
City of Saline, Michigan

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

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Independent Auditor's Report

To the City Council
City of Saline, 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 Saline, Michigan (the "City") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Saline, 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. 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 Saline, Michigan as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which gives guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the City Council
City of Saline, 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saline, 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.

Plante & Moran, PLLC

October 29, 2021

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

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2021:

- The City received \$197,447 in grants for related expense reimbursements related to COVID-19. The police chief pursued and successfully received 84 percent of those funds, including \$142,966 for the Public Safety Reimbursement program, \$15,500 for first responders hazard premium that was passed on to police department personnel, and \$6,171 in additional funds for the Coronavirus Emergency Supplemental Funding (CESF) Grant to reimburse for additional equipment purchases. Prior year City, Village, and Township Revenue Sharing (CVTRS) that was converted to the Coronavirus Relief Local Government Grants (CRLGG) in the amount of \$32,810 is recorded in this fiscal year.
- The City received excess personal property tax revenue from the Local Community Stabilization Authority (LCSA). Extra funds were recommended to be assigned for future legislative changes. This assigned fund balance increased to \$1,383,538.
- The City received a full actuarial valuation for other postemployment benefits, resulting in a decrease of \$1.2 million in the total OPEB liability. Factors included the implementation of Medicare for post-65, a decrease in eligible members, and eligibility definitions being clarified. As a result of these changes, the City of Saline, Michigan will show an 88.6 percent funded ratio in the annual PA 202 reporting to the State of Michigan.
- The City continues to work with developers with a pending sales agreement and consider proposals on other lots. No land sales were recorded in this fiscal year.
- During the fiscal year ended June 30, 2021, the City had 1.0000 mill of excess capacity available by vote of the City Council.

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 longer-term view uses the accrual basis of accounting so that it can provide an approximate measure of the cost of providing services during the current year and estimate how closely the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they reflect how the taxpayers' resources were spent during the year, as well as 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.

Management's Discussion and Analysis (Continued)

The City as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 12,115,735	\$ 10,224,533	\$ 15,638,029	\$ 9,402,514	\$ 27,753,764	\$ 19,627,047
Noncurrent assets	26,701,494	25,414,187	34,620,574	34,619,234	61,322,068	60,033,421
Total assets	38,817,229	35,638,720	50,258,603	44,021,748	89,075,832	79,660,468
Deferred Outflows of Resources	824,339	1,210,984	248,984	406,489	1,073,323	1,617,473
Liabilities						
Current liabilities	1,563,665	805,980	572,406	733,161	2,136,071	1,539,141
Long-term liabilities	17,019,083	19,557,230	17,169,709	13,212,265	34,188,792	32,769,495
Total liabilities	18,582,748	20,363,210	17,742,115	13,945,426	36,324,863	34,308,636
Deferred Inflows of Resources	3,326,129	760,753	1,148,152	312,827	4,474,281	1,073,580
Net Position						
Net investment in capital assets - Net of related depreciation	22,024,173	20,328,545	24,978,581	24,635,597	47,002,754	44,964,142
Restricted	2,544,564	3,462,526	3,940,551	3,631,598	6,485,115	7,094,124
Unrestricted	(6,836,046)	(8,065,330)	2,698,188	1,902,789	(4,137,858)	(6,162,541)
Total net position	<u>\$ 17,732,691</u>	<u>\$ 15,725,741</u>	<u>\$ 31,617,320</u>	<u>\$ 30,169,984</u>	<u>\$ 49,350,011</u>	<u>\$ 45,895,725</u>

Management's Discussion and Analysis (Continued)

The City's Changes in Net Position

The following table shows the changes in net position during the year ended June 30, 2021 as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Charges for services	\$ 2,112,916	\$ 2,356,968	\$ 5,892,383	\$ 5,503,259	\$ 8,005,299	\$ 7,860,227
Operating grants and contributions	1,214,223	921,487	-	-	1,214,223	921,487
Capital grants and contributions	362,327	889,450	128,990	164,715	491,317	1,054,165
General revenue:						
Property taxes	8,574,406	7,793,411	-	-	8,574,406	7,793,411
State-shared revenue	1,576,493	1,502,533	-	-	1,576,493	1,502,533
Unrestricted investment earnings	19,961	106,895	44,091	102,176	64,052	209,071
Other revenue:						
Cable franchise fees	235,656	234,696	-	-	235,656	234,696
Miscellaneous	649,945	576,414	6,789	-	656,734	576,414
Total revenue	14,745,927	14,381,854	6,072,253	5,770,150	20,818,180	20,152,004
Expenses						
General government	3,407,115	3,773,597	-	-	3,407,115	3,773,597
Legislative	63,367	61,421	-	-	63,367	61,421
Public safety	2,847,117	3,192,659	-	-	2,847,117	3,192,659
Public works	3,637,946	3,520,669	-	-	3,637,946	3,520,669
Health and welfare	63,330	94,771	-	-	63,330	94,771
Building department	481,231	344,310	-	-	481,231	344,310
Parks, recreation, and culture	1,957,899	2,011,798	-	-	1,957,899	2,011,798
Interest on long-term debt	153,049	139,021	-	-	153,049	139,021
Unallocated	127,923	128,174	-	-	127,923	128,174
Water and sewer	-	-	4,624,917	4,848,323	4,624,917	4,848,323
Total expenses	12,738,977	13,266,420	4,624,917	4,848,323	17,363,894	18,114,743
Change in Net Position	2,006,950	1,115,434	1,447,336	921,827	3,454,286	2,037,261
Net Position - Beginning of year	15,725,741	14,610,307	30,169,984	29,248,157	45,895,725	43,858,464
Net Position - End of year	\$ 17,732,691	\$ 15,725,741	\$ 31,617,320	\$ 30,169,984	\$ 49,350,011	\$ 45,895,725

Governmental Activities

The table above reflects the breakout of revenue and expenses compared to the prior year.

The City experienced an overall increase in revenue in a number of different areas, including, but not limited to, property taxes and state-shared revenue.

The decrease in expenses is largely due to the reduced OPEB obligations based on the most recent actuarial valuation that reflected multiple changes impacting the long-term obligation.

Business-type Activities

The City's business-type activities consist of the Water Fund and the Sewer Fund. The City provides drinking water to city residents from its municipal water system from underground wells. The City provides sewage treatment through a city-owned and operated sewage treatment plant.

The municipality ensures adequate funding for its business-type water and sewer activities by annually reviewing the utility rates to cover all projects, operations, and maintenance of the utility systems. Annually reviewing the water and sewer rates more accurately reflects current projects and trends that drive the rates.

The City's Funds

Our analysis of the City's major funds begins with the governmental funds balance sheet following the government-wide financial statements that immediately follow this discussion. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages.

The General Fund pays for most of the City's governmental services. The most significant are general government, public safety (police and fire), and public works. These services are primarily supported by property taxes and state-shared revenue, as well as various charges for services.

General Fund Budgetary Highlights

General Fund revenue changes over the prior year included increased property taxes and increased intergovernmental revenue from higher state-shared revenue and federal grants.

General Fund expense changes reflect a decrease from the prior year due to deferred expenses for infrastructure and equipment and reduced personnel cost.

Over the course of the year, the City amended the budget to consider events during the year. Overall revenue and expenses were lower than expected.

The Combining General Fund end of year fund balance increased from \$4,591,521 a year ago to \$7,020,027 at June 30, 2021, with \$7,002,627 as the year-end fund balance for the General Fund, including \$4,616,757 assigned, restricted, or committed and \$17,400 for Fire Department Special Assessment.

Capital Assets and Debt Administration

At the end of the 2021 fiscal year, the City had about \$61 million (more than half debt free) invested in a broad range of noncurrent assets, including land, buildings, streets, police and fire equipment, and water and sewer lines. In addition, the City was planning to budget approximately \$6.8 million in additional infrastructure and capital improvements in the subsequent year (the majority to be funded with utility reserves, Act 51 state road funds, city and county millage for street projects, and bonds or from tax increment capture funds of the economic development component units).

The City now has debt of lower than one-half of its legal limit. For the previously issued sewer and water capital bonds and the new SRF sewer bond, the utility rates have already been adjusted accordingly to ensure sufficient utility revenue to cover the future debt service at least through the fiscal year ending June 30, 2022.

Economic Factors and Next Year's Budgets and Rates

COVID-19 had a significant influence on the FY 2021 budget process. The City was very conservative when budgeting revenue and was successful in pursuing grants. The City experienced many project delays, resulting in funds being assigned in the next year for anticipated completion.

During the budget process, the City identified the need to stabilize the budget process. As a result, the City is reviewing all assigned fund balances and reviewing best practices to budget for nonrecurring costs, such as vehicles, equipment, and compensated absences. The City Council will be reviewing both assigned and unassigned fund balance to ensure the values align with the original assignment and to help determine if any of these funds can be used to help fund reserves for some of the nonrecurring cost.

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. If you have questions about this report or need additional information, we welcome you to contact the city clerk's office at (734) 429-4907, extension 2209.

Statement of Net Position

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 8,613,809	\$ 4,284,497	\$ 12,898,306	\$ 1,636,650
Receivables (Note 4)	839,856	1,599,776	2,439,632	-
Due from component units (Note 6)	465,647	-	465,647	-
Due from primary government	-	-	-	547
Internal balances (Note 6)	(45)	45	-	-
Restricted assets (Note 1)	2,196,468	9,753,711	11,950,179	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,736,552	533,807	2,270,359	40,749
Assets subject to depreciation - Net	24,964,942	34,086,767	59,051,709	-
Total assets	38,817,229	50,258,603	89,075,832	1,677,946
Deferred Outflows of Resources				
Deferred pension costs (Note 10)	367,312	53,115	420,427	-
Deferred OPEB costs (Note 9)	457,027	195,869	652,896	-
Total deferred outflows of resources	824,339	248,984	1,073,323	-
Liabilities				
Accounts payable	767,056	414,412	1,181,468	672
Due to other governmental units	-	-	-	181,710
Due to component units (Note 6)	547	-	547	-
Due to primary government (Note 6)	-	-	-	465,647
Accrued liabilities and other	796,062	157,994	954,056	-
Noncurrent liabilities:				
Due within one year - Current portion of long- term debt and compensated absences	1,556,423	1,211,686	2,768,109	-
Due in more than one year:				
Net pension liability (Note 10)	8,049,570	1,195,867	9,245,437	-
Net OPEB liability (Note 9)	817,366	350,301	1,167,667	-
Long-term debt and compensated absences (Note 7)	5,785,799	14,411,855	20,197,654	-
Obligation as part of joint venture (Note 11)	809,925	-	809,925	-
Total liabilities	18,582,748	17,742,115	36,324,863	648,029
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 10)	976,640	141,228	1,117,868	-
Deferred OPEB cost reductions (Note 9)	2,349,489	1,006,924	3,356,413	-
Total deferred inflows of resources	3,326,129	1,148,152	4,474,281	-
Net Position				
Net investment in capital assets	22,024,173	24,978,581	47,002,754	40,749
Restricted:				
Law enforcement training and other	32,957	-	32,957	-
Recreation	225,325	-	225,325	-
Solid waste	114,476	-	114,476	-
Roads	2,171,806	-	2,171,806	-
Capital replacement	-	3,940,551	3,940,551	-
Unrestricted	(6,836,046)	2,698,188	(4,137,858)	989,168
Total net position	<u>\$ 17,732,691</u>	<u>\$ 31,617,320</u>	<u>\$ 49,350,011</u>	<u>\$ 1,029,917</u>

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,407,115	\$ 137,505	\$ -	\$ -	\$ (3,269,610)	\$ -	\$ (3,269,610)	\$ -
Legislative	63,367	-	-	-	(63,367)	-	(63,367)	-
Police, fire, and EMS	2,847,117	37,286	197,447	-	(2,612,384)	-	(2,612,384)	-
Public works	3,637,946	-	1,000,007	-	(2,637,939)	-	(2,637,939)	-
Health and welfare	63,330	59,798	-	-	(3,532)	-	(3,532)	-
Building department	481,231	378,677	-	-	(102,554)	-	(102,554)	-
Parks, recreation, and culture	1,957,899	1,499,650	16,769	-	(441,480)	-	(441,480)	-
Interest on long-term debt	153,049	-	-	362,327	209,278	-	209,278	-
Unallocated depreciation	127,923	-	-	-	(127,923)	-	(127,923)	-
Total governmental activities	12,738,977	2,112,916	1,214,223	362,327	(9,049,511)	-	(9,049,511)	-
Business-type activities:								
Water	1,794,132	2,498,067	-	57,245	-	761,180	761,180	-
Sewer	2,830,785	3,394,316	-	71,745	-	635,276	635,276	-
Total business-type activities	4,624,917	5,892,383	-	128,990	-	1,396,456	1,396,456	-
Total primary government	<u>\$ 17,363,894</u>	<u>\$ 8,005,299</u>	<u>\$ 1,214,223</u>	<u>\$ 491,317</u>	(9,049,511)	1,396,456	(7,653,055)	-
Component units:								
Economic Development Corporation	\$ 74,053	\$ 11,136	\$ -	\$ -	-	-	-	(62,917)
Tax Increment Finance Authority	465,774	-	-	-	-	-	-	(465,774)
Local Development Finance Authority	954,284	-	-	-	-	-	-	(954,284)
Total component units	<u>\$ 1,494,111</u>	<u>\$ 11,136</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	(1,482,975)
General revenue:								
Property taxes					8,574,406	-	8,574,406	1,440,040
State-shared revenue					1,576,493	-	1,576,493	-
Unrestricted investment income					19,961	44,091	64,052	1,142
Cable franchise fees					235,656	-	235,656	-
Other miscellaneous income					649,945	6,789	656,734	64,100
Total general revenue					11,056,461	50,880	11,107,341	1,505,282
Change in Net Position					2,006,950	1,447,336	3,454,286	22,307
Net Position - Beginning of year					15,725,741	30,169,984	45,895,725	1,007,610
Net Position - End of year					<u>\$ 17,732,691</u>	<u>\$ 31,617,320</u>	<u>\$ 49,350,011</u>	<u>\$ 1,029,917</u>

Governmental Funds
Balance Sheet

June 30, 2021

	Combining General Fund	Saline Recreation Complex Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents (Note 3)	\$ 5,750,937	\$ 393,451	\$ 963,851	\$ 303,121	\$ 1,202,449	\$ 8,613,809
Receivables (Note 4)	453,440	31,078	310,787	42,357	2,194	839,856
Due from component units (Note 6)	436,426	-	-	-	29,221	465,647
Due from other funds (Note 6)	-	13	-	-	-	13
Restricted assets	1,539,093	-	657,375	-	-	2,196,468
Total assets	<u>\$ 8,179,896</u>	<u>\$ 424,542</u>	<u>\$ 1,932,013</u>	<u>\$ 345,478</u>	<u>\$ 1,233,864</u>	<u>\$ 12,115,793</u>
Liabilities						
Accounts payable	\$ 510,686	\$ 26,115	\$ 20,851	\$ 83,757	\$ 125,647	\$ 767,056
Due to component units (Note 6)	547	-	-	-	-	547
Due to other funds (Note 6)	58	-	-	-	-	58
Accrued liabilities and other	648,578	99,412	17,515	2,010	50	767,565
Total liabilities	1,159,869	125,527	38,366	85,767	125,697	1,535,226
Fund Balances						
Restricted (Note 12)	1,572,050	225,325	1,893,647	259,711	132,924	4,083,657
Committed (Note 12)	43,135	73,690	-	-	975,243	1,092,068
Assigned (Note 12)	3,001,572	-	-	-	-	3,001,572
Unassigned	2,403,270	-	-	-	-	2,403,270
Total fund balances	<u>7,020,027</u>	<u>299,015</u>	<u>1,893,647</u>	<u>259,711</u>	<u>1,108,167</u>	<u>10,580,567</u>
Total liabilities and fund balances	<u>\$ 8,179,896</u>	<u>\$ 424,542</u>	<u>\$ 1,932,013</u>	<u>\$ 345,478</u>	<u>\$ 1,233,864</u>	<u>\$ 12,115,793</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 10,580,567
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	26,701,494
Long-term obligations, including long-term debt, compensated absences, and obligations as part of joint venture, are not due and payable in the current period and are not reported in the funds	(8,152,147)
Accrued interest is not due and payable in the current period and is not reported in the funds	(28,497)
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:	
Pension benefits	(8,658,898)
Retiree health care benefits	(2,709,828)
Net Position of Governmental Activities	<u><u>\$ 17,732,691</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	Combining General Fund	Saline Recreation Complex Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 7,063,022	\$ -	\$ -	\$ 474,262	\$ 1,037,122	\$ 8,574,406
Intergovernmental	1,715,177	3,000	800,086	258,684	-	2,776,947
Charges for services	780,061	727,228	-	-	57,447	1,564,736
Fines and forfeitures	37,661	-	-	-	-	37,661
Licenses and permits:						
Cable franchise fees	235,656	-	-	-	-	235,656
Other licenses and permits	508,168	-	-	-	-	508,168
Interest and rentals	5,463	611	1,110	264	12,513	19,961
Other revenue:						
Local donations	-	13,769	-	-	-	13,769
Other miscellaneous income	158,177	6,000	23,063	63	-	187,303
Revenue from the county	190,961	-	205,131	166,437	-	562,529
Total revenue	10,694,346	750,608	1,029,390	899,710	1,107,082	14,481,136
Expenditures						
Current services:						
General government	4,952,967	-	-	-	10,696	4,963,663
Legislative	63,367	-	-	-	-	63,367
Public safety	2,709,871	-	-	-	-	2,709,871
Public works	959,646	-	1,923,659	1,619,936	766,275	5,269,516
Cemetery	57,928	-	-	-	-	57,928
Engineering department	44,225	-	-	-	-	44,225
Parks, recreation, and culture	368,040	1,243,534	-	-	-	1,611,574
Capital outlay	85,289	-	-	-	-	85,289
Debt service	367,868	234,847	12,335	-	226,649	841,699
Total expenditures	9,609,201	1,478,381	1,935,994	1,619,936	1,003,620	15,647,132
Excess of Revenue Over (Under) Expenditures	1,085,145	(727,773)	(906,604)	(720,226)	103,462	(1,165,996)
Other Financing Sources (Uses)						
Transfers in (Note 6)	7,590	232,202	-	215,000	-	454,792
Transfers out (Note 6)	(232,202)	-	(215,000)	-	(7,590)	(454,792)
New debt issued	1,475,000	-	630,000	-	-	2,105,000
Debt premium	92,973	-	39,710	-	-	132,683
Total other financing sources (uses)	1,343,361	232,202	454,710	215,000	(7,590)	2,237,683
Net Change in Fund Balances	2,428,506	(495,571)	(451,894)	(505,226)	95,872	1,071,687
Fund Balances - Beginning of year	4,591,521	794,586	2,345,541	764,937	1,012,295	9,508,880
Fund Balances - End of year	<u>\$ 7,020,027</u>	<u>\$ 299,015</u>	<u>\$ 1,893,647</u>	<u>\$ 259,711</u>	<u>\$ 1,108,167</u>	<u>\$10,580,567</u>

Governmental Funds

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

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,071,687
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	3,536,412
Depreciation expense	(2,089,583)
Net book value of assets disposed of	(100,640)
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(2,237,683)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,048,029
Interest expense is recognized in the government-wide statements as it accrues	2,948
Changes in some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported in the governmental funds	699,974
Change in joint venture equity interest is not a financial resource and is not reported in the governmental funds	75,806
Change in Net Position of Governmental Activities	<u>\$ 2,006,950</u>

Proprietary Funds
Statement of Net Position

June 30, 2021

	Enterprise Funds - Major Funds		
	Water	Sewer	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 2,873,900	\$ 1,410,597	\$ 4,284,497
Receivables (Note 4)	618,543	981,233	1,599,776
Due from other funds	31	14	45
Total current assets	3,492,474	2,391,844	5,884,318
Noncurrent assets:			
Restricted assets	4,448,458	5,305,253	9,753,711
Capital assets: (Note 5)			
Assets not subject to depreciation	209,609	324,198	533,807
Assets subject to depreciation - Net	13,388,923	20,697,844	34,086,767
Total noncurrent assets	18,046,990	26,327,295	44,374,285
Total assets	21,539,464	28,719,139	50,258,603
Deferred Outflows of Resources			
Deferred pension costs (Note 10)	21,541	31,574	53,115
Deferred OPEB costs (Note 9)	78,348	117,521	195,869
Total deferred outflows of resources	99,889	149,095	248,984
Liabilities			
Current liabilities:			
Accounts payable	169,348	245,064	414,412
Accrued liabilities and other	55,576	102,418	157,994
Current portion of long-term debt and compensated absences (Note 7)	579,459	632,227	1,211,686
Total current liabilities	804,383	979,709	1,784,092
Noncurrent liabilities:			
Net pension liability (Note 10)	254,660	941,207	1,195,867
Net OPEB liability (Note 9)	140,121	210,180	350,301
Long-term debt and compensated absences (Note 7)	4,388,417	10,023,438	14,411,855
Total noncurrent liabilities	4,783,198	11,174,825	15,958,023
Total liabilities	5,587,581	12,154,534	17,742,115
Deferred Inflows of Resources			
Deferred pension cost reductions (Note 10)	57,277	83,951	141,228
Deferred OPEB cost reductions (Note 9)	402,770	604,154	1,006,924
Total deferred inflows of resources	460,047	688,105	1,148,152
Net Position			
Net investment in capital assets	11,225,566	13,753,015	24,978,581
Restricted - Capital replacement	1,920,903	2,019,648	3,940,551
Unrestricted	2,445,256	252,932	2,698,188
Total net position	<u>\$ 15,591,725</u>	<u>\$ 16,025,595</u>	<u>\$ 31,617,320</u>

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

Year Ended June 30, 2021

	Enterprise Funds - Major Funds		
	Water	Sewer	Total
Operating Revenue			
Sale of water	\$ 2,394,893	\$ -	\$ 2,394,893
Sewage disposal charges	-	3,330,651	3,330,651
Charges for services	103,174	63,665	166,839
Total operating revenue	2,498,067	3,394,316	5,892,383
Operating Expenses			
Cost of water	987,694	-	987,694
Cost of sewage treatment	-	1,640,559	1,640,559
Operating and maintenance costs	159,875	288,688	448,563
General and administrative costs, net of pension and OPEB recovery	(34,521)	(173,807)	(208,328)
Depreciation	536,456	844,556	1,381,012
Total operating expenses	1,649,504	2,599,996	4,249,500
Operating Income	848,563	794,320	1,642,883
Nonoperating Revenue (Expense)			
Investment income	27,255	16,836	44,091
Interest expense	(144,628)	(230,789)	(375,417)
Other nonoperating general revenue	-	6,789	6,789
Total nonoperating expense	(117,373)	(207,164)	(324,537)
Income - Before capital contributions	731,190	587,156	1,318,346
Capital Contributions - Contributions from LDFA and TIFA	57,245	71,745	128,990
Change in Net Position	788,435	658,901	1,447,336
Net Position - Beginning of year	14,803,290	15,366,694	30,169,984
Net Position - End of year	\$ 15,591,725	\$ 16,025,595	\$ 31,617,320

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2021

	Enterprise Funds - Major Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,589,846	\$ 3,238,029	\$ 5,827,875
Internal activity - Payments to other funds	(31)	(14)	(45)
Payments to suppliers	(406,850)	(828,177)	(1,235,027)
Payments to employees and fringes	(682,114)	(1,322,501)	(2,004,615)
Other receipts	-	69,090	69,090
Payments to the General Fund for administrative costs	(165,000)	(145,000)	(310,000)
Net cash and cash equivalents provided by operating activities	1,335,851	1,011,427	2,347,278
Cash Flows from Capital and Related Financing Activities			
Issuance of long-term debt	3,015,000	3,738,681	6,753,681
Proceeds from sale of capital assets	-	6,789	6,789
Purchase of capital assets	(926,388)	(455,964)	(1,382,352)
Principal and interest paid on capital debt	(938,837)	(590,598)	(1,529,435)
Net cash and cash equivalents provided by capital and related financing activities	1,149,775	2,698,908	3,848,683
Cash Flows Provided by Investing Activities - Interest received	27,255	16,836	44,091
Net Increase in Cash and Cash Equivalents	2,512,881	3,727,171	6,240,052
Cash and Cash Equivalents - Beginning of year	4,809,477	2,988,679	7,798,156
Cash and Cash Equivalents - End of year	\$ 7,322,358	\$ 6,715,850	\$ 14,038,208
Classification of Cash and Cash Equivalents			
Cash and investments	\$ 2,873,900	\$ 1,410,597	\$ 4,284,497
Restricted cash	4,448,458	5,305,253	9,753,711
Total cash and cash equivalents	\$ 7,322,358	\$ 6,715,850	\$ 14,038,208
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities			
Operating income	\$ 848,563	\$ 794,320	\$ 1,642,883
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:			
Depreciation	536,456	844,556	1,381,012
Changes in assets and liabilities:			
Receivables	91,779	(87,197)	4,582
Due to and from other funds	(31)	(14)	(45)
Net pension or OPEB liability	(206,861)	(496,132)	(702,993)
Accounts payable	65,945	(44,106)	21,839
Net cash and cash equivalents provided by operating activities	\$ 1,335,851	\$ 1,011,427	\$ 2,347,278

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2021

	OPEB Trust Fund	<u>Custodial Funds</u> Tax Collection Fund
Assets		
Investments:		
Stocks	\$ 4,575,465	\$ -
Bonds	2,161,139	-
Private markets	2,305,818	-
Receivables	-	119,433
	<u>9,042,422</u>	<u>119,433</u>
Total assets	9,042,422	119,433
Liabilities - Due to other governments	-	119,433
	<u>-</u>	<u>119,433</u>
Net Position - Restricted - Postemployment benefits other than pension	<u><u>\$ 9,042,422</u></u>	<u><u>\$ -</u></u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	OPEB Trust Fund	Custodial Funds Tax Collection Fund
Additions		
Investment income	\$ 1,930,769	\$ -
Contributions - Employer	872,173	-
Property tax collections	-	18,505,046
Total additions	2,802,942	18,505,046
Deductions		
Benefit payments	335,748	-
Tax distributions to other governments	-	18,505,046
Total deductions	335,748	18,505,046
Net Increase in Fiduciary Net Position	2,467,194	-
Net Position - Beginning of year, as restated (Note 1)	6,575,228	-
Net Position - End of year	\$ 9,042,422	\$ -

**Component Units
Statement of Net Position**

June 30, 2021

	Economic Development Corporation	Tax Increment Finance Authority	Local Development Finance Authority	Total
Assets				
Cash and cash equivalents (Note 3)	\$ 49,842	\$ 827,570	\$ 759,238	\$ 1,636,650
Due from primary government (Note 6)	547	-	-	547
Capital assets - Assets not subject to depreciation	-	-	40,749	40,749
Total assets	50,389	827,570	799,987	1,677,946
Liabilities				
Accounts payable	672	-	-	672
Due to other governmental units	-	9,083	172,627	181,710
Due to primary government (Note 6)	-	4,983	460,664	465,647
Total liabilities	672	14,066	633,291	648,029
Net Position				
Net investment in capital assets	-	-	40,749	40,749
Unrestricted	49,717	813,504	125,947	989,168
Total net position	<u>\$ 49,717</u>	<u>\$ 813,504</u>	<u>\$ 166,696</u>	<u>\$ 1,029,917</u>

Component Units
Statement of Activities

Year Ended June 30, 2021

	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Tax Increment Finance Authority	Local Development Finance Authority	Total
Functions/Programs								
Economic Development Corporation	\$ 74,053	\$ 11,136	\$ -	\$ -	\$ (62,917)	\$ -	\$ -	\$ (62,917)
Tax Increment Finance Authority	465,774	-	-	-	-	(465,774)	-	(465,774)
Local Development Finance Authority	954,284	-	-	-	-	-	(954,284)	(954,284)
Total component units	<u>\$ 1,494,111</u>	<u>\$ 11,136</u>	<u>\$ -</u>	<u>\$ -</u>	(62,917)	(465,774)	(954,284)	(1,482,975)
General revenue:								
Property taxes					-	696,381	743,659	1,440,040
Unrestricted investment income					-	295	847	1,142
Other miscellaneous income					64,100	-	-	64,100
Total general revenue					64,100	696,676	744,506	1,505,282
Change in Net Position					1,183	230,902	(209,778)	22,307
Net Position - Beginning of year					48,534	582,602	376,474	1,007,610
Net Position - End of year					<u>\$ 49,717</u>	<u>\$ 813,504</u>	<u>\$ 166,696</u>	<u>\$ 1,029,917</u>

June 30, 2021

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Blended Component Units

The Building Authority, created and directed by the City is an authority whose sole business activity is acquiring and leasing property to the City. The Building Authority was created during the fiscal year ended June 30, 1990. The Building Authority's operations consist of the issuance and repayment of debt and the construction of facilities. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

Discretely Presented Component Units

The following component units are reported within the component units column in the financial statements. They are reported in a separate column to emphasize that they are legally separate from the City. There are no separately issued financial statements for each component unit; however, more detailed information on each component unit is disclosed in the other supplemental information section of these financial statements.

a. The Local Development Finance Authority (LDFA) and the Tax Increment Finance Authority (TIFA) (collectively, the "Authorities") were created to promote economic growth and business development within the community. The Authorities' governing bodies each consist of 11 individuals who are selected by the City Council. In addition, each authority's budget is subject to approval by the City Council.

b. The Economic Development Corporation (EDC) and Economic Development Trust (ED Trust) were created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's and the ED Trust's governing bodies each consist of 11 individuals who are selected by the City Council.

During the fiscal year ended June 30, 2021, the Economic Development Trust had no activity.

Report Presentation

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

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Basis of Accounting

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

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. The City does not have any revenue sources that will be collected after the period of availability.

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.

Proprietary funds distinguish operating revenue from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. The Water and Sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Saline Recreation Complex Fund accounts for recreation and culture activities within the City that are financed through various user charges and miscellaneous local sources.
- The Major Streets Fund accounts for replacement, repairs and maintenance of major streets in the City that are financed primarily through state sources.
- The Local Streets Fund accounts for replacement, repairs, and maintenance of local streets in the City that are financed primarily through state sources and property taxes.

Proprietary Funds

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

- The Water Fund is used to account for the results of operations that provide water services to citizens that are financed primarily by a user charge for the provision of that service.
- The Sewer Fund is used to account for the results of operations that provide sewer services to citizens that are financed primarily by a user charge for the provision of that service.

Fiduciary Funds

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

- The OPEB Trust Fund accumulates resources for future retiree health care payments to retirees.
- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, and the various smaller authorities).

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 internal balances in the business-type activities column.

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 are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average.

Restricted Assets

The City has \$1,539,093, \$657,375, and \$3,339,050 set aside and classified as restricted assets related to unspent bond proceeds in the General Fund, Major Streets Fund, and Sewer Fund, respectively.

Within the enterprise funds, city code and a financing agreement with the State of Michigan require amounts to be set aside for future capital replacements of the water and sewer systems. These amounts have been classified as restricted assets.

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. During the current year, there was no interest expense that was capitalized as part of the cost of assets under construction.

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

Capital Asset Class	Depreciable Life - Years
Roads and sidewalks	10 to 50
Water and sewer lines and laterals	75 to 100
Wellsite	50
Buildings and improvements	8 to 50
Furniture and equipment	3 to 40
Vehicles	4 to 20
Land improvements	5 to 25

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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 and/or balance sheet. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

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

The City reports deferred outflows related to the defined benefit pension plan and the other postemployment benefit plan, which are reported in the government-wide financial statements and the Water and Sewer funds (see Notes 9 and 10).

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 future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows related to the defined benefit pension plan and other postemployment benefit plan (see Notes 9 and 10).

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

June 30, 2021**Note 1 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the 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.

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. The City Council has, by resolution, authorized city staff to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance policy prescribes the minimum fund balance as 15 to 20 percent of the preceding year's audited expenditures in the General Fund's unassigned fund balance. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year. If this fund balance drops below 15 percent, attempts will be made to adjust budgets to restore the desired fund balance. If this fund balance exceeds 20 percent, the City Council will consider using a portion of the unassigned fund balance for purposes such as the following, in suggested priority order: fund the MERS pension fund; assign for capital projects; advance fund the OPEB trust; and assign to pay down debt, including employee compensated absences.

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. The property taxes become a lien on July 1. Taxes are due by September 1 (summer taxes) and February 14 (winter taxes). Taxes are considered delinquent on September 1 (summer taxes) and March 1 (winter taxes), at which time penalties and interest are assessed.

The City's 2020 property tax revenue was levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2021 when the proceeds of the levy are budgeted and available for the financing of operations.

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

The 2020 taxable valuation of the City totaled approximately \$481 million (a portion of which is abated and a portion of which is captured by TIFA and LDFA), on which taxes levied consisted of 14.0023 mills for operating purposes, 1.7526 mills for refuse services, 0.4745 mills for debt service, and 1.0000 mill for street improvements. This resulted in approximately \$6.3 million for operating, \$782,000 for refuse services, \$225,000 for debt service, and \$474,000 for street improvements. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as tax revenue. Note that the financial statement reported amounts are inclusive of property tax revenue related to interest, penalties, and administrative fees not reflected in the above figures.

Pension

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

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the City of Saline 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 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.

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. Claims and judgments liability will generally be liquidated through the City's General Fund. The net pension and net OPEB costs have generally been liquidated from the funds from which the individual employees' salaries are paid, which are primarily the General Fund and Water and Sewer funds.

Proprietary Funds Operating Classification

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

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncements

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

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

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

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.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)***Adoption of New Accounting Pronouncement***

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 OPEB Trust Fund. The following activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within governmental or proprietary funds: the Agency Fund, which included performance bond activity and undistributed taxes within the City. The effect of this new standard as of July 1, 2020 related to an increase to fiduciary net position of \$6,575,228.

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 shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2020		\$	(1,570,217)
Current year permit revenue			357,977
Related expenses:			
Direct costs	\$	416,747	
Estimated indirect costs		65,113	481,860
			<u>(123,883)</u>
Current year shortfall			
Cumulative shortfall June 30, 2021		\$	<u>(1,694,100)</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 classification 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 OPEB Trust Fund is 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 seven 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 investments are in accordance with statutory authority.

June 30, 2021

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial credit risk requiring diversification among banks to increase FDIC coverage (which totaled \$1,260,360 at year end) and depositing beyond FDIC insurance only in banks that have better financial ratios listed by the rating agencies. At year end, the City had \$19,091,071 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. Of the \$20,351,431 in total deposits, \$613,310 relates to component unit accounts; however, for the purpose of FDIC coverage, the component units are combined with that of the City. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a policy for custodial credit risk requiring diligence and prudence of investment officials when considering investments in obligations other than those of an agency of the United States. At year end, the City had no investment securities that 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.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City avoids any one investment exceeding 10 percent of the City's total investments.

Pool and Sweep Accounts that are 2a7-like Investments

At year end, the City had investments in two government investment funds that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These funds are fully liquid for withdrawal at any time, and the price per unit does not fluctuate with interest earned according to the amount and duration of investment. One of these pools is not rated, and the GASB Statement No. 40 disclosures do not otherwise apply, but each of the two funds fully comply with Michigan's Public Act 20 of 1943, as amended.

At year end, the City had \$589,760 in such a fund at Comerica Bank (J Fund, which has an A1/P1/F1 rating), plus \$5,846,205 in such a fund with MBIA Asset Management Group (Michigan CLASS, which is rated AAAM by Standard & Poor's). The Comerica J Fund is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals for that investment pool.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The City restricts the amount of investments in foreign currency and, thus, at year end had no securities subject to foreign currency risk.

June 30, 2021

Note 4 - Receivables

Receivables as of June 30, 2021 for the City's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government								
	Governmental Activities						Business-type Activities		
	Combining General Fund	Saline Recreation Complex Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Activities	Water Fund	Sewer Fund	Total Business- type Activities
Receivables:									
Accounts	\$ 195	\$ -	\$ -	\$ -	\$ -	\$ 195	\$ 618,543	\$ 981,233	\$ 1,599,776
Property taxes	41,994	-	-	-	-	41,994	-	-	-
Special assessments	16,950	-	-	-	-	16,950	-	-	-
Other	194,486	31,078	188,360	-	2,194	416,118	-	-	-
Due from other governments	199,815	-	122,427	42,357	-	364,599	-	-	-
Net receivables	\$ 453,440	\$ 31,078	\$ 310,787	\$ 42,357	\$ 2,194	\$ 839,856	\$ 618,543	\$ 981,233	\$ 1,599,776

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,413,209	\$ 3,033	\$ 32,138	\$ -	\$ 1,448,380
Construction in progress	228,819	(147,224)	211,071	(4,494)	288,172
Subtotal	1,642,028	(144,191)	243,209	(4,494)	1,736,552
Capital assets being depreciated:					
Roads and sidewalks	37,723,229	110,166	3,106,887	(1,026,445)	39,913,837
Buildings and improvements	22,459,518	14,960	16,500	-	22,490,978
Furniture and equipment	5,526,376	19,065	171,206	(47,898)	5,668,749
Subtotal	65,709,123	144,191	3,294,593	(1,074,343)	68,073,564
Accumulated depreciation:					
Roads and sidewalks	25,506,652	-	1,350,586	(937,120)	25,920,118
Buildings and improvements	12,736,410	-	430,540	-	13,166,950
Furniture and equipment	3,752,784	-	308,457	(39,687)	4,021,554
Subtotal	41,995,846	-	2,089,583	(976,807)	43,108,622
Net capital assets being depreciated	23,713,277	144,191	1,205,010	(97,536)	24,964,942
Net governmental activities capital assets	<u>\$ 25,355,305</u>	<u>\$ -</u>	<u>\$ 1,448,219</u>	<u>\$ (102,030)</u>	<u>\$ 26,701,494</u>

June 30, 2021

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

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 186,933	\$ -	\$ -	\$ -	\$ 186,933
Construction in progress	362,749	(309,850)	293,975	-	346,874
Subtotal	549,682	(309,850)	293,975	-	533,807
Capital assets being depreciated:					
Water and sewer lines and laterals	24,929,004	-	718,337	-	25,647,341
Wellsite	226,746	-	-	-	226,746
Building, treatment plant, and equipment	19,454,321	-	186,564	(10,166)	19,630,719
Land improvements	11,424,869	309,850	183,476	-	11,918,195
Subtotal	56,034,940	309,850	1,088,377	(10,166)	57,423,001
Accumulated depreciation:					
Water and sewer lines and laterals	6,507,092	-	289,277	-	6,796,369
Wellsite	104,252	-	4,535	-	108,787
Building, treatment plant, and equipment	13,095,245	-	626,637	(10,166)	13,711,716
Land improvements	2,258,799	-	460,563	-	2,719,362
Subtotal	21,965,388	-	1,381,012	(10,166)	23,336,234
Net capital assets being depreciated	34,069,552	309,850	(292,635)	-	34,086,767
Net business-type activities capital assets	<u>\$ 34,619,234</u>	<u>\$ -</u>	<u>\$ 1,340</u>	<u>\$ -</u>	<u>\$ 34,620,574</u>

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

Governmental activities:	
General government	\$ 125,314
Public safety	51,704
Public works	178,930
Cemetery	20,459
Recreation and culture	219,617
Highways and streets	1,365,636
Unallocated	127,923
Total governmental activities	<u>\$ 2,089,583</u>

June 30, 2021

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

The City has active construction projects at year end. The projects include the bond issue and the project. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Major and local streets projects	\$ 142,487	\$ 444,672
Water and sewer improvements	293,976	1,097,508
Total	<u>\$ 436,463</u>	<u>\$ 1,542,180</u>

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund balances and amounts due between the City and its component units represent routine and temporary cash flow assistance resulting from interfund activity until the amounts can be reimbursed.

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$ 14
Water Fund	General Fund	31
Saline Recreation Complex Fund	General Fund	13
Total		<u>\$ 58</u>

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
Primary government - General Fund	Component unit - Tax Increment Finance Authority	\$ 4,983
	Component unit - Local Development Finance Authority	431,443
	Total Primary government - General Fund	436,426
Primary government - Solid Waste and Reclamation Fund	Component unit - Local Development Finance Authority	29,221
Component unit - Economic Development Corporation	General Fund	547
Total		<u>\$ 466,194</u>

June 30, 2021

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

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

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
General Fund	Saline Recreation Complex Fund (2)	\$ 22,300
	Saline Recreation Complex Fund (3)	209,902
	Total General Fund	232,202
Major Streets Fund	Local Streets Fund (1)	215,000
Cemetery Perpetual Care Fund	General Fund (4)	7,590
	Total	<u>\$ 454,792</u>

The following describes the nature of the transfers:

- (1) Transfer for capital improvements
- (2) Transfers of discretionary funds to be used for the benefit of the community
- (3) Transfer for debt service
- (4) Transfer to reimburse the General Fund for maintenance costs

June 30, 2021

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligations:							
Direct borrowings and direct placements - Installment purchase:							
Amount of Issue - \$105,737		\$15,916 -					
Maturing through 2022	1.99%	\$42,522	\$ 74,671	\$ -	\$ (15,916)	\$ 58,755	\$ 16,233
Other debt:							
2010 Refunding 2001 Unlimited Tax General Obligation (UTGO) Bonds:							
Amount of issue - \$2,100,993	-	\$233,444	233,443	-	(233,443)	-	-
2012 Refunding 2004 UTGO:							
Amount of issue - \$3,099,785	2.00% -	\$280,043 -					
Maturing through 2024	2.50%	\$333,155	1,303,647	-	(318,670)	984,977	328,326
2014 Refunding 2005 General Obligation (GO) Capital Improvement Bonds (DPW):							
Amount of issue - \$2,831,250		\$247,500 -					
Maturing through 2025	2.16%	\$318,750	1,514,999	-	(288,750)	1,226,249	296,250
2014 Refunding 2005 GO Capital Improvement Bonds (Recreation):							
Amount of issue - \$943,750		\$82,500 -					
Maturing through 2025	2.16%	\$106,250	505,000	-	(96,250)	408,750	98,750
2017 Refunding 2007 General Obligation Limited Tax (GOLT) Rec and Sewer Bonds:							
Amount of issue - \$1,575,000		\$90,000 -					
Maturing through 2033	2.43%	\$125,000	1,395,000	-	(95,000)	1,300,000	95,000
2021 GOLT Capital Improvement Bonds:							
Amount of issue - \$2,105,000	2.00% -	\$76,864 -					
Maturing through 2041	4.00%	\$130,804	-	2,105,000	-	2,105,000	76,864
Total other debt principal outstanding			4,952,089	2,105,000	(1,032,113)	6,024,976	895,190
Unamortized bond premiums			-	132,683	-	132,683	-
Total general obligations			5,026,760	2,237,683	(1,048,029)	6,216,414	911,423
Compensated absences			1,059,408	644,938	(578,538)	1,125,808	645,000
Total governmental activities long-term debt			\$ 6,086,168	\$ 2,882,621	\$ (1,626,567)	\$ 7,342,222	\$ 1,556,423

June 30, 2021

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds:							
Direct borrowings and direct placements:							
2004 General Obligation Water Bonds:							
Amount of issue - \$6,840,000		\$340,000 - \$420,000	\$ 2,019,782	\$ -	\$ (390,000)	\$ 1,629,782	\$ 400,000
2015 Sewer SRF Loan:							
Amount of issue - \$3,300,000		\$130,000 - \$205,000	2,735,397	-	(140,000)	2,595,397	145,000
2018 Odor Control SRF							
Amount of issue - \$246,721		\$36,077 - \$99,218	174,231	-	(37,137)	137,094	37,876
2018 Odor Control SRF							
Amount of issue - \$3,875,000		\$160,000 - \$230,000	3,176,319	538,681	(165,000)	3,550,000	165,000
Total direct borrowings and direct placements principal outstanding			8,105,729	538,681	(732,137)	7,912,273	747,876
Other debt:							
2009 Multipurpose LTGO:		\$35,000 - \$75,000	635,000	-	(635,000)	-	-
2010 Refunding 2001 LTGO:			236,557	-	(236,557)	-	-
2012 Refunding 2004 LTGO:							
Amount of issue - \$110,215		\$9,957 - \$11,845	46,351	-	(11,328)	35,023	11,674
2017 Refunding 2007 GOLT Rec and Sewer Bonds:							
Amount of issue - \$1,150,000		\$90,000 - \$135,000	960,000	-	(105,000)	855,000	110,000
2021 Refunding 2009 Multipurpose LTGO:							
Amount of issue - \$515,000		\$50,000 - \$65,000	-	515,000	-	515,000	50,000
2021 GOLT Capital Improvement Bonds:							
Amount of issue - \$5,700,000		\$208,136 - \$354,196	-	5,700,000	-	5,700,000	208,136
Total other debt principal outstanding			1,877,908	6,215,000	(987,885)	7,105,023	379,810
Unamortized bond premiums			-	437,857	-	437,857	-
Total general obligation bonds			9,983,637	7,191,538	(1,720,022)	15,455,153	1,127,686
Compensated absences			171,303	83,617	(86,532)	168,388	84,000
Total business-type activities long-term debt			\$ 10,154,940	\$ 7,275,155	\$ (1,806,554)	\$ 15,623,541	\$ 1,211,686

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the City's property tax levy. County contractual agreements and installment purchase agreements are also general obligations of the City.

June 30, 2021

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

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The claims and judgments liability will generally be liquidated through the City's General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund and the Water and Sewer funds.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 16,233	\$ 1,169	\$ 895,190	\$ 144,081	\$ 1,056,673
2023	42,522	847	896,711	124,729	1,064,809
2024	-	-	929,065	104,121	1,033,186
2025	-	-	609,955	81,162	691,117
2026	-	-	192,652	66,092	258,744
2027-2031	-	-	1,058,943	235,089	1,294,032
2032-2036	-	-	814,065	103,456	917,521
2037-2041	-	-	628,395	38,189	666,584
Total	<u>\$ 58,755</u>	<u>\$ 2,016</u>	<u>\$ 6,024,976</u>	<u>\$ 896,919</u>	<u>\$ 6,982,666</u>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 747,876	\$ 174,358	\$ 379,810	\$ 194,647	\$ 1,496,691
2023	829,218	156,554	388,289	184,813	1,558,874
2024	740,000	137,054	405,935	171,257	1,454,246
2025	729,782	119,657	405,045	157,081	1,411,565
2026	340,000	107,285	422,348	142,703	1,012,336
2027-2031	1,815,000	418,900	1,861,057	493,250	4,588,207
2032-2036	2,025,397	206,925	1,540,935	263,858	4,037,115
2037-2041	685,000	27,500	1,701,604	103,411	2,517,515
Total	<u>\$ 7,912,273</u>	<u>\$ 1,348,233</u>	<u>\$ 7,105,023</u>	<u>\$ 1,711,020</u>	<u>\$ 18,076,549</u>

June 30, 2021

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

The Local Development Finance Authority and Tax Increment Finance Authority have committed to pay certain obligations of the City of Saline, Michigan to the extent that future property tax captures are sufficient to do so. The estimated amounts that may be paid under these commitments are as follows:

	Tax Increment Finance Authority	Local Development Finance Authority Sheldon District and Sauk Trail	Total
2022	\$ 76,996	\$ 97,995	\$ 174,991
2023	74,489	94,804	169,293
2024	75,190	95,697	170,887
Total	<u>\$ 226,675</u>	<u>\$ 288,496</u>	<u>\$ 515,171</u>

During June 2015, the City issued \$3,600,000 of Sanitary Sewer System Junior Lien Revenue Bonds and simultaneously sold them to the Michigan Finance Authority. These bond proceeds will be drawn by the City to fund upgrades to the sewer system. Bonds payable will be due from the City as funds are drawn down. As of June 30, 2021, the City had begun work on these sewer upgrades, had drawn \$3,565,397 of these funds, had paid back \$670,000, and had been forgiven \$300,000, which resulted in the liability of \$2,595,397 recorded on the City's June 30, 2021 financial statements.

During June 2018, the City obtained additional State Revolving Fund financing from the Michigan Finance Authority for \$3,875,000. As of June 30, 2021, the City had drawn \$4,175,000 of these funds, had paid back \$325,000, and had been forgiven \$300,000, which resulted in the liability of \$3,550,000 recorded on the City's June 30, 2021 financial statements.

Defeased Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from the City's schedule of debt obligations. At June 30, 2021, \$2,730,000 of bonds outstanding is considered defeased.

Current Bond Refunding

During the year, the City issued \$515,000 in general obligation bonds with an interest rate of 4.0 percent. The net proceeds of these bonds (after payment of \$10,744 in underwriting fees, insurance, and other issuance costs and a premium of \$78,572) were used to immediately refund \$580,000 of outstanding general obligation bonds with an interest rate ranging from 3.2 to 5.0 percent. As a result, the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next nine years by approximately \$107,561.

Assets Pledged as Collateral**Direct Borrowings and Direct Placements**

The City's outstanding installment purchase loans are secured with collateral of equipment (a Vector).

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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 has purchased commercial insurance for medical claims and participates in the Michigan Municipal League risk pool for claims relating to employee injuries, property loss, torts, and errors and omissions. 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 League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 9 - Other Postemployment Benefit Plan***Plan Description***

The City provides other postemployment benefits (OPEB) for all employees who meet eligibility requirements. The benefits are provided through the City of Saline OPEB Plan, a single-employer plan administered by the City Council.

The financial statements of the OPEB plan are included in these financial statements as an OPEB trust fund (a fiduciary fund).

Benefits Provided

The City of Saline OPEB Plan provides health care benefits to all full-time employees upon retirement, in accordance with labor contracts, as well as an established personnel policy. Several former employees also continue to be provided life insurance, dental, or vision benefits. Effective July 1, 2008, in the agreements of the police bargaining units and as of April 6, 2009 for nonunion employees through adoption of a revised personnel policies manual, the life insurance will no longer be a retirement benefit. The City includes pre-Medicare retirees and their dependents in its insurance health care plan, with no contribution required by those participants who attained full retirement status. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Of the 89 participants, 64 are eligible for the health care benefits due to full retirement status, and some of these receive a combination of the other benefits.

The City offers three health care plan options to current employees, who are required to pay a set percentage of total cost if they choose a more expensive plan (a requirement that continues throughout retirement). Additionally, the City implemented the provisions of Public Act 152 of 2011 (PA 152) effective January 1, 2012 for nonunion employees (14 in total). Pursuant to this legislation, the City will contribute toward health care costs for current employees, not to exceed the limitations set forth by PA 152 (the "hard cap"), with employees being responsible to cover excess amounts.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Saline OPEB Plan
Date of member count	June 30, 2021
Inactive plan members or beneficiaries currently receiving benefits	64
Active plan members	25
Total plan members	89

June 30, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)**Contributions**

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2021, the City made payments for postemployment health benefit premiums and additional contributions totaling \$872,173. Employees are not required to contribute to the plan.

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 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 Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 11,426,552	\$ 6,575,228	\$ 4,851,324
Changes for the year:			
Service cost	167,322	-	167,322
Interest	789,014	-	789,014
Differences between expected and actual experience	(1,649,182)	-	(1,649,182)
Changes in assumptions	(187,869)	-	(187,869)
Contributions - Employer	-	872,173	(872,173)
Net investment income	-	1,945,119	(1,945,119)
Benefit payments, including refunds	(335,748)	(335,748)	-
Administrative expenses	-	(14,350)	14,350
Net changes	(1,216,463)	2,467,194	(3,683,657)
Balance at June 30, 2021	<u>\$ 10,210,089</u>	<u>\$ 9,042,422</u>	<u>\$ 1,167,667</u>

The plan's fiduciary net position represents 88.6 percent of the total OPEB liability. Of the net total OPEB liability, \$817,366 has been allocated to governmental activities, and \$140,121 and \$210,180 have been allocated to the Water and Sewer funds, respectively.

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 OPEB recovery of \$15,018.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,263,942)
Changes in assumptions	652,896	(162,378)
Net difference between projected and actual earnings on OPEB plan investments	-	(930,093)
Total	<u>\$ 652,896</u>	<u>\$ (3,356,413)</u>

June 30, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

Of the net deferred outflows of resources, \$457,027 has been allocated to governmental activities, and \$78,348 and \$117,521 have been allocated to the Water and Sewer funds, respectively. Of the net deferred inflows of resources, \$2,349,489 has been allocated to governmental activities, and \$402,770 and \$604,154 have been allocated to the Water and Sewer funds, respectively.

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

Years Ending June 30	Amount
2022	\$ (507,166)
2023	(497,664)
2024	(537,680)
2025	(595,228)
2026	(277,414)
Thereafter	(288,365)
Total	<u>\$ (2,703,517)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.00 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a health care cost trend rate of 7.50 percent for 2021, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2033 and later years; and the Pub-2010 General Employees Amount-Weighted Mortality tables without adjustment for Pre-Retirement and scaled by a factor of 106 percent for Healthy Retirees. The mortality assumptions include a margin for future mortality improvements using Scale MP-2019 projected fully generationally from the central year of data, 2010. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

June 30, 2021

Note 9 - 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 note, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real 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 OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the City of Saline OPEB Plan	\$ 2,568,747	\$ 1,167,667	\$ 22,185

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

	1 Percentage Point Decrease (6.5%)	Current Health Care Cost Trend Rate (7.5%)	1 Percentage Point Increase (8.5%)
Net OPEB liability of the City of Saline OPEB Plan	\$ 17,778	\$ 1,167,667	\$ 2,574,131

OPEB Plan Fiduciary Net Position

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

The assumed salary increase was updated to 3.00 percent. The immediate pre-65 and post-65 trend rates were updated.

June 30, 2021**Note 10 - Agent Defined Benefit Pension Plan Description*****Plan Description***

The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers employees hired prior to June 30, 2008, plus union employees hired prior to June 30, 2008. Effective as of July 1, 2008, all of the collective bargaining agreements now require that any new union employees hired be enrolled in the Defined Contribution Under MERS plan (the "MERS DC Plan") in the form of the ICMA Retirement Corporation Money Purchase Plan and Trust through the Declaration of Trust of Vantage Trust. All full-time nonunion employees hired after May 21, 2012 are eligible for this plan, which incorporates defined benefits and defined contributions. The defined benefit is exclusively funded by the City. The employee is required to contribute 0-10 percent annually to the defined contribution portion of their retirement, not to exceed \$49,000. The MERS plan provides retirement, disability, and death benefits to the various plan members and their beneficiaries. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board.

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

Benefits Provided

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

The MERS plan covers employees hired prior to June 30, 2008, plus union employees hired prior to June 30, 2008.

Retirement benefits for general union employees hired prior to June 30, 2008 are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Early retirement age with reduced benefits is 50 with 25 years of service or 55 with 15 years of service. The vesting period is six years. Employees are eligible for nonduty disability benefits after six years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 percent of the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for general administrative employees hired prior to June 30, 2008 are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 20 years of service. Early retirement age with reduced benefits is 50 with 25 years of service or 55 with 15 years of service. The vesting period is six years. Employees are eligible for nonduty disability benefits after six years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 percent of the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for general nonunion employees hired prior to June 30, 2008 are calculated as 2.25 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Early retirement age with reduced benefits is 50 with 25 years of service or 55 with 15 years of service. The vesting period is six years. Employees are eligible for nonduty disability benefits after six years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 percent of the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

June 30, 2021

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

Retirement benefits for police employees hired prior to June 30, 2008 are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Early retirement age with reduced benefits is 55 with 15 years of service. The vesting period is six years. Employees are eligible for nonduty disability benefits after six years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 percent of the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3 percent, noncompounding.

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

Employees Covered by Benefit Terms

At the December 31, 2020 measurement date, the following members were covered by the benefit terms:

	MERS Plan
Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	75
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	37
Total employees covered by the plan	126

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes 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. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2021, the average active employee contribution rate was 4.1 percent of annual pay, and the City's average contribution rate was 61.0 percent of annual payroll for the various employee groups.

Net Pension Liability

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2021 fiscal year-end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2021

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 29,485,975	\$ 18,694,643	\$ 10,791,332
Changes for the year:			
Service cost	293,328	-	293,328
Interest	2,180,260	-	2,180,260
Differences between expected and actual experience	(535,677)	-	(535,677)
Changes in assumptions	840,855	-	840,855
Contributions - Employer	-	1,630,418	(1,630,418)
Contributions - Employee	-	108,540	(108,540)
Net investment income	-	2,623,004	(2,623,004)
Benefit payments, including refunds	(1,890,020)	(1,890,020)	-
Administrative expenses	-	(37,301)	37,301
Net changes	888,746	2,434,641	(1,545,895)
Balance at December 31, 2020	<u>\$ 30,374,721</u>	<u>\$ 21,129,284</u>	<u>\$ 9,245,437</u>

Of the net total pension liability, \$8,049,570 has been allocated to governmental activities, and \$254,660 and \$941,207 have been allocated to the Water and Sewer funds, respectively.

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 \$1,232,908.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (267,839)
Changes in assumptions	420,427	-
Net difference between projected and actual earnings on pension plan investments	-	(850,029)
Total	<u>\$ 420,427</u>	<u>\$ (1,117,868)</u>

Of the net deferred outflows of resources, \$367,312 has been allocated to governmental activities, and \$21,541 and \$31,574 have been allocated to the Water and Sewer funds, respectively. Of the net deferred inflows of resources, \$976,640 has been allocated to governmental activities, and \$57,277 and \$83,951 have been allocated to the Water and Sewer funds, respectively.

June 30, 2021

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

Years Ending June 30	Amount
2022	\$ (20,288)
2023	(3,815)
2024	(431,462)
2025	(241,876)
Total	<u>\$ (697,441)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.00%	Long-term wage inflation
Investment rate of return	7.60%	Net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Mortality Tables. The mortality assumptions include a margin for future mortality improvements using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the December 31, 2020 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from December 31, 2014 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

June 30, 2021

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)***Investment Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a model 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 target allocation and best estimates of arithmetic real rates of return as of the December 31, 2020 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real 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 discount rate of 7.6 percent, 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 (6.6 percent) or 1 percentage point higher (8.6 percent) than the current rate:

	1 Percentage Point Decrease (6.6%)	Current Discount Rate (7.6%)	1 Percentage Point Increase (8.6%)
Net pension liability of the MERS plan	\$ 12,491,657	\$ 9,245,437	\$ 6,485,065

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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

The mortality tables were updated to the Pub-2010 mortality tables. The valuation adopted new final average compensation load assumptions.

June 30, 2021**Note 11 - Joint Venture**

The City participates as a member of the Saline Area Fire Department, which provides fire protection services to the residents of the City of Saline, Michigan and Lodi, York, and Saline townships. The participating communities provide annual funding for its operations, fire runs, and capital improvements. During the current year, the City contributed the following:

Operations	\$	493,765
Fire runs		1,728
Capital improvements		<u>26,415</u>
Total	\$	<u><u>521,908</u></u>

The City has a liability related to this joint venture of \$809,925 as of June 30, 2021.

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 Saline Area Fire Department can be obtained from the administrative offices at the City of Saline, 100 North Harris Street, Saline, MI, 48176.

June 30, 2021

Note 12 - Fund Balance Constraints

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

	Primary Government					Total
	Combining General Fund	Saline Recreation Complex Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	
Restricted:						
State 911 Dispatch Training	\$ 17,680	\$ -	\$ -	\$ -	\$ -	\$ 17,680
Recreation	-	225,325	-	-	-	225,325
Solid waste	-	-	-	-	114,476	114,476
Roads	-	-	1,893,647	259,711	18,448	2,171,806
CADETS	3,788	-	-	-	-	3,788
Capital projects	1,539,093	-	-	-	-	1,539,093
Drug forfeiture	6,385	-	-	-	-	6,385
DARE/Team	5,104	-	-	-	-	5,104
Total restricted	1,572,050	225,325	1,893,647	259,711	132,924	4,083,657
Committed:						
Recreation	-	73,690	-	-	-	73,690
Cemetery perpetual care	-	-	-	-	975,243	975,243
TIFA projects	43,135	-	-	-	-	43,135
Total committed	43,135	73,690	-	-	975,243	1,092,068
Assigned:						
Equipment	104,060	-	-	-	-	104,060
Legislative changes	1,383,538	-	-	-	-	1,383,538
Infrastructure	373,350	-	-	-	-	373,350
Unfunded liabilities	100,000	-	-	-	-	100,000
Donations to public safety	7,722	-	-	-	-	7,722
Sauk Trail	1,028,319	-	-	-	-	1,028,319
Culture and arts	4,583	-	-	-	-	4,583
Total assigned	3,001,572	-	-	-	-	3,001,572
Unassigned*	2,403,270	-	-	-	-	2,403,270
Total fund balance	<u>\$ 7,020,027</u>	<u>\$ 299,015</u>	<u>\$ 1,893,647</u>	<u>\$ 259,711</u>	<u>\$ 1,108,167</u>	<u>\$ 10,580,567</u>

*Unassigned fund balance contains \$17,400 related to the Fire Department Special Assessment component of the Combining General Fund.

Note 13 - Fair Value Measurements

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

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

June 30, 2021

Note 13 - Fair Value Measurements (Continued)

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

Investments in Entities that Calculate Net Asset Value per Share

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

As of June 30, 2021, the fair value of those investments are as follows:

Michigan CLASS investment pool	\$ 5,846,205
Comerica J Fund	589,760
MERS Total Market Fund	<u>9,042,422</u>
Total investments measured at NAV	<u>\$ 15,478,387</u>

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Comerica J Fund is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB Statement No. 79 to report its value for financial reporting purposes at amortized cost.

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

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

There were no unfunded commitments or redemptions associated with these investments.

Note 14 - Tax Abatements

The City receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities, villages, and townships within the boundaries of the City. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property for up to 12 years.

For the fiscal year ended June 30, 2021, the City abated \$62,349 of taxes under these programs. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,553,317	\$ 6,926,995	\$ 7,063,022	\$ 136,027
Intergovernmental	1,120,319	2,190,956	1,715,177	(475,779)
Charges for services	804,640	806,490	780,061	(26,429)
Fines and forfeitures	45,350	45,350	37,661	(7,689)
Licenses and permits:				
Cable franchise fees	243,000	243,000	235,656	(7,344)
Other licenses and permits	495,900	489,300	508,168	18,868
Interest and rentals	60,475	11,335	5,463	(5,872)
Other revenue	681,325	664,821	349,138	(315,683)
Total revenue	10,004,326	11,378,247	10,694,346	(683,901)
Expenditures				
Current services:				
General government	4,729,990	5,030,113	4,952,967	77,146
Legislative	64,577	73,643	63,367	10,276
Public safety	2,818,303	2,727,538	2,709,871	17,667
Public works	814,117	996,391	959,646	36,745
Cemetery	55,015	57,064	57,928	(864)
Engineering department	64,765	59,818	44,225	15,593
Parks and culture	276,247	309,800	368,040	(58,240)
Capital outlay	588,250	614,380	85,289	529,091
Debt service	338,876	338,988	367,868	(28,880)
Total expenditures	9,750,140	10,207,735	9,609,201	598,534
Excess of Revenue Over Expenditures	254,186	1,170,512	1,085,145	(85,367)
Other Financing Sources (Uses)				
Transfers in	22,530	7,590	7,590	-
Transfers out	(232,202)	(361,424)	(232,202)	129,222
New debt issued	-	1,475,000	1,475,000	-
Debt premium	-	-	92,973	92,973
Total other financing (uses) sources	(209,672)	1,121,166	1,343,361	222,195
Net Change in Fund Balance	44,514	2,291,678	2,428,506	136,828
Fund Balance - Beginning of year	4,591,521	4,591,521	4,591,521	-
Fund Balance - End of year	<u>\$ 4,636,035</u>	<u>\$ 6,883,199</u>	<u>\$ 7,020,027</u>	<u>\$ 136,828</u>

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund
Saline Recreation Complex Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ -	\$ 3,000	\$ 3,000	\$ -
Charges for services	1,523,730	595,038	727,228	132,190
Interest and rentals	12,000	1,315	611	(704)
Other revenue	21,000	20,000	19,769	(231)
Total revenue	1,556,730	619,353	750,608	131,255
Expenditures				
Current services - Recreation and culture	1,644,452	1,234,329	1,243,534	(9,205)
Capital outlay	212,000	-	-	-
Debt service	234,902	234,847	234,847	-
Total expenditures	2,091,354	1,469,176	1,478,381	(9,205)
Excess of Expenditures Over Revenue	(534,624)	(849,823)	(727,773)	122,050
Other Financing Sources - Transfers in	232,202	361,424	232,202	(129,222)
Net Change in Fund Balance	(302,422)	(488,399)	(495,571)	(7,172)
Fund Balance - Beginning of year	794,586	794,586	794,586	-
Fund Balance - End of year	<u>\$ 492,164</u>	<u>\$ 306,187</u>	<u>\$ 299,015</u>	<u>\$ (7,172)</u>

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund (Continued)
Major Streets Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 777,503	\$ 788,436	\$ 800,086	\$ 11,650
Interest and rentals	15,000	1,125	1,110	(15)
Other revenue	217,693	233,058	228,194	(4,864)
Total revenue	1,010,196	1,022,619	1,029,390	6,771
Expenditures				
Current services - Public works	2,252,850	2,110,909	1,923,659	187,250
Debt service	-	-	12,335	(12,335)
Total expenditures	2,252,850	2,110,909	1,935,994	174,915
Excess of Expenditures Over Revenue	(1,242,654)	(1,088,290)	(906,604)	181,686
Other Financing (Uses) Sources				
Transfers out	(80,000)	(215,000)	(215,000)	-
New debt issued	-	630,000	630,000	-
Debt premium	-	-	39,710	39,710
Total other financing (uses) sources	(80,000)	415,000	454,710	39,710
Net Change in Fund Balance	(1,322,654)	(673,290)	(451,894)	221,396
Fund Balance - Beginning of year	2,345,541	2,345,541	2,345,541	-
Fund Balance - End of year	<u><u>\$ 1,022,887</u></u>	<u><u>\$ 1,672,251</u></u>	<u><u>\$ 1,893,647</u></u>	<u><u>\$ 221,396</u></u>

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund (Continued)
Local Streets Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ -	\$ 475,958	\$ 474,262	\$ (1,696)
Intergovernmental	731,533	256,839	258,684	1,845
Interest and rentals	2,100	270	264	(6)
Other revenue	2,000	166,637	166,500	(137)
Total revenue	735,633	899,704	899,710	6
Expenditures - Current services - Public works	1,055,630	1,847,193	1,619,936	227,257
Excess of Expenditures Over Revenue	(319,997)	(947,489)	(720,226)	227,263
Other Financing Sources - Transfers in	80,000	215,000	215,000	-
Net Change in Fund Balance	(239,997)	(732,489)	(505,226)	227,263
Fund Balance - Beginning of year	764,937	764,937	764,937	-
Fund Balance - End of year	<u><u>\$ 524,940</u></u>	<u><u>\$ 32,448</u></u>	<u><u>\$ 259,711</u></u>	<u><u>\$ 227,263</u></u>

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios

Last Seven Years Ended December 31
(subsequent to GASB Statement No. 68 implementation in fiscal year 2015)

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 293,328	\$ 323,867	\$ 320,359	\$ 316,570	\$ 324,151	\$ 356,277	\$ 362,829
Interest	2,180,260	2,184,600	2,105,574	2,062,003	2,024,122	1,868,660	1,805,002
Changes in benefit terms	-	1,863	-	-	-	-	-
Differences between expected and actual experience	(535,677)	(119,986)	334,354	(134,191)	(252,310)	642,537	-
Changes in assumptions	840,855	853,197	(2,881)	-	-	1,286,394	-
Benefit payments, including refunds	(1,890,020)	(1,806,276)	(1,736,387)	(1,666,855)	(1,570,430)	(1,403,057)	(1,382,798)
Net Change in Total Pension Liability	888,746	1,437,265	1,021,019	577,527	525,533	2,750,811	785,033
Total Pension Liability - Beginning of year	29,485,975	28,048,710	27,027,691	26,450,164	25,924,631	23,173,820	22,388,787
Total Pension Liability - End of year	\$ 30,374,721	\$ 29,485,975	\$ 28,048,710	\$ 27,027,691	\$ 26,450,164	\$ 25,924,631	\$ 23,173,820
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,630,418	\$ 1,180,225	\$ 1,341,313	\$ 1,112,524	\$ 826,095	\$ 1,019,116	\$ 618,561
Contributions - Member	108,540	109,708	88,893	77,025	84,072	178,104	129,388
Net investment income (loss)	2,623,004	2,283,090	(710,406)	2,136,303	1,712,804	(233,403)	971,540
Administrative expenses	(37,301)	(39,230)	(34,489)	(33,771)	(33,923)	(34,370)	(35,601)
Benefit payments, including refunds	(1,890,020)	(1,806,276)	(1,736,387)	(1,666,855)	(1,570,430)	(1,403,057)	(1,382,798)
Net Change in Plan Fiduciary Net Position	2,434,641	1,727,517	(1,051,076)	1,625,226	1,018,618	(473,610)	301,090
Plan Fiduciary Net Position - Beginning of year	18,694,643	16,967,126	18,018,202	16,392,976	15,374,358	15,847,968	15,546,878
Plan Fiduciary Net Position - End of year	\$ 21,129,284	\$ 18,694,643	\$ 16,967,126	\$ 18,018,202	\$ 16,392,976	\$ 15,374,358	\$ 15,847,968
City's Net Pension Liability - Ending	\$ 9,245,437	\$ 10,791,332	\$ 11,081,584	\$ 9,009,489	\$ 10,057,188	\$ 10,550,273	\$ 7,325,852
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.56 %	63.40 %	60.49 %	66.67 %	61.98 %	59.30 %	68.39 %
Covered Payroll	\$ 2,673,151	\$ 2,893,579	\$ 2,871,393	\$ 2,757,790	\$ 2,797,436	\$ 3,163,992	\$ 3,209,773
City's Net Pension Liability as a Percentage of Covered Payroll	345.86 %	372.94 %	385.93 %	326.69 %	359.51 %	333.45 %	228.24 %

Required Supplemental Information
Schedule of Pension Contributions

Last Ten Fiscal Years
Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,367,376	\$ 1,148,196	\$ 1,041,888	\$ 973,692	\$ 805,287	\$ 721,984	\$ 615,968	\$ 624,617	\$ 661,319	\$ 710,133
Contributions in relation to the actuarially determined contribution	1,630,418	1,172,232	1,258,250	1,033,824	985,744	721,984	640,968	624,617	661,319	710,133
Contribution Excess	\$ 263,042	\$ 24,036	\$ 216,362	\$ 60,132	\$ 180,457	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,673,151	\$ 2,893,579	\$ 2,871,393	\$ 2,757,790	\$ 2,797,436	\$ 3,163,992	\$ 3,209,773	\$ 3,224,138	\$ 3,409,024	\$ 3,550,693
Contributions as a Percentage of Covered Employee Payroll	60.99 %	40.51 %	43.82 %	37.49 %	35.24 %	22.82 %	19.97 %	19.37 %	19.40 %	20.00 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent
Investment rate of return	8.00 percent
Retirement age	55 with 25 years of service, 55 with 20 years of service, 50 with 25 years of service, or 55 with 15 years of service
Mortality	50 percent male 50 percent female blend of the following tables: 1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent 2. The RP-2014 Employee Mortality Tables 3. The RP-2014 Juvenile Mortality Tables
Other information	None

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Four Fiscal Years
(subsequent to GASB Statement No. 75 implementation in fiscal year 2018)

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 167,322	\$ 152,385	\$ 197,437	\$ 190,302
Interest	789,014	723,907	751,679	709,188
Differences between expected and actual experience	(1,649,182)	-	(1,363,704)	-
Changes in assumptions	(187,869)	501,165	454,947	-
Benefit payments, including refunds	(335,748)	(432,488)	(403,330)	(372,374)
Net Change in Total OPEB Liability	(1,216,463)	944,969	(362,971)	527,116
Total OPEB Liability - Beginning of year	11,426,552	10,481,583	10,844,554	10,317,438
Total OPEB Liability - End of year	\$ 10,210,089	\$ 11,426,552	\$ 10,481,583	\$ 10,844,554
Plan Fiduciary Net Position				
Contributions - Employer	\$ 872,173	\$ 817,488	\$ 1,119,330	\$ 752,374
Net investment income	1,945,119	149,032	185,965	370,122
Administrative expenses	(14,350)	(11,756)	(11,878)	(12,024)
Benefit payments, including refunds	(335,748)	(432,488)	(403,330)	(372,374)
Net Change in Plan Fiduciary Net Position	2,467,194	522,276	890,087	738,098
Plan Fiduciary Net Position - Beginning of year	6,575,228	6,052,952	5,162,865	4,424,767
Plan Fiduciary Net Position - End of year	\$ 9,042,422	\$ 6,575,228	\$ 6,052,952	\$ 5,162,865
Net OPEB Liability - Ending	\$ 1,167,667	\$ 4,851,324	\$ 4,428,631	\$ 5,681,689
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	88.56 %	57.54 %	57.75 %	47.61 %
Covered-employee Payroll	\$ 2,004,373	\$ 2,142,491	\$ 2,308,836	\$ 2,285,527
Net OPEB Liability as a Percentage of Covered-employee Payroll	58.26 %	226.43 %	191.81 %	248.59 %

Required Supplemental Information
Schedule of OPEB Contributions

Last Ten Fiscal Years
Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 423,133	\$ 408,276	\$ 503,357	\$ 507,583	\$ 667,807	\$ 674,409	\$ 700,059	\$ 678,269	\$ 623,693	\$ 589,134
Contributions in relation to the actuarially determined contribution	872,173	817,488	1,119,330	752,374	667,807	674,409	700,059	678,269	623,693	589,134
Contribution Excess	\$ 449,040	\$ 409,212	\$ 615,973	\$ 244,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 2,004,373	\$ 2,142,491	\$ 2,308,836	\$ 2,285,527	\$ 3,542,932	\$ 3,542,932	\$ 3,652,043	\$ 3,458,856	\$ 3,291,325	\$ 3,291,325
Contributions as a Percentage of Covered-employee Payroll	43.51 %	38.16 %	48.48 %	32.92 %	18.85 %	19.04 %	19.17 %	19.61 %	18.95 %	17.90 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal as a level percentage of payroll
Amortization method	Level percent of pay
Remaining amortization period	28 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	8.25 percent, decreasing to 4.50 percent
Salary increase	3.75 percent
Investment rate of return	7.00 percent
Mortality	Pub-2010 General Employees Amount-Weighted Mortality tables without adjustment for preretirement and scaled by a factor of 106 percent for healthy retirees

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

	Last Four Fiscal Years Years Ended June 30			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	28.12 %	2.32 %	3.09 %	7.68 %

June 30, 2021

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds.

The annual budget is prepared by city management and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. 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.

The budget has been adopted on an activity basis, as provided in Section 19 of Public Act 621 of 1978, as amended. The General Appropriations Act, as drafted by the city attorney and adopted by the City Council, authorizes the city manager to transfer up to a total of 10 percent of the appropriations without further approval of the City Council. All expenditures made during the fiscal year fell well within these limits.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The City had budget overruns in the General Fund, Saline Recreation Complex Fund, and Major Streets Fund. These overruns relate to the overall timing of expenditures that came in subsequent to year end that pertained to the fiscal year ended June 30, 2021.

Changes in Assumptions

In 2021, for the OPEB valuation, the assumed salary increase was updated to 3.00 percent. The immediate pre-65 and post-65 trend rates were updated.

In 2019, for the OPEB valuation, the mortality tables were updated to Pub-2010 mortality tables. The immediate post-65 trend rate was updated. The annual per capita claims costs were updated based on the most recent plan information provided by the insurer. Inflation was increased to 2.50 percent. The health care claims (cost) trend rates were updated to those detailed in the uniform assumptions published in accordance with Public Act 202 of 2017.

In 2015, the pension valuation changed the investment rate of return, net of investment expense, including inflation, from 8.25 percent to 7.75 percent.

For the December 31, 2019 valuation, the pension valuation changed the investment rate of return, net of investment expense, including inflation, from 7.75 percent to 7.35 percent. The pension valuation also changed the assumed salary increase from 3.75 percent to 3.00 percent.

For the December 31, 2020 pension valuation, the mortality tables were updated to the Pub-2010 mortality tables. The valuation adopted new final average compensation load assumptions.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds			Debt Service Fund	
	Cemetery Perpetual Care Fund	Solid Waste and Reclamation Fund	Total Special Revenue Funds	Municipal Streets Fund	Total
Assets					
Cash and cash equivalents	\$ 973,049	\$ 210,940	\$ 1,183,989	\$ 18,460	\$ 1,202,449
Receivables - Customer receivables	2,194	-	2,194	-	2,194
Due from component units	-	29,221	29,221	-	29,221
Total assets	\$ 975,243	\$ 240,161	\$ 1,215,404	\$ 18,460	\$ 1,233,864
Liabilities					
Accounts payable	\$ -	\$ 125,647	\$ 125,647	\$ -	\$ 125,647
Accrued liabilities and other	-	38	38	12	50
Total liabilities	-	125,685	125,685	12	125,697
Fund Balances					
Restricted:					
Solid waste	-	114,476	114,476	-	114,476
Roads	-	-	-	18,448	18,448
Committed - Cemetery perpetual care	975,243	-	975,243	-	975,243
Total fund balances	975,243	114,476	1,089,719	18,448	1,108,167
Total liabilities and fund balances	\$ 975,243	\$ 240,161	\$ 1,215,404	\$ 18,460	\$ 1,233,864

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

Year Ended June 30, 2021

	Special Revenue Funds			Debt Service Fund	
	Cemetery Perpetual Care Fund	Solid Waste and Reclamation Fund	Total Special Revenue Funds	Municipal Streets Fund	Total
Revenue					
Property taxes	\$ -	\$ 812,098	\$ 812,098	\$ 225,024	\$ 1,037,122
Charges for services	57,447	-	57,447	-	57,447
Interest and rentals	11,925	531	12,456	57	12,513
Total revenue	69,372	812,629	882,001	225,081	1,107,082
Expenditures					
Current services:					
General government	-	5,536	5,536	5,160	10,696
Public works	-	766,275	766,275	-	766,275
Debt service	-	-	-	226,649	226,649
Total expenditures	-	771,811	771,811	231,809	1,003,620
Excess of Revenue Over (Under) Expenditures	69,372	40,818	110,190	(6,728)	103,462
Other Financing Uses - Transfers out	(7,590)	-	(7,590)	-	(7,590)
Net Change in Fund Balances	61,782	40,818	102,600	(6,728)	95,872
Fund Balances - Beginning of year	913,461	73,658	987,119	25,176	1,012,295
Fund Balances - End of year	\$ 975,243	\$ 114,476	\$ 1,089,719	\$ 18,448	\$ 1,108,167

Other Supplemental Information
Statement of Net Position/Governmental Fund Balance Sheet
Economic Development Corporation

June 30, 2021

	Balance Sheet	Adjustments	Statement of Net Position
Assets - Cash and cash equivalents	<u><u>\$ 50,389</u></u>	\$ -	\$ 50,389
Liabilities - Accounts payable	\$ 672	-	672
Equity			
Fund balance:			
Committed	1,109	(1,109)	-
Assigned	<u>48,608</u>	<u>(48,608)</u>	<u>-</u>
Total fund balance	<u>49,717</u>	<u>(49,717)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 50,389</u></u>		
Net position - Unrestricted		<u><u>\$ 49,717</u></u>	<u><u>\$ 49,717</u></u>

City of Saline, Michigan

Other Supplemental Information Statement of Net Position/Governmental Fund Balance Sheet Tax Increment Finance Authority

June 30, 2021

	Balance Sheet	Adjustments	Statement of Net Position
Assets - Cash and cash equivalents	<u><u>\$ 827,570</u></u>	\$ -	\$ 827,570
Liabilities			
Due to other governmental units	\$ 9,083	-	9,083
Due to primary government	<u>4,983</u>	<u>-</u>	<u>4,983</u>
Total liabilities	14,066	-	14,066
Equity			
Fund balance - Committed	<u>813,504</u>	<u>(813,504)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 827,570</u></u>		
Net position - Unrestricted		<u><u>\$ 813,504</u></u>	<u><u>\$ 813,504</u></u>

Other Supplemental Information
Statement of Net Position/Governmental Fund Balance Sheet
Local Development Finance Authority

June 30, 2021

	Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 759,238	\$ -	\$ 759,238
Capital assets - Assets not subject to depreciation	<u>-</u>	<u>40,749</u>	<u>40,749</u>
Total assets	<u>\$ 759,238</u>	40,749	799,987
Liabilities			
Due to other governmental units	\$ 172,627	-	172,627
Due to primary government	<u>460,664</u>	<u>-</u>	<u>460,664</u>
Total liabilities	633,291	-	633,291
Equity			
Fund balance - Committed	<u>125,947</u>	<u>(125,947)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 759,238</u>		
Net position:			
Net investment in capital assets		40,749	40,749
Unrestricted		<u>125,947</u>	<u>125,947</u>
Total net position		<u>\$ 166,696</u>	<u>\$ 166,696</u>

Other Supplemental Information
Budgetary Comparison Schedules - Component Units
Economic Development Corporation

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 13,373	\$ 12,873	\$ 11,136	\$ (1,737)
Other revenue	65,100	65,100	64,100	(1,000)
Total revenue	78,473	77,973	75,236	(2,737)
Expenditures - Current services - General government				
Professional services	41,496	53,515	53,499	16
Community relations	39,908	6,700	5,000	1,700
Promotional services	17,450	17,559	14,899	2,660
Other	1,400	1,314	655	659
Total expenditures	100,254	79,088	74,053	5,035
Net Change in Fund Balance	(21,781)	(1,115)	1,183	2,298
Fund Balance - Beginning of year	48,534	48,534	48,534	-
Fund Balance - End of year	<u><u>\$ 26,753</u></u>	<u><u>\$ 47,419</u></u>	<u><u>\$ 49,717</u></u>	<u><u>\$ 2,298</u></u>

City of Saline, Michigan

Other Supplemental Information
Budgetary Comparison Schedules - Component Units (Continued)
Tax Increment Finance Authority

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 691,736	\$ 696,382	\$ 696,381	\$ (1)
Unrestricted investment income	5,700	500	295	(205)
Total revenue	697,436	696,882	696,676	(206)
Expenditures - Current services - General government				
Administrative	100,400	101,260	101,260	-
Community relations	55,000	2,200	1,736	464
Contributions to Major Streets Fund	577,799	504,009	298,846	205,163
Contributions to Water and Sewer funds	152,302	134,932	63,932	71,000
Total expenditures	885,501	742,401	465,774	276,627
Net Change in Fund Balance	(188,065)	(45,519)	230,902	276,421
Fund Balance - Beginning of year	582,602	582,602	582,602	-
Fund Balance - End of year	<u><u>\$ 394,537</u></u>	<u><u>\$ 537,083</u></u>	<u><u>\$ 813,504</u></u>	<u><u>\$ 276,421</u></u>

City of Saline, Michigan

Other Supplemental Information
Budgetary Comparison Schedules - Component Units (Continued)
Local Development Finance Authority

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 739,923	\$ 743,658	\$ 743,659	\$ 1
Unrestricted investment income	5,300	1,000	847	(153)
Total revenue	745,223	744,658	744,506	(152)
Expenditures - Current services - General government				
Administrative	58,550	59,835	58,522	1,313
Contributions to Municipal Streets Fund	200,026	824,908	834,574	(9,666)
Contributions to Water and Sewer funds	61,188	76,188	61,188	15,000
Total expenditures	319,764	960,931	954,284	6,647
Net Change in Fund Balance	425,459	(216,273)	(209,778)	6,495
Fund Balance - Beginning of year	376,474	376,474	376,474	-
Fund Balance - End of year	<u><u>\$ 801,933</u></u>	<u><u>\$ 160,201</u></u>	<u><u>\$ 166,696</u></u>	<u><u>\$ 6,495</u></u>

Other Supplemental Information
Combining Balance Sheet
General Fund

June 30, 2021

	General Fund	Fire Department Special Assessment	Income Trust	Total Combining General Fund
Assets				
Cash and cash equivalents	\$ 5,344,028	\$ 18,372	\$ 388,537	\$ 5,750,937
Receivables	453,245	-	195	453,440
Due from component units	436,426	-	-	436,426
Restricted assets	1,539,093	-	-	1,539,093
Total assets	\$ 7,772,792	\$ 18,372	\$ 388,732	\$ 8,179,896
Liabilities				
Accounts payable	\$ 498,245	\$ 972	\$ 11,469	\$ 510,686
Due to component units	547	-	-	547
Due to other funds	58	-	-	58
Accrued liabilities and other	271,315	-	377,263	648,578
Total liabilities	770,165	972	388,732	1,159,869
Fund Balances				
Restricted	1,572,050	-	-	1,572,050
Committed	43,135	-	-	43,135
Assigned	3,001,572	-	-	3,001,572
Unassigned	2,385,870	17,400	-	2,403,270
Total fund balances	7,002,627	17,400	-	7,020,027
Total liabilities and fund balances	\$ 7,772,792	\$ 18,372	\$ 388,732	\$ 8,179,896

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
General Fund

Year Ended June 30, 2021

	General Fund	Fire Department Special Assessment	Income Trust	Total Combining General Fund
Revenue				
Property taxes	\$ 7,063,022	\$ -	\$ -	\$ 7,063,022
Intergovernmental	1,715,177	-	-	1,715,177
Charges for services	780,061	-	-	780,061
Fines and forfeitures	37,661	-	-	37,661
Licenses and permits	743,824	-	-	743,824
Interest and rentals	5,399	64	-	5,463
Other revenue	(99,123)	448,261	-	349,138
Total revenue	10,246,021	448,325	-	10,694,346
Expenditures				
Current services:				
General government	4,952,967	-	-	4,952,967
Legislative	63,367	-	-	63,367
Public safety	2,241,963	467,908	-	2,709,871
Public works	959,646	-	-	959,646
Cemetery	57,928	-	-	57,928
Engineering department	44,225	-	-	44,225
Parks, recreation, and culture	368,040	-	-	368,040
Capital outlay	85,289	-	-	85,289
Debt service	367,868	-	-	367,868
Total expenditures	9,141,293	467,908	-	9,609,201
Excess of Revenue Over (Under) Expenditures	1,104,728	(19,583)	-	1,085,145
Other Financing Sources (Uses)				
Transfers in	7,590	-	-	7,590
Transfers out	(232,202)	-	-	(232,202)
New debt issued	1,475,000	-	-	1,475,000
Debt premium	92,973	-	-	92,973
Total other financing sources	1,343,361	-	-	1,343,361
Net Change in Fund Balances	2,448,089	(19,583)	-	2,428,506
Fund Balances - Beginning of year	4,554,538	36,983	-	4,591,521
Fund Balances - End of year	<u><u>\$ 7,002,627</u></u>	<u><u>\$ 17,400</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,020,027</u></u>