | -                            | 33,850                   |
| Subtotal                                   | 3,335,379               | -                 | 33,850                | -                            | 3,369,229                |
| Capital assets being depreciated:          |                         |                   |                       |                              |                          |
| Roads and sidewalks                        | 603,231,848             | -                 | 5,453,151             | -                            | 608,684,999              |
| Buildings and improvements                 | 42,473,431              | -                 | 506,929               | (154,472)                    | 42,825,888               |
| Other tools and equipment                  | 21,485,110              | -                 | 1,186,345             | (2,497,943)                  | 20,173,512               |
| Subtotal                                   | 667,190,389             | -                 | 7,146,425             | (2,652,415)                  | 671,684,399              |
| Accumulated depreciation:                  |                         |                   |                       |                              |                          |
| Roads and sidewalks                        | 466,698,059             | -                 | 10,754,359            | -                            | 477,452,418              |
| Buildings and improvements                 | 14,647,303              | -                 | 1,078,105             | (154,472)                    | 15,570,936               |
| Other tools and equipment                  | 14,420,796              | -                 | 1,491,352             | (1,706,978)                  | 14,205,170               |
| Subtotal                                   | 495,766,158             | -                 | 13,323,816            | (1,861,450)                  | 507,228,524              |
| Net capital assets being depreciated       | 171,424,231             | -                 | (6,177,391)           | (790,965)                    | 164,455,875              |
| Net governmental activities capital assets | <u>\$ 174,759,610</u>   | <u>\$ -</u>       | <u>\$ (6,143,541)</u> | <u>\$ (790,965)</u>          | <u>\$ 167,825,104</u>    |

June 30, 2021

**Note 5 - Capital Assets (Continued)*****Business-type Activities***

|                                             | Balance<br>July 1, 2020 | Reclassifications | Additions             | Disposals and<br>Adjustments | Balance<br>June 30, 2021 |
|---------------------------------------------|-------------------------|-------------------|-----------------------|------------------------------|--------------------------|
| <b>Water and Sewer Fund</b>                 |                         |                   |                       |                              |                          |
| Capital assets being depreciated:           |                         |                   |                       |                              |                          |
| Water and sewer lines                       | \$ 120,243,708          | \$ -              | \$ 1,996,220          | \$ -                         | \$ 122,239,928           |
| Buildings and improvements                  | 2,190,379               | -                 | 12,999                | (313,494)                    | 1,889,884                |
| Other tools and equipment                   | 2,185,096               | -                 | 28,953                | (465,611)                    | 1,748,438                |
| Vehicles                                    | 3,476,977               | -                 | 443,620               | (235,319)                    | 3,685,278                |
| Subtotal                                    | 128,096,160             | -                 | 2,481,792             | (1,014,424)                  | 129,563,528              |
| Accumulated depreciation:                   |                         |                   |                       |                              |                          |
| Water and sewer lines                       | 37,866,573              | -                 | 3,449,467             | -                            | 41,316,040               |
| Buildings and improvements                  | 1,672,048               | -                 | 30,924                | (313,494)                    | 1,389,478                |
| Other tools and equipment                   | 1,565,178               | -                 | 134,026               | (465,611)                    | 1,233,593                |
| Vehicles                                    | 1,824,673               | -                 | 322,951               | (235,319)                    | 1,912,305                |
| Subtotal                                    | 42,928,472              | -                 | 3,937,368             | (1,014,424)                  | 45,851,416               |
| Net business-type activities capital assets | <u>\$ 85,167,688</u>    | <u>\$ -</u>       | <u>\$ (1,455,576)</u> | <u>\$ -</u>                  | <u>\$ 83,712,112</u>     |

***Component Units***

|                                             | Balance<br>July 1, 2020 | Reclassifications | Additions           | Disposals and<br>Adjustments | Balance<br>June 30, 2021 |
|---------------------------------------------|-------------------------|-------------------|---------------------|------------------------------|--------------------------|
| Capital assets not being depreciated - Land | \$ 497,601              | \$ -              | \$ -                | \$ -                         | \$ 497,601               |
| Capital assets being depreciated:           |                         |                   |                     |                              |                          |
| Library buildings and improvements          | 1,220,245               | -                 | 16,797              | -                            | 1,237,042                |
| Library other tools and equipment           | 6,349,306               | -                 | 307,546             | -                            | 6,656,852                |
| DDA improvements                            | 7,691,958               | -                 | 59,958              | -                            | 7,751,916                |
| TIFA improvements                           | 1,002,116               | -                 | 1,325               | -                            | 1,003,441                |
| Subtotal                                    | 16,263,625              | -                 | 385,626             | -                            | 16,649,251               |
| Accumulated depreciation:                   |                         |                   |                     |                              |                          |
| Library buildings and improvements          | 430,598                 | -                 | 57,669              | -                            | 488,267                  |
| Library other tools and equipment           | 5,650,531               | -                 | 293,036             | -                            | 5,943,567                |
| DDA improvements                            | 2,073,680               | -                 | 251,772             | -                            | 2,325,452                |
| TIFA improvements                           | 341,096                 | -                 | 68,316              | -                            | 409,412                  |
| Subtotal                                    | 8,495,905               | -                 | 670,793             | -                            | 9,166,698                |
| Net capital assets being depreciated        | <u>7,767,720</u>        | <u>-</u>          | <u>(285,167)</u>    | <u>-</u>                     | <u>7,482,553</u>         |
| Net component units capital assets          | <u>\$ 8,265,321</u>     | <u>\$ -</u>       | <u>\$ (285,167)</u> | <u>\$ -</u>                  | <u>\$ 7,980,154</u>      |

June 30, 2021

## Note 5 - Capital Assets (Continued)

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

|                                                                   |                      |
|-------------------------------------------------------------------|----------------------|
| Governmental activities:                                          |                      |
| General government                                                | \$ 1,851,745         |
| Police                                                            | 309,980              |
| Fire                                                              | 234,128              |
| Major roads                                                       | 5,263,216            |
| Local roads                                                       | 5,416,501            |
| Parks and recreation                                              | 248,246              |
|                                                                   | <u>13,323,816</u>    |
| Total governmental activities                                     | \$ <u>13,323,816</u> |
| Business-type activities - Enterprise fund - Water and Sewer Fund | \$ 3,937,368         |
| Component unit activities:                                        |                      |
| Downtown Development Authority                                    | \$ 251,772           |
| Tax Increment Finance Authority                                   | 68,316               |
| Westland Public Library                                           | 350,705              |
|                                                                   | <u>670,793</u>       |
| Total component unit activities                                   | \$ <u>670,793</u>    |

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

The composition of interfund balances is as follows:

| Receivable Fund                   | Payable Fund                      | Amount              |
|-----------------------------------|-----------------------------------|---------------------|
| General Fund                      | Other nonmajor governmental funds | \$ 776,061          |
|                                   | Water and Sewer Fund              | 29,070              |
|                                   | Total General Fund                | 805,131             |
| Other nonmajor governmental funds | General Fund                      | 42,778              |
|                                   | Other nonmajor governmental funds | 260,181             |
|                                   | Other nonmajor governmental funds | 302,959             |
|                                   | Total                             | \$ <u>1,108,090</u> |

June 30, 2021

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

The balance of due to and due from amounts between the primary government and discretely presented component units is as follows:

| Receivable                                       | Payable                                             | Amount    |
|--------------------------------------------------|-----------------------------------------------------|-----------|
| Primary government - General Fund                | Component unit - Brownfield Redevelopment Authority | \$ 19,000 |
|                                                  | Component unit - Tax Increment Finance Authority    | 3,930     |
|                                                  | Component unit - Downtown Development Authority     | 15,120    |
|                                                  | Component unit - Westland Public Library            | 7,892     |
|                                                  | Total primary government - General Fund             | 45,942    |
| Component unit - Tax Increment Finance Authority | Primary government - General Fund                   | 6,250     |
| Component unit - Downtown Development Authority  | Primary government - General Fund                   | 6,250     |
|                                                  | Total                                               | \$ 58,442 |

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

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

| Paying Fund (Transfer Out)        | Receiving Fund (Transfer In)             | Amount       |
|-----------------------------------|------------------------------------------|--------------|
| General Fund                      | Other nonmajor governmental funds (1)(4) | \$ 2,548,812 |
| Other nonmajor governmental funds | General Fund (3)                         | 30,626       |
|                                   | Other nonmajor governmental funds (2)    | 1,588,998    |
|                                   | Total other nonmajor governmental funds  | 1,619,624    |
|                                   | Total                                    | \$ 4,168,436 |

(1) Transfers for debt service and capital improvements

(2) Transfer for local road construction and maintenance

(3) Transfer for operating contributions

(4) Transfer of local match for Michigan Indigent Defense Commission



June 30, 2021

**Note 7 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities and to fund their pension obligation. 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, 2021 can be summarized as follows:

**Governmental Activities**

|                                                                     | Interest Rate<br>Ranges | Principal<br>Maturity<br>Ranges | Beginning<br>Balance | Additions            | Reductions            | Ending<br>Balance    | Due within<br>One Year |
|---------------------------------------------------------------------|-------------------------|---------------------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|
| Bonds and contracts payable -                                       |                         |                                 |                      |                      |                       |                      |                        |
| Other debt:                                                         |                         |                                 |                      |                      |                       |                      |                        |
| 2015 Capital                                                        |                         | \$72,325 -                      |                      |                      |                       |                      |                        |
| Improvement Bond                                                    | 3.25% - 5%              | \$123,333                       | \$ 1,364,784         | \$ -                 | \$ (72,325)           | \$ 1,292,459         | \$ 76,799              |
| 2021 Pension Obligation                                             | 0.185% -                | \$1,795,960 -                   |                      |                      |                       |                      |                        |
| Bonds                                                               | 2.775%                  | \$3,180,980                     | -                    | 62,759,670           | -                     | 62,759,670           | 1,795,960              |
| Unamortized bond premium                                            | N/A                     | \$3,523                         | 52,839               | -                    | (3,523)               | 49,316               | 3,523                  |
| Total other debt principal outstanding                              |                         |                                 | 1,417,623            | 62,759,670           | (75,848)              | 64,101,445           | 1,876,282              |
| Direct borrowings and direct placements:                            |                         |                                 |                      |                      |                       |                      |                        |
| 2013 New City Hall                                                  | 2.6%                    | \$100,000-\$145,000             | 985,000              | -                    | (100,000)             | 885,000              | 115,000                |
| HUD Section 108 Loan                                                | 2.35%                   | \$47,000-\$48,000               | 383,000              | -                    | (48,000)              | 335,000              | 48,000                 |
| 2018 Fire Truck                                                     | 3.43%                   | \$93,709-\$107,242              | 501,804              | -                    | (93,708)              | 408,096              | 96,922                 |
| 2020 Self-Contained Breathing Apparatus                             | 2.232%                  | \$59,407-\$62,224               | 244,171              | -                    | (61,742)              | 182,429              | 59,407                 |
| 2020 Lenovo Computer Capital Lease                                  | 3.5%                    | \$17,085-\$39,997               | 132,879              | -                    | (37,215)              | 95,664               | 38,582                 |
| Total direct borrowings and direct placements principal outstanding |                         |                                 | 2,246,854            | -                    | (340,665)             | 1,906,189            | 357,911                |
| Total bonds and contracts payable                                   |                         |                                 | 3,664,477            | 62,759,670           | (416,513)             | 66,007,634           | 2,234,193              |
| Compensated absences                                                |                         |                                 | 9,917,610            | 4,150,708            | (4,410,274)           | 9,658,044            | 4,855,249              |
| Total governmental activities long-term debt                        |                         |                                 | <u>\$ 13,582,087</u> | <u>\$ 66,910,378</u> | <u>\$ (4,826,787)</u> | <u>\$ 75,665,678</u> | <u>\$ 7,089,442</u>    |

June 30, 2021

**Note 7 - Long-term Debt (Continued)*****Business-type Activities***

|                                                                     | Interest Rate<br>Ranges | Principal<br>Maturity<br>Ranges | Beginning<br>Balance | Additions            | Reductions            | Ending<br>Balance    | Due within<br>One Year |
|---------------------------------------------------------------------|-------------------------|---------------------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|
| Bonds and contracts payable -                                       |                         |                                 |                      |                      |                       |                      |                        |
| Other debt:                                                         |                         |                                 |                      |                      |                       |                      |                        |
| 2015 Capital Improvement Bond                                       | 3.25%-5%                | \$72,325-\$123,333              | \$ 7,790,220         | \$ -                 | \$ (412,675)          | \$ 7,377,545         | \$ 438,202             |
| 2014 Capital Improvement Bond                                       | 3%-4%                   | \$225,000-\$400,000             | 4,025,000            | -                    | (225,000)             | 3,800,000            | 250,000                |
| 2021 Pension Obligation Bonds                                       | 0.185%-2.775%           | \$564,040-\$999,020             | -                    | 19,710,330           | -                     | 19,710,330           | 564,040                |
| Unamortized bond premium                                            | N/A                     | \$20,955-\$23,517               | 350,191              | -                    | (23,517)              | 326,674              | 23,517                 |
| Total other debt principal outstanding                              |                         |                                 | 12,165,411           | 19,710,330           | (661,192)             | 31,214,549           | 1,275,759              |
| Direct borrowings and direct placements:                            |                         |                                 |                      |                      |                       |                      |                        |
| 2010 State Revolving Fund Loan                                      | 2.5%                    | \$30,000-\$35,000               | 312,794              | -                    | (30,000)              | 282,794              | 30,000                 |
| 2010 Strategic Water Quality Initiatives Loan                       | 2.5%                    | \$125,000-\$162,183             | 1,567,183            | -                    | (125,000)             | 1,442,183            | 130,000                |
| Total direct borrowings and direct placements principal outstanding |                         |                                 | 1,879,977            | -                    | (155,000)             | 1,724,977            | 160,000                |
| Total bonds and contracts payable                                   |                         |                                 | 14,045,388           | 19,710,330           | (816,192)             | 32,939,526           | 1,435,759              |
| Compensated absences                                                |                         |                                 | 313,640              | 172,145              | (215,956)             | 269,829              | 265,505                |
| Total business-type activities long-term debt                       |                         |                                 | <u>\$ 14,359,028</u> | <u>\$ 19,882,475</u> | <u>\$ (1,032,148)</u> | <u>\$ 33,209,355</u> | <u>\$ 1,701,264</u>    |

June 30, 2021

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

**Component Units**

|                               | Interest Rate<br>Ranges | Principal<br>Maturity<br>Ranges | Beginning<br>Balance | Additions            | Reductions            | Ending<br>Balance    | Due within<br>One Year |
|-------------------------------|-------------------------|---------------------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|
| Bonds and contracts payable - |                         |                                 |                      |                      |                       |                      |                        |
| Other debt:                   |                         |                                 |                      |                      |                       |                      |                        |
| 2013 Tax Increment            |                         |                                 |                      |                      |                       |                      |                        |
| Financing Bonds - City        |                         | \$725,000 -                     |                      |                      |                       |                      |                        |
| Hall and Fire Station         | 3.5%-4%                 | \$755,000                       | \$ 13,340,000        | \$ -                 | \$(11,860,000)        | \$ 1,480,000         | \$ 725,000             |
| 2014 Downtown                 |                         |                                 |                      |                      |                       |                      |                        |
| Development Bonds -           |                         | \$305,000-                      |                      |                      |                       |                      |                        |
| Farmer's Market               | 2.5%-3.125%             | \$335,000                       | 1,595,000            | -                    | (305,000)             | 1,290,000            | 310,000                |
| 2021 Tax Increment            |                         | \$230,000-                      |                      |                      |                       |                      |                        |
| Refunding Bonds               | 0.25%-2.41%             | \$1,195,000                     | -                    | 12,460,000           | -                     | 12,460,000           | 265,000                |
| Total bonds and               |                         |                                 |                      |                      |                       |                      |                        |
| contracts payable             |                         |                                 | 14,935,000           | 12,460,000           | (12,165,000)          | 15,230,000           | 1,300,000              |
| Compensated absences          |                         |                                 | -                    | 15,557               | -                     | 15,557               | 15,557                 |
| Total component unit          |                         |                                 |                      |                      |                       |                      |                        |
| long-term debt                |                         |                                 | <u>\$ 14,935,000</u> | <u>\$ 12,475,557</u> | <u>\$(12,165,000)</u> | <u>\$ 15,245,557</u> | <u>\$ 1,315,557</u>    |

June 30, 2021

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

Total interest incurred related to governmental and business-type activities and component units for the year approximated \$530,000, \$611,000, and \$565,000, respectively. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

| Years Ending<br>June 30 | Governmental Activities                    |            |               |               |               |
|-------------------------|--------------------------------------------|------------|---------------|---------------|---------------|
|                         | Direct Borrowings and Direct<br>Placements |            | Other Debt    |               | Total         |
|                         | Principal                                  | Interest   | Principal     | Interest      |               |
| 2022                    | \$ 357,911                                 | \$ 52,226  | \$ 1,876,282  | \$ 1,477,770  | \$ 3,764,189  |
| 2023                    | 364,043                                    | 41,876     | 2,107,563     | 1,242,284     | 3,755,766     |
| 2024                    | 350,993                                    | 30,766     | 2,119,647     | 1,232,616     | 3,734,022     |
| 2025                    | 280,242                                    | 20,640     | 2,130,985     | 1,221,164     | 3,653,031     |
| 2026                    | 178,000                                    | 12,349     | 2,147,619     | 1,205,099     | 3,543,067     |
| 2027-2031               | 375,000                                    | 10,120     | 11,128,267    | 5,634,789     | 17,148,176    |
| 2032-2036               | -                                          | -          | 11,888,536    | 4,614,737     | 16,503,273    |
| 2037-2041               | -                                          | -          | 12,872,315    | 3,241,589     | 16,113,904    |
| Thereafter              | -                                          | -          | 17,830,231    | 1,508,285     | 19,338,516    |
| Total                   | \$ 1,906,189                               | \$ 167,977 | \$ 64,101,445 | \$ 21,378,333 | \$ 87,553,944 |

  

| Years Ending<br>June 30 | Business-type Activities                   |            |               |              |               |
|-------------------------|--------------------------------------------|------------|---------------|--------------|---------------|
|                         | Direct Borrowings and Direct<br>Placements |            | Other Debt    |              | Total         |
|                         | Principal                                  | Interest   | Principal     | Interest     |               |
| 2022                    | \$ 160,000                                 | \$ 43,124  | \$ 1,275,759  | \$ 861,241   | \$ 2,340,124  |
| 2023                    | 160,000                                    | 39,124     | 1,364,476     | 759,080      | 2,322,680     |
| 2024                    | 165,000                                    | 35,124     | 1,392,393     | 727,036      | 2,319,553     |
| 2025                    | 170,000                                    | 30,999     | 1,441,054     | 693,225      | 2,335,278     |
| 2026                    | 170,000                                    | 26,749     | 1,474,420     | 653,460      | 2,324,629     |
| 2027-2031               | 899,977                                    | 66,927     | 8,076,931     | 2,711,944    | 11,755,779    |
| 2032-2036               | -                                          | -          | 6,547,060     | 1,563,371    | 8,110,431     |
| 2037-2041               | -                                          | -          | 4,042,685     | 1,018,055    | 5,060,740     |
| Thereafter              | -                                          | -          | 5,599,771     | 473,693      | 6,073,464     |
| Total                   | \$ 1,724,977                               | \$ 242,047 | \$ 31,214,549 | \$ 9,461,105 | \$ 42,642,678 |

  

| Years Ending<br>June 30 | Component Units |              |               |
|-------------------------|-----------------|--------------|---------------|
|                         | Other Debt      |              |               |
|                         | Principal       | Interest     | Total         |
| 2022                    | \$ 1,300,000    | \$ 268,761   | \$ 1,568,761  |
| 2023                    | 1,305,000       | 265,480      | 1,570,480     |
| 2024                    | 1,340,000       | 225,675      | 1,565,675     |
| 2025                    | 1,360,000       | 209,835      | 1,569,835     |
| 2026                    | 1,035,000       | 189,629      | 1,224,629     |
| 2027-2031               | 5,390,000       | 717,834      | 6,107,834     |
| 2032-2036               | 3,500,000       | 165,416      | 3,665,416     |
| 2037-2041               | -               | -            | -             |
| Thereafter              | -               | -            | -             |
| Total                   | \$ 15,230,000   | \$ 2,042,630 | \$ 17,272,630 |

**June 30, 2021****Note 7 - Long-term Debt (Continued)*****Advance Bond Refunding***

During the year, the City issued \$12,460,000 in tax increment refunding bonds with an average interest rate of 1.93 percent. The proceeds of these bonds were used to advance refund \$11,155,000 of outstanding tax increment bonds with an average interest rate of 5.12 percent. The net proceeds of \$12,261,006 (after payment of \$197,721 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments over the next 13 years by \$1,681,564, which represents an economic gain of approximately \$1,490,318.

***Pension Obligation Bonds***

During the year, the City issued the 2021 Pension Obligation Bonds in an amount of \$82,470,000 to partially fund the MERS pension plan (the "plan") and reduce future annual required contribution payments into the plan. The bonds were allocated between governmental activities and business-type activities in the amounts of \$62,759,670 and \$19,710,330, respectively. The General Fund reports this activity at face value of the debt issued in the amount of \$62,759,670 as an other financing source, whereas the \$62,759,670 will be reported as debt on the governmental activities basis of reporting. Likewise, the Water and Sewer Fund will report the \$19,710,330 as debt. Both the General Fund and Water and Sewer Fund reported an additional contribution to the MERS pension plan of \$62,118,022 and \$19,508,814, respectively. The additional contributions were made subsequent to the MERS pension plan's year end of December 31, 2020 and, therefore, is recorded as a deferred outflow of resources as of June 30, 2021. This will reduce the net pension liability for the MERS pension plan's December 31, 2021 measurement date and is expected to achieve significant cash savings for the City over the life of the bonds.

**Note 8 - 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 is self-insured for medical claims and participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool for claims relating to property loss, torts, and errors and omissions; the City 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 Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

June 30, 2021

**Note 8 - Risk Management (Continued)**

The City estimates the liability for general liability claims, workers' compensation claims, and health insurance claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. The estimates for the general liability, workers' compensation, and health claims are all included in the government-wide statement of net position allocated between governmental and business-type activities. Changes in the estimated liability for the past two fiscal years were as follows:

|                                                           | General Liability   |                     | Workers' Compensation |                   | Medical Claims    |                   | Total               |                     |
|-----------------------------------------------------------|---------------------|---------------------|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
|                                                           | 2021                | 2020                | 2021                  | 2020              | 2021              | 2020              | 2021                | 2020                |
| Estimated liability - Beginning of year                   | \$ 1,131,705        | \$ 2,139,554        | \$ 401,829            | \$ 284,594        | \$ 740,207        | \$ 745,804        | \$ 2,273,741        | \$ 3,169,952        |
| Estimated claims incurred, including changes in estimates | 1,922,911           | 347,618             | 125,114               | 336,572           | 8,523,668         | 8,674,031         | 10,571,693          | 9,358,221           |
| Claim payments                                            | (1,482,769)         | (1,355,467)         | (191,588)             | (219,337)         | (8,836,576)       | (8,679,628)       | (10,510,933)        | (10,254,432)        |
| Estimated liability - End of year                         | <u>\$ 1,571,847</u> | <u>\$ 1,131,705</u> | <u>\$ 335,355</u>     | <u>\$ 401,829</u> | <u>\$ 427,299</u> | <u>\$ 740,207</u> | <u>\$ 2,334,501</u> | <u>\$ 2,273,741</u> |

Of the total provision for claims liability, \$1,874,838 has been allocated to governmental activities and \$459,663 has been allocated to the Water and Sewer Fund.

**Note 9 - Joint Ventures**

The City participates in the Nankin Transit Commission with the Charter Township of Canton; the City of Garden City, Michigan; the City of Inkster, Michigan; and the City of Wayne, Michigan. The City appoints two members to the Nankin Transit Commission's governing board, which then approves the annual budget.

The City also participates in the Central Wayne County Sanitation Authority with the City of Dearborn Heights, Michigan; the City of Garden City, Michigan; the City of Inkster, Michigan; and the City of Wayne, Michigan. The City appoints one member to the Central Wayne County Sanitation Authority's board, which then approves the annual budget.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Nankin Transit Commission and the Central Wayne County Sanitation Authority can be obtained from their administrative offices at the Jefferson Barnes Community Center, 32150 Dorsey St., Westland, MI 48186 and 3579 Commerce Court, Wayne, MI 48184, respectively.

**Note 10 - Contingent Liabilities*****Open Litigation***

In the normal course of operations, claims and appeals have been filed against the City that may affect the General and Water and Sewer funds. The City is vigorously defending its position and does not believe any of these cases will result in a material liability. No liability has been recorded related to this litigation at this time.

June 30, 2021

## Note 11 - Restricted Net Position

In addition to net position restricted for retirement system, sanitation, and road improvements, governmental activities net position has been restricted for the following purposes:

|                                 | Governmental<br>Activities |
|---------------------------------|----------------------------|
| Public safety - Drug forfeiture | \$ 316,232                 |
| Metroact broadband              | 267,802                    |
| Street lighting                 | 880,705                    |
| Community development           | 1,733,077                  |
| Total restricted net position   | <u>\$ 3,197,816</u>        |

## Note 12 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

|                                  | General Fund         | Nonmajor Funds       |
|----------------------------------|----------------------|----------------------|
| Nonspendable:                    |                      |                      |
| Inventory/Assets held for resale | \$ 207,195           | \$ -                 |
| Prepays                          | 575,269              | 66,706               |
| Total nonspendable               | 782,464              | 66,706               |
| Restricted:                      |                      |                      |
| Roads                            | -                    | 7,501,255            |
| Police and fire retirement       | 2,836,000            | -                    |
| Community development            | -                    | 1,724,305            |
| Drug forfeiture                  | -                    | 316,232              |
| Street lighting                  | -                    | 880,705              |
| Metroact broadband               | 267,802              | -                    |
| Total restricted                 | 3,103,802            | 10,422,497           |
| Committed:                       |                      |                      |
| Court capital projects           | -                    | 146,607              |
| Tree Planting Program            | 53,056               | -                    |
| Total committed                  | 53,056               | 146,607              |
| Assigned:                        |                      |                      |
| Youth assistance                 | 22,683               | -                    |
| Capital projects                 | -                    | 3,190,001            |
| Police property room             | 19,050               | -                    |
| Cable TV                         | 1,115                | -                    |
| Community promotion              | 12,666               | -                    |
| Senior resources                 | 26,252               | -                    |
| Ice arena                        | 19,290               | -                    |
| Total assigned                   | 101,056              | 3,190,001            |
| Unassigned                       | 6,250,952            | -                    |
| Total fund balances              | <u>\$ 10,291,330</u> | <u>\$ 13,825,811</u> |

June 30, 2021

## Note 13 - Pension Plans

### *Plan Description*

The City of Westland, Michigan provides a monthly retirement benefit (with alternative lump-sum payment options) to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through a defined benefit, multiagency employer plan through MERS of Michigan, a defined contribution plan through MERS of Michigan, and the Police and Fire Retirement System.

The MERS plan issues a publicly available financial report that can be obtained at 1134 Municipal Way, Lansing, MI 48197; the Police and Fire Retirement System's public financial report is included within these financial statements.

Management of the Police and Fire Retirement System is vested in the pension board, which consists of five members - two elected by plan members; two appointed by the City; and the city treasurer, who serves as an ex officio member.

The City of Westland, Michigan also contributes to the Defined Contribution Plan, a defined contribution pension plan for certain employees who meet the eligibility requirements. The benefits are administered by MERS of Michigan.

The Library provides a 401(a) deferred compensation plan for certain employees who meet the eligibility requirements.

### *Benefits Provided*

The Police and Fire Retirement System and the MERS plan provide retirement, disability, and death benefits to all full-time police and fire employees; all dispatchers, court union, and supervisory employees; and certain other employee groups who were hired prior to various plan closing dates. Retirement benefits are calculated as various percentages (ranging from 1.5 to 2.8 percent) of the employee's final 3-year or 5-year average compensation times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 25 to 30) and must meet minimum retirement age in most circumstances. The benefits also include nonduty disability benefits and disability retirement benefits, in limited situations. An employee who leaves city service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to some employees' retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent noncompounded after age 55 or 50 and limited to 15-25 years.

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

Benefit terms, including contribution requirements, for the Defined Contribution Plan are established and may be amended by the City Council. For each employee in the pension plan, the City is required to contribute 10 to 15 percent of annual salary, exclusive of overtime pay, to an individual employee account. Employees are permitted to make contributions to the pension plan up to applicable Internal Revenue Code limits.

Benefit terms for the Library 401(a) deferred compensation plan require an employer contribution of 10 percent of annual salary.



June 30, 2021

# Note 13 - Pension Plans (Continued)

## Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

|                                                                     | Police and Fire<br>Retirement System | MERS Plan         |
|---------------------------------------------------------------------|--------------------------------------|-------------------|
| Date of member count                                                | July 1, 2020                         | December 31, 2020 |
| Inactive plan members or beneficiaries currently receiving benefits | 289                                  | 317               |
| Inactive plan members entitled to but not yet receiving benefits    | 2                                    | 44                |
| Active plan members                                                 | 136                                  | 62                |
| Total employees covered by the plan                                 | 427                                  | 423               |

## Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS and the City hire independent actuaries for this purpose and annually contribute the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on the amounts agreed upon in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees.

During the year ended June 30, 2021, the City issued pension obligation bonds to partially fund the MERS plan and reduce future annual required contributions. The additional contribution made subsequent to the plan's year end as a result of the bond issuance was \$81,626,836 and has been allocated between governmental activities and business-type activities.

## 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.

|                                                            | Police and Fire<br>Retirement System | MERS Plan         |
|------------------------------------------------------------|--------------------------------------|-------------------|
| Measurement date used for the City's net pension liability | June 30, 2021                        | December 31, 2020 |
| Based on a comprehensive actuarial valuation as of         | June 30, 2020                        | December 31, 2020 |

The components of the net pension liability of the City at June 30, 2021 were as follows:

|                              | Police and Fire<br>Retirement<br>System | MERS Plan      | Total          |
|------------------------------|-----------------------------------------|----------------|----------------|
| Total pension liability      | \$ 240,491,457                          | \$ 149,569,650 | \$ 390,061,107 |
| Plan fiduciary net position  | (210,721,132)                           | (63,594,497)   | (274,315,629)  |
| City's net pension liability | \$ 29,770,325                           | \$ 85,975,153  | \$ 115,745,478 |

June 30, 2021

# Note 13 - Pension Plans (Continued)

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

## Police and Fire Retirement System

| Changes in Net Pension Liability                   | Increase (Decrease)     |                       |                       |
|----------------------------------------------------|-------------------------|-----------------------|-----------------------|
|                                                    | Total Pension Liability | Plan Net Position     | Net Pension Liability |
| <b>Balance at June 30, 2020</b>                    | \$ 237,762,188          | \$ 167,850,726        | \$ 69,911,462         |
| Changes for the year:                              |                         |                       |                       |
| Service cost                                       | 2,940,861               | -                     | 2,940,861             |
| Interest                                           | 16,810,308              | -                     | 16,810,308            |
| Changes in benefits                                | 62,988                  | -                     | 62,988                |
| Differences between expected and actual experience | 1,138,907               | -                     | 1,138,907             |
| Changes in assumptions                             | (550,383)               | -                     | (550,383)             |
| Contributions - Employer                           | -                       | 7,595,440             | (7,595,440)           |
| Contributions - Employee                           | -                       | 902,404               | (902,404)             |
| Net investment income                              | -                       | 52,446,605            | (52,446,605)          |
| Benefit payments, including refunds                | (17,673,412)            | (17,673,412)          | -                     |
| Administrative expenses                            | -                       | (400,631)             | 400,631               |
| Net changes                                        | 2,729,269               | 42,870,406            | (40,141,137)          |
| <b>Balance at June 30, 2021</b>                    | <u>\$ 240,491,457</u>   | <u>\$ 210,721,132</u> | <u>\$ 29,770,325</u>  |

The entire police and fire pension liability is allocated to governmental activities.

The plan's fiduciary net position represents 88 percent of the total pension liability.

## MERS Plan

| Changes in Net Pension Liability                   | Increase (Decrease)     |                      |                       |
|----------------------------------------------------|-------------------------|----------------------|-----------------------|
|                                                    | Total Pension Liability | Plan Net Position    | Net Pension Liability |
| <b>Balance at December 31, 2019</b>                | \$ 142,672,169          | \$ 58,006,090        | \$ 84,666,079         |
| Changes for the year:                              |                         |                      |                       |
| Service cost                                       | 690,398                 | -                    | 690,398               |
| Interest                                           | 10,489,618              | -                    | 10,489,618            |
| Differences between expected and actual experience | 220,372                 | -                    | 220,372               |
| Changes in assumptions                             | 5,489,286               | -                    | 5,489,286             |
| Contributions - Employer                           | -                       | 7,531,477            | (7,531,477)           |
| Contributions - Employee                           | -                       | 254,324              | (254,324)             |
| Net investment income                              | -                       | 7,909,068            | (7,909,068)           |
| Benefit payments, including refunds                | (9,990,167)             | (9,990,167)          | -                     |
| Administrative expenses                            | -                       | (114,271)            | 114,271               |
| Miscellaneous other charges                        | (2,026)                 | (2,024)              | (2)                   |
| Net changes                                        | 6,897,481               | 5,588,407            | 1,309,074             |
| <b>Balance at December 31, 2020</b>                | <u>\$ 149,569,650</u>   | <u>\$ 63,594,497</u> | <u>\$ 85,975,153</u>  |

Of the total pension liability, \$65,415,878 has been allocated to governmental activities and \$20,559,275 has been allocated to the Water and Sewer Fund.

The plan's fiduciary net position represents 43 percent of the total pension liability.

June 30, 2021

**Note 13 - Pension Plans (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2021, the City recognized pension expense of \$11,406,926 from all plans, which includes defined contribution plan expense of \$501,163 (employee contributions to defined contribution plans totaled \$219,273).

For the year ended June 30, 2021, the Library recognized deferred compensation expense of \$117,338.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience                                | \$ 1,321,634                         | \$ 1,283,674                        |
| Changes in assumptions                                                           | 2,442,324                            | 412,787                             |
| Net difference between projected and actual earnings on pension plan investments | -                                    | 32,982,776                          |
| Employer contributions to the plan subsequent to the measurement date            | 83,246,732                           | -                                   |
| Total                                                                            | <u>\$ 87,010,690</u>                 | <u>\$ 34,679,237</u>                |

Of the net deferred outflows of resources, \$67,102,956 has been allocated to governmental activities and \$19,907,734 has been allocated to the Water and Sewer Fund. Of the net deferred inflows of resources, \$34,090,867 has been allocated to governmental activities and \$588,370 has been allocated to the Water and Sewer Fund.

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 \$83,246,732 of 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<br>June 30 | Amount                 |
|-------------------------|------------------------|
| 2022                    | \$ (7,985,525)         |
| 2023                    | (5,485,182)            |
| 2024                    | (8,605,689)            |
| 2025                    | <u>(8,838,883)</u>     |
| Total                   | <u>\$ (30,915,279)</u> |

June 30, 2021

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

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

|                                                        | Police and Fire<br>Retirement System | MERS Plan |
|--------------------------------------------------------|--------------------------------------|-----------|
| Inflation                                              | 2.75%                                | 2.5%      |
| Salary increases (including inflation)                 | 3.25%                                | 3.0%      |
| Investment rate of return (net of investment expenses) | 7.25%                                | 7.60%     |
| Mortality rates                                        | PubS-2010 Mortality<br>Tables        | Pub-2010  |

The actuarial assumptions used in the December 31, 2020 MERS plan valuation were based on the results of the most recent actuarial experience study conducted for the period from January 1, 2014 through December 31, 2018.

**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.

|                                                                                                     | Police and Fire<br>Retirement<br>System | MERS Plan |
|-----------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|
| Assumed investment rate of return                                                                   | 7.25%                                   | 7.60%     |
| Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits? | Yes                                     | Yes       |
| Discount rate used to measure total pension liability                                               | 7.25%                                   | 7.60%     |

**Investment Rate of Return**

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.

The Police and Fire Retirement System's policy with 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.

June 30, 2021

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

The following tables represent best estimates of arithmetic real rates of return as of the measurement date for each major asset class included in the pension plans' target asset allocations, as well as the pension board's adopted asset allocation policy as of June 30, 2021:

**Police and Fire Retirement System**

| Asset Class  | Target Allocation | Long-term<br>Expected Real<br>Rate of Return |
|--------------|-------------------|----------------------------------------------|
| Fixed income | 20.00 %           | 2.40 %                                       |
| Equities     | 60.00             | 5.32                                         |
| Real estate  | 7.50              | 6.00                                         |
| Other        | 12.50             | 7.44                                         |

**MERS Plan**

| Asset Class         | Target Allocation | Long-term<br>Expected Real<br>Rate of Return |
|---------------------|-------------------|----------------------------------------------|
| Global equity       | 60.00 %           | 5.25 %                                       |
| Global fixed income | 20.00             | 1.25                                         |
| Private investments | 20.00             | 7.25                                         |

**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:

|                                                                | 1 Percentage<br>Point Decrease | Current<br>Discount Rate | 1 Percentage<br>Point Increase |
|----------------------------------------------------------------|--------------------------------|--------------------------|--------------------------------|
| Net pension liability of the Police and Fire Retirement System | \$ 56,658,993                  | \$ 29,770,325            | \$ 7,053,199                   |
| Net pension liability of the MERS plan                         | 102,539,794                    | 85,975,153               | 72,096,692                     |

**Pension Plan Fiduciary Net Position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued financial report, whereas the Police and Fire Retirement System is included as a pension trust fund in these financial statements. 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 plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Assumption Changes**

Significant assumption changes for the MERS plan are as follows: mortality tables used in determining the total pension liability were changed from the RP-2014 tables to the Pub-2010 tables.

In the Police and Fire Retirement System valuation, the mortality generational improvement scale was updated from MP-2019 to MP-2020 to reflect anticipated plan experience.

June 30, 2021

**Note 13 - Pension Plans (Continued)*****Rate of Return***

For the year ended June 30, 2021, the annual money-weighted rate of return on Police and Fire Retirement System investments, net of pension plan investment expense, was 31.52 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Pension Plan Reserves***

In accordance with plan provisions, the following reserves are required to be set aside within the Police and Fire Retirement System:

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 7.25 percent. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2021 are as follows:

|                  | Required<br>Reserve   | Amount<br>Funded      |
|------------------|-----------------------|-----------------------|
| Retiree reserve  | \$ 189,490,232        | \$ 189,490,232        |
| Employee reserve | 4,863,074             | 4,863,074             |
| Employer reserve | -                     | 16,367,826            |
| Total            | <u>\$ 194,353,306</u> | <u>\$ 210,721,132</u> |

**Note 14 - Other Postemployment Benefit Plan*****Plan Description***

The City provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the City of Westland Retiree Health Care Plan, a single-employer plan administered by the City of Westland Retiree Health Care Plan board. All plan investments are held in the MERS of Michigan Retiree Health Funding Vehicle. The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (fiduciary fund).

Management of the plan is vested in the City Council.

***Benefits Provided***

The City of Westland Retiree Health Care Plan provides health care benefits for eligible employees upon retirement in accordance with labor contracts and city council resolution. Benefits are provided through the City's self-insurance program, and the full cost of benefits is covered by the plan.

June 30, 2021

**Note 14 - Other Postemployment Benefit Plan (Continued)*****Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

|                                                                     | City of Westland<br>Retiree Health<br>Care Plan |
|---------------------------------------------------------------------|-------------------------------------------------|
| Date of member count                                                | June 30, 2021                                   |
| Inactive plan members or beneficiaries currently receiving benefits | 471                                             |
| Inactive plan members entitled to but not yet receiving benefits    | 62                                              |
| Active plan members                                                 | 158                                             |
| Total plan members                                                  | 691                                             |

***Contributions***

Retiree health care costs are paid by the City on a pay-as-you-go basis. Additionally, the City contributes additional contributions, as determined by the City Council. For the fiscal year ended June 30, 2021, the City made payments for postemployment health benefit premiums of \$7,311,804 plus prefunded contributions of \$500,000.

***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, 2021 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, 2021 measurement date. The June 30, 2021 measurement date total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021.

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

| Changes in Net OPEB Liability                      | Increase (Decrease)     |                      |                       |
|----------------------------------------------------|-------------------------|----------------------|-----------------------|
|                                                    | Total OPEB<br>Liability | Plan Net<br>Position | Net OPEB<br>Liability |
| <b>Balance at June 30, 2020</b>                    | \$ 156,742,769          | \$ 992,188           | \$ 155,750,581        |
| Changes for the year:                              |                         |                      |                       |
| Service cost                                       | 860,271                 | -                    | 860,271               |
| Interest                                           | 8,053,872               | -                    | 8,053,872             |
| Changes in benefits                                | (8,323)                 | -                    | (8,323)               |
| Differences between expected and actual experience | 3,497,912               | -                    | 3,497,912             |
| Changes in assumptions                             | (3,244,226)             | -                    | (3,244,226)           |
| Contributions - Employer                           | -                       | 7,811,804            | (7,811,804)           |
| Net investment income                              | -                       | 329,841              | (329,841)             |
| Benefit payments, including refunds                | (7,311,804)             | (7,311,804)          | -                     |
| Administrative expenses                            | -                       | (2,636)              | 2,636                 |
| Net changes                                        | 1,847,702               | 827,205              | 1,020,497             |
| <b>Balance at June 30, 2021</b>                    | <u>\$ 158,590,471</u>   | <u>\$ 1,819,393</u>  | <u>\$ 156,771,078</u> |

Of the net OPEB liability, \$137,102,382 has been allocated to governmental activities and \$19,668,696 has been allocated to the Water and Sewer Fund.

The plan's fiduciary net position represents 1 percent of the total OPEB liability.

June 30, 2021

**Note 14 - Other Postemployment Benefit Plan (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2021, the City recognized an OPEB cost reduction of \$16,975,193.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                               | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience                             | \$ 2,623,434                         | \$ 14,971,932                       |
| Changes in assumptions                                                        | 1,516,834                            | 12,022,692                          |
| Net difference between projected and actual earnings on OPEB plan investments | -                                    | 170,862                             |
| Total                                                                         | <u>\$ 4,140,268</u>                  | <u>\$ 27,165,486</u>                |

Of the net deferred outflows of resources, \$3,620,825 has been allocated to governmental activities and \$519,443 has been allocated to the Water and Sewer Fund.

Of the net deferred inflows of resources, \$23,757,270 has been allocated to governmental activities and \$3,408,216 has been allocated to the Water and Sewer Fund.

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<br>June 30 | Amount                 |
|-------------------------|------------------------|
| 2022                    | \$ (20,384,046)        |
| 2023                    | (2,612,965)            |
| 2024                    | 22,746                 |
| 2025                    | (50,953)               |
| Total                   | <u>\$ (23,025,218)</u> |

***Actuarial Assumptions***

The total OPEB liability as of June 30, 2021 was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.00 percent; an assumed investment rate of return of 7.18 percent; a health care cost trend rate of 8.00 percent for 2022, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2029 and later years; and the Pub-2010 mortality tables using Scale MP-2020.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 5.85 percent. The projection of cash flows used to determine the discount rate assumed that the City will continue making annual \$500,000 pre-funding contributions to the trust and that pay-go costs will be fully paid by the City.

Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees through the year ending in 2032. Therefore, the discount rate was determined by blending the long-term expected rate of return on OPEB plan investments of 7.18 percent with the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, which was taken from a range of three indices as of June 30, 2021.



June 30, 2021

**Note 14 - Other Postemployment Benefit Plan (Continued)*****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, 2021 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         | Long-term<br>Expected Real<br>Rate of Return |
|---------------------|----------------------------------------------|
| Global equity       | 5.25 %                                       |
| Global fixed income | 1.25                                         |
| Private investments | 7.25                                         |

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 5.85 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|                                                                        | 1 Percentage<br>Point Decrease<br>(4.85%) | Current<br>Discount Rate<br>(5.85%) | 1 Percentage<br>Point Increase<br>(6.85%) |
|------------------------------------------------------------------------|-------------------------------------------|-------------------------------------|-------------------------------------------|
| Net OPEB liability of the City of Westland Retiree<br>Health Care Plan | \$ 177,978,412                            | \$ 156,771,078                      | \$ 139,507,155                            |

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.00 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|                                                                        | 1 Percentage<br>Point Decrease<br>(7%) | Current Health<br>Care Cost<br>Trend Rate<br>(8%) | 1 Percentage<br>Point Increase<br>(9%) |
|------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------|----------------------------------------|
| Net OPEB liability of the City of Westland Retiree<br>Health Care Plan | \$ 139,774,297                         | \$ 156,771,078                                    | \$ 177,571,665                         |

***Assumption Changes***

The City of Westland Retiree Health Care Plan changed its actuarial assumptions from the previous actuarial valuation as follows: mortality tables used in determining the total OPEB liability were changed from RPH-2018 tables using Scale MP-2018 to Pub-2010 tables using Scale MP-2020, the discount rate was increased from 5.23 to 5.85 percent, health care cost trend rates have been adjusted for actual premium charge rates, and payroll growth rates have been updated.

**Note 14 - Other Postemployment Benefit Plan (Continued)**

***Investment Policy***

The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB 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 OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board’s adopted asset allocation policy as of June 30, 2021:

| Asset Class         | Target Allocation |
|---------------------|-------------------|
| Global equity       | 54.40 %           |
| Global fixed income | 24.70             |
| Private investments | 20.90             |

***Rate of Return***

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 28.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 15 - Fair Value Measurements**

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

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

June 30, 2021

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

The City has the following recurring fair value measurements as of June 30, 2021:

|                                                     | Assets Measured at Fair Value on a Recurring Basis |                                                                            |                                                        |                                                    |
|-----------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
|                                                     | Balance at<br>June 30, 2021                        | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Investments by Fair Value Level</b>              |                                                    |                                                                            |                                                        |                                                    |
| ADR                                                 | \$ 10,358,754                                      | \$ 10,358,754                                                              | \$ -                                                   | \$ -                                               |
| Closed-end MF - Equity                              | 10,222,663                                         | 10,222,663                                                                 | -                                                      | -                                                  |
| Open-end MF - Equity                                | 35,628,016                                         | 35,628,016                                                                 | -                                                      | -                                                  |
| Common stock                                        | 55,007,643                                         | 55,007,643                                                                 | -                                                      | -                                                  |
| Corporate bonds                                     | 4,528,052                                          | -                                                                          | 4,528,052                                              | -                                                  |
| Foreign stock                                       | 2,077,121                                          | 2,077,121                                                                  | -                                                      | -                                                  |
| Mortgage-backed securities                          | 3,895,250                                          | -                                                                          | 3,895,250                                              | -                                                  |
| Municipal obligations                               | 3,511,650                                          | -                                                                          | 3,511,650                                              | -                                                  |
| Private placements                                  | 207,650                                            | -                                                                          | 207,650                                                | -                                                  |
| Real estate investment trusts                       | 2,244,774                                          | 2,244,774                                                                  | -                                                      | -                                                  |
| U.S. federal agencies                               | 265,234                                            | 265,234                                                                    | -                                                      | -                                                  |
| U.S. government obligations                         | 11,043,984                                         | 11,043,984                                                                 | -                                                      | -                                                  |
| Mutual funds under securities<br>lending agreements | 5,148,360                                          | -                                                                          | -                                                      | 5,148,360                                          |
| Total investments measured<br>at fair value         | <u>\$ 144,139,151</u>                              | <u>\$ 126,848,189</u>                                                      | <u>\$ 12,142,602</u>                                   | <u>\$ 5,148,360</u>                                |

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

The fair value of mortgage-backed securities, municipal obligations, corporate bonds, and private placements at June 30, 2021 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of mutual funds under securities lending agreements at June 30, 2021 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the City's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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.

June 30, 2021

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

As of June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

|                                      | Fair Value           | Unfunded<br>Commitments | Redemption<br>Frequency, if<br>Eligible | Redemption<br>Notice Period |
|--------------------------------------|----------------------|-------------------------|-----------------------------------------|-----------------------------|
| Collective investment funds (CIF) -  |                      |                         |                                         |                             |
| Equity                               | \$ 11,541,884        | \$ -                    | None                                    | None                        |
| Real estate investment trusts        | 1,846                | -                       | None                                    | None                        |
| MERS Total Market Portfolio          | 1,819,393            | -                       | None                                    | None                        |
| CIF - Fixed income                   | 23,690,943           | -                       | None                                    | None                        |
| Partnership alternative investment   | 3,934,946            | -                       | None                                    | None                        |
| Closely held equity                  | 27,310,603           | -                       | None                                    | None                        |
| Total investments measured<br>at NAV | <u>\$ 68,299,615</u> | <u>\$ -</u>             |                                         |                             |

The collective investment funds - equity and collective investment funds - fixed income are global investment funds that invest exclusively in high-quality, short-term securities. The fair values of the investments of this type have been determined using NAV per share of the investments.

The MERS Total Market Portfolio 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 current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

The real estate investment trusts class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using net asset value of the City's ownership interest in partners' capital.

The closely held equity funds and partnership alternative investment includes several private equity funds with diversified portfolios. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

**Note 16 - Tax Abatements**

The City receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment agreements, Michigan Renaissance Zone Program, Senior and Disabled Non-Profit Housing Exemption, and landbank agreements. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. The Michigan Renaissance Zone Program is intended to promote economic activity and maintain or increase the number of jobs available. The Senior and Disabled Non-Profit Housing Exemption is intended to incentivize the provisions of senior citizen and disabled housing. The landbank agreements are intended to reimburse taxpayers for new construction or total rehabilitation projects.

For the fiscal year ended June 30, 2021, the City's property tax revenue was reduced by \$142,211 under these programs. There are no provisions to recapture taxes; however, the industrial facilities tax exemptions may be eliminated if taxes are not paid timely.

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2021

|                                            | Original Budget | Amended Budget | Actual        | Favorable<br>(Unfavorable)<br>Variance with<br>Amended Budget |
|--------------------------------------------|-----------------|----------------|---------------|---------------------------------------------------------------|
| <b>Revenue</b>                             |                 |                |               |                                                               |
| Property taxes                             | \$ 30,643,892   | \$ 30,643,892  | \$ 30,660,064 | \$ 16,172                                                     |
| Intergovernmental:                         |                 |                |               |                                                               |
| Federal grants                             | 1,141,029       | 3,549,925      | 3,587,468     | 37,543                                                        |
| State sources                              | 10,947,976      | 10,976,997     | 11,123,470    | 146,473                                                       |
| Charges for services                       | 8,903,996       | 8,647,654      | 8,985,827     | 338,173                                                       |
| Court fines and fees                       | 5,500,000       | 4,750,000      | 4,820,231     | 70,231                                                        |
| Licenses and permits                       | 1,562,902       | 1,859,272      | 1,811,017     | (48,255)                                                      |
| Interest income                            | 300,000         | 50,000         | 32,377        | (17,623)                                                      |
| Other revenue:                             |                 |                |               |                                                               |
| Local sources                              | 891,496         | 802,730        | 804,846       | 2,116                                                         |
| Other income                               | 3,928,087       | 3,140,833      | 3,229,658     | 88,825                                                        |
| Refund of captured property taxes          | 1,325,000       | 1,286,920      | -             | (1,286,920)                                                   |
| Cable franchise fees                       | 1,600,000       | 1,600,000      | 1,506,628     | (93,372)                                                      |
| Total revenue                              | 66,744,378      | 67,308,223     | 66,561,586    | (746,637)                                                     |
| <b>Expenditures</b>                        |                 |                |               |                                                               |
| Current:                                   |                 |                |               |                                                               |
| General government:                        |                 |                |               |                                                               |
| Legislative                                | 132,992         | 132,992        | 132,987       | 5                                                             |
| Executive                                  | 548,284         | 603,553        | 603,553       | -                                                             |
| Computer information systems               | 930,708         | 943,842        | 869,049       | 74,793                                                        |
| Law                                        | 850,000         | 850,000        | 827,979       | 22,021                                                        |
| Finance                                    | 1,243,627       | 1,295,793      | 1,260,746     | 35,047                                                        |
| Assessing                                  | 528,625         | 454,047        | 451,580       | 2,467                                                         |
| City clerk                                 | 791,867         | 1,028,024      | 994,355       | 33,669                                                        |
| Buildings and grounds                      | 648,285         | 648,285        | 631,162       | 17,123                                                        |
| Insurance                                  | 1,800,000       | 1,800,000      | 2,045,677     | (245,677)                                                     |
| Personnel                                  | 365,566         | 394,568        | 377,527       | 17,041                                                        |
| General government                         | 84,684,993      | 69,834,717     | 69,263,227    | 571,490                                                       |
| Motorpool                                  | 678,116         | 744,959        | 697,302       | 47,657                                                        |
| Public safety:                             |                 |                |               |                                                               |
| Police                                     | 19,540,870      | 19,751,593     | 19,694,849    | 56,744                                                        |
| Fire                                       | 15,923,788      | 15,983,497     | 15,246,121    | 737,376                                                       |
| Police and fire retirement board           | 25,000          | 25,000         | 21,600        | 3,400                                                         |
| District court                             | 3,397,627       | 3,206,491      | 3,073,665     | 132,826                                                       |
| Sanitation                                 | 5,047,078       | 5,047,562      | 4,803,206     | 244,356                                                       |
| Community and economic development:        |                 |                |               |                                                               |
| Building and planning                      | 1,552,277       | 1,407,575      | 1,530,953     | (123,378)                                                     |
| Neighborhood services                      | 462,213         | 462,213        | 442,818       | 19,395                                                        |
| Economic development                       | 223,245         | 409,678        | 402,883       | 6,795                                                         |
| Community development                      | 626,219         | 704,347        | 675,406       | 28,941                                                        |
| Youth assistance program                   | 954,705         | 554,160        | 492,486       | 61,674                                                        |
| Housing                                    | 463,575         | 768,471        | 766,662       | 1,809                                                         |
| Recreation and culture:                    |                 |                |               |                                                               |
| Parks and recreation                       | 577,435         | 642,181        | 641,521       | 660                                                           |
| Cable                                      | 482,812         | 482,812        | 465,948       | 16,864                                                        |
| Ice arena                                  | 345,478         | 345,478        | 284,008       | 61,470                                                        |
| Senior resources                           | 490,734         | 474,450        | 456,129       | 18,321                                                        |
| Golf course                                | 372,644         | 372,644        | 344,183       | 28,461                                                        |
| Debt service                               | 5,482,242       | 252,537        | 252,537       | -                                                             |
| Total expenditures                         | 149,171,005     | 129,621,469    | 127,750,119   | 1,871,350                                                     |
| <b>Excess of Expenditures Over Revenue</b> | (82,426,627)    | (62,313,246)   | (61,188,533)  | 1,124,713                                                     |

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund (Continued)

Year Ended June 30, 2021

|                                         | Original Budget     | Amended Budget      | Actual               | Favorable<br>(Unfavorable)<br>Variance with<br>Amended Budget |
|-----------------------------------------|---------------------|---------------------|----------------------|---------------------------------------------------------------|
| <b>Other Financing Sources (Uses)</b>   |                     |                     |                      |                                                               |
| Transfers in                            | \$ 2,633,306        | \$ 548,441          | \$ 424,131           | \$ (124,310)                                                  |
| Transfers out                           | (399,213)           | (2,548,873)         | (2,548,812)          | 61                                                            |
| Face value of debt issue                | 80,000,000          | 62,759,670          | 62,759,670           | -                                                             |
| Proceeds from sale of capital assets    | 510,000             | 1,629,185           | 1,638,839            | 9,654                                                         |
| Total other financing sources           | 82,744,093          | 62,388,423          | 62,273,828           | (114,595)                                                     |
| <b>Net Change in Fund Balance</b>       | 317,466             | 75,177              | 1,085,295            | 1,010,118                                                     |
| <b>Fund Balance - Beginning of year</b> | 9,337,154           | 9,337,154           | 9,337,154            | -                                                             |
| <b>Fund Balance - End of year</b>       | <b>\$ 9,654,620</b> | <b>\$ 9,412,331</b> | <b>\$ 10,422,449</b> | <b>\$ 1,010,118</b>                                           |

Required Supplemental Information  
Schedule of Changes in the Police and Fire Net Pension Liability  
and Related Ratios

|                                                                               | Last Eight Fiscal Years |                       |                       |                       |                       |                       |                       |                       |
|-------------------------------------------------------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                               | 2021                    | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| <b>Total Pension Liability</b>                                                |                         |                       |                       |                       |                       |                       |                       |                       |
| Service cost                                                                  | \$ 2,940,861            | \$ 2,965,918          | \$ 2,963,129          | \$ 3,559,247          | \$ 3,265,490          | \$ 3,028,268          | \$ 2,860,595          | \$ 3,222,792          |
| Interest                                                                      | 16,810,308              | 16,272,784            | 16,406,184            | 15,922,405            | 15,754,069            | 15,096,874            | 14,268,302            | 14,057,789            |
| Changes in benefit terms                                                      | 62,988                  | -                     | -                     | -                     | -                     | (724,126)             | -                     | -                     |
| Differences between expected and actual experience                            | 1,138,907               | 436,644               | (5,134,694)           | 1,477,290             | 1,224,995             | 6,992,130             | 8,888,109             | -                     |
| Changes in assumptions                                                        | (550,383)               | 4,884,647             | -                     | -                     | 5,107,777             | -                     | -                     | -                     |
| Benefit payments, including refunds                                           | (17,673,412)            | (16,568,113)          | (15,586,750)          | (15,352,545)          | (16,515,591)          | (14,982,738)          | (15,123,670)          | (13,461,635)          |
| <b>Net Change in Total Pension Liability</b>                                  | 2,729,269               | 7,991,880             | (1,352,131)           | 5,606,397             | 8,836,740             | 9,410,408             | 10,893,336            | 3,818,946             |
| <b>Total Pension Liability - Beginning of year</b>                            | 237,762,188             | 229,770,308           | 231,122,439           | 225,516,042           | 216,679,302           | 207,268,894           | 196,375,558           | 192,556,612           |
| <b>Total Pension Liability - End of year</b>                                  | <b>\$ 240,491,457</b>   | <b>\$ 237,762,188</b> | <b>\$ 229,770,308</b> | <b>\$ 231,122,439</b> | <b>\$ 225,516,042</b> | <b>\$ 216,679,302</b> | <b>\$ 207,268,894</b> | <b>\$ 196,375,558</b> |
| <b>Plan Fiduciary Net Position</b>                                            |                         |                       |                       |                       |                       |                       |                       |                       |
| Contributions - Employer                                                      | \$ 7,595,440            | \$ 6,930,726          | \$ 7,597,694          | \$ 7,398,670          | \$ 6,879,391          | \$ 6,717,939          | \$ 6,693,504          | \$ 5,813,007          |
| Contributions - Employee                                                      | 902,404                 | 748,341               | 670,772               | 640,248               | 714,843               | 537,081               | 326,793               | 116,709               |
| Net investment income (loss)                                                  | 52,446,605              | 8,516,296             | 9,618,386             | 15,774,255            | 20,499,672            | (2,646,242)           | 3,318,245             | 27,003,133            |
| Administrative expenses                                                       | (400,631)               | (384,887)             | (141,692)             | (28,252)              | (73,345)              | -                     | -                     | -                     |
| Benefit payments, including refunds                                           | (17,673,412)            | (16,568,113)          | (15,586,750)          | (15,352,545)          | (16,515,591)          | (14,982,738)          | (15,123,670)          | (13,461,635)          |
| Miscellaneous other charges                                                   | -                       | -                     | -                     | 47,432                | 753,079               | (9,938)               | -                     | -                     |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | 42,870,406              | (757,637)             | 2,158,410             | 8,479,808             | 12,258,049            | (10,383,898)          | (4,785,128)           | 19,471,214            |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                        | 167,850,726             | 168,608,363           | 166,449,953           | 157,970,145           | 145,712,096           | 156,095,994           | 160,881,122           | 141,409,908           |
| <b>Plan Fiduciary Net Position - End of year</b>                              | <b>\$ 210,721,132</b>   | <b>\$ 167,850,726</b> | <b>\$ 168,608,363</b> | <b>\$ 166,449,953</b> | <b>\$ 157,970,145</b> | <b>\$ 145,712,096</b> | <b>\$ 156,095,994</b> | <b>\$ 160,881,122</b> |
| <b>City's Net Pension Liability - Ending</b>                                  | <b>\$ 29,770,325</b>    | <b>\$ 69,911,462</b>  | <b>\$ 61,161,945</b>  | <b>\$ 64,672,486</b>  | <b>\$ 67,545,897</b>  | <b>\$ 70,967,206</b>  | <b>\$ 51,172,900</b>  | <b>\$ 35,494,436</b>  |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 87.62 %                 | 70.60 %               | 73.38 %               | 72.02 %               | 70.05 %               | 67.25 %               | 75.31 %               | 81.93 %               |
| <b>Covered Payroll</b>                                                        | \$ 11,693,061           | \$ 11,946,038         | \$ 11,859,736         | \$ 11,624,174         | \$ 11,976,270         | \$ 11,103,002         | \$ 9,126,696          | \$ 10,198,898         |
| <b>City's Net Pension Liability as a Percentage of Covered Payroll</b>        | 254.60 %                | 585.23 %              | 515.71 %              | 556.36 %              | 564.00 %              | 639.17 %              | 560.69 %              | 348.02 %              |

This statement is being built prospectively from the date of adoption of GASB 68.



Required Supplemental Information

Schedule of Changes in the MERS Net Pension Liability and Related Ratios

**Last Seven Plan Years  
Years Ended December 31**

|                                                                               | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>                                                |                       |                       |                       |                       |                       |                       |                       |
| Service cost                                                                  | \$ 690,398            | \$ 803,087            | \$ 965,487            | \$ 1,068,106          | \$ 1,220,236          | \$ 1,301,083          | \$ 1,373,374          |
| Interest                                                                      | 10,489,618            | 10,607,899            | 10,477,607            | 10,288,849            | 10,118,570            | 9,708,550             | 9,483,985             |
| Changes in benefit terms                                                      | -                     | -                     | 4,677                 | -                     | (6,338)               | -                     | -                     |
| Differences between expected and actual experience                            | 220,372               | (1,198,986)           | (257,191)             | 132,393               | -                     | (109,173)             | -                     |
| Changes in assumptions                                                        | 5,489,286             | 5,078,924             | -                     | -                     | (465,111)             | 6,359,502             | -                     |
| Benefit payments, including refunds                                           | (9,990,167)           | (9,573,429)           | (9,308,562)           | (8,818,642)           | (8,498,066)           | (8,334,206)           | (7,865,543)           |
| Miscellaneous other charges                                                   | (2,026)               | (58,443)              | (21,038)              | (8,903)               | -                     | -                     | -                     |
| <b>Net Change in Total Pension Liability</b>                                  | <b>6,897,481</b>      | <b>5,659,052</b>      | <b>1,860,980</b>      | <b>2,661,803</b>      | <b>2,369,291</b>      | <b>8,925,756</b>      | <b>2,991,816</b>      |
| <b>Total Pension Liability - Beginning of year</b>                            | <b>142,672,169</b>    | <b>137,013,117</b>    | <b>135,152,137</b>    | <b>132,490,334</b>    | <b>130,121,043</b>    | <b>121,195,287</b>    | <b>118,203,471</b>    |
| <b>Total Pension Liability - End of year</b>                                  | <b>\$ 149,569,650</b> | <b>\$ 142,672,169</b> | <b>\$ 137,013,117</b> | <b>\$ 135,152,137</b> | <b>\$ 132,490,334</b> | <b>\$ 130,121,043</b> | <b>\$ 121,195,287</b> |
| <b>Plan Fiduciary Net Position</b>                                            |                       |                       |                       |                       |                       |                       |                       |
| Contributions - Employer                                                      | \$ 7,531,477          | \$ 6,768,950          | \$ 6,715,660          | \$ 6,005,409          | \$ 5,316,066          | \$ 5,168,527          | \$ 5,699,179          |
| Contributions - Member                                                        | 254,324               | 280,952               | 323,168               | 336,048               | 343,428               | 362,187               | 299,758               |
| Net investment income (loss)                                                  | 7,909,068             | 7,102,808             | (2,210,597)           | 6,931,136             | 5,651,194             | (788,058)             | 3,253,267             |
| Administrative expenses                                                       | (114,271)             | (122,280)             | (110,848)             | (109,763)             | (111,691)             | (117,289)             | (120,757)             |
| Benefit payments, including refunds                                           | (9,990,167)           | (9,573,429)           | (9,308,562)           | (8,818,642)           | (8,498,066)           | (8,332,862)           | (7,865,543)           |
| Miscellaneous other charges                                                   | (2,024)               | (58,443)              | (21,038)              | (8,902)               | -                     | -                     | -                     |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | <b>5,588,407</b>      | <b>4,398,558</b>      | <b>(4,612,217)</b>    | <b>4,335,286</b>      | <b>2,700,931</b>      | <b>(3,707,495)</b>    | <b>1,265,904</b>      |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                        | <b>58,006,090</b>     | <b>53,607,532</b>     | <b>58,219,749</b>     | <b>53,884,463</b>     | <b>51,183,532</b>     | <b>54,891,027</b>     | <b>53,625,123</b>     |
| <b>Plan Fiduciary Net Position - End of year</b>                              | <b>\$ 63,594,497</b>  | <b>\$ 58,006,090</b>  | <b>\$ 53,607,532</b>  | <b>\$ 58,219,749</b>  | <b>\$ 53,884,463</b>  | <b>\$ 51,183,532</b>  | <b>\$ 54,891,027</b>  |
| <b>City's Net Pension Liability - Ending</b>                                  | <b>\$ 85,975,153</b>  | <b>\$ 84,666,079</b>  | <b>\$ 83,405,585</b>  | <b>\$ 76,932,388</b>  | <b>\$ 78,605,871</b>  | <b>\$ 78,937,511</b>  | <b>\$ 66,304,260</b>  |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | <b>42.52 %</b>        | <b>40.66 %</b>        | <b>39.13 %</b>        | <b>43.08 %</b>        | <b>40.67 %</b>        | <b>39.34 %</b>        | <b>45.29 %</b>        |
| <b>Covered Payroll</b>                                                        | <b>\$ 3,943,683</b>   | <b>\$ 4,635,244</b>   | <b>\$ 5,901,535</b>   | <b>\$ 6,603,572</b>   | <b>\$ 7,243,293</b>   | <b>\$ 7,451,135</b>   | <b>\$ 7,555,355</b>   |
| <b>City's Net Pension Liability as a Percentage of Covered Payroll</b>        | <b>2,180.07 %</b>     | <b>1,826.57 %</b>     | <b>1,413.29 %</b>     | <b>1,165.01 %</b>     | <b>1,085.22 %</b>     | <b>1,059.40 %</b>     | <b>877.58 %</b>       |

This statement is being built prospectively from the date of adoption of GASB 68.

Required Supplemental Information  
Schedule of MERS Contributions

|                                                                      | Last Ten Fiscal Years<br>Years Ended June 30 |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|----------------------------------------------------------------------|----------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                      | 2021                                         | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                | 2013                | 2012                |
| Actuarially determined contribution                                  | \$ 5,735,043                                 | \$ 6,914,328        | \$ 6,308,208        | \$ 6,673,116        | \$ 5,249,635        | \$ 4,959,882        | \$ 4,840,206        | \$ 4,366,557        | \$ 4,124,906        | \$ 3,115,379        |
| Contributions in relation to the actuarially determined contribution | 87,361,879                                   | 6,914,328           | 6,308,208           | 6,973,118           | 5,387,425           | 5,130,452           | 6,060,338           | 4,366,557           | 4,124,906           | 3,115,379           |
| <b>Contribution Excess</b>                                           | <b>\$ 81,626,836</b>                         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 300,002</b>   | <b>\$ 137,790</b>   | <b>\$ 170,570</b>   | <b>\$ 1,220,132</b> | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Covered Payroll</b>                                               | <b>\$ 4,255,116</b>                          | <b>\$ 4,701,794</b> | <b>\$ 5,901,535</b> | <b>\$ 6,603,572</b> | <b>\$ 7,243,293</b> | <b>\$ 7,399,002</b> | <b>\$ 6,939,596</b> | <b>\$ 7,555,355</b> | <b>\$ 7,076,423</b> | <b>\$ 7,377,631</b> |
| <b>Contributions as a Percentage of Covered Payroll</b>              | <b>2,053.10 %</b>                            | <b>147.06 %</b>     | <b>106.89 %</b>     | <b>105.60 %</b>     | <b>74.38 %</b>      | <b>69.34 %</b>      | <b>87.33 %</b>      | <b>57.79 %</b>      | <b>58.29 %</b>      | <b>42.23 %</b>      |

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

|                               |                                                                                                                                                                                                                                                       |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method         | Entry age normal                                                                                                                                                                                                                                      |
| Amortization method           | Level percentage of payroll, closed                                                                                                                                                                                                                   |
| Remaining amortization period | 20 years                                                                                                                                                                                                                                              |
| Asset valuation method        | 5-year smoothed market                                                                                                                                                                                                                                |
| Inflation                     | 2.5 percent                                                                                                                                                                                                                                           |
| Salary increase               | 3.75 percent base wage inflation                                                                                                                                                                                                                      |
| Investment rate of return     | 7.75 percent, net of expenses                                                                                                                                                                                                                         |
| Retirement age                | 60                                                                                                                                                                                                                                                    |
| Mortality                     | 50 percent male - 50 percent female blend of the following tables:<br>1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent<br>2. The RP-2014 Employee Mortality Tables<br>3. The RP-2014 Juvenile Mortality Tables |
| Other information             | None                                                                                                                                                                                                                                                  |

Required Supplemental Information  
Schedule of Police and Fire Pension Contributions

|                                                                      | Last Ten Fiscal Years<br>Years Ended June 30 |                      |                      |                      |                      |                      |                     |                      |                      |                      |
|----------------------------------------------------------------------|----------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
|                                                                      | 2021                                         | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                | 2014                 | 2013                 | 2012                 |
| Actuarially determined contribution                                  | \$ 7,595,440                                 | \$ 6,930,726         | \$ 7,597,694         | \$ 7,398,670         | \$ 6,841,964         | \$ 6,717,939         | \$ 6,693,504        | \$ 5,813,007         | \$ 4,990,887         | \$ 4,494,952         |
| Contributions in relation to the actuarially determined contribution | 7,595,440                                    | 6,930,726            | 7,597,694            | 7,398,670            | 6,879,391            | 6,717,939            | 6,693,504           | 5,813,007            | 4,990,887            | 4,494,952            |
| <b>Contribution Excess</b>                                           | <b>\$ -</b>                                  | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 37,427</b>     | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Covered Payroll</b>                                               | <b>\$ 11,693,061</b>                         | <b>\$ 11,946,038</b> | <b>\$ 11,859,736</b> | <b>\$ 11,624,174</b> | <b>\$ 11,976,270</b> | <b>\$ 11,103,002</b> | <b>\$ 9,126,696</b> | <b>\$ 10,198,898</b> | <b>\$ 10,609,537</b> | <b>\$ 10,840,217</b> |
| <b>Contributions as a Percentage of Covered Payroll</b>              | <b>64.96 %</b>                               | <b>58.02 %</b>       | <b>64.06 %</b>       | <b>63.65 %</b>       | <b>57.44 %</b>       | <b>60.51 %</b>       | <b>73.34 %</b>      | <b>57.00 %</b>       | <b>47.04 %</b>       | <b>41.47 %</b>       |

Notes to Schedule of Police and Fire Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

|                               |                                                                                                                                                                                                                          |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method         | Entry age actuarial cost method                                                                                                                                                                                          |
| Amortization method           | Level percent of payroll                                                                                                                                                                                                 |
| Remaining amortization period | 20 years                                                                                                                                                                                                                 |
| Asset valuation method        | 5-year adjusted market                                                                                                                                                                                                   |
| Inflation                     | 2.75 percent                                                                                                                                                                                                             |
| Salary increase               | 3.25 percent base wage inflation                                                                                                                                                                                         |
| Investment rate of return     | 7.25 percent, net of expenses                                                                                                                                                                                            |
| Mortality                     | PubS-2010 Mortality with generational improvements projected beginning in 2010 based on Scale MP-2020 and PubS-2010 Disabled Mortality with generational improvements projected beginning in 2010 based on Scale MP-2020 |

**Required Supplemental Information**  
**Schedule of Police and Fire Pension Investment Returns**

|                                                                        | <b>Last Seven Fiscal Years</b><br><b>Years Ended June 30</b> |             |             |             |             |             |             |
|------------------------------------------------------------------------|--------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                                        | <u>2021</u>                                                  | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Annual money-weighted rate of<br>return - Net of investment<br>expense | 31.52 %                                                      | 5.35 %      | 5.67 %      | 8.89 %      | 15.10 %     | (1.02)%     | 2.51 %      |

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

|                                                                            | Last Four Fiscal Years |                       |                       |                       |
|----------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
|                                                                            | 2021                   | 2020                  | 2019                  | 2018                  |
| <b>Total OPEB Liability</b>                                                |                        |                       |                       |                       |
| Service cost                                                               | \$ 860,271             | \$ 857,027            | \$ 1,586,539          | \$ 1,655,744          |
| Interest                                                                   | 8,053,872              | 8,749,405             | 8,975,503             | 8,886,490             |
| Changes in benefit terms                                                   | (8,323)                | (2,497)               | 1,594,300             | -                     |
| Differences between expected and actual experience                         | 3,497,912              | (13,580,746)          | (32,726,237)          | (10,807,734)          |
| Changes in assumptions                                                     | (3,244,226)            | 3,033,667             | (38,358,088)          | (10,890,391)          |
| Benefit payments, including refunds                                        | (7,311,804)            | (8,065,144)           | (8,070,396)           | (8,048,550)           |
| <b>Net Change in Total OPEB Liability</b>                                  | 1,847,702              | (9,008,288)           | (66,998,379)          | (19,204,441)          |
| <b>Total OPEB Liability - Beginning of year</b>                            | 156,742,769            | 165,751,057           | 232,749,436           | 251,953,877           |
| <b>Total OPEB Liability - End of year</b>                                  | <b>\$ 158,590,471</b>  | <b>\$ 156,742,769</b> | <b>\$ 165,751,057</b> | <b>\$ 232,749,436</b> |
| <b>Plan Fiduciary Net Position</b>                                         |                        |                       |                       |                       |
| Contributions - Employer                                                   | \$ 7,811,804           | \$ 8,565,144          | \$ 8,570,396          | \$ -                  |
| Net investment income (loss)                                               | 329,841                | (10,846)              | 4,234                 | -                     |
| Administrative expenses                                                    | (2,636)                | (1,200)               | -                     | -                     |
| Benefit payments, including refunds                                        | (7,311,804)            | (8,065,144)           | (8,070,396)           | -                     |
| <b>Net Change in Plan Fiduciary Net Position</b>                           | 827,205                | 487,954               | 504,234               | -                     |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                     | 992,188                | 504,234               | -                     | -                     |
| <b>Plan Fiduciary Net Position - End of year</b>                           | <b>\$ 1,819,393</b>    | <b>\$ 992,188</b>     | <b>\$ 504,234</b>     | <b>\$ -</b>           |
| <b>Net OPEB Liability - Ending</b>                                         | <b>\$ 156,771,078</b>  | <b>\$ 155,750,581</b> | <b>\$ 165,246,823</b> | <b>\$ 232,749,436</b> |
| <b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b> | 1.15 %                 | 0.63 %                | 0.30 %                | - %                   |
| <b>Covered-employee Payroll</b>                                            | \$ 17,902,680          | \$ 17,516,549         | \$ 17,055,664         | \$ 15,083,255         |
| <b>Total OPEB Liability as a Percentage of Covered-employee Payroll</b>    | 875.68 %               | 889.16 %              | 968.87 %              | 1,543.10 %            |

This statement is being built prospectively from the date of adoption of GASB 74.

Required Supplemental Information  
Schedule of OPEB Contributions

|                                                                      | Last Ten Fiscal Years<br>Years Ended June 30 |                       |                       |                      |                       |                       |                       |                       |                       |                       |
|----------------------------------------------------------------------|----------------------------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                      | 2021                                         | 2020                  | 2019                  | 2018*                | 2017                  | 2016                  | 2015                  | 2014                  | 2013                  | 2012                  |
| Actuarially determined contribution                                  | \$ 11,304,394                                | \$ 11,987,116         | \$ 13,467,910         | \$ -                 | \$ 14,532,590         | \$ 14,532,590         | \$ 14,532,590         | \$ 13,821,250         | \$ 13,821,250         | \$ 12,714,042         |
| Contributions in relation to the actuarially determined contribution | 7,811,804                                    | 8,565,144             | 8,570,396             | -                    | 7,943,997             | 7,822,651             | 7,223,809             | 6,203,861             | 6,550,255             | 5,327,727             |
| <b>Contribution Deficiency</b>                                       | <b>\$ (3,492,590)</b>                        | <b>\$ (3,421,972)</b> | <b>\$ (4,897,514)</b> | <b>\$ -</b>          | <b>\$ (6,588,593)</b> | <b>\$ (6,709,939)</b> | <b>\$ (7,308,781)</b> | <b>\$ (7,617,389)</b> | <b>\$ (7,270,995)</b> | <b>\$ (7,386,315)</b> |
| <b>Covered-employee Payroll</b>                                      | <b>\$ 17,902,680</b>                         | <b>\$ 17,516,549</b>  | <b>\$ 17,055,664</b>  | <b>\$ 15,083,255</b> | <b>\$ 15,247,849</b>  | <b>\$ 15,247,849</b>  | <b>\$ 15,247,849</b>  | <b>\$ 15,531,926</b>  | <b>\$ 15,531,926</b>  | <b>\$ 15,986,830</b>  |
| <b>Contributions as a Percentage of Covered-employee Payroll</b>     | <b>43.63 %</b>                               | <b>48.90 %</b>        | <b>50.25 %</b>        | <b>- %</b>           | <b>52.10 %</b>        | <b>51.30 %</b>        | <b>47.38 %</b>        | <b>39.94 %</b>        | <b>42.17 %</b>        | <b>33.33 %</b>        |

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

|                               |                                                                                                                                                |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method         | Entry age normal, based on level percentage of salary                                                                                          |
| Amortization method           | Level dollar                                                                                                                                   |
| Remaining amortization period | 28 years                                                                                                                                       |
| Asset valuation method        | Fair market value                                                                                                                              |
| Salary increase               | 3.75 percent                                                                                                                                   |
| Investment rate of return     | 6.05 percent                                                                                                                                   |
| Mortality                     | RPH-2018 Total Dataset Mortality Table                                                                                                         |
| Other information*            | In 2018, no contributions in relation to the actuarially determined contribution are shown, as there was no actuarial determined contribution. |

Required Supplemental Information  
Schedule of OPEB Investment Returns

|                                                                 | Last Four Fiscal Years |        |        |        |
|-----------------------------------------------------------------|------------------------|--------|--------|--------|
|                                                                 | Year Ended June 30     |        |        |        |
|                                                                 | 2021                   | 2020   | 2019   | 2018   |
| Annual money-weighted rate of return, net of investment expense | 28.19 %                | 2.36 % | 2.97 % | 7.78 % |

This statement is being built prospectively from the date of adoption of GASB 74.

June 30, 2021

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. The City adopts each fund's budget individually, so budgeted amounts in the General Fund include only General Fund activity, not including the funds rolled into the Combining General Fund as a result of GASB Statement No. 54. As a result, the revenue and expenditures of these funds are not included in the General Fund budget.

The annual budget is prepared by the City's management and submitted to the City Council by April 1 of each year. The budget is adopted by the City Council before the start of the new fiscal year. Subsequent amendments are approved by the City Council. Amendments may be made by the City Council up until the last day of the fiscal year. The General Fund budget has been adopted on a departmental basis. The other funds' budgets have been adopted at the fund level; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

Unexpended appropriations lapse at year end. The amount of encumbrances outstanding at June 30, 2021 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

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

|                                 | Total Revenue        | Total Expenditures    | Other Financing Sources |
|---------------------------------|----------------------|-----------------------|-------------------------|
| Amounts per operating statement | \$ 67,249,072        | \$ 127,926,493        | \$ 61,880,323           |
| E-911 Fund                      | (391,989)            | (4,436)               | 393,505                 |
| Metro Act - Broadband Fund      | (295,497)            | (171,938)             | -                       |
| Amounts per budget statement    | <u>\$ 66,561,586</u> | <u>\$ 127,750,119</u> | <u>\$ 62,273,828</u>    |

**Excess of Expenditures Over Appropriations in General Fund**

|                       | Budget       | Actual       | Variance     |
|-----------------------|--------------|--------------|--------------|
| Insurance             | \$ 1,800,000 | \$ 2,045,677 | \$ (245,677) |
| Building and planning | 1,407,575    | 1,530,953    | (123,378)    |

**Pension Information**

**Changes in Assumptions**

For the MERS plan, during the year ended June 30, 2021, the mortality tables used in determining the total pension liability were changed from the RP-2014 tables to the Pub-2010 tables.

For the MERS plan, during the year ended June 30, 2020, the investment rate of return was reduced from 8.00 to 7.60 percent. Additionally, the salary inflation assumption was changed from 3.75 to 3.0 percent.

During the year ended June 30, 2016, the MERS plan adjusted the assumed annual rate of return down from 8.25 to 8.00 percent. The mortality tables were updated from the 1994 Group Mortality Table to a blend of the RP-2014 tables.

For the Police and Fire Retirement System, during the year ended June 30, 2021, the mortality generational improvement scale was updated from MP-2019 to MP-2020 to reflect anticipated plan experience.

During the year ended June 30, 2020, the mortality assumption was changed from the RP-2006 Blue Collar Mortality with generational improvements projected beginning in 2006 based on Scale MP-2016 to the PubS-2010 Mortality with generational improvements projected beginning in 2010 based on Scale MP-2019.

During the year ended June 30, 2017, the Police and Fire Retirement System adjusted the mortality tables from the RP-2000 tables to the RP-2014.



**June 30, 2021**

***OPEB Information***

**Changes in Assumptions**

During the current year, the City of Westland Retiree Health Care Plan changed its actuarial assumptions from the previous actuarial valuation as follows: mortality tables used in determining the total OPEB liability were changed from RPH-2018 tables using Scale MP-2018 to Pub-2010 tables using Scale MP-2020, the discount rate was increased from 5.23 to 5.85 percent, health care cost trend rates have been adjusted for actual premium charge rates, and payroll growth rates have been updated.

During the year ended June 30, 2020, the City of Westland Retiree Health Care Plan discount rate was decreased from 5.38 to 5.23 percent, and health care cost trend rates were adjusted for actual premium charge rates.

During the year ended June 30, 2019, the discount rate was decreased from 3.84 to 5.38 percent, rates of mortality were updated to RPH-2018 tables, and health care cost trend rates were updated.

During the year ended June 30, 2018, the discount rate was increased from 3.56 to 3.84 percent, rates of mortality were updated to RPH-2017 tables, the actuarial cost method was updated from projected unit credit to entry age normal level percent of salary, and health care cost trend rates were updated.

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## Other Supplemental Information

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## City of Westland, Michigan

| Special Revenue Funds                                                     |                     |                     |                                         |                   |                   |
|---------------------------------------------------------------------------|---------------------|---------------------|-----------------------------------------|-------------------|-------------------|
|                                                                           | Major Road          | Local Road          | Community<br>Development<br>Block Grant | Street Lighting   | Drug Forfeiture   |
| <b>Assets</b>                                                             |                     |                     |                                         |                   |                   |
| Cash and cash equivalents                                                 | \$ 6,376,762        | \$ 723,154          | \$ 169,985                              | \$ 981,698        | \$ 323,279        |
| Receivables - Net                                                         | 1,107,494           | 374,620             | 311,077                                 | -                 | -                 |
| Due from other funds                                                      | -                   | 260,181             | 231                                     | -                 | -                 |
| Prepaid expenses                                                          | 605                 | 2,420               | -                                       | -                 | -                 |
| Land held for resale                                                      | -                   | -                   | 1,678,676                               | -                 | -                 |
| Total assets                                                              | <u>\$ 7,484,861</u> | <u>\$ 1,360,375</u> | <u>\$ 2,159,969</u>                     | <u>\$ 981,698</u> | <u>\$ 323,279</u> |
| <b>Liabilities</b>                                                        |                     |                     |                                         |                   |                   |
| Accounts payable                                                          | \$ 301,473          | \$ 393,659          | \$ 43,042                               | \$ 100,993        | \$ 479            |
| Due to other funds                                                        | 593,480             | 52,344              | 383,850                                 | -                 | 6,568             |
| Total liabilities                                                         | 894,953             | 446,003             | 426,892                                 | 100,993           | 7,047             |
| <b>Deferred Inflows of Resources -</b>                                    |                     |                     |                                         |                   |                   |
| Unavailable revenue                                                       | -                   | -                   | 8,772                                   | -                 | -                 |
| Total liabilities and deferred<br>inflows of resources                    | 894,953             | 446,003             | 435,664                                 | 100,993           | 7,047             |
| <b>Fund Balances</b>                                                      |                     |                     |                                         |                   |                   |
| Nonspendable - Prepaids                                                   | 605                 | 2,420               | -                                       | -                 | -                 |
| Restricted:                                                               |                     |                     |                                         |                   |                   |
| Roads                                                                     | 6,589,303           | 911,952             | -                                       | -                 | -                 |
| Community development                                                     | -                   | -                   | 1,724,305                               | -                 | -                 |
| Drug forfeiture                                                           | -                   | -                   | -                                       | -                 | 316,232           |
| Street lighting                                                           | -                   | -                   | -                                       | 880,705           | -                 |
| Committed - Court capital projects                                        | -                   | -                   | -                                       | -                 | -                 |
| Assigned                                                                  | -                   | -                   | -                                       | -                 | -                 |
| Total fund balances                                                       | <u>6,589,908</u>    | <u>914,372</u>      | <u>1,724,305</u>                        | <u>880,705</u>    | <u>316,232</u>    |
| Total liabilities, deferred<br>inflows of resources, and<br>fund balances | <u>\$ 7,484,861</u> | <u>\$ 1,360,375</u> | <u>\$ 2,159,969</u>                     | <u>\$ 981,698</u> | <u>\$ 323,279</u> |

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2021

| Special<br>Revenue<br>Funds                   | Capital Project Funds |                   |                      |
|-----------------------------------------------|-----------------------|-------------------|----------------------|
| Michigan<br>Indigent<br>Defense<br>Commission | Capital Project       | Court Building    | Total                |
| \$ 17,408                                     | \$ 3,245,600          | \$ 106,121        | \$ 11,944,007        |
| 14,356                                        | -                     | -                 | 1,807,547            |
| 2,061                                         | -                     | 40,486            | 302,959              |
| -                                             | 63,681                | -                 | 66,706               |
| -                                             | -                     | -                 | 1,678,676            |
| <b>\$ 33,825</b>                              | <b>\$ 3,309,281</b>   | <b>\$ 146,607</b> | <b>\$ 15,799,895</b> |
| \$ 33,825                                     | \$ 55,599             | \$ -              | \$ 929,070           |
| -                                             | -                     | -                 | 1,036,242            |
| 33,825                                        | 55,599                | -                 | 1,965,312            |
| -                                             | -                     | -                 | 8,772                |
| 33,825                                        | 55,599                | -                 | 1,974,084            |
| -                                             | 63,681                | -                 | 66,706               |
| -                                             | -                     | -                 | 7,501,255            |
| -                                             | -                     | -                 | 1,724,305            |
| -                                             | -                     | -                 | 316,232              |
| -                                             | -                     | -                 | 880,705              |
| -                                             | -                     | 146,607           | 146,607              |
| -                                             | 3,190,001             | -                 | 3,190,001            |
| -                                             | 3,253,682             | 146,607           | 13,825,811           |
| <b>\$ 33,825</b>                              | <b>\$ 3,309,281</b>   | <b>\$ 146,607</b> | <b>\$ 15,799,895</b> |

## City of Westland, Michigan

|                                                        | Special Revenue Funds      |                          |                                         |                          |                          |
|--------------------------------------------------------|----------------------------|--------------------------|-----------------------------------------|--------------------------|--------------------------|
|                                                        | Major Road                 | Local Road               | Community<br>Development<br>Block Grant | Street Lighting          | Drug Forfeiture          |
| <b>Revenue</b>                                         |                            |                          |                                         |                          |                          |
| Special assessments                                    | \$ -                       | \$ -                     | \$ -                                    | \$ 1,547,344             | \$ -                     |
| Intergovernmental:                                     |                            |                          |                                         |                          |                          |
| Federal grants                                         | 145,351                    | -                        | 2,191,291                               | -                        | -                        |
| State sources                                          | 6,355,992                  | 2,287,881                | -                                       | -                        | 80,296                   |
| Court fines and fees                                   | -                          | -                        | -                                       | -                        | -                        |
| Interest income                                        | -                          | -                        | 174                                     | 744                      | -                        |
| Other revenue - Other income                           | -                          | -                        | -                                       | -                        | 1,332                    |
| Total revenue                                          | 6,501,343                  | 2,287,881                | 2,191,465                               | 1,548,088                | 81,628                   |
| <b>Expenditures</b>                                    |                            |                          |                                         |                          |                          |
| Current:                                               |                            |                          |                                         |                          |                          |
| Street lighting                                        | -                          | -                        | -                                       | 1,232,263                | -                        |
| Public safety                                          | -                          | -                        | -                                       | -                        | 87,458                   |
| Highway, streets, and drains                           | 3,552,276                  | 4,808,012                | -                                       | -                        | -                        |
| Community and economic<br>development                  | -                          | -                        | 2,242,904                               | -                        | -                        |
| Capital outlay                                         | -                          | -                        | -                                       | -                        | -                        |
| Debt service                                           | -                          | -                        | -                                       | -                        | -                        |
| Total expenditures                                     | 3,552,276                  | 4,808,012                | 2,242,904                               | 1,232,263                | 87,458                   |
| <b>Excess of Revenue Over (Under)<br/>Expenditures</b> | 2,949,067                  | (2,520,131)              | (51,439)                                | 315,825                  | (5,830)                  |
| <b>Other Financing Sources (Uses)</b>                  |                            |                          |                                         |                          |                          |
| Transfers in                                           | -                          | 1,588,998                | -                                       | -                        | -                        |
| Transfers out                                          | (1,588,998)                | -                        | -                                       | (30,626)                 | -                        |
| Total other financing (uses)<br>sources                | (1,588,998)                | 1,588,998                | -                                       | (30,626)                 | -                        |
| <b>Net Change in Fund Balances</b>                     | 1,360,069                  | (931,133)                | (51,439)                                | 285,199                  | (5,830)                  |
| <b>Fund Balances - Beginning of year</b>               | 5,229,839                  | 1,845,505                | 1,775,744                               | 595,506                  | 322,062                  |
| <b>Fund Balances - End of year</b>                     | <u><u>\$ 6,589,908</u></u> | <u><u>\$ 914,372</u></u> | <u><u>\$ 1,724,305</u></u>              | <u><u>\$ 880,705</u></u> | <u><u>\$ 316,232</u></u> |

Other Supplemental Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2021

| Special<br>Revenue<br>Funds                   | Capital Project Funds |                   |                      |
|-----------------------------------------------|-----------------------|-------------------|----------------------|
| Michigan<br>Indigent<br>Defense<br>Commission | Capital Project       | Court Building    | Total                |
| \$ -                                          | \$ -                  | \$ -              | \$ 1,547,344         |
| -                                             | -                     | -                 | 2,336,642            |
| 447,854                                       | -                     | -                 | 9,172,023            |
| -                                             | -                     | 127,480           | 127,480              |
| -                                             | 1,184                 | 120               | 2,222                |
| -                                             | -                     | -                 | 1,332                |
| 447,854                                       | 1,184                 | 127,600           | 13,187,043           |
| -                                             | -                     | -                 | 1,232,263            |
| 510,750                                       | -                     | -                 | 598,208              |
| -                                             | -                     | -                 | 8,360,288            |
| -                                             | -                     | -                 | 2,242,904            |
| -                                             | 736,459               | 177,228           | 913,687              |
| -                                             | 217,210               | -                 | 217,210              |
| 510,750                                       | 953,669               | 177,228           | 13,564,560           |
| (62,896)                                      | (952,485)             | (49,628)          | (377,517)            |
| 62,896                                        | 2,485,916             | -                 | 4,137,810            |
| -                                             | -                     | -                 | (1,619,624)          |
| 62,896                                        | 2,485,916             | -                 | 2,518,186            |
| -                                             | 1,533,431             | (49,628)          | 2,140,669            |
| -                                             | 1,720,251             | 196,235           | 11,685,142           |
| <b>\$ -</b>                                   | <b>\$ 3,253,682</b>   | <b>\$ 146,607</b> | <b>\$ 13,825,811</b> |

Other Supplemental Information  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2021

|                                                 | Pension and Other Employee Benefit Trust Funds |                                     |                | Custodial Funds |                |            |
|-------------------------------------------------|------------------------------------------------|-------------------------------------|----------------|-----------------|----------------|------------|
|                                                 | Police and Fire<br>Retirement System           | Other<br>Postemployment<br>Benefits | Total          | Tax Collection  | District Court | Total      |
| <b>Assets</b>                                   |                                                |                                     |                |                 |                |            |
| Cash and cash equivalents                       | \$ 17,970                                      | \$ -                                | \$ 17,970      | \$ 204,705      | \$ 208,687     | \$ 413,392 |
| Investments:                                    |                                                |                                     |                |                 |                |            |
| Municipal obligations                           | 3,511,650                                      | -                                   | 3,511,650      | -               | -              | -          |
| CIF - Fixed income                              | 23,690,943                                     | -                                   | 23,690,943     | -               | -              | -          |
| U.S. government securities                      | 15,204,469                                     | -                                   | 15,204,469     | -               | -              | -          |
| Pooled investments                              | -                                              | 1,819,393                           | 1,819,393      | -               | -              | -          |
| Common stocks                                   | 67,443,518                                     | -                                   | 67,443,518     | -               | -              | -          |
| Corporate bonds                                 | 4,735,702                                      | -                                   | 4,735,702      | -               | -              | -          |
| Real estate                                     | 2,246,620                                      | -                                   | 2,246,620      | -               | -              | -          |
| Mutual funds                                    | 66,399,633                                     | -                                   | 66,399,633     | -               | -              | -          |
| Securities lending - Mutual funds               | 5,148,360                                      | -                                   | 5,148,360      | -               | -              | -          |
| Closely held - Equity                           | 27,310,602                                     | -                                   | 27,310,602     | -               | -              | -          |
| Receivables:                                    |                                                |                                     |                |                 |                |            |
| Accrued interest receivable                     | 162,897                                        | -                                   | 162,897        | -               | -              | -          |
| Pension system contributions receivable         | 52,196                                         | -                                   | 52,196         | -               | -              | -          |
| Total assets                                    | 215,924,560                                    | 1,819,393                           | 217,743,953    | 204,705         | 208,687        | 413,392    |
| <b>Liabilities</b>                              |                                                |                                     |                |                 |                |            |
| Due to other governmental units                 | -                                              | -                                   | -              | 204,705         | 145,515        | 350,220    |
| Deposits and bonds                              | -                                              | -                                   | -              | -               | 63,172         | 63,172     |
| Obligations under securities lending agreements | 5,194,409                                      | -                                   | 5,194,409      | -               | -              | -          |
| Due to brokers                                  | 9,019                                          | -                                   | 9,019          | -               | -              | -          |
| Total liabilities                               | 5,203,428                                      | -                                   | 5,203,428      | 204,705         | 208,687        | 413,392    |
| <b>Net Position - Restricted</b>                |                                                |                                     |                |                 |                |            |
| Pension                                         | 210,721,132                                    | -                                   | 210,721,132    | -               | -              | -          |
| Postemployment benefits other than pension      | -                                              | 1,819,393                           | 1,819,393      | -               | -              | -          |
| Total net position                              | \$ 210,721,132                                 | \$ 1,819,393                        | \$ 212,540,525 | \$ -            | \$ -           | \$ -       |

Other Supplemental Information  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year Ended June 30, 2021

|                                                      | Pension and Other Employee Benefit Trust Funds |                               |                       | Custodial Funds |                |             |
|------------------------------------------------------|------------------------------------------------|-------------------------------|-----------------------|-----------------|----------------|-------------|
|                                                      | Police and Fire Retirement System              | Other Postemployment Benefits | Total                 | Tax Collection  | District Court | Total       |
| <b>Additions</b>                                     |                                                |                               |                       |                 |                |             |
| Investment income (expenses):                        |                                                |                               |                       |                 |                |             |
| Interest and dividends                               | \$ 2,247,000                                   | \$ 329,841                    | \$ 2,576,841          | \$ -            | \$ -           | \$ -        |
| Net increase in fair value of investments            | 51,082,630                                     | -                             | 51,082,630            | -               | -              | -           |
| Investment costs                                     | (883,025)                                      | -                             | (883,025)             | -               | -              | -           |
| Net investment income                                | 52,446,605                                     | 329,841                       | 52,776,446            | -               | -              | -           |
| Contributions:                                       |                                                |                               |                       |                 |                |             |
| Employer contributions                               | 7,595,440                                      | 7,811,804                     | 15,407,244            | -               | -              | -           |
| Employee contributions                               | 902,404                                        | -                             | 902,404               | -               | -              | -           |
| Total contributions                                  | 8,497,844                                      | 7,811,804                     | 16,309,648            | -               | -              | -           |
| Fines, fees, and bonds                               | -                                              | -                             | -                     | -               | 2,109,233      | 2,109,233   |
| Property tax collections                             | -                                              | -                             | -                     | 61,340,759      | -              | 61,340,759  |
| Total additions                                      | 60,944,449                                     | 8,141,645                     | 69,086,094            | 61,340,759      | 2,109,233      | 63,449,992  |
| <b>Deductions</b>                                    |                                                |                               |                       |                 |                |             |
| Benefit payments                                     | 17,673,412                                     | 7,311,804                     | 24,985,216            | -               | -              | -           |
| Administrative expenses                              | 400,631                                        | 2,636                         | 403,267               | -               | -              | -           |
| District court distributions                         | -                                              | -                             | -                     | -               | 2,109,233      | 2,109,233   |
| Property tax distributions to other governments      | -                                              | -                             | -                     | 61,340,759      | -              | 61,340,759  |
| Total deductions                                     | 18,074,043                                     | 7,314,440                     | 25,388,483            | 61,340,759      | 2,109,233      | 63,449,992  |
| <b>Net Increase in Fiduciary Net Position</b>        | 42,870,406                                     | 827,205                       | 43,697,611            | -               | -              | -           |
| <b>Net Position - Beginning of year, as restated</b> | 167,850,726                                    | 992,188                       | 168,842,914           | -               | -              | -           |
| <b>Net Position - End of year</b>                    | <b>\$ 210,721,132</b>                          | <b>\$ 1,819,393</b>           | <b>\$ 212,540,525</b> | <b>\$ -</b>     | <b>\$ -</b>    | <b>\$ -</b> |



**Other Supplemental Information**  
**Statement of Net Position/Governmental Fund Balance Sheet**  
**Library**

**June 30, 2021**

|                                                                    | Library                    | Adjustments                | Statement of Net<br>Position |
|--------------------------------------------------------------------|----------------------------|----------------------------|------------------------------|
| <b>Assets</b>                                                      |                            |                            |                              |
| Cash and cash equivalents                                          | \$ 5,278,235               | \$ -                       | \$ 5,278,235                 |
| Receivables - Net                                                  | 133,009                    | -                          | 133,009                      |
| Prepaid expenses                                                   | 70,688                     | -                          | 70,688                       |
| Other current assets                                               | 8,194                      | -                          | 8,194                        |
| Capital assets - Depreciable - Net                                 | -                          | 1,462,060                  | 1,462,060                    |
| Total assets                                                       | <u><u>\$ 5,490,126</u></u> | 1,462,060                  | 6,952,186                    |
| <b>Liabilities</b>                                                 |                            |                            |                              |
| Accounts payable                                                   | \$ 117,819                 | -                          | 117,819                      |
| Due to primary government                                          | 7,892                      | -                          | 7,892                        |
| Accrued liabilities and other                                      | 76,415                     | -                          | 76,415                       |
| Noncurrent liabilities - Compensated absences due within one year  | -                          | 15,557                     | 15,557                       |
| Total liabilities                                                  | 202,126                    | 15,557                     | 217,683                      |
| <b>Deferred Inflows of Resources</b> - Unavailable revenue         | 86,548                     | (86,548)                   | -                            |
| Total liabilities and deferred inflows of resources                | 288,674                    | (70,991)                   | 217,683                      |
| <b>Equity</b>                                                      |                            |                            |                              |
| Fund balance:                                                      |                            |                            |                              |
| Nonspendable - Prepaid expenses                                    | 70,688                     | (70,688)                   | -                            |
| Unassigned                                                         | 5,130,764                  | (5,130,764)                | -                            |
| Total fund balance                                                 | 5,201,452                  | (5,201,452)                | -                            |
| Total liabilities, deferred inflows of resources, and fund balance | <u><u>\$ 5,490,126</u></u> |                            |                              |
| <b>Net position:</b>                                               |                            |                            |                              |
| Net investment in capital assets                                   |                            | 1,462,060                  | 1,462,060                    |
| Unrestricted                                                       |                            | 5,272,443                  | 5,272,443                    |
| Total                                                              |                            | <u><u>\$ 6,734,503</u></u> | <u><u>\$ 6,734,503</u></u>   |

## City of Westland, Michigan

### Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Library

Year Ended June 30, 2021

|                                                      | Library             | Adjustments         | Statement of<br>Activities |
|------------------------------------------------------|---------------------|---------------------|----------------------------|
| <b>Revenue</b>                                       |                     |                     |                            |
| Property taxes                                       | \$ 3,133,450        | \$ -                | \$ 3,133,450               |
| Intergovernmental                                    | 201,511             | -                   | 201,511                    |
| Interest income                                      | 6,975               | -                   | 6,975                      |
| Other revenue                                        | 15,797              | 1,736               | 17,533                     |
| Total revenue                                        | 3,357,733           | 1,736               | 3,359,469                  |
| <b>Expenditures</b>                                  |                     |                     |                            |
| Recreation and culture, including depreciation       | 2,451,168           | 366,261             | 2,817,429                  |
| Capital outlay                                       | 406,799             | (324,342)           | 82,457                     |
| Total expenditures                                   | 2,857,967           | 41,919              | 2,899,886                  |
| <b>Net Change in Fund Balance/Net Position</b>       | 499,766             | (40,183)            | 459,583                    |
| <b>Fund Balance/Net Position - Beginning of year</b> | 4,701,686           | 1,573,234           | 6,274,920                  |
| <b>Fund Balance/Net Position - End of year</b>       | <b>\$ 5,201,452</b> | <b>\$ 1,533,051</b> | <b>\$ 6,734,503</b>        |