

CITY OF DEARBORN

MAYOR ABDULLAH H. HAMMOUD



COVER STORY:

FY2024-2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF DEARBORN, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2025

MAYOR

Abdullah H. Hammoud

CITY COUNCIL

Council President

Michael T. Sareini

Council President Pro-Tem

Leslie C. Herrick

Council Members

Kamal M. Alsawafy

Kenneth C. Paris

Robert A. Abraham

Mustapha A. Hammoud

Gary A. Enos

Michael Kennedy
Finance Director/Treasurer

Corey J. Jarocki Jr.
Deputy Finance Director

City of Dearborn, Michigan

Wayne County, Michigan

Annual Comprehensive Financial Report with Supplementary Information June 30, 2025

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CITY OF DEARBORN

Home Town of Henry Ford

Michael Kennedy
Finance Director/Treasurer

DEPARTMENT OF FINANCE

Abdullah H. Hammoud
MAYOR

Honorable Mayor, Abdullah H. Hammoud,
Members of the City Council, and
Citizens of the City of Dearborn:

The Annual Comprehensive Financial Report (ACFR) of the City of Dearborn, for the fiscal year ended June 30, 2025, is submitted with this letter. The City's Finance Department prepared this report pursuant to requirements of both the City Charter and Michigan law, and also to comply with continuing disclosure requirements for outstanding bonds.

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

MANAGEMENT REPRESENTATIONS

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

We believe that the financial information, as presented:

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

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

ACCOUNTING SYSTEM INTERNAL CONTROL STRUCTURE

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

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

The concept of reasonable assurance recognizes that:

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

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

INDEPENDENT AUDIT

State of Michigan statutes and the City Charter require that an independent audit be made of the City's financial statements. In addition, the City is required to undergo an annual single audit of its federal financial assistance in conformity with the provisions of the Single Audit Act of 1984 and the United States Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Plante & Moran, PLLC, whose reports are included, has performed the independent audit for fiscal year 2025.

FORM OF GOVERNMENT/CITY PROFILE

The City of Dearborn is located in southeast Michigan and borders the City of Detroit to the east. The 2020 census reported a population of 109,976, a 12% increase from the 2010 census. It is now the seventh largest city in the state. Superior public services and facilities, a well-established employment base, proximity to Detroit and other affluent suburbs, Detroit Metropolitan Airport, and transportation systems, make Dearborn a desirable community in southeast Michigan for families and businesses.

The present City of Dearborn was incorporated in 1929, consolidating the former cities of Fordson and Dearborn. The City operates under a strong mayor, weak council form of government. Its most recent charter was adopted November 6, 2007 and was effective January 1, 2008. The City is incorporated under Michigan law as a home rule city. Additionally in November 2021, the voters elected a nine member Charter Commission to undertake a thorough and complete review, discussion and presentation of updates to the citizens. Proposed updates to the Charter did not pass voter approval.

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

Mayor Abdullah H. Hammoud and the Council of the City of Dearborn are responsive to the community. Challenges are identified, openly communicated, and action is planned and taken. Mayor Hammoud is a lifelong Dearborn resident, a distinguished graduate of the University of Michigan-Dearborn and University of Michigan-Ann Arbor, and a state and national expert in health care systems and management. The Mayor was elected to three terms to represent Dearborn in the Michigan House of Representatives, where he served as the Vice Chairman for the Department of Health and Human Services budget, totaling \$30 billion annually. Upon taking office on January 1, 2022, the Mayor began implementation of his sweeping agenda to modernize government operations with careful investments into infrastructure and technology, while ensuring quality of services, accountability and transparency. The Mayor's background in finance and health care policy as well as his advocacy for environmental sustainability and equitable economic development have resulted in a shift toward fiscally sound management practices, where public health and welfare remain at the center of all decisions made for the city. The residents of Dearborn elected the Mayor to make changes in how the city operates, how the city manages its infrastructure, and how the city embraces its residents and their diversity in all aspects of service and programming. The Mayor has embraced that mandate and secured three consecutive budgets with a surplus addition to fund balance while recognizing a 12% reduction in annual general fund property tax revenues upon taking office from the non-renewed supplemental millage, reducing overall levied property taxes for residents, and ensuring critical services continue with highest level of quality.

GENERAL GOVERNMENT

The City of Dearborn is a full-service government. The Mayor, the City Clerk and City Council have department designations. Public Safety departments include Police, and Fire and Rescue. The Permits and Inspection divisions of the Economic Development Department performs the building permit and inspection work of the public safety function in addition to other core duties. The City includes the 19th District Court with the City

serving as the funding unit for this State judicial operation. The Department of Public Works and Facilities manages the infrastructure projects, general repair and maintenance of City property and includes the Housing program.

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

The City has a separate Economic Development department that is inclusive of the Planning division, Permits, Inspections and Code Enforcement divisions, EDDDA & WDDDA, Dix-Vernor & Warren Corridors as well as the Community Development Block Grant. Legal, Finance, Human Resources, Philanthropy & Grants, Community Relations, Communications, Assessment, and Public Health function as support-type departments. The City of Dearborn is a medium-sized community, but in many respects operates similar to a large community due to the presence of Ford Motor Company and the corresponding business environment.

PROPRIETARY TYPE OPERATIONS

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

The 2004 Voted Combined Sewer Overflow (CSO) Debt Authority of \$314 million was fully issued with the final debt issuance in December 2017. An additional \$60 million of CSO Debt Authority was approved at the August 2018 election, with a \$23 million Unlimited Tax General Obligation (UTGO) bond issued in September 2018. The City is reviewing multiple funding options for the remaining CSO work needing to be completed.

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

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

FIDUCIARY FUND TYPE OPERATIONS

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

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

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

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

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

COMPONENT UNITS

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

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

BUDGET CONTROLS

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

Development and Progress

Over \$3M invested in bringing more housing to Dearborn

The Economic Development Department completed a Housing Market Analysis this year, setting a target of 1,500 new housing units within the next 10 years to meet Dearborn's strong population growth and demand for housing. To achieve this goal, we've invested more than \$3M in land assembly and predevelopment work to set up three major city-owned sites with preliminary planning and zoning approvals, which would expedite the permitting and construction of new housing. We expect to bid out opportunities to construct at least 300 housing units in 2026, which could be completed as early as 2027.

Warren Avenue Transformation is under way with facade improvement and a new street plan

Over \$1M is being invested in business facade improvement on Warren Avenue, with the first 10 businesses selected in the Dearborn Forward facade improvement program for Warren Avenue, including iconic businesses such as Al Ameer Restaurant and more. Businesses can receive up to \$200K to transform their exterior appearance.

Additionally, we are on track to have a completed draft design for the reconstruction of Warren Avenue by the end of 2025, and will get community input in 2026, with a goal of starting construction as soon as the end of 2026 and no later than 2027. The roadway will get a massive infusion of more than \$31M, fueled by a \$24.8M federal Safe Streets for All grant secured by the City.

Major Business Expansions, New Construction Projects, and Blight Removal

Ford's 2M SF Hub project, along with improvements to Oakwood Boulevard, are both well under way with employees beginning to move into completed portions of the building. This massive investment in West Dearborn will spur continued growth in the area and will include a partnership between the City and Ford to bring bioretention and streetscape improvements along Oakwood Boulevard, strengthening the connection between this campus and West Downtown.

Hollingsworth began investing more than \$30M into major improvements and upgrades to the interior and exterior of their headquarters building on Warren Avenue, leading to operational efficiencies that will bring up to

100 additional jobs to the area and will complement the City's planned improvements to Warren Ave by reducing the impact of trucks and employee parking on Warren Avenue.

The former Executive Plaza Ford Offices on Ford Road between M39 and Mercury Drive began their transformation, with thousands of square feet of new commercial real estate, including Floor and Decor and other new businesses, under construction. The property's transformation will continue with additional retail and dining opportunities, as well as new housing, into 2025-26 and beyond.

The former Oakman Apartments near Michigan Ave and Miller Road were demolished, clearing the vacant and unsafe structures from the area and opening the way to new development.

Village Plaza, the long-vacant and unsafe tower, retail mall, and parking structure, is in the process of complete demolition, which is expected to be completed in 2025 and will open the property to new opportunities for productive and positive reuse.

ACCESS purchased the vacant Citizens Bank at Michigan and Schaefer in East Downtown and intends to transform the property into a brand-new office and community resource hub, bringing up to 100 office workers into the East Downtown. A \$1M grant was secured by the Economic Development Department to transform the adjacent rear alley into a safe, enjoyable pedestrian pathway to complement the new hub.

Events and Programs to Support Entrepreneurs and Small Businesses

Resource Expo and Night of Innovation Invest in Dearborn Entrepreneurs

The City hosted its second annual Resource Expo in May 2025, with over 80 resource vendors from government, nonprofit, and private sector partners providing resources and services to businesses and hundreds of attendees. This year we paired the event, in partnership with our Grants and Philanthropy Team and the American Arab Chamber of Commerce, with our first ever Night of Innovation Pitch competition, where a \$25K grand prize was awarded to a Dearborn-based small business ready to reach the next level.

First Ever Coffee Week

Leaning into Dearborn's role as the coffee capital for Michigan, the Economic Development Department hosted a weeklong celebration of our city's many coffee shops, with special events and panel discussions with the successful owners of our Yemeni and other coffee shops, with hundreds of participants in special events and visits to coffee shops throughout the city. Coffee Week joined a roster of dozens of events throughout our business districts, from Movies in the Park to our Summer Market and more.

Harvard-Bloomberg Partnership Catalyzes Citywide Collaboration

Dearborn was among 9 cities selected to participate in an Economic Development cohort, where Harvard University provided the City with data, resource connections, and technical assistance to map out strategies to provide sustainable growth to the community. We kicked off these efforts in May, bringing Harvard to town alongside more than 50 leaders of Dearborn businesses, state and county agencies, and more for a roundtable discussion to lay out a roadmap for action. The effort will focus on civic promotion, diversifying our local economy, and increasing our housing supply.

Enhancements Coming to Plan Review, Permitting, and Property Maintenance Enforcement

In partnership with the IT Department, the City's Economic Development services (plan review/examination, permitting, inspections, and more) are going online! We will be launching a suite of online services that will enable residents and businesses to submit projects and get information 24/7, every day of the week. We are also adding 3 full-time code enforcement officers to increase our response time and expand our capacity to promote the health, safety, and beautification of our neighborhoods and business districts.

2020 Census

The City is truly grateful to the Complete Count Committee, the volunteers, workers and the community for pulling together to get as accurate of a count as possible. The Census count impacts funding received by the City from various sources.

Additional Information – In a coordinated effort by the Mayor and the Community Task Force, the City of Dearborn voters renewed in August 2016 a supplemental 3.5 operating millage for five years, to sunset after fiscal year 2022. In the November 2011 election, City of Dearborn voters approved two ballot proposals, an operating millage Charter increase of 3.5 mills, and to establish 1.0 mill for the Library. In the August 2021 election, the City of Dearborn voters passed a 1.0 mill renewal for the Library over 6 years ending June 30, 2028. On November 2, 2021 the voters were presented with a renewal option for the supplemental operating millage at a reduced amount of 2.75 mills. Outcome of that supplemental renewal was a resounding no from the citizens. As a result, beginning July 1, 2022, the City has levied only 15 mills versus the 18.5 mills that it had for each of the last several years.

General Fund Highlights - For the year ended June 30, 2025, the City's General Fund actual result reflected a surplus of reserves reflected below (in millions). For fiscal year 2025, the surplus of funds added to the reserve balance was mainly attributable to a net of the following: REVENUE ITEMS OF: Variances in revenue were mainly attributable to (\$7.5) million less than the amended final budget attributable to reductions below anticipated amounts within the categories of State revenue sources including (\$3.7) million of Public Health Grants not received in the current year, Timing variances of (\$2.1) million relating to Federal grant sources, (\$.8) million of current property taxes relating mainly to State of MI Tax Tribunal adjustments and (\$.9) million in Licenses and permits broken down to between Franchise cable fees of \$0.3 and non-business licenses of \$0.6. EXPENDITURE ITEMS OF: Variances in expenditures for actual results versus amended budget resulted in \$8.4 million of unused budget. Salaries, wages and benefits were (\$0.6) million below amended budget from vacancies and recruitment hire timing. Various operating costs related to various grants within Public Safety and Economic Development totaled (\$4.9) million below budget and these budgets will roll forward. Rentals of operating equipment within DPW had (\$0.6) million in budget to be rolled forward for leasing of street sweepers. All other unused budget in total across all general government categories was mainly attributable to (\$0.5) million within contractual services, (\$0.4) million on repairs & maintenance, (\$0.5) million of various supplies and (\$0.6) million within printing, training, communications and other expenditures.

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual (millions)</u>	
2022-2023	(\$1.97)	(\$.465)	\$0.075	Surplus Reserve
2023-2024	\$0.37	(\$.777)	\$0.452	Surplus Reserve
2024-2025	\$0.17	\$1.781	\$2.66	Surplus Reserve

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dearborn for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. This report satisfies both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,


Michael Kennedy, Finance Director / Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dearborn
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF DEARBORN MISSION STATEMENT

PREAMBLE

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

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

MISSION

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

GUIDING PRINCIPLES

Dearborn citizens can expect:

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

Respect and courtesy

Fair and consistent treatment

Cooperation and honesty

Open communication and easy accessibility

Our constant readiness to help

City employees can expect:

Trust, respect, honesty, and fairness

The basic resources needed to do a good job

Clear and complete direction when necessary

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

Recognition and reward based on merit

City employees are expected to:

Make a total commitment to provide the best possible public service

Use all available resources efficiently and effectively

Continuously seek ways to improve service delivery through innovation

Continuously seek feedback from citizens

Be responsible and accountable for their actions

Ask for training when necessary

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

Value, support, and respect co-workers as teammates

The City administration will:

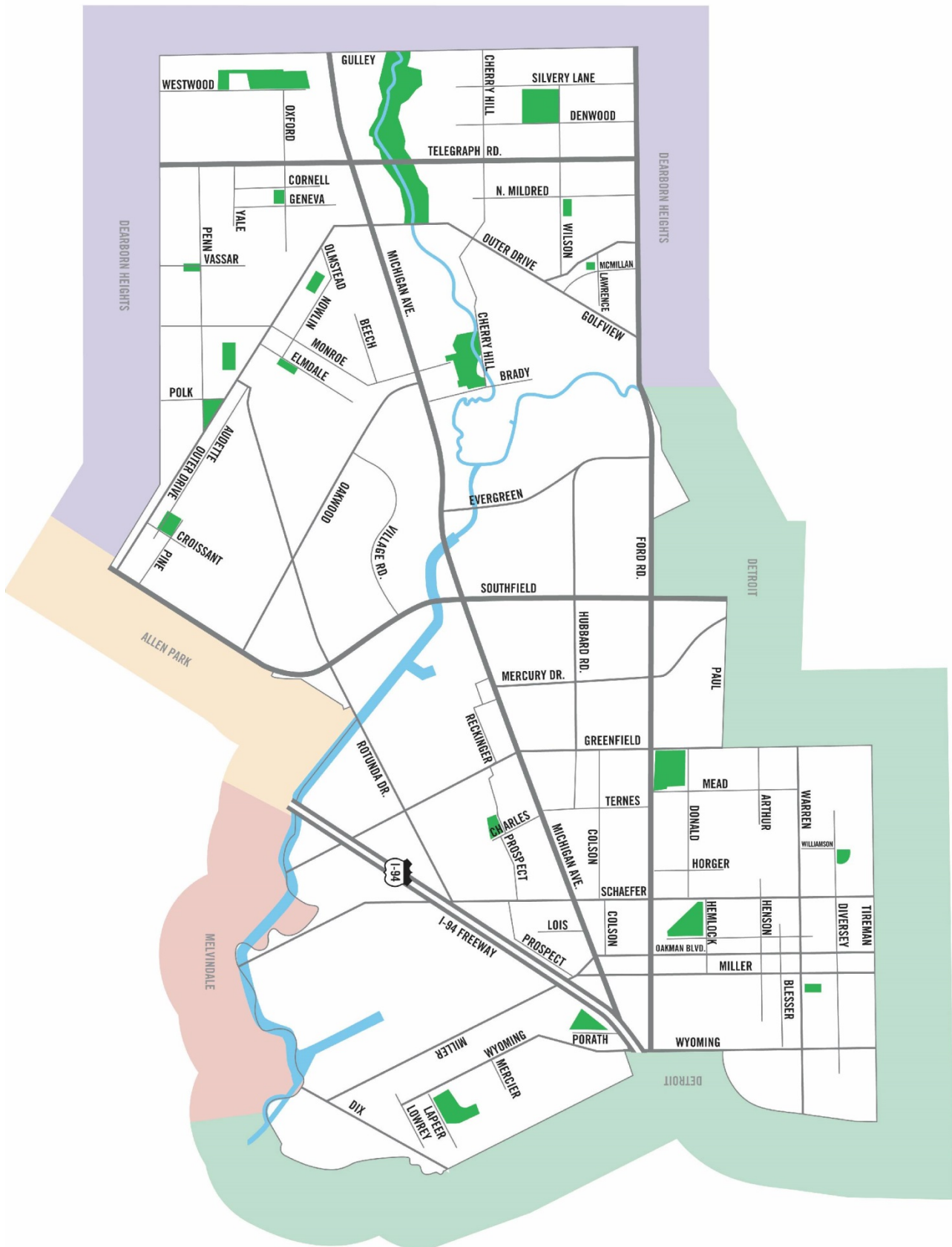
Foster cooperation and teamwork between employees and citizens

Evaluate every action based on its value to our citizens

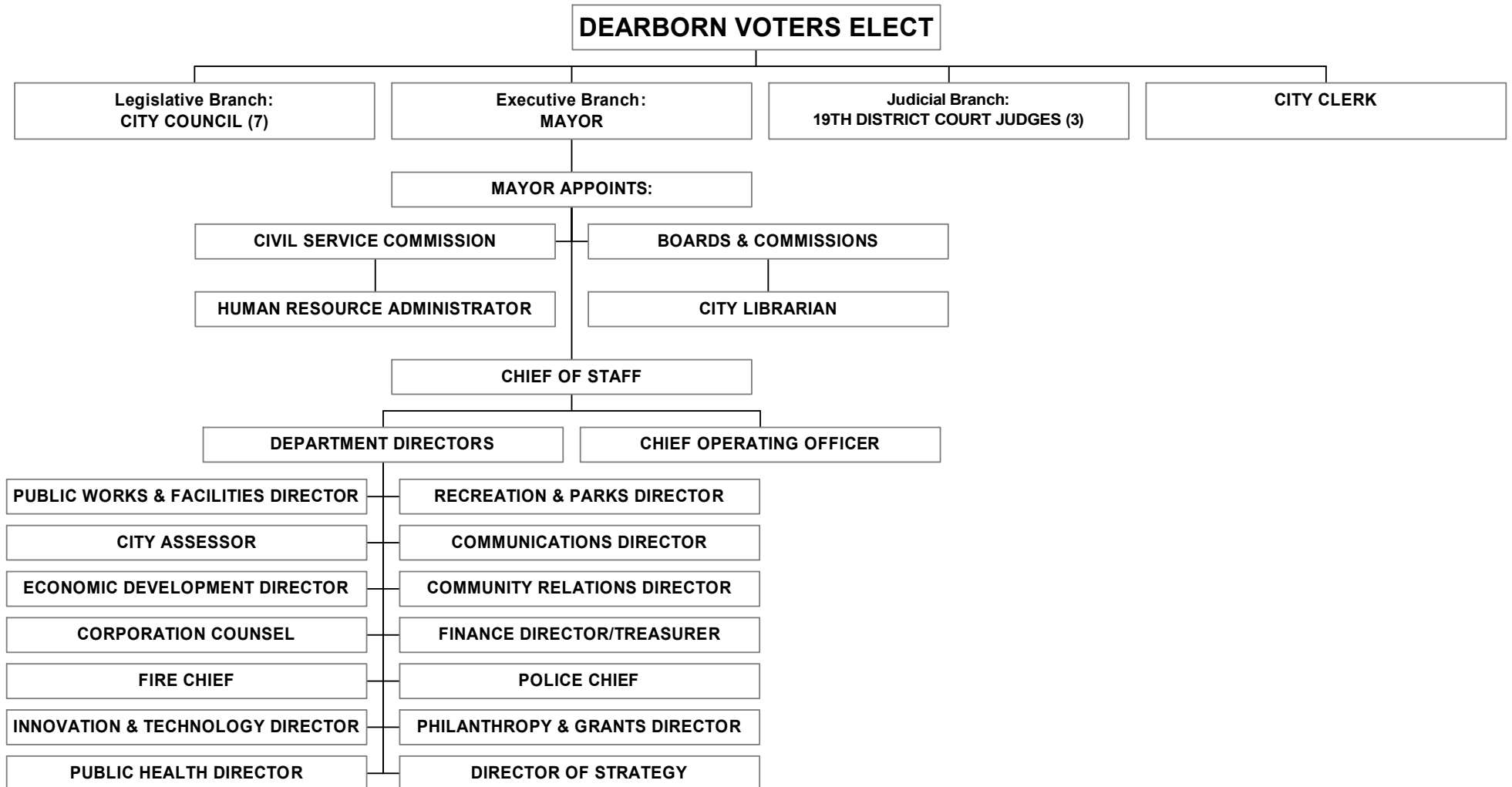
Work with other public agencies to obtain the most benefits for our citizens

Attract citizens dedicated to Dearborn and its future

Continually strive to improve our efficiency and effectiveness



DEARBORN'S ORGANIZATION CHART



CITY OF DEARBORN, MICHIGAN

List of Principal Officials

June 30, 2025

<u>TITLE</u>	<u>NAME</u>
Mayor	Abdullah H. Hammoud
City Clerk	George Darany
Council President	Michael T. Sareini
Council President Pro-Tem	Leslie C. Herrick
Council Members	Kamal M. Alsawafy
	Kenneth C. Paris
	Robert A. Abraham
	Mustapha A. Hammoud
	Gary A. Enos
Chief of Staff	Zaineb A. Hussein
Director of Strategy	Mariam Jalloul
Corporation Counsel	Jeremy J. Romer
City Assessor	Jacob Thurston
City Engineer	Soud El-Jamaly
City Librarian	Betty Adams
Director of Communications	Katie Doyal
Director of Community Relations	Alia Phillips
Director of Philanthropy & Grants	Maria Willett
Director of Public Health	Ali Abazeed
Economic & Community Development Director	Jordan Twardy
Finance Director/Treasurer	Michael Kennedy
Fire Chief	Joseph Murray
Human Resources Administrator	Danielle Chaney
Innovation and Technology Director	Mansour Sharha
Police Chief	Issa Shahin
Purchasing Manager	Mark Rozinsky
Public Works and Facilities Director	Tim Hawkins
Recreation Director	Sean Fletcher

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dearborn, Michigan (the "City") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City of Dearborn, Michigan's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2025, the City adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025 on our consideration of the City of Dearborn, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dearborn, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dearborn, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 17, 2025

June 30, 2025

This section of the City of Dearborn's annual financial report represents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2025. It should be reviewed in conjunction with the preceding transmittal letter and the City's financial statements, which follow this section.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position (on pages 19-20) and the Statement of Activities (on pages 21-22) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 23. These statements tell how services were financed in the short term as well as what remains for future spending for governmental activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 19. One of the most important questions asked about the City's finances is: "Is the City as a whole better or worse off as a result of the year's activities"? The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

June 30, 2025**Reporting the City's Most Significant Funds****Fund Financial Statements**

Our analysis of the City's major funds begins on page 23 and provides detailed information about the most significant funds; not the City as a whole. The City's two types of funds, governmental and proprietary, use different accounting approaches.

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

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

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

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 34-35. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

June 30, 2025

The City as a Whole

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

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Current and other assets	\$ 210.2	\$ 216.3	\$ 79.0	\$ 70.0	\$ 289.2	\$ 286.3
Capital assets	313.8	297.3	451.0	460.4	764.8	757.7
Total assets	524.0	513.6	530.0	530.4	1,054.0	1,044.0
Deferred outflows of resources	13.8	7.8	1.2	0.1	15.0	7.9
Long-term liabilities	216.7	241.5	141.7	160.9	358.4	402.4
Other liabilities	18.0	22.4	17.8	15.2	35.8	37.6
Total liabilities	234.7	263.9	159.5	176.1	394.2	440.0
Deferred inflows of resources	23.1	6.1	4.8	1.0	27.9	7.1
Net position:						
Net investment in capital assets	290.4	272.3	324.6	319.2	615.0	591.5
Restricted	76.2	64.3	23.4	21.5	99.6	85.8
Unrestricted (deficit)	(86.6)	(85.3)	18.9	12.7	(67.7)	(72.5)
Total net position (as previously reported)	\$ 280.0	\$ 251.4	\$ 366.9	\$ 353.4	\$ 646.9	\$ 604.8
Change in accounting principle		\$ (3.9)				\$ (3.9)
Total net position as restated	\$ 280.0	\$ 247.5	\$ 366.9	\$ 353.4	\$ 646.9	\$ 600.9

Net position serves as an indicator of the City's financial position. The table above indicates that the City of Dearborn's assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by \$646.9 million as of June 30, 2025 for the Total Primary Government. The largest category of net position is represented by the net investment in capital assets (see Table 3 for a detailed breakdown). It is important to note that these assets are not available for future spending and, although they are shown here net of related debt, other resources will be needed to make the debt payments in the future.

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

Table 1 Comments:

Total Primary Government net position increased 7 percent or \$42.1 million from \$604.8 million to \$646.9 million due primarily to an increase in assets of \$10 million and decreases in both pension and OPEB liabilities. Capital assets increased as the City continues to invest heavily in its water and sewer infrastructure, other infrastructure assets, and buildings and improvements.

Total Primary Government deferred outflows related to pension and OPEB costs increased by \$7.1 million from the prior year while deferred inflows related to pension and OPEB cost reductions increased by \$20.8 million. The increase in deferred outflows related to pension and OPEB costs was primarily due to net difference between projected and actual earnings on pension plan investments. The increase in deferred inflows related to an decrease of long-term leases of \$0.40 million combined with a net increase of pension and OPEB deferred inflows of \$21.2 relating to positive investment returns.

June 30, 2025

Governmental activities – Total assets increased by 2 percent or \$10.4 million from \$513.6 million to \$524.0 million. Total assets are reflective of both current and non-current assets. During fiscal year 2025, current assets decreased \$6.1 million resulting primarily from decrease in Due from other governments of \$2.8 million along with a \$3 million increase in Net Pension Assets related 5 year smoothing of economic performance for the fiscal year. Non-current assets increased \$16.5 million primarily due to net increases in Infrastructure assets.

Total liabilities decreased by (11.1) percent or (\$29.2) million from \$263.9 million to \$234.7 million. The current liabilities decreased (\$4.4) million. Bonds and contracts payable decreased (\$3.8) million, provisions for claims decreased (\$0.3) million relating to Note 13, Net pension liability decreased (\$5.9) million and OPEB liability decreased (\$17.1) million mainly related to positive investment performances. Other liabilities decreased \$7.1 million, largely attributable to a decrease in Accounts Payable of \$7.3 million of which \$5.9 million was related to a legal claim settlement reported in 2024 at year-end and an increase of Retainage Payable to of \$0.2 million. As a result of the above activity, the total net position of governmental activities increased by \$28.6 million from \$251.4 million to \$280.0 million.

Business-type activities – Activity in the business-type activities increased net position by \$13.5 million for fiscal year 2025. The most significant changes in business-type activities were driven by a \$6.2 million increase in net unrestricted net position. The City is investing in the CSO project and utilizing restricted net position accordingly. Additionally, changes in assets the main change for the year was cash and investments increased \$6.0 million. Within Liabilities, Long term liabilities Bonds and contracts payable net of current portion decreased (\$15.2) million with the payoff of Sewer and Water debts.

Deferred Outflows, net pension liability decreased and became a deferred inflow, net OPEB liability increased (\$1.1) million largely related to positive economic returns on investments. The deferred outflows and inflows of resources changes are related to pensions and other post-employment benefits net difference between projected and actual earnings on plan investments.

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

June 30, 2025

The following table reflects the condensed Statement of Activities:

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Revenues						
Program revenues:						
Charges for services	\$ 35.2	\$ 33.5	\$ 60.8	\$ 58.3	\$ 96.0	\$ 91.8
Operating grants	26.3	22.7	1.9	3.3	28.2	26.0
Capital grants	3.3	14.2	0.7	1.1	4.0	15.3
General revenues:						
Taxes	78.4	74.0	17.3	16.2	95.7	90.2
Intergovernmental revenue	35.0	29.9	-	-	35.0	29.9
Other general revenues	8.1	8.5	2.5	2.6	10.6	11.1
Total revenues	186.3	182.8	83.2	81.5	269.5	264.3
Program expenses						
General government	24.6	16.8	-	-	24.6	16.8
District court	4.3	3.8	-	-	4.3	3.8
Public safety	74.1	84.9	-	-	74.1	84.9
Public works	20.6	26.9	-	-	20.6	26.9
Public health	1.2	0.5	-	-	1.2	0.5
Recreation & culture	26.4	23.7	-	-	26.4	23.7
Community improvement	2.9	1.8	-	-	2.9	1.8
Housing	-	-	3.7	3.3	3.7	3.3
Sewer	-	-	42.6	44.2	42.6	44.2
Water	-	-	23.1	22.5	23.1	22.5
Total expenses	154.1	158.4	69.4	70.0	223.5	228.4
Excess (deficiency) before transfers	32.2	24.4	13.8	11.5	46.0	35.9
Transfers	0.3	1.2	(0.3)	(1.2)	-	-
Increase (decrease) in net position	32.5	25.6	13.5	10.3	46.0	35.9
Net position - beginning	251.4	225.8	353.4	343.1	604.8	568.9
restated for GASB 101	(3.9)				(3.9)	
Net position - ending	\$ 280.0	\$ 251.4	\$ 366.9	\$ 353.4	\$ 646.9	\$ 604.8

June 30, 2025**Table 2 Comments:**

Governmental activities - Total revenues increased in combination \$3.5 million relating mainly to a combination of property taxes and unrestricted State Revenue above previous year. The increase in revenue activity mainly included \$4.6 million of additional Local Community Stabilization Act for State funding and property taxes saw an increase of \$4.4 million compared to previous year.

Within a governmental wide view, program expenses decreased (\$4.3) million from the previous year. The majority of decrease was primarily within Public Safety.

Business-type activities –Total revenues for business-type activities increased \$1.7 million primarily due to an increase of \$1.5 million in Metered Sales, \$1.1 million in Property tax revenue, and a decrease offset mainly within Federal CDBG Grant revenue.

Program expenses decreased (\$0.6) million for 2025. The increase is primarily due to a combination of an increase in personnel of \$1.6 million, cost of sales increase of \$2.5 million, all other net increase of \$0.8 million combined with a decrease of (\$5.5) million in repairs and maintenance.

General Fund Activity

For the year ending June 30, 2025, the General Fund fund balance increased \$2.7 million, against an adjusted budgeted fund balance surplus of \$1.7 million. Revenues for the year ended (\$7.5) million under budget, but were covered with favorable operational savings of \$8.4 million.

General Fund Budgetary Highlights

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

In review of the City's final amended budget versus actual results, variances in revenue were mainly attributable (\$7.5) million less than the amended final budget attributable to reductions below anticipated amounts within the categories of State revenue sources including (\$3.7) million of Public Health Grants not received in the current year, Timing variances of (\$2.1) million relating to Federal grant sources, (\$.8) million of current property taxes relating mainly to State of MI Tax Tribunal adjustments and (\$.9) million in Licenses and permits broken down to between Franchise cable fees of \$0.3 and non-business licenses of \$0.6.

The City's financial position is strong and the budget provides the resources necessary for delivering the high-quality program and service mix, meeting current obligations, and includes reasonable funding for maintaining assets. The fund balance has remained secure and consistent with balanced (no use of reserves) budgets and positive actual results for the past 4 years.

June 30, 2025

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the City had \$764.7 million up from previous year totaling \$757.7 million invested in a broad range of capital assets, including vehicles, Police and Fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 3 below). The increase is due in large part to investments in the park facilities, water and sewer system, infrastructure assets, and buildings and improvements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Land	\$ 13,327,122	\$ 13,327,122	\$ 1,768,541	\$ 1,768,541	\$ 15,095,663	\$ 15,095,663
Right-of-ways	37,818	37,818	-	-	37,818	37,818
Construction in progress	11,623,126	8,337,920	3,892,121	6,876,970	15,515,247	15,214,890
Infrastructure assets	119,049,424	122,437,111	-	-	119,049,424	122,437,111
Buildings & improvements	138,145,288	123,833,329	12,965,239	12,936,247	151,110,527	136,769,576
Machinery & equipment	31,137,608	28,900,190	8,060,020	10,681,843	39,197,628	39,582,033
Right of Use Asset	420,565	441,056	-	-	420,565	441,056
Land Improvements	-	-	497,458	527,606	497,458	527,606
Water system	-	-	120,254,644	119,128,454	120,254,644	119,128,454
Sewer system	-	-	303,506,786	308,467,032	303,506,786	308,467,032
	<u>\$ 313,740,951</u>	<u>\$ 297,314,546</u>	<u>\$ 450,944,809</u>	<u>\$ 460,386,693</u>	<u>\$ 764,685,760</u>	<u>\$ 757,701,239</u>

June 30, 2025

Table 3 Comments:

This year's major changes included:

Governmental activities:

Construction in Progress:

Warren Ave Transformation	\$	191,922
Green Infrstrctr CDBG-DR		294,800
Crowley Inclusive Playground		(91,323)
Ford Woods Inclusive Playground		(96,409)
Park Bench Replacement		12,894
Camp Dearborn MEDC Grant		17,568
Cmp Dbn Comfort Stat		870,890
Neighborhood Pool Renovations		5,477,929
HFCL Underground Cable		829,433
FCPAC Curtainwall Flashing		(2,688,338)
FCPAC Aquatic Center Renovations		(84,080)
FCPAC Roof Replacement		(2,960)
FCPAC Fitness Area Remodel		(231,857)
DPW Facility Upgrade		(188,777)
PEACE Parks		(3,007,547)
Camp Dbn Rpr & Maint		26,444
Dbn Hills Irrigate System		27,770
Parks Comfort Station		268,473
Hemlock Cabin Refrb/Trdw		16,200
Esper Library Renovat		151,425
Bryant Library Renovat		95,625
DAC Facility Updates		1,223,972
Bryant Garden Hub		38,090
DPW - 3 vehicles received in FY 2026		133,062
	\$	3,285,206

Infrastructure assets, net change due to cost less depreciation \$ (3,387,687)

Business-type activities:

Construction in progress:

Seniors Apartment (completed)	\$	(436,456)
Water system		(2,714,863)
Sewer system (completed)		166,470
	\$	(2,984,849)

Buildings and improvements, net change due to complete projects and transfers less depreciation \$ 28,992

Machinery and equipment, net change due to acquisitions, transfers, and disposals less depreciation \$ (2,621,823)

Water system, net change due to completed projects less disposals and depreciation \$ 1,126,190

Sewer system, net change due to completed projects less disposals and depreciation \$ (4,960,246)

June 30, 2025

Additional information on the City of Dearborn's capital assets can be found in Note 3 of this report.

Debt

At June 30, 2025 the City had approximately \$184.6 million in bonds and notes outstanding versus \$203.4 million in the prior fiscal year, a decrease of 9.2 percent, as shown in Table 4.

Table 4
Outstanding Debt, at Year-end

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
General obligation bonds (backed by City)	\$ 51,733,058	\$ 55,555,145	\$ 132,902,865	\$ 147,775,716	\$ 184,635,923	\$ 203,330,861
Revenue bonds and notes (backed by specific tax and fee revenue)	-	-	-	78,812	-	78,812
Total	\$ 51,733,058	\$ 55,555,145	\$ 132,902,865	\$ 147,854,528	\$ 184,635,923	\$ 203,409,673

Table 4 Comments:

Governmental activities – There was no new debt issued in fiscal year 2025; changes in outstanding debt are related to the payment of principal.

Business-type activities – The 2004 voter approved CSO debt millage currently is generating and paying the outstanding debt principal, with the final bonding issued in December 2017. An additional \$60 million of debt authority was voted in Aug 2018, with \$23 million issued in September 2018. There was no new debt issued in fiscal year 2025; changes in outstanding debt are related to the payment of principal.

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

Fiscal Year 2026 Budgets & Rates

Balancing the Budget

For fiscal year 2026, The Mayor's administration, in partnership with the 34th City Council, continues to take a strategic approach to implementing a balanced and sustainable budget. Priorities include flood reduction, maintaining a clean and welcoming community, and ensuring all areas of the city are served equitably. The fiscal year 2026 General Fund budget is structurally balanced for the third consecutive year without any increases in taxes.

General Fund revenues are estimated at \$151,773,603 for Fiscal Year 2026, with appropriations of \$151,356,914. The General Fund is budgeted to contribute \$416,689 to Fund Balance reserves (accumulation of revenues minus expenditures year-over-year). This includes funding the Post Employment Healthcare System at the Actuarially Determined Contribution level for the fourth consecutive year. The primary revenue of the General Fund is property taxes. Property tax revenue consists of two components. The first component is property values, which are market driven, and the second component is the tax rate, which is controllable within limits of law. Property market values continue to increase. However, Proposal A of 1994 limits the taxable value growth to the current State inflation rate of 3.1% for FY2026.

June 30, 2025

The State Legislature passed revisions to the business personal property tax law which phases out personal property taxation and replaces it with a state essential services assessment. The State of Michigan is distributing monies under the local community stabilization reimbursement program budget in FY2026 at \$16.8 million for the General Fund, forecasted as of March 2025.

In August of 2004, the voters approved a debt millage to cover the debt service associated with the issuance of debt for the federally-mandated remediation of sewer system overflows (referred to as CSO) to the Rouge River. This millage remains consistent from the 2025 to 2026 budget at 3.82 mills, with the 2018 voter approved debt millage also remaining consistent at 0.43 mills. The remaining bonding capacity as approved with the 2018 millage totals \$36.6 million. City personnel are currently reviewing other funding options and project scope in an effort to avoid issuing new bonds to address the final two sewer outflows.

The City's operating millage for fiscal year 2026 is set at 15.00 mills, and the Library millage is set at 1.54 mills (both unchanged from fiscal year 2025). The garbage and rubbish millage is 2.11 mills (also unchanged from prior year). The total millage of 22.90 mills, inclusive of the CSO debt service millage, is unchanged from the prior year millage, but is 3.77 mills less than fiscal year 2022, before the current administration assumed office. Rates and fees continue to be adjusted relative to economic conditions.

The public safety operations, made up of the Police and Fire departments, have the largest subsidy at \$71.4 million, Administrative support services is second at \$10.7 million, Public Works and Facilities is third with \$8.6 million in subsidy, and the Recreation department is fourth with \$7.9 million in subsidy. These subsidies are net of departmental generated program incomes recorded through licenses, permits, intergovernmental revenues and grants, charges for services, fines, rents, royalties, reimbursements and commissions. Additionally, the City generates \$67.3 million of property tax revenue (including PILOTs, Administration Fees, and Penalties and Interest) from the levy of 15.00 mills of General Operating.

The primary expense of the General Fund is personnel, and this cost is driven by staff counts and the corresponding labor agreement provisions. Dearborn is the only community in the State that has Charter-mandated Police staffing and is one of a few communities that has Charter-mandated Fire staffing. The budget reflects a total of 153 full-time Fire positions, and 191 sworn police officers as required by the Charter-mandated staffing and Police memorandum-of-understanding.

There are 151 firefighters, 191 sworn police officers and total support staff of 51 positions, totaling 393 positions for the two departments. This represents 43% of the total full-time staffing count of 910. A commitment to providing quality City services has been made by the administration, and as such, many part-time positions have been consolidated and transitioned to full-time positions. While total full-time equivalents for fiscal year 2026 have increased, caution should be used when comparing the 2026 personnel count to highs and lows in previous fiscal years due to revamped organizational and departmental structures. Efforts have also been made to in-source contracts when possible, for fiscal savings, which directly affects the personnel count being presented.

Other than the Medicare advantage and Humana PDP fully-insured programs, the active and retiree health care programs are self-insured supported by stop-loss coverage for individuals. Controlling health care costs is a challenge as approximately \$20.2 million per year is expended for health care and for example a 10% increase produces \$2 million in additional costs. The active employee cost-share is 20% of the adjusted illustrative monthly rate. In fiscal year 2026, premium contributions are increasing approximately \$3.5 million from fiscal year 2025 for combined active and retiree health care.

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

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Legacy costs associated with retirement programs are also a challenge. The closing of the systems accelerates funding requirements.

The funding level for the General Employees and Police/Fire Retirement Systems combined is approximately 84.0% and the combined unfunded actuarial accrued liability is \$115.2 million. Other Post-Employment Benefits is 90.3% funded leaving an unfunded actuarial accrued liability of \$19.1 million; therefore, the total legacy unfunded liability is \$134.2 million.

Total outstanding debt as of June 30, 2025 is \$198 million. Total debt service is \$25.8 million. A majority of the outstanding debt is CSO related to debt service paid by the voted debt millage. Additional open market bonds may be issued to complete the sewer separation and water main replacement program. Other outstanding debt includes \$2.54 million for the December 2017 issued bonds for Dunworth Pool, \$6.4 million for the 2017 issued bonds for West Downtown /Ford Woods Pool and \$10.5 million for the May 2018 issued bonds for Powerhouse HVAC upgrades

The greatest threats are inflationary costs exceeding property taxable value growth as restricted by proposal A of 1994 and the Headlee Amendment, the State funding of shared revenue, and the legacy liabilities funding challenge.

Assumptions:

Taxable Value increase for fiscal year 2026 is 3.1%, as limited by the State inflation rate for capped properties.

✓ Tax Rates and Water/Sewer Rates

Description	Fiscal Year 2024-2025	Fiscal Year 2025-2026	Difference
<u>Tax Millage Rate:</u>			
City Operating	15.00	15.00	n/a
Garbage & Rubbish	2.11	2.11	n/a
Library	1.54	1.54	n/a
Debt Service	4.25	4.25	n/a
Total Millage Rate	22.90	22.90	n/a
<u>Water Rate:</u>			
Commodity	\$34.10	\$35.20	3.23%
Capacity	\$18.17	\$18.72	3.02%
Capacity (Fire Lines)	\$27.56	\$28.39	3.02%
<u>Sewer Rate:</u>			
Commodity	\$48.60	\$50.20	3.29%
Capacity	\$42.98	\$44.44	3.40%

- ✓ The water and sewer bills include two rates: commodity and capacity. The commodity rate is based on water usage. The capacity rate is based on meter size. For fiscal year 2023, the rate methodology was adjusted from 35% to 28% of the rate revenue to the fixed charge, and 65% to 72% of rate revenue to the variable charge. The basis of the methodology change was to reduce the costs for customers with low usage, while shifting more costs to users with high usage in the system (namely commercial and industrial

June 30, 2025

customers). This also provides customers the opportunity to have more control over their final bill amount, as costs will be incrementally lower with reduced usage. The 2023 methodology remains the same for fiscal year 2026. A separate Capacity rate is in place for Fireline customers. These customers are charged only a water fixed rate, unless of an event when the Fireline systems are used.

The fiscal year 2026 rate calculation also includes no adjustment in the estimated total system usage used for the 2025 rates. While total actual system usage continues to decrease from pre-pandemic levels, the rate of the decrease is flattening. This is based on multi-year trend data, along with the usage data available for 2025. Total system usage has a direct effect on the commodity (variable) rates for system users.

The average Dearborn residential customer water and sewer bill is expected to increase by 3.3% from FY2025. Percentage changes will vary based on actual consumption. The rate changes are effected by the water and sewer services received from the Great Lakes Water Authority (GLWA), as well as funding for infrastructure projects.

- ✓ Funding for facility reinvestment is \$778,703 for capital, and repair and maintenance projects. The major facility projects include Bryant Library Renovations, Bryant Garden Hub, Libraries and McFadden Ross House R&M, and Security Cameras for Recreation Facilities.
- ✓ Funding for fleet replacement totals \$1,420,000 of City resources. An additional \$1,000,000 is being funded by a State of Michigan Public Safety and Infrastructure grant. This funding will be used for the annual Police fleet purchase. The fleet funding is intended to accumulate sufficient resources to replace components of the fleet as planned, but not replace the entire fleet at once.

MAJOR CAPITAL INITIATIVES

The 2025-2026 funding of the Capital Improvement Plan is \$31,951,973. A classification breakdown follows with some notable projects specifically identified. The projects are supported by various funding sources including the General Fund via the General Capital Improvement Fund, Library Fund, Community Development Block Grant Fund, West Dearborn Downtown Development Authority Fund, East Dearborn Downtown Development Authority Fund, Major Street & Trunkline Fund, Local Street Fund, Water and Sewer Funds, and by federal aid for street projects, grants, FEMA and the Wayne County Parks Millage allocation.

Infrastructure - \$27,430,692

◆ Streets	\$ 19,910,149
◆ Water	\$ 4,800,450
◆ Sewer	\$ 2,720,093
Facilities - \$2,931,951	
◆ Streetlight Replacements	\$ 1,066,848
◆ Libraries	\$ 710,703
◆ Recreation Facilities	\$ 645,500
◆ Downtown Developments	\$ 352,900
◆ Facilities Repair & Maintenance	\$ 156,000

June 30, 2025**Other Governmental Fund Types**

This section addresses other fund types and is not intended to be a detailed review of all funds. The Major Street & Trunkline and Local Street Funds rely on State Gas & Weight Tax revenue. The FY2026 estimated Gas & Weight Tax revenue budget for both funds combined increased \$210 thousand from FY2025.

The grant revenue from the Community Development Block Grant is estimated to be \$2,299,401 which provides federal resources to support the low to moderate income population. The revenue from the HOME Consortia Allocation is estimated to be \$550,000 which provides federal resources to the low to moderate income homeowners to complete necessary home rehabilitation projects.

The General Capital Improvement Fund is primarily financed by contributions from other funds. The Capital Improvement Plan is included in this document and presents both projects in progress and scheduled projects.

Proprietary Fund Types**Housing**

The Seniors Apartment Operating Fund working capital and equity of the fund are both financially stable. \$100,000 is funded in FY2026 for elevator maintenance.

Utility Funds

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

A ballot proposal was approved in August 2004 authorizing the City to issue debt (bonds and low interest State Revolving Fund (SRF) loans) in an amount not to exceed \$314.12 million to fund the federally-mandated CSO project. In FY2018, the last of the available authority was used to issue open market bonds of \$26.4 million. Overall, the debt authority was used to issue \$62 million in open market bonds and \$252 million in SRF loans. The City has the authority to issue \$36.6M of CSO Open Market Bonds to complete the CSO projects. Other funding sources and project options are being reviewed, and the City has applied for State grants and low-interest SRF loans. The tax millage rate for fiscal year 2025-2026 is 4.25 mills for debt service to pay the principal and interest payments on the voted bond debts, which has no change from 2025.

Sewer separation projects are scheduled through 2026. The final phase of the project will require additional funding.

Insurance & Fiduciary Funds

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

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The City has been funding for post-employment health care for nearly 30 years. The unfunded accrued liability is budgeted as lump-sum amounts charged to each department based on historical staffing levels. The City budgeted \$6.31 million this year as a contribution to the fund. The actuarially computed employer contribution is \$6.31 million.

Component Units

The West Dearborn Downtown Development Authority (WDDDA) generates funding from tax increment capture. The General Fund contribution covers the sanitation contract for both East and West DDA. Each DDA generates additional revenue from the businesses participating in the Events that they hold throughout the year.

Business District Improvement Authorities

The Warren and Dix-Vernor Improvement Corridors generate funding from tax increment capture.

Brownfield Development Authority

The Brownfield Development Authority generate funding from tax increment capture.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Department of Finance at the City of Dearborn, 16901 Michigan Avenue, Suite 1, Dearborn, MI 48126.

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 2)	\$ 103,459,346	\$ 39,793,313	\$ 143,252,659	\$ 9,544,465
Investments (Note 2)	46,899,575	17,778,232	64,677,807	1,766,307
Receivables:				
Property taxes receivable	82,651	-	82,651	-
Customer receivables	3,009,229	16,785,772	19,795,001	7,190
Accrued interest receivable	855,103	288,360	1,143,463	66,275
Leases receivable (Note 19)	3,950,701	817,778	4,768,479	-
Other receivables	297,528	90,248	387,776	-
Due from other governments	14,325,985	649,607	14,975,592	403,968
Due from component units (Note 5)	793,718	-	793,718	-
Due from primary government (Note 5)	-	-	-	6,923
Internal balances (Note 5)	(106,618)	106,618	-	-
Inventory	657,457	737,943	1,395,400	-
Prepaid items and other assets	3,099,674	55,468	3,155,142	-
Due from fiduciary funds	600,378	-	600,378	-
Restricted assets (Note 18)	65,067	2,000,000	2,065,067	273,030
Land held for resale	5,942,887	-	5,942,887	-
Net pension asset (Note 6)	26,283,084	-	26,283,084	-
Capital assets: (Note 3)				
Assets not subject to depreciation	24,988,066	5,660,662	30,648,728	-
Assets subject to depreciation - Net	288,752,885	445,284,147	734,037,032	-
Total assets	523,956,716	530,048,148	1,054,004,864	12,068,158
Deferred Outflows of Resources				
Deferred charges on bond refunding	-	-	-	63,107
Deferred pension costs (Note 6)	9,055,355	-	9,055,355	-
Deferred OPEB costs (Note 8)	4,751,112	1,174,250	5,925,362	-
Total deferred outflows of resources	13,806,467	1,174,250	14,980,717	63,107
Liabilities				
Accounts payable:				
Accounts payable	5,840,304	6,391,393	12,231,697	292,801
Retainage payable	1,268,194	99,850	1,368,044	-
Due to other governmental units	13,462	306,069	319,531	-
Due to component units (Note 5)	6,923	-	6,923	-
Due to primary government (Note 5)	-	-	-	793,718
Refundable bonds and deposits	3,842,459	253,396	4,095,855	20,000
Accrued liabilities and other:				
Accrued salaries and wages	4,375,277	361,982	4,737,259	25,594
Accrued interest payable	330,498	909,425	1,239,923	60,568
Other accrued liabilities	-	9,206,895	9,206,895	-
Provision for property tax refunds	790,195	185,895	976,090	-
Unearned revenue	1,515,935	46,013	1,561,948	-

Statement of Net Position (Continued)

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 4)	\$ 3,547,227	\$ 384,549	\$ 3,931,776	\$ -
Current portion of bonds and contracts payable (Note 4)	4,202,327	15,150,267	19,352,594	645,733
Due in more than one year:				
Compensated absences (Note 4)	5,463,800	276,578	5,740,378	-
Provision for claims (Note 13)	3,259,487	-	3,259,487	-
Net pension liability (Note 6)	137,055,161	4,396,937	141,452,098	-
Net OPEB liability (Note 8)	15,272,919	3,780,628	19,053,547	-
Bonds and contracts payable - Net of current portion (Note 4)	47,942,522	117,752,598	165,695,120	12,796,046
Total liabilities	234,726,690	159,502,475	394,229,165	14,634,460
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 6)	5,886,619	624,922	6,511,541	-
Deferred OPEB cost reductions (Note 8)	13,514,619	3,340,167	16,854,786	-
Deferred inflows from leases (Note 19)	3,719,521	805,379	4,524,900	-
Total deferred inflows of resources	23,120,759	4,770,468	27,891,227	-
Net Position (Deficit)				
Net investment in capital assets	290,434,003	324,633,601	615,067,604	-
Restricted:				
Road construction, preservation, and maintenance	37,650,965	-	37,650,965	-
Telecommunications	1,545,192	-	1,545,192	-
Debt service	-	21,396,613	21,396,613	-
Capital projects	65,067	2,000,000	2,065,067	-
Law enforcement activities	3,166,465	-	3,166,465	-
Historical museum activities	40,000	-	40,000	-
Community development	728,594	-	728,594	-
Library activities	4,092,966	-	4,092,966	-
Theatre restoration	374,297	-	374,297	-
Indigent defense	219,661	-	219,661	-
Opioid treatment	1,910,619	-	1,910,619	-
Pension benefits	26,283,084	-	26,283,084	-
Unrestricted	(86,595,179)	18,919,241	(67,675,938)	(2,503,195)
Total net position (deficit)	<u>\$ 279,915,734</u>	<u>\$ 366,949,455</u>	<u>\$ 646,865,189</u>	<u>\$ (2,503,195)</u>

City of Dearborn, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 23,212,071	\$ 2,319,962	\$ 1,526,967	\$ 1,107,288
District court	4,292,032	5,237,323	544,478	-
Public safety	74,099,366	15,432,359	4,041,704	-
Public works	20,644,264	2,324,204	15,579,725	1,178,813
Public health	1,200,865	-	1,287,776	-
Community improvement	2,876,263	62,936	1,303,368	62,332
Recreation and culture	26,410,155	9,802,802	2,006,351	951,707
Interest on long-term debt	1,342,435	-	-	-
Total governmental activities	154,077,451	35,179,586	26,290,369	3,300,140
Business-type activities:				
Major Sewer	42,574,294	31,496,294	1,923,109	254,729
Major Water	23,069,336	25,899,928	-	493,232
Nonmajor Seniors Apartment Operating	3,748,843	3,422,031	250	-
Total business-type activities	69,392,473	60,818,253	1,923,359	747,961
Total primary government	\$ 223,469,924	\$ 95,997,839	\$ 28,213,728	\$ 4,048,101
Component units:				
Dix-Vernor Business District Improvement Authority	\$ 327,035	\$ -	\$ 307,237	\$ -
Warren Business District Improvement Authority	510,227	-	369,906	-
West Dearborn Downtown Development Authority	1,398,192	-	54,455	-
East Dearborn Downtown Development Authority	1,271,229	-	41,220	226,718
Brownfield Redevelopment Authority	596,319	-	-	-
Total component units	\$ 4,103,002	\$ -	\$ 772,818	\$ 226,718
General revenue:				
Property taxes				
Unrestricted state revenue				
Unrestricted investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning of year, as previously reported (Note 1)				
Change in Accounting Principle (Note 1)				
Net Position (Deficit) - Beginning of year, as restated (Note 1)				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended June 30, 2025

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (18,257,854)	\$ -	\$ (18,257,854)	\$ -
1,489,769	-	1,489,769	-
(54,625,303)	-	(54,625,303)	-
(1,561,522)	-	(1,561,522)	-
86,911	-	86,911	-
(1,447,627)	-	(1,447,627)	-
(13,649,295)	-	(13,649,295)	-
(1,342,435)	-	(1,342,435)	-
(89,307,356)	-	(89,307,356)	-
-	(8,900,162)	(8,900,162)	-
-	3,323,824	3,323,824	-
-	(326,562)	(326,562)	-
-	(5,902,900)	(5,902,900)	-
(89,307,356)	(5,902,900)	(95,210,256)	-
-	-	-	(19,798)
-	-	-	(140,321)
-	-	-	(1,343,737)
-	-	-	(1,003,291)
-	-	-	(596,319)
-	-	-	(3,103,466)
78,406,502	17,246,069	95,652,571	4,131,655
34,972,010	-	34,972,010	2,169,037
6,075,755	2,347,746	8,423,501	477,644
773,915	-	773,915	-
9,646	156,000	165,646	-
1,265,137	-	1,265,137	71,014
121,502,965	19,749,815	141,252,780	6,849,350
259,185	(259,185)	-	-
32,454,794	13,587,730	46,042,524	3,745,884
251,360,745	353,361,725	604,722,470	(6,249,079)
(3,899,805)	-	(3,899,805)	-
247,460,940	353,361,725	600,822,665	(6,249,079)
\$ 279,915,734	\$ 366,949,455	\$ 646,865,189	\$ (2,503,195)

Governmental Funds
Balance Sheet

June 30, 2025

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents (Note 2)	\$ 22,882,776	\$ 48,716,975	\$ 71,599,751
Investments (Note 2)	18,487,652	17,360,462	35,848,114
Receivables - Net of allowances:			
Property taxes receivable	79,258	3,393	82,651
Customer receivables	2,999,207	10,022	3,009,229
Accrued interest receivable	247,919	367,469	615,388
Leases receivable (Note 19)	3,922,971	27,730	3,950,701
Other receivables	-	261,169	261,169
Due from other governments	6,573,388	5,691,164	12,264,552
Due from other funds (Note 5)	84,214	689,625	773,839
Inventory	657,457	-	657,457
Due from fiduciary funds	600,378	-	600,378
Land held for resale	-	5,942,887	5,942,887
	<u>\$ 56,535,220</u>	<u>\$ 79,070,896</u>	<u>\$ 135,606,116</u>
Total assets			
Liabilities			
Accounts payable:			
Accounts payable	\$ 1,721,803	\$ 1,008,882	\$ 2,730,685
Retainage payable	-	351,588	351,588
Due to other governmental units	13,406	56	13,462
Due to component units (Note 5)	-	6,923	6,923
Due to other funds (Note 5)	164,777	880,457	1,045,234
Refundable bonds and deposits	637,487	3,182,972	3,820,459
Accrued liabilities and other	4,035,843	202,207	4,238,050
Provision for property tax refunds	-	65,249	65,249
Unearned revenue	1,513,685	2,250	1,515,935
Compensated absences	64,631	-	64,631
	<u>8,151,632</u>	<u>5,700,584</u>	<u>13,852,216</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue	3,647,275	1,580,462	5,227,737
Deferred inflows from leases (Note 19)	3,692,671	26,850	3,719,521
	<u>7,339,946</u>	<u>1,607,312</u>	<u>8,947,258</u>
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources	15,491,578	7,307,896	22,799,474

**Governmental Funds
Balance Sheet (Continued)**

June 30, 2025

	General Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances			
Nonspendable - Inventory	\$ 657,457	\$ -	\$ 657,457
Restricted:			
Community development	-	474,802	474,802
Historical museum activities	-	40,000	40,000
Indigent defense	-	219,661	219,661
Law enforcement activities	-	3,166,465	3,166,465
Library activities	-	4,077,775	4,077,775
Road construction, preservation, and maintenance	-	37,650,965	37,650,965
Telecommunications	1,545,192	-	1,545,192
Opioid treatment	-	599,140	599,140
Committed - Designated purposes - Community programs	-	812,750	812,750
Assigned:			
Capital projects	-	24,721,442	24,721,442
Retiree death benefits	1,102,172	-	1,102,172
Unassigned	37,738,821	-	37,738,821
Total fund balances	41,043,642	71,763,000	112,806,642
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,535,220</u>	<u>\$ 79,070,896</u>	<u>\$ 135,606,116</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 112,806,642
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	162,731,611
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	5,227,737
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(30,327,159)
Accrued interest is not due and payable in the current period and is not reported in the funds	(211,253)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(8,654,561)
Pension benefits	(104,651,517)
Retiree health care benefits	(23,487,525)
Internal service funds are included as part of governmental activities:	
Capital asset-related items	151,009,340
Debt-related items	(21,817,690)
Employee fringe benefit and other items	37,290,109
Net Position of Governmental Activities	<u><u>\$ 279,915,734</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 71,049,721	\$ 7,263,502	\$ 78,313,223
Intergovernmental:			
Federal grants	2,745,916	2,234,813	4,980,729
State sources:			
State-shared revenue	13,995,441	-	13,995,441
Act 51 gas and weight tax	-	14,942,136	14,942,136
Local Community Stabilization Authority	19,083,712	1,892,857	20,976,569
Other state grants	2,203,652	3,197,561	5,401,213
Local grants and contributions	741,490	4,923,990	5,665,480
Charges for services	18,965,087	371,469	19,336,556
Fines and forfeitures	5,296,238	803,743	6,099,981
Licenses and permits	4,364,545	-	4,364,545
Interest and rentals:			
Investment income	3,192,631	2,883,124	6,075,755
Rents and royalties	6,179,641	2,826	6,182,467
Other revenue:			
Private source contributions	78,306	307,106	385,412
Miscellaneous revenue	553,732	932,394	1,486,126
Total revenue	148,450,112	39,755,521	188,205,633
Expenditures			
Current services:			
General government	21,921,402	1,231,243	23,152,645
District court	4,292,032	-	4,292,032
Public safety	84,966,030	499,883	85,465,913
Public works	7,789,197	9,454,838	17,244,035
Public health	1,175,579	25,286	1,200,865
Community and economic development	1,353,437	645,360	1,998,797
Recreation and culture	19,202,641	6,924,962	26,127,603
Capital outlay	222,517	9,514,313	9,736,830
Debt service	3,336,632	225,479	3,562,111
Total expenditures	144,259,467	28,521,364	172,780,831
Excess of Revenue Over Expenditures	4,190,645	11,234,157	15,424,802
Other Financing Sources (Uses)			
Transfers in	2,196,835	6,368,743	8,565,578
Transfers out	(3,723,061)	(11,840,425)	(15,563,486)
Sale of capital assets	-	9,646	9,646
Total other financing uses	(1,526,226)	(5,462,036)	(6,988,262)
Net Change in Fund Balances	2,664,419	5,772,121	8,436,540
Fund Balances - Beginning of year	38,379,223	65,990,879	104,370,102
Fund Balances - End of year	<u>\$ 41,043,642</u>	<u>\$ 71,763,000</u>	<u>\$ 112,806,642</u>

Governmental Funds

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 8,436,540
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	12,498,685
Amortization and depreciation expense	(12,199,420)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(3,083,377)
Repayment of bond and lease principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	2,076,827
Interest expense is recognized in the government-wide statements as it accrues	12,483
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	16,227,444
Internal service funds are included as part of governmental activities	8,485,612
Change in Net Position of Governmental Activities	<u>\$ 32,454,794</u>

Proprietary Funds
Statement of Net Position

June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents (Note 2)	\$ 32,018,232	\$ 4,178,167	\$ 3,596,914	\$ 39,793,313	\$ 31,859,595
Investments (Note 2)	5,834,927	10,613,197	1,330,108	17,778,232	11,051,461
Receivables:					
Customer receivables	6,963,215	9,789,860	32,697	16,785,772	-
Accrued interest receivable	227,958	32,357	28,045	288,360	239,715
Leases receivable	-	-	817,778	817,778	-
Other receivables	90,248	-	-	90,248	36,359
Due from other governments	390,776	65,996	192,835	649,607	2,061,433
Due from component units (Note 5)	-	-	-	-	793,718
Due from other funds (Note 5)	127,395	17,739	-	145,134	164,777
Inventory	-	737,943	-	737,943	-
Prepaid items and other assets	-	-	55,468	55,468	3,099,674
Total current assets	45,652,751	25,435,259	6,053,845	77,141,855	49,306,732
Noncurrent assets:					
Restricted assets (Note 18)	2,000,000	-	-	2,000,000	65,067
Capital assets - Net (Note 3)	320,192,732	125,684,862	5,067,215	450,944,809	151,009,340
Total noncurrent assets	322,192,732	125,684,862	5,067,215	452,944,809	151,074,407
Total assets	367,845,483	151,120,121	11,121,060	530,086,664	200,381,139
Deferred Outflows of Resources -					
Deferred OPEB costs	199,352	775,581	199,317	1,174,250	108,240

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable:					
Accounts payable	\$ 2,695,627	\$ 3,484,893	\$ 210,873	\$ 6,391,393	\$ 3,109,619
Retainage payable	22,760	57,073	20,017	99,850	916,606
Due to other governmental units	306,069	-	-	306,069	-
Due to other funds (Note 5)	38,516	-	-	38,516	-
Refundable bonds and deposits	-	55,750	197,646	253,396	22,000
Accrued liabilities and other:					
Accrued salaries and wages	98,251	197,200	66,531	361,982	137,227
Accrued interest payable	869,167	31,952	8,306	909,425	119,245
Other accrued liabilities	-	9,206,895	-	9,206,895	-
Provision for property tax refunds	185,895	-	-	185,895	724,946
Unearned revenue	-	-	46,013	46,013	-
Compensated absences (Note 4)	108,296	210,821	65,432	384,549	145,346
Current portion of bonds and contracts payable (Note 4)	14,735,839	329,115	85,313	15,150,267	1,918,786
Total current liabilities	19,060,420	13,573,699	700,131	33,334,250	7,093,775
Noncurrent liabilities:					
Compensated absences (Note 4)	94,543	147,623	34,412	276,578	146,489
Provision for claims (Note 13)	-	-	-	-	3,259,487
Net pension liability (Note 6)	957,881	2,730,436	708,620	4,396,937	2,584,032
Net OPEB liability (Note 8)	641,826	2,497,164	641,638	3,780,628	349,253
Bonds and contracts payable - Net of current portion (Note 4)	112,441,516	4,215,822	1,095,260	117,752,598	19,898,904
Total noncurrent liabilities	114,135,766	9,591,045	2,479,930	126,206,741	26,238,165
Total liabilities	133,196,186	23,164,744	3,180,061	159,540,991	33,331,940
Deferred Inflows of Resources					
Deferred pension cost reductions (Note 6)	136,702	387,321	100,899	624,922	367,792
Deferred OPEB cost reductions (Note 8)	567,058	2,206,148	566,961	3,340,167	307,888
Deferred inflows from leases	-	-	805,379	805,379	-
Total deferred inflows of resources	703,760	2,593,469	1,473,239	4,770,468	675,680
Net Position					
Net investment in capital assets	193,973,630	125,617,773	5,042,198	324,633,601	129,279,252
Restricted:					
Capital projects	2,000,000	-	-	2,000,000	-
Debt service	21,396,613	-	-	21,396,613	-
Theatre restoration	-	-	-	-	65,067
Unrestricted	16,774,646	519,716	1,624,879	18,919,241	37,137,440
Total net position	<u>\$ 234,144,889</u>	<u>\$ 126,137,489</u>	<u>\$ 6,667,077</u>	<u>\$ 366,949,455</u>	<u>\$ 166,481,759</u>

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
			Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
	Major Sewer	Major Water			
Operating Revenue					
Sales	\$ 21,282,376	\$ 15,974,349	\$ -	\$ 37,256,725	\$ -
Charges for services	8,950,773	8,859,615	1,117,629	18,928,017	8,306,957
Rents and royalties	-	-	2,255,845	2,255,845	4,830,775
Interest and penalty charges	978,383	1,015,403	-	1,993,786	-
Intergovernmental - State sources	-	-	-	-	5,095,760
City contributions for insurance premiums	-	-	-	-	22,890,744
Miscellaneous revenue	284,762	50,561	48,557	383,880	583,483
Employee contributions for insurance premiums	-	-	-	-	1,965,936
Total operating revenue	31,496,294	25,899,928	3,422,031	60,818,253	43,673,655
Operating Expenses					
Cost of sales	21,496,800	11,162,543	-	32,659,343	19,302
Personnel services	2,198,462	5,219,071	1,882,869	9,300,402	3,691,305
Contractual services	2,457,834	1,522,340	144,386	4,124,560	6,132,506
Claims and judgments	-	-	-	-	23,494,879
Repairs and maintenance	2,601,377	798,328	728,365	4,128,070	522,975
Cost of rentals	164,018	184,811	1,043	349,872	-
Utilities	735,333	21,212	465,666	1,222,211	1,058,219
Insurance and bonds	516,700	339,985	133,517	990,202	2,378,297
Other operating expenses	164,546	37,322	6,851	208,719	292,443
Supplies	169,980	836,921	71,332	1,078,233	-
Depreciation	8,391,067	2,745,526	262,497	11,399,090	8,572,924
Total operating expenses	38,896,117	22,868,059	3,696,526	65,460,702	46,162,850
Operating (Loss) Income	(7,399,823)	3,031,869	(274,495)	(4,642,449)	(2,489,195)
Nonoperating Revenue (Expense)					
Property tax revenue	17,246,069	-	-	17,246,069	-
Investment income	1,808,277	299,753	239,716	2,347,746	2,171,580
Interest expense	(3,678,177)	(201,277)	(52,317)	(3,931,771)	(749,167)
Gain on sale of assets	156,000	-	-	156,000	30,441
Other nonoperating revenue	1,923,109	-	250	1,923,359	-
Total nonoperating revenue	17,455,278	98,476	187,649	17,741,403	1,452,854
Income (Loss) - Before capital contributions	10,055,455	3,130,345	(86,846)	13,098,954	(1,036,341)
Capital Contributions					
Capital grants - Federal	254,729	493,232	-	747,961	-
Capital grants - Local	-	-	-	-	1,065,532
Other capital contributions	-	-	-	-	1,199,328
Total capital contributions	254,729	493,232	-	747,961	2,264,860
Transfers In	72,273	-	-	72,273	9,766,823
Transfers Out	(70,400)	(201,224)	(59,834)	(331,458)	(2,509,730)
Change in Net Position	10,312,057	3,422,353	(146,680)	13,587,730	8,485,612
Net Position - Beginning of year	223,832,832	122,715,136	6,813,757	353,361,725	157,996,147
Net Position - End of year	<u>\$ 234,144,889</u>	<u>\$ 126,137,489</u>	<u>\$ 6,667,077</u>	<u>\$ 366,949,455</u>	<u>\$ 166,481,759</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 31,400,814	\$ 24,142,532	\$ 3,784,372	\$ 59,327,718	\$ 3,067,813
Receipts (payments) from interfund services and reimbursements	38,516	(17,739)	-	20,777	38,829,615
Payments to suppliers	(26,264,445)	(13,455,085)	(1,491,233)	(41,210,763)	(17,956,565)
Payments to employees and fringes	(2,542,702)	(6,228,603)	(2,112,129)	(10,883,434)	(4,011,102)
Payments to other funds	(163,648)	(269,646)	(31,281)	(464,575)	-
Claims paid	-	-	-	-	(23,684,716)
Other (payments) receipts	(28,079)	100,812	5,833	78,566	2,799,189
Net cash and cash equivalents provided by (used in) operating activities	2,440,456	4,272,271	155,562	6,868,289	(955,766)
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	72,273	-	-	72,273	1,137,600
Principal and interest paid on pension and OPEB bonds	(74,988)	(520,593)	(135,090)	(730,671)	(209,903)
Transfers to other funds	(70,400)	(201,224)	(59,834)	(331,458)	(2,509,730)
Other receipts	-	-	250	250	-
Net cash and cash equivalents used in noncapital financing activities	(73,115)	(721,817)	(194,674)	(989,606)	(1,582,033)
Cash Flows from Capital and Related Financing Activities					
Receipt of capital grants	121,224	493,232	-	614,456	1,065,532
Transfers from other funds	-	-	-	-	8,629,223
Proceeds from sale of capital assets	156,000	-	-	156,000	48,206
Property taxes and state revenue restricted for capital items	19,206,208	-	-	19,206,208	-
Purchase of capital assets	(840,468)	(1,309,571)	(332,013)	(2,482,052)	(23,271,166)
Principal and interest paid on capital debt	(18,148,579)	-	-	(18,148,579)	(2,305,799)
Net cash and cash equivalents provided by (used in) capital and related financing activities	494,385	(816,339)	(332,013)	(653,967)	(15,834,004)
Cash Flows from Investing Activities					
Interest received on investments	1,781,690	287,336	240,782	2,309,808	2,643,379
Purchases of investment securities	-	(1,774,839)	(11,029)	(1,785,868)	-
Proceeds from sale and maturities of investment securities	235,783	-	-	235,783	3,853,099
Net cash and cash equivalents provided by (used in) investing activities	2,017,473	(1,487,503)	229,753	759,723	6,496,478
Net Increase (Decrease) in Cash and Cash Equivalents	4,879,199	1,246,612	(141,372)	5,984,439	(11,875,325)
Cash and Cash Equivalents - Beginning of year	29,139,033	2,931,555	3,738,286	35,808,874	43,799,987
Cash and Cash Equivalents - End of year	<u>\$ 34,018,232</u>	<u>\$ 4,178,167</u>	<u>\$ 3,596,914</u>	<u>\$ 41,793,313</u>	<u>\$ 31,924,662</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Major Sewer	Major Water	Nonmajor Seniors Apartment Operating	Total Enterprise Funds	Internal Service Funds
Classification of Cash and Cash Equivalents					
Cash and cash equivalents	\$ 32,018,232	\$ 4,178,167	\$ 3,596,914	\$ 39,793,313	\$ 31,859,595
Restricted assets	2,000,000	-	-	2,000,000	65,067
Total cash and cash equivalents	<u>\$ 34,018,232</u>	<u>\$ 4,178,167</u>	<u>\$ 3,596,914</u>	<u>\$ 41,793,313</u>	<u>\$ 31,924,662</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities					
Operating (loss) income	\$ (7,399,823)	\$ 3,031,869	\$ (274,495)	\$ (4,642,449)	\$ (2,489,195)
Adjustments to reconcile operating (loss) income to net cash from operating activities:					
Depreciation	8,391,067	2,745,526	262,497	11,399,090	8,572,924
Changes in assets and liabilities:					
Receivables	7,039	(1,656,742)	372,877	(1,276,826)	(330,646)
Due to and from other funds	(36,021)	(25,109)	-	(61,130)	1,268,803
Inventories	-	81,251	-	81,251	-
Prepaid and other assets	-	-	-	-	(422,597)
Accounts payable	1,822,466	1,104,850	23,943	2,951,259	(7,045,121)
Estimated claims liability	-	-	-	-	(189,837)
Net pension and OPEB liabilities	(922,074)	(2,915,016)	(699,832)	(4,536,922)	(945,416)
Deferrals related to pension and OPEB	496,536	1,775,930	457,021	2,729,487	586,175
Accrued and other liabilities	81,266	129,712	13,551	224,529	39,144
Total adjustments	<u>9,840,279</u>	<u>1,240,402</u>	<u>430,057</u>	<u>11,510,738</u>	<u>1,533,429</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 2,440,456</u>	<u>\$ 4,272,271</u>	<u>\$ 155,562</u>	<u>\$ 6,868,289</u>	<u>\$ (955,766)</u>
Significant Noncash Transactions - Capital-related items included in accounts payable and retainage payable as of fiscal year end	\$ 44,777	\$ 67,089	\$ 25,017	\$ 136,883	\$ 2,370,853

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2025

	Pension and Other Postemployment Benefits	Custodial Funds
Assets		
Cash and cash equivalents (Note 2)	\$ 854,421	\$ 547,834
Investments: (Note 2)		
Other short-term investments	3,651,238	-
Negotiable CDs	271,987	-
Stocks	408,865,212	-
Fixed-income funds	207,033,439	-
Real estate	41,524,428	-
Mutual funds	68,986,083	-
Receivables:		
Property taxes receivable	-	602
Accrued interest receivable	717,803	-
Other receivables	410,070	-
Due from other governments	-	706
Due from fiduciary funds	-	106,397
Total assets	732,314,681	655,539
Liabilities		
Accounts payable	383,691	161
Due to other governmental units	-	55,000
Due to other funds	-	600,378
Due to fiduciary funds	106,397	-
Total liabilities	490,088	655,539
Net Position - Restricted		
Pension	553,666,434	-
Postemployment benefits other than pension	178,158,159	-
Total net position	<u><u>\$ 731,824,593</u></u>	<u><u>\$ -</u></u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Pension and Other Postemployment Benefits	Custodial Funds
Additions		
Investment income (loss):		
Interest and dividends	\$ 10,195,429	\$ -
Net increase in fair value of investments	63,939,168	-
Investment-related expenses	(1,879,425)	-
Net investment income	72,255,172	-
Contributions:		
Employer contributions	22,882,168	-
Employee contributions	719,824	-
Total contributions	23,601,992	-
Fines and fees	-	2,391,406
Property tax collections	-	141,040,337
Total additions	95,857,164	143,431,743
Deductions		
Benefit payments	54,411,197	-
Refunds of contributions	1,531,677	-
Administrative expenses	349,493	-
Claims and judgments	25,516	-
Distributions to other governments	-	143,431,743
Total deductions	56,317,883	143,431,743
Net Increase in Fiduciary Net Position	39,539,281	-
Net Position - Beginning of year	692,285,312	-
Net Position - End of year	\$ 731,824,593	\$ -

City of Dearborn, Michigan

Component Units Statement of Net Position

June 30, 2025

	Dix-Vernor Business District Improvement Authority	Warren Business District Improvement Authority	West Dearborn Downtown Development Authority	East Dearborn Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Assets							
Cash and cash equivalents (Note 2)	\$ 135,281	\$ 1,478,879	\$ 1,010,308	\$ 1,343,988	\$ 5,429,792	\$ 146,217	\$ 9,544,465
Investments (Note 2)	50,380	550,753	376,251	500,519	233,951	54,453	1,766,307
Receivables:							
Customer receivables	150	150	6,740	150	-	-	7,190
Accrued interest receivable	1,062	11,612	7,933	10,553	33,967	1,148	66,275
Due from other governments	-	-	-	403,968	-	-	403,968
Due from primary government (Note 5)	6,923	-	-	-	-	-	6,923
Restricted assets (Note 18)	-	-	-	-	273,030	-	273,030
Total assets	193,796	2,041,394	1,401,232	2,259,178	5,970,740	201,818	12,068,158
Deferred Outflows of Resources - Deferred charges on bond refunding	-	-	-	-	63,107	-	63,107
Liabilities							
Accounts payable	12,361	202,653	42,667	35,120	-	-	292,801
Due to primary government (Note 5)	-	-	-	793,718	-	-	793,718
Refundable bonds and deposits	-	20,000	-	-	-	-	20,000
Accrued liabilities and other	3,567	7,183	8,767	6,077	60,568	-	86,162
Noncurrent liabilities - Bonds and contracts payable:							
Due within one year	-	-	-	-	645,733	-	645,733
Due in more than one year	-	-	-	-	12,796,046	-	12,796,046
Total liabilities	15,928	229,836	51,434	834,915	13,502,347	-	14,634,460
Net Position (Deficit) - Unrestricted	\$ 177,868	\$ 1,811,558	\$ 1,349,798	\$ 1,424,263	\$ (7,468,500)	\$ 201,818	\$ (2,503,195)

City of Dearborn, Michigan

		Program Revenue	
		Operating Grants and Contributions	Capital Grants and Contributions
	Expenses		
Functions/Programs			
Dix-Vernor Business District Improvement Authority - Community improvement	\$ 327,035	\$ 307,237	\$ -
Warren Business District Improvement Authority - Community improvement	510,227	369,906	-
West Dearborn Downtown Development Authority - Community improvement	1,398,192	54,455	-
East Dearborn Downtown Development Authority - Community improvement	1,271,229	41,220	226,718
Brownfield Redevelopment Authority - Community improvement	596,319	-	-
Economic Development Corporation - Community improvement	-	-	-
Total component units	\$ 4,103,002	\$ 772,818	\$ 226,718
General revenue:			
Property taxes			
Unrestricted state revenue			
Unrestricted investment income			
Other miscellaneous income			
Total general revenue			
Change in Net Position			
Net Position (Deficit) - Beginning of year			
Net Position (Deficit) - End of year			

Component Units Statement of Activities

Year Ended June 30, 2025

Net (Expense) Revenue and Changes in Net Position						
Dix-Vernor Business District Improvement Authority	Warren Business District Improvement Authority	West Dearborn Downtown Development Authority	East Dearborn Downtown Development Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
\$ (19,798)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,798)
-	(140,321)	-	-	-	-	(140,321)
-	-	(1,343,737)	-	-	-	(1,343,737)
-	-	-	(1,003,291)	-	-	(1,003,291)
-	-	-	-	(596,319)	-	(596,319)
-	-	-	-	-	-	-
(19,798)	(140,321)	(1,343,737)	(1,003,291)	(596,319)	-	(3,103,466)
54,249	468,248	1,088,453	959,493	1,561,212	-	4,131,655
-	-	-	26,607	2,142,430	-	2,169,037
6,492	75,868	74,546	78,209	233,520	9,009	477,644
-	-	-	71,014	-	-	71,014
60,741	544,116	1,162,999	1,135,323	3,937,162	9,009	6,849,350
40,943	403,795	(180,738)	132,032	3,340,843	9,009	3,745,884
136,925	1,407,763	1,530,536	1,292,231	(10,809,343)	192,809	(6,249,079)
\$ 177,868	\$ 1,811,558	\$ 1,349,798	\$ 1,424,263	\$ (7,468,500)	\$ 201,818	\$ (2,503,195)

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

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

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

Warren Business District Improvement Authority (WBDIA)

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

Dix-Vernor Business District Improvement Authority (DBDIA)

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

Brownfield Redevelopment Authority (BRA)

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

Economic Development Corporation (EDC)

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

Note 1 - Significant Accounting Policies (Continued)

East Dearborn Downtown Development Authority (EDDDA)

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

West Dearborn Downtown Development Authority (WDDDA)

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

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

Fiduciary Component Units

The General Employees' Retirement System is governed by a five-member board that includes one member appointed by the mayor, the City Council, and the civil service commissioner. The Policemen's and Firemen's Retirement System and the Postemployment Health Care Plan are governed by the City Council. Although they are legally separate from the City, they are reported as fiduciary component units because the City governs the plans or appoints a voting majority to the board, and the plans impose a financial burden on the City. The City does not appoint a voting majority to the Police and Fire Revised Retirement System, but the plan does impose a financial burden on the City, and the City believes it would be misleading to exclude the plan from the financial statements.

Report Presentation

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

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

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

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

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

Fund Accounting

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

Capital Projects Fund

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

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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

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

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

Enterprise Funds

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

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

Internal Service Funds

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

Fiduciary Funds

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

June 30, 2025**Note 1 - Significant Accounting Policies (Continued)****Interfund Activity**

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

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

Specific Balances and Transactions**Cash and Investments**

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

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

Accounts Receivable and Revenue

Revenue is reported net of uncollectible amounts. The amount in the allowance for uncollectibles in the General Fund at June 30, 2025 is \$2,397,016 and represents potentially uncollectible ambulance billings. Most city service billings, if not paid, are assessed as a lien against the serviced property.

Inventories

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

Land Held for Sale

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

Restricted Assets

The Designated Purposes Fund receives donations for which the purpose is restricted for the historical museum. The bonds of the Sewer Fund and internal services funds require amounts to be set aside for capital projects. The Brownfield Redevelopment Authority requires amounts to be set aside for debt service. These amounts have been classified as restricted assets. See Note 18 for additional information.

Capital Assets

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

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Prepays

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

Compensated Absences

The City accrues vested or accumulated sick, vacation, and paid time off (PTO) leave when earned by the employee. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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

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

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

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

June 30, 2025**Note 1 - Significant Accounting Policies (Continued)****Net Position Flow Assumption**

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

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 31 and are billed in two separate billings, July 1 and December 1 of the following year. Taxable valuations are established annually by the city assessor and are based on assessed valuations (established at 50 percent of true cash value), with the annual growth of each property's taxable value limited by inflation. Real and personal property in the City subject to the 2024 levy that financed operations for the fiscal year ended June 30, 2025 had a taxable value of approximately \$4.1 billion.

In August 2021, the voters approved a six-year library millage. The city millage for the fiscal year ended June 30, 2025 was 22.9 mills, consisting of 15.00 mills for operating, 1.54 mills for the library, 2.11 mills for garbage and rubbish, and 4.25 mills for debt service. The City is legally empowered by Section 13.2 of the City Charter and PAs 298 and 164 for a maximum limit of 24.5 mills for each fiscal year, exclusive of debt millages. The rollbacks required by Michigan law of 1917, as amended, are 24.5 mills of authorization with an annual maximum limit of 24.5 mills for each fiscal year. The rollbacks required by Michigan law are applied to the authorized 24.5 mills. The maximum potential millage for the fiscal year ended June 30, 2025 was 20.7254 mills after applicable rollbacks.

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control in the General, special revenue, and Capital Projects funds. Grant revenue will be recognized in future periods when these encumbrances are expended. The amount of encumbrances outstanding at year end relating to the General Fund was \$1,318,367, and all other nonmajor governmental funds had total encumbrances of \$14,248,887 at year end.

Pension and Other Postemployment Benefit Costs

The City offers pension benefits to retirees. The City records a net pension asset or 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 asset or 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.

Note 1 - Significant Accounting Policies (Continued)

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

Net pension and OPEB liabilities attributable to the governmental activities will be liquidated primarily by the General, Library, Facilities, and Information Systems funds.

Leases

The City is a lessee for noncancelable leases of various assets, including golf carts for use at the Mystic Creek Golf Course. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The City recognizes lease assets and liabilities with an initial value of \$5,000 or more.

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

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

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

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

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

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

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

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Use of Estimates

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

Fund Balance

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

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed: Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- Assigned: Intent to spend resources on specific purposes expressed by the City Council or the finance director/treasurer, who is authorized by resolution approved by the City Council to make assignments
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

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

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

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the governmental activities has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement are shown in the table at the end of this section.

Adjustments to and Restatements of Beginning Balances

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

	<u>June 30, 2024</u>		<u>June 30, 2024</u>
	<u>As Previously Reported</u>	Adoption of New Accounting Pronouncement	<u>As Restated</u>
Government-wide - Governmental activities	\$ 251,360,745	\$ (3,899,805)	\$ 247,460,940

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. In addition, bank deposits in the form of Certificate of Deposit Account Registry Service (CDARS) are allowed to include out-of-state certificates of deposit. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools of financial institutions. The City does not engage in reverse repurchase agreements or in repurchase agreements without a master repurchase agreement and delivery of collateral to a third-party custodian.

Note 2 - Deposits and Investments (Continued)

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

The City deposits all funds in either Comerica or Huntington bank accounts, investment CDs with Flagstar Bank, Michigan Class local government investment pool, or investments with Yousif Capital Management backed by federal government securities. 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.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

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 government does not have a deposit policy for custodial credit risk. At year end, the City and its component units had bank deposits of \$1,327,258 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

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

Interest Rate Risk

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

Primary Government	Fair Value	Weighted-average Maturity
U.S. Treasury	\$ 55,301,193	1.81
Fiduciary Funds	Fair Value	Weighted-average Maturity
U.S. Treasury	\$ 616,251	1.81
Fixed-income mutual funds	184,470,146	*

*The weighted-average maturity for \$184,470,146 of fixed-income mutual funds is not known based on the information available to the City as of June 30, 2025.

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy minimizes credit risk by limiting investments to the safest types of securities. Financial institutions, broker/dealers, intermediaries, and advisers need to be prequalified to do business with the City. The policy also states that the investment portfolio will be diversified to minimize potential losses on individual securities. As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Primary Government Investment Types	Fair Value	Rating
Comerica Government Cash Investment Fund	\$ 46,861,396	N/R
Fiduciary Funds	Fair Value	Rating
Fixed-income mutual funds	\$ 184,470,146	*

*The credit quality ratings for \$184,470,146 of fixed-income mutual funds are not known based on the information available to the City as of June 30, 2025.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any single issuer. At June 30, 2025, the City had more than 5.00 percent of its investments and cash in the following:

Fiduciary Funds	Percentage
Vanguard Growth	10.31 %
Baird	6.46
Loomis Sayles Credit Asset Trust	5.58
Vanguard	6.11

Component Units

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

Fair Value Measurements

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

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

June 30, 2025

Note 2 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2025:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Governmental and Proprietary Investment Types by Fair Value Measure				
U.S. Treasurys	\$ -	\$ 55,301,193	\$ -	\$ 55,301,193
Investments measured at NAV - Comerica Government Cash Investment Fund				46,861,396
Total assets				<u>\$ 102,162,589</u>
Fiduciary Investment Types by Fair Value Measure				
Common stock:				
Equity	\$ 109,169,088	\$ -	\$ -	\$ 109,169,088
Foreign equity	12,401,412	-	-	12,401,412
U.S. equity	145,846,679	-	-	145,846,679
Real estate trust funds	2,865,050	-	-	2,865,050
Partnerships	1,258	-	7,865,691	7,866,949
Fixed income - U.S. Treasurys	559,781	60,714	-	620,495
Mutual funds:				
Fixed income	90,686,804	-	-	90,686,804
Foreign equity	-	13,926,056	-	13,926,056
Equity	117,759,951	-	-	117,759,951
Total mutual funds	208,446,755	13,926,056	-	222,372,811
Total	<u>\$ 479,290,023</u>	<u>\$ 13,986,770</u>	<u>\$ 7,865,691</u>	501,142,484
Investments measured at NAV:				
Equity funds				108,782,478
Fixed-income funds				93,783,342
Real estate funds				23,321,353
Other investments				4,157,151
Total assets				<u>\$ 731,186,808</u>

Component unit investments as of June 30, 2025 include \$1,766,307 of U.S. government bonds whose fair value is measured using Level 1 inputs.

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

The fair value of U.S. Treasurys and mutual funds noted as Level 2 above was estimated using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 2 - Deposits and Investments (Continued)

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

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.

At June 30, 2025, the City had no unfunded commitments or redemption restrictions other than the notice periods noted below:

	<u>Fair Value</u>	<u>Redemption Notice Period</u>
Real estate	\$ 23,321,353	90 days

The Comerica Government Investment 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 of shares since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost. The equity funds class includes investments in commingled equity funds and limited partnerships and limited liability companies. The fixed-income class includes investments in commingled fixed-income funds. Both the equity funds and fixed-income investments include funds with various strategies designed to provide the plans with an overall diversified portfolio. The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate and is composed primarily of real estate investments owned either directly or through partnership interests and mortgage and other loans on income-producing real estate. The other investments include liquid assets, such as money market funds. The fair values of the investments in these classes have been estimated using net asset value of the City's ownership interest in partners' capital.

June 30, 2025

Note 3 - Capital Assets

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

Governmental Activities

	Balance July 1, 2024	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 13,327,122	\$ -	\$ -	\$ -	\$ 13,327,122
Right of ways	37,818	-	-	-	37,818
Construction in progress	8,337,920	(22,020,399)	25,302,049	3,556	11,623,126
Subtotal	21,702,860	(22,020,399)	25,302,049	3,556	24,988,066
Capital assets being depreciated:					
Infrastructure assets	231,931,775	-	6,131,985	928,813	238,992,573
Buildings and improvements*	222,810,158	18,650,314	956,831	-	242,417,303
Machinery and equipment*	74,351,881	3,370,085	4,083,990	(764,673)	81,041,283
Right-to-use assets - Equipment	463,788	-	130,366	-	594,154
Subtotal	529,557,602	22,020,399	11,303,172	164,140	563,045,313
Accumulated depreciation:					
Infrastructure assets	109,494,664	-	10,448,485	-	119,943,149
Buildings and improvements	98,976,829	-	5,295,186	-	104,272,015
Machinery and equipment	45,451,691	-	5,216,657	(764,673)	49,903,675
Right-to-use assets - Equipment	22,732	-	150,857	-	173,589
Subtotal	253,945,916	-	21,111,185	(764,673)	274,292,428
Net capital assets being depreciated	275,611,686	22,020,399	(9,808,013)	928,813	288,752,885
Net governmental activities capital assets	\$ 297,314,546	\$ -	\$ 15,494,036	\$ 932,369	\$ 313,740,951

*A third-party restaurant provided funding for buildings and improvements additions of \$926,331 and machinery and equipment additions of \$272,996.

June 30, 2025

Note 3 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2024	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 1,768,541	\$ -	\$ -	\$ -	\$ 1,768,541
Construction in progress	6,876,970	(4,399,331)	1,414,482	-	3,892,121
Subtotal	8,645,511	(4,399,331)	1,414,482	-	5,660,662
Capital assets being depreciated:					
Buildings	32,614,721	674,659	-	-	33,289,380
Machinery and equipment	48,285,526	110,823	542,724	(342,118)	48,596,955
Land improvements	979,479	-	-	-	979,479
Water system	177,729,523	3,520,799	-	-	181,250,322
Sewer system	382,938,948	93,050	-	-	383,031,998
Subtotal	642,548,197	4,399,331	542,724	(342,118)	647,148,134
Accumulated depreciation:					
Buildings	19,678,475	-	645,666	-	20,324,141
Machinery and equipment	37,603,683	-	3,275,370	(342,118)	40,536,935
Land improvements	451,872	-	30,149	-	482,021
Water system	58,601,069	-	2,394,609	-	60,995,678
Sewer system	74,471,916	-	5,053,296	-	79,525,212
Subtotal	190,807,015	-	11,399,090	(342,118)	201,863,987
Net capital assets being depreciated	451,741,182	4,399,331	(10,856,366)	-	445,284,147
Net business-type activities capital assets	<u>\$ 460,386,693</u>	<u>\$ -</u>	<u>\$ (9,441,884)</u>	<u>\$ -</u>	<u>\$ 450,944,809</u>

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

Governmental activities:	
General government	\$ 778,687
Public safety	2,856,259
Public works	13,106,945
Recreation and culture	3,422,639
Community improvement	946,655
Total governmental activities	<u>\$ 21,111,185</u>
Business-type activities:	
Water	\$ 2,745,526
Sewer	8,391,067
Housing	262,497
Total business-type activities	<u>\$ 11,399,090</u>

June 30, 2025**Note 3 - Capital Assets (Continued)*****Construction Commitments*****Proprietary Funds**

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

The structure for the Caisson C5, located at the intersection of Palmer Street and Colson Avenue, to address Outfall 016 had been abandoned, and the concrete walls below the ground had been demolished. The sewer separation alternative is being implemented in two phases, Phase 1 and Phase 2, to address Outfall 016. Phase 1 of construction is complete, which involved placement of larger diameter collector sewers on Ternes Street, within Ford Woods Park, and on Yinger Street. Phase 2 of construction is broken down as Phases 2A, 2B, 2C, and 2D. Construction for Phase 2A was completed in 2018, Phases 2B and 2D were completed in 2019. Construction for Phase 2C was completed in 2022.

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

Construction in West Dearborn for Outfall 003 and 005 and CSO Control Program Phases 1, 2, and 4 sewer separations are complete. Phase 3 of the project was completed in 2022. Construction to address part of the drainage area for the Outfall 002 was completed in 2018. Construction for the remainder of Outfall 001 and Outfall 004 was completed in 2022.

So far, the City has completely addressed CSO Outfalls 001, 002, 003/005 Phase 3, 004, 005 to 012, 015, and 017 to 020.

The Sewer Fund cash and cash equivalents balance of \$32 million as of June 30, 2025 includes \$204 thousand earmarked for CSO projects.

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

As of June 30, 2025, approximately \$252.2 million in SRF low-interest loan bonds and \$80.2 million in general obligation bonds have been issued. This general obligation bond total includes an issuance of \$23.4 million in September 2018. The City uses the Sewer Fund to partially fund the separation projects. The water main portion of the project is funded by the Water Fund and/or open market bonds. In addition to the above special construction projects, the City expects to invest approximately \$750,000 annually in sewer rehabilitation projects.

June 30, 2025

Note 3 - Capital Assets (Continued)

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

Flood mitigation is an ongoing focus and priority for the City. Disaster relief grant funding in the amount \$25 million was awarded, and numerous projects are in process, including rain gardens, bioretention systems, tree planting, and clearing and restoration of the Colson Palmer sewer line. A total of \$515 thousand has been expended as of June 30, 2025, while an additional \$1.4 million is committed. These projects are in addition to those identified in the City-wide sewer study to alleviate flooding during high-rain events. City staff is currently reviewing funding options for these future projects, which have an estimated cost of \$400 million.

Transformation work of the Warren Avenue Corridor is currently under way. The project includes traffic calming and streetscape improvements, including underground utilities, street lights, crosswalks, and landscaping. The end goal is to improve the corridor and make it safer and more pleasant for pedestrians, drivers, cyclists, and all others who visit. Funded mainly by a Department of Transportation grant, \$192 thousand has been expended to date on engineering work, and another \$1.8 million is currently committed.

Work has also been continuing to renovate three neighborhood pools and is near completion as of the end of the fiscal year. Renovation work is being completed at Lapeer, Summer-Stephens, and Ten Eyck pools. Funded from a State MEDC grant, \$5.3 million has been expended, with \$890 thousand still committed.

As announced previously, the Esper Library branch will be forgoing a renovation in the near future to turn the branch into a state-of-the-art children's exploration and science, technology, engineering, art, and mathematics (STEAM) center. Design work is currently being completed. The Bryant Library branch is also being reviewed for potential options to maximize the space and services provided. A total of \$416 thousand was committed at fiscal year end for design work for both branches.

The City has also embarked on creating four new PEACE parks with a total estimated design and construction cost of \$7.3 million. Construction has begun on PEACE Parks #1 and #2 in fiscal year 2025, with \$6.9 million exhausted and \$433 million committed as of fiscal year end. PEACE Park #1 is expected to be completed in the fall of calendar year 2025.

Note 4 - Long-term Debt

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable - Other					
debt - General obligations	\$ 55,555,145	\$ -	\$ (3,822,087)	\$ 51,733,058	\$ 4,059,670
Leases	423,926	130,366	(142,501)	411,791	142,657
Compensated absences	10,577,154	-	(1,566,127)	9,011,027	3,547,227
Total governmental activities long-term debt	<u>\$ 66,556,225</u>	<u>\$ 130,366</u>	<u>\$ (5,530,715)</u>	<u>\$ 61,155,876</u>	<u>\$ 7,749,554</u>

June 30, 2025

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Clean Water and Drinking Water Revolving Fund bonds	\$ 72,849,835	\$ -	\$ (12,365,000)	\$ 60,484,835	\$ 12,550,000
Other debt - General obligations	74,925,881	-	(2,507,851)	72,418,030	2,600,267
Total bonds and contracts payable	147,775,716	-	(14,872,851)	132,902,865	15,150,267
Compensated absences	459,717	201,410	-	661,127	384,549
Total business-type activities long-term debt	<u>\$ 148,235,433</u>	<u>\$ 201,410</u>	<u>\$ (14,872,851)</u>	<u>\$ 133,563,992</u>	<u>\$ 15,534,816</u>

Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Loan due to DCC	\$ 71,014	\$ -	\$ (71,014)	\$ -	\$ -
Other debt - General obligations	14,072,513	-	(630,734)	13,441,779	645,733
Total component units long-term debt	<u>\$ 14,143,527</u>	<u>\$ -</u>	<u>\$ (701,748)</u>	<u>\$ 13,441,779</u>	<u>\$ 645,733</u>

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. At June 30, 2025, the City's general obligation debt margin amounted to approximately \$405,125,000.

Description of Long-term Debt - Governmental Activities

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

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

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

Note 4 - Long-term Debt (Continued)

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

On December 20, 2018, the City issued \$35,000,000 in Limited Tax General Obligation Bonds with an interest rate of 4.35 percent. The proceeds from the bonds were split between governmental activities and business-type activities. Of the \$35,000,000 in issued bonds, \$29,260,000 relates to governmental activities. The proceeds from the bonds were contributed to the City's Retiree Health Care Plan Trust to pay a part of its unfunded accrued health care liability. The first principal payment was due on May 1, 2019, and payments will continue to be due on May 1 through 2037.

Description of Long-term Debt - Business-type Activities

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

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

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

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

June 30, 2025**Note 4 - Long-term Debt (Continued)**

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

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

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

On April 9, 2013, the City and the Michigan Municipal Bond Authority entered into an agreement whereby the City would issue, and the Michigan Municipal Bond Authority would purchase, up to \$8,105,000 in principal of General Obligation Sewer Bonds, Series 2009 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 2.5 percent per annum commencing on October 1, 2013 and semiannually thereafter. The first principal payment was due on October 1, 2015, and payments will continue to be due on October 1 through 2034. The amount drawn as of June 30, 2025 is \$7,980,889.

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

On December 12, 2014, the City and the Michigan Finance Authority entered into an agreement whereby the City would issue, and the Michigan Finance Authority would purchase, up to \$12,000,000 in principal of General Obligation Sewer Bonds, Series 2014 (Unlimited Tax General Obligation) for the construction of the Combined Sewer Overflow project. The City is obligated to pay interest at 2.50 percent per annum commencing on April 1, 2015 and semiannually thereafter. The first principal payment was due on October 1, 2017, and payments will continue to be due on October 1 through 2036. The amount drawn as of June 30, 2025 is \$12,000,000.

Note 4 - Long-term Debt (Continued)

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

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

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

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

On December 20, 2018, the City issued \$35,000,000 in Limited Tax General Obligation Bonds with an interest rate of 4.35 percent. The proceeds from the bonds were split between governmental activities and business-type activities. Of the \$35,000,000 in issued bonds, \$5,740,000 relates to business-type activities. The proceeds from the bonds were contributed to the City's Retiree Health Care Plan Trust to pay a part of its unfunded accrued health care liability. The first principal payment was due on May 1, 2019, and payments will continue to be due on May 1 through 2037.

Description of Long-term Debt - Component Units

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

On September 23, 2021, the Brownfield Redevelopment Authority issued \$8,325,000 in Limited Tax General Obligation Bonds with interest rates ranging from 2.00 to 2.125 percent. The proceeds from the bonds were used to advance refund \$8,570,000 of outstanding General Obligation Limited Tax Redevelopment Bonds.

June 30, 2025

Note 4 - Long-term Debt (Continued)

The following is a summary of the debt outstanding of the City as of June 30, 2025:

Purpose	Date Issued	Interest Rates	Outstanding
Governmental Activities			
2017 General Obligation Limited Tax Capital Improvement Bonds	May 18, 2017	3.00%	\$ 6,443,442
2017 General Obligation Limited Tax Capital Improvement Bonds	December 7, 2017	3.00%	2,568,158
2018 General Obligation Limited Tax Capital Improvement Bonds	May 3, 2018	3.366%	10,500,000
2018 General Obligation Limited Tax Pension Bonds	September 25, 2018	3.922%	10,874,198
2018 General Obligation Limited Tax OPEB Bonds	December 20, 2018	4.351%	21,347,260
Total governmental activities			<u>\$ 51,733,058</u>
Business-type Activities			
2004 Sewage Disposal System Clean Water Revolving Fund Bonds	September 23, 2004	2.125%	\$ 4,164,705
2005 Sewage Disposal System Clean Water Revolving Fund Bonds	September 22, 2005	1.625%	9,476,299
2006 Sewage Disposal System Clean Water Revolving Fund Bonds	June 22, 2006	1.625%	822,942
2007 Sewage Disposal System Clean Water Revolving Fund Bonds	September 20, 2007	1.625%	27,920,000
2009 Sewage Disposal System Clean Water Revolving Fund Bonds	September 28, 2009	2.50%	2,005,000
2012 Sewage Disposal System Clean Water Revolving Fund Bonds	June 26, 2012	2.50%	3,825,000
2013 Sewage Disposal System Clean Water Revolving Fund Bonds	April 9, 2013	2.50%	4,375,889
2014 Sewage Disposal System General Obligation Unlimited Tax Refunding Bonds	July 15, 2014	3.00% to 3.75%	11,408,079
2014 Sewage Disposal System Clean Water Revolving Fund Bonds	December 12, 2014	2.50%	7,895,000
2017 Sewage Disposal System General Obligation Unlimited Tax Bonds	May 18, 2017	3.00% to 3.50%	8,633,391
2017 Sewage Disposal System General Obligation Unlimited Tax Bonds	December 7, 2017	3.00% to 4.00%	23,970,270
2018 Sewage Disposal System General Obligation Unlimited Tax Bonds	September 20, 2018	4.00%	21,677,750
2018 General Obligation Limited Tax Pension Bonds	September 25, 2018	3.922%	2,540,800
2018 General Obligation Limited Tax OPEB Bonds	December 20, 2018	4.351%	4,187,740
Total business-type activities			<u>\$ 132,902,865</u>
Component Units			
2021 Limited Tax General Obligation Development Refunding Bonds	September 23, 2021	2.00%	\$ 6,997,212
2017 General Obligation Limited Tax Redevelopment Bonds	May 18, 2017	3.00%	6,444,567
Total component units			<u>\$ 13,441,779</u>

June 30, 2025

Note 4 - Long-term Debt (Continued)***Other Long-term Liabilities***

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

Debt Service Requirements to Maturity

The annual requirements to service all debt outstanding as of June 30, 2025 (excluding sick, vacation, and PTO benefits), including both principal and interest, are as follows:

Years Ending June 30	Governmental Activities		Business-type Activities			
	Other Debt		Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,059,670	\$ 1,982,990	\$ 12,550,000	\$ 1,124,205	\$ 2,600,267	\$ 2,591,937
2027	4,101,435	1,844,008	12,922,647	896,962	2,698,502	2,506,630
2028	4,247,252	1,700,419	10,606,299	663,170	3,717,685	2,416,127
2029	4,401,429	1,548,972	7,470,000	477,168	4,293,508	2,289,300
2030	4,559,659	1,388,737	7,595,000	341,837	4,465,278	2,140,812
2031-2035	22,439,833	4,311,968	7,855,889	619,193	23,719,306	8,183,026
2036-2040	7,923,780	555,972	1,485,000	37,312	18,133,043	4,373,210
2041-2045	-	-	-	-	12,790,441	1,113,149
2046-2050	-	-	-	-	-	-
Total	\$ 51,733,058	\$ 13,333,066	\$ 60,484,835	\$ 4,159,847	\$ 72,418,030	\$ 25,614,191

Years Ending June 30	Component Units			
	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2026	\$ -	\$ -	\$ 645,733	\$ 363,409
2027	-	-	660,733	348,609
2028	-	-	690,733	333,459
2029	-	-	705,733	317,509
2030	-	-	720,733	301,209
2031-2035	-	-	3,868,663	1,242,626
2036-2040	-	-	3,795,291	735,944
2041-2045	-	-	1,926,802	303,758
2046-2050	-	-	427,358	16,123
Total	\$ -	\$ -	\$ 13,441,779	\$ 3,962,646

June 30, 2025

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 84,214
Nonmajor governmental funds	Nonmajor governmental funds	668,848
	Major Sewer Fund	20,777
	Total nonmajor governmental funds	689,625
Major Sewer Fund	Nonmajor governmental funds	127,395
Internal service funds	General Fund	164,777
Major Water Fund	Major Sewer Fund	17,739
	Total	<u>\$ 1,083,750</u>

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

Receivable	Payable	Amount
Dix-Vernor Business District Improvement Authority	Nonmajor governmental funds	\$ 6,923
Internal service funds	East Dearborn Downtown Development Authority	793,718
	Total	<u>\$ 800,641</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds/component units are made. The East Dearborn Downtown Development Authority will reimburse the internal service funds once grant reimbursement is received.

June 30, 2025

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

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

Paying Fund (Transfer In)	Receiving Fund (Transfer Out)	Amount
General Fund	Nonmajor governmental funds	\$ 727,698
	Internal service funds	1,469,137
	Total General Fund	2,196,835
Nonmajor governmental funds	General Fund	557,732
	Nonmajor governmental funds	5,186,396
	Internal service funds	624,615
	Total nonmajor governmental funds	6,368,743
Major Sewer Fund	Major Water Fund	72,273
Internal service funds	General Fund	3,165,329
	Nonmajor governmental funds	5,926,331
	Nonmajor enterprise funds	59,834
	Major Sewer Fund	70,400
	Major Water Fund	128,951
	Internal service funds	415,978
	Total internal service funds	9,766,823
	Total	\$ 18,404,674

The transfers from the nonmajor governmental funds and internal service funds to the General Fund were for the return of unused project funds. The transfers to internal service funds were to use revenue collected in one fund to finance various programs accounted for in the other fund in accordance with budgetary authorizations. The transfers from nonmajor governmental funds to other nonmajor governmental funds were to move revenue from the fund that statute requires to collect them to the funds that statute requires to expend them. The transfers from the General Fund and internal service funds to nonmajor governmental funds were to use unrestricted revenue collected in one fund to finance various programs accounted for in the other fund in accordance with budgetary authorizations. The transfer from the Major Sewer Fund to the Water Fund is to reimburse the water fund for expenses paid on behalf of the Sewer Fund.

Note 6 - Pension Plans***Plan Description***

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

June 30, 2025

Note 6 - Pension Plans (Continued)

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

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

In 2009, the City of Dearborn, Michigan began participation in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan that covers police employees hired on or after July 1, 2005 and fire employees hired on or after May 1, 2009. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report that includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

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

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

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

Benefits Provided

Chapter 21 Benefits

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

Chapter 22 Benefits

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

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

Note 6 - Pension Plans (Continued)

Optional Forms of Benefit

Retiring members may elect to receive a reduced retirement allowance with the provision that a portion (100 percent, 75 percent, or 50 percent) of the reduced amount will continue to a beneficiary after the death of the retiree. The reduction amount is based upon 7.00 percent; the Pub-2010 Mortality Table projected to 2030 using mortality improvement scale MP-2019; and the ages of the retiree and beneficiary on the member's voluntary retirement date. If a member elects an optional form and the beneficiary predeceases the member, the amount payable to the member "pops up" to the amount that would have been payable if the optional form had not been elected. This "pop-up" benefit is provided at no cost to the retiring member.

Deferred Retirement

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

Disability Retirement

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

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

Death of a Member

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

- (a) The spouse receives an annuity equal to the Option B-100 annuity (joint and 100 percent survivor actuarial equivalent benefit), which would have been payable had the deceased member retired at the time of death and elected Option B-100. The minimum annuity payable to the spouse is 20 percent of the member's final average earnings.
- (b) The dependent children under age 18 (23 if they are full-time students) each receive an annuity of 15 percent of the member's final average earnings until they reach age 18 (23 if they are full-time students). If there are four or more dependent children, each child receives an equal share of 50 percent of the member's final average earnings until they reach the above ages.
- (c) If there is neither a spouse nor dependent children, each dependent parent receives an annuity equal to 15 percent of final average earnings.

Chapter 23 Benefits

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

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

June 30, 2025

Note 6 - Pension Plans (Continued)

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

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

Annuity Withdrawal

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

Optional Forms of Benefit

Retiring members may elect to receive a reduced retirement allowance with the provision that a portion (100 percent, 75 percent, or 50 percent) of the reduced amount will continue to a beneficiary after the death of the retiree. The reduction amount is based upon 7.00 percent, the Pub-2010 Mortality Table projected to 2030 with mortality improvement scale MP-2019 with a 95 percent unisex blend; a 2 percent compound cost of living allowance (COLA) with a 2-year delay; and the ages of the retiree and beneficiary on the retirement date or the member's 25-year service anniversary if earlier. If a member elects an optional form and the beneficiary predeceases the member, the amount payable to the member "pops up" to the amount that would have been payable if the optional form had not been elected. This "pop-up" benefit is provided at no cost to the retiring member.

Deferred Retirement

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

Disability Retirement

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

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

Death of a Member

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

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

June 30, 2025

Note 6 - Pension Plans (Continued)

- (b) The dependent children under age 18 (23 if they are full-time students) each receive an annuity of 15 percent of the member's final average earnings until they reach age 18 (or 23). If there are four or more dependent children, each child receives an equal share of 50 percent of the member's final average earnings until they reach the above ages.
- (c) If there is neither a spouse nor dependent children, each dependent parent receives an annuity equal to 15 percent of final average earnings.

MERS Plan Benefits

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

	Police Hired after July 1, 2005
	2024 Valuation
Benefit multiplier	2.80% Multiplier for Svc < 25 years 2.50% Multiplier for 26-27 years 1.00% Multiplier for 28-30 years 0.00% Multiplier for Svc > 30 years (78% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	Age 50/25 years of service
Early retirement (reduced)	Age 55/15 years of service
Final average compensation	3 years
Employee contributions	6.00%
D-2	D2 (25%)
Act 88	No
	Fire Hired on or after May 1, 2009
	2024 Valuation
Benefit multiplier	Bridged benefit: 2.50% multiplier (80% max) Termination FAC 2.80% multiplier for service < 26 years 2.20% multiplier for year 27 1.00% multiplier for 28-30 years 0% multiplier for service > 30 years (78% max)
Bridged benefit data	3/31/2017
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	Age 50/25 years of service
Early retirement (reduced)	Age 55/15 years of service
Final average compensation	3 years
Employee contributions	5.00%
D-2	D2 (25%)
Act 88	No

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

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

Note 6 - Pension Plans (Continued)

Disability Retirement

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

- (a) 25 percent of the member's final average compensation, or as determined by the Defined Benefits Formula
- (b) 10 years of credited service in addition to the member's actual period of credited service provided that the total years of credited service may not exceed the greater of 30 years or the member's actual period of credited service. In all cases where the retirement allowance benefit program in effect imposes a limitation on the maximum amount of retirement allowance payable, then the Benefit Program D-2 allowance shall not exceed such limitation.

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

Death of a Member - Duty

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

- (a) The amount of retirement allowance paid a surviving spouse shall not be less than 25 percent of the deceased member's final average compensation.
- (b) The amount of retirement allowance paid a surviving child shall not be less than an equal share of 25 percent of the deceased member's final average compensation.
- (c) Under Benefit Program D-2, the amount of retirement allowance paid a surviving spouse or surviving child shall not be less than the amount computed as if the member had acquired 10 years of credited service in addition to the member's actual period of credited service, provided that the total years of credited service may not exceed the greater of 30 years or the member's actual period of credited service. In all cases where the retirement allowance Benefit Program in effect imposes a limitation on the maximum amount of retirement allowance payable, then the Benefit Program D-2 allowance shall not exceed such limitation.

Vesting is not required.

Death of a Member - Nonduty

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

- (a) The surviving spousal beneficiary will receive the greater of a lifetime benefit of at least 85 percent of the defined benefit formula or the survivor benefit payment option.
- (b) Children (not named as survivor beneficiary) would equally share a total of 50 percent of the employee's straight life benefit until they are age 21 or married.

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

June 30, 2025

Note 6 - Pension Plans (Continued)

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

Defined Contribution Plan Benefits

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

Benefit Changes after Retirement

Chapter 21

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

Chapter 22

There are no provisions for benefit changes after retirement.

Chapter 23

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

Fire

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

Police

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Chapter 21	Chapter 22	Chapter 23	MERS
Date of member count	June 30, 2024	June 30, 2024	June 30, 2024	December 31, 2024
Retirees and beneficiaries currently receiving benefits	19	568	464	3
Terminated employees entitled to benefits but not yet receiving them	-	26	2	37
Active plan members	-	43	80	253
DROP members	-	-	1	-

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

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

Chapters 21, 22, and 23 Plans

The obligation to contribute to and maintain the systems for these employees was established by negotiations with the City's collective bargaining units. Police and fire employees participating in the Police and Fire Revised Retirement System contribute a refundable 5 percent of covered wages. Effective January 1, 2013, as established by the City through collective bargaining agreements, general employees participating in the General Employees' Retirement System are required to make a 5 percent nonrefundable contribution into their pension system. Effective February 9, 2023, general employees participating in the General Employee's Retirement System are required to make a 6 percent nonrefundable contribution into their pension system. Effective July 1, 2023, general employees are required to make a 7 percent nonrefundable contribution into their pension system.

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension boards retain an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contribution rate was 76.3 percent of covered payroll for Chapter 22, and the Chapter 23 contribution rate was an average 143.4 percent for police and fire members combined. Employer contributions are made primarily by the City's General Fund where the majority of pension plan members are employed. Other funds that make contributions include certain special revenue funds, enterprise funds, and internal service funds that also have employees who are members of the pension plans.

MERS Plan

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended December 31, 2024, the average active employee contribution rate was 5 percent of annual pay for fire and 6 percent for police in Division 2 and 7.50 percent for police in Division 20 (new hires), and the City's average contribution rate was 11.99 percent (police) and 12.67 percent (fire) of annual payroll.

June 30, 2025

Note 6 - Pension Plans (Continued)**Defined Contribution Plan**

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

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

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

In accordance with the above requirements, the City contributed \$1,943,767 during the current year, and employees contributed \$713,069.

Reserves

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

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

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee. For employees who terminate before vesting in the plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

	Chapter 21	Chapter 22	Chapter 23
Retiree reserve	\$ 29,685,710	\$ 166,376,734	\$ 352,169,932
Employee reserve	-	85,413	5,348,645
Total	<u>\$ 29,685,710</u>	<u>\$ 166,462,147</u>	<u>\$ 357,518,577</u>

Net Pension (Asset) Liability

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

	Chapter 21	Chapter 22	Chapter 23	MERS
Measurement date used for the City's net pension (asset) liability	June 30, 2025	June 30, 2025	June 30, 2025	December 31, 2024
Based on a comprehensive actuarial valuation as of	June 30, 2024	June 30, 2024	June 30, 2024	December 31, 2024

June 30, 2025

Note 6 - Pension Plans (Continued)

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

Chapter 21

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at July 1, 2024	\$ 3,729,355	\$ 26,914,609	\$ (23,185,254)
Changes for the year:			
Interest	199,076	-	199,076
Differences between expected and actual experience	349,467	-	349,467
Changes in assumptions	(52,683)	-	(52,683)
Net investment income	-	3,671,235	(3,671,235)
Benefit payments, including refunds	(822,589)	(822,589)	-
Administrative expenses	-	(77,545)	77,545
Net changes	(326,729)	2,771,101	(3,097,830)
Balance at June 30, 2025	<u>\$ 3,402,626</u>	<u>\$ 29,685,710</u>	<u>\$ (26,283,084)</u>

The plan's fiduciary net position represents 872.4 percent of the total pension liability.

Chapter 22

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2024	\$ 191,449,677	\$ 161,613,184	\$ 29,836,493
Changes for the year:			
Service cost	397,984	-	397,984
Interest	12,853,777	-	12,853,777
Differences between expected and actual experience	1,234,589	-	1,234,589
Changes in assumptions	(573,434)	-	(573,434)
Contributions - Employer	-	2,838,481	(2,838,481)
Contributions - Employee	-	261,006	(261,006)
Net investment income	-	17,858,698	(17,858,698)
Benefit payments, including refunds	(16,014,402)	(16,014,402)	-
Administrative expenses	-	(94,820)	94,820
Net changes	(2,101,486)	4,848,963	(6,950,449)
Balance at June 30, 2025	<u>\$ 189,348,191</u>	<u>\$ 166,462,147</u>	<u>\$ 22,886,044</u>

The plan's fiduciary net position represents 87.9 percent of the total pension liability.

June 30, 2025

Note 6 - Pension Plans (Continued)

Chapter 23

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2024	\$ 456,536,456	\$ 343,560,885	\$ 112,975,571
Changes for the year:			
Service cost	3,210,042	-	3,210,042
Interest	30,943,380	-	30,943,380
Differences between expected and actual experience	2,633,644	-	2,633,644
Changes in assumptions	3,103,686	-	3,103,686
Contributions - Employer	-	13,064,630	(13,064,630)
Contributions - Employee	-	458,818	(458,818)
Net investment income	-	29,729,947	(29,729,947)
Benefit payments, including refunds	(29,146,516)	(29,146,516)	-
Administrative expenses	-	(123,671)	123,671
Miscellaneous other charges	-	(25,516)	25,516
Net changes	10,744,236	13,957,692	(3,213,456)
Balance at June 30, 2025	<u>\$ 467,280,692</u>	<u>\$ 357,518,577</u>	<u>\$ 109,762,115</u>

The plan's fiduciary net position represents 76.5 percent of the total pension liability.

MERS

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2023	\$ 49,012,076	\$ 42,826,129	\$ 6,185,947
Changes for the year:			
Service cost	3,909,426	-	3,909,426
Interest	3,655,471	-	3,655,471
Differences between expected and actual experience	1,903,387	-	1,903,387
Changes in assumptions	678,368	-	678,368
Contributions - Employer	-	2,862,596	(2,862,596)
Contributions - Employee	-	1,398,566	(1,398,566)
Net investment income	-	3,366,907	(3,366,907)
Benefit payments, including refunds	(109,866)	(109,866)	-
Administrative expenses	-	(99,409)	99,409
Net changes	10,036,786	7,418,794	2,617,992
Balance at December 31, 2024	<u>\$ 59,048,862</u>	<u>\$ 50,244,923</u>	<u>\$ 8,803,939</u>

The plan's fiduciary net position represents 85.1 percent of the total pension liability.

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

For the year ended June 30, 2025, the City recognized pension expense of \$14,110,063 from all plans, which includes defined contribution expense of \$1,943,767.

June 30, 2025

Note 6 - Pension Plans (Continued)

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,113,706	\$ (449,039)
Changes in assumptions	3,213,903	-
Net difference between projected and actual earnings on pension plan investments	1,190,604	(6,062,502)
Employer contributions to the plan subsequent to the measurement date	1,537,142	-
Total	<u>\$ 9,055,355</u>	<u>\$ (6,511,541)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the MERS plan of \$1,537,142 subsequent to the measurement date, which will impact the net pension liability in fiscal year 2026 rather than pension expense:

Years Ending June 30	Amount
2026	\$ 14,025,702
2027	(6,578,334)
2028	(7,141,704)
2029	(2,400,745)
2030	694,204
Thereafter	2,407,549
Total	<u>\$ 1,006,672</u>

Actuarial Assumptions

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

	Chapter 21	Chapter 22	Chapter 23	MERS
Price inflation	2.5%	2.5%	2.5%	2.5%
Salary increases (including inflation)	N/A	3.15% - 6.05%	2.75% - 6.25%	3.00% - 9.70%
Investment rate of return (gross of investment expenses)	6%	7%	7%	7.18%
Mortality rates	Pub-2010	Pub-2010	Pub-2010	Pub-2010

The Chapter 22 actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period from July 2018 through June 2023 conducted by the City's actuary and adopted by the Chapter 22 Pension Board in October 2024.

The Chapter 23 actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period from July 2018 through June 2023 conducted by the City's actuary and adopted by the Chapter 23 Pension Board in October 2024.

The MERS actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period from 2019 through 2023.

June 30, 2025

Note 6 - Pension Plans (Continued)***Discount Rate***

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

	Chapter 21	Chapter 22	Chapter 23	MERS
Assumed investment rate of return	6.0%	7.0%	7.0%	7.18%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes	Yes	Yes
Discount rate used to measure total pension liability	6.0%	7.0%	7.0%	7.18%

Investment Rate of Return

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date (December 31, 2024 for MERS) for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

Chapter 21

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Large-cap equity	25.00 %	6.93 %
Small/Mid-cap equity	15.00	7.02
International equity	13.00	5.76
Emerging international equity	7.00	7.32
Core bonds	17.00	1.37
Emerging market debt	6.00	4.59
Diversified credit	5.00	1.37
Absolute return fixed income	5.00	2.73
Real estate - Core	4.00	4.59
Private equity	3.00	10.24

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

June 30, 2025

Note 6 - Pension Plans (Continued)

Chapter 22

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Large-cap equity	22.00 %	6.93 %
Small/Mid-cap equity	12.00	7.02
International equity	13.00	5.76
Emerging international equity	5.00	7.32
Core bonds	20.00	1.37
Emerging market debt	4.00	4.59
Diversified credit	4.00	1.37
Absolute return fixed income	5.00	2.73
Real estate - Core	8.00	4.59
Private debt	3.00	5.85
Private equity	4.00	10.24

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

Chapter 23

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Large-cap equity	20.00 %	6.93 %
Small/Mid-cap equity	12.00	7.02
International equity	13.00	5.76
Emerging international equity	5.00	7.32
Core bonds	15.00	1.37
Emerging market debt	4.00	4.59
Diversified credit	4.00	1.37
Absolute return fixed income	5.00	2.73
Real estate - Core	12.00	4.59
Private debt	5.00	5.85
Private equity	5.00	10.24

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

MERS

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

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.58 percent for Chapter 21, 11.41 percent for Chapter 22, and 8.82 percent for Chapter 23. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 - Pension Plans (Continued)

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the City, calculated using the discount rates of 6.00, 7.00, 7.00, and 7.18 percent for the Chapter 21 plan, Chapter 22 plan, Chapter 23 plan, and MERS plan, respectively, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension asset of the Chapter 21 plan	\$ (26,146,971)	\$ (26,283,084)	\$ (26,408,523)
Net pension liability of the Chapter 22 plan	40,362,889	22,886,044	7,897,196
Net pension liability of the Chapter 23 plan	165,624,135	109,762,115	63,518,626
Net pension liability (asset) of the MERS plan	20,876,958	8,803,939	(891,229)

Pension Plan Fiduciary Net Position

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

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

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

Assumption Changes

Beginning with the June 30, 2024 valuations, the Chapter 22 and Chapter 23 pension plans updated the actuarial assumptions for a new experience study adopted by their respective boards in October 2024. For the December 31, 2024 valuation, MERS adopted the results of a new experience study. The study resulted in incremental assumption updates that had limited impact on the total pension liability.

June 30, 2025

Note 7 - Pension Allocations

Pension amounts for each pension plan are as follows:

	Chapter 21	Chapter 22	Chapter 23	MERS	Total
Pension (cost recovery) expense	\$ (1,783,260)	\$ (572,979)	\$ 10,519,209	\$ 4,003,326	\$ 12,166,296
Deferred outflows of resources representing difference between expected and actual experience	-	-	-	3,113,706	3,113,706
Deferred outflows of resources representing assumption changes	-	-	-	3,213,903	3,213,903
Deferred outflows of resources representing contributions subsequent to the measurement date	-	-	-	1,537,142	1,537,142
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	-	-	-	1,190,604	1,190,604
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	2,280,595	3,254,802	527,105	-	6,062,502
Deferred inflows of resources representing difference between expected and actual experience	-	-	-	449,039	449,039
Amortization of deferred amounts:					
2026	\$ 192,048	\$ 4,122,130	\$ 8,453,925	\$ 1,257,599	\$ 14,025,702
2027	(1,031,092)	(3,249,335)	(3,989,443)	1,691,536	(6,578,334)
2028	(1,024,878)	(2,727,367)	(3,744,074)	354,615	(7,141,704)
2029	(416,673)	(1,400,230)	(1,247,513)	663,671	(2,400,745)
2030	-	-	-	694,204	694,204
Thereafter	-	-	-	2,407,549	2,407,549
Total	<u>\$ (2,280,595)</u>	<u>\$ (3,254,802)</u>	<u>\$ (527,105)</u>	<u>\$ 7,069,174</u>	<u>\$ 1,006,672</u>

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

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

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

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

Note 8 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Retiree Health Care Plan Trust
Date of member count	June 30, 2024
Inactive plan members or beneficiaries currently receiving benefits	819
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	225
Total plan members	1,049

Contributions

Employees are not required to contribute to the trust. The City has no obligation to make contributions in advance of when incurred costs are due for payment, and the Plan may be financed on a pay-as-you-go basis. The City may make contributions to advance-fund these benefits, as determined by the City Council through the annual budget adoption resolutions and supplemental City Council resolutions. In the current year, the City contributed \$6,979,057 into the Retiree Health Care Plan Trust.

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

Net OPEB Liability

The City has chosen to use June 30 as its measurement date for the net OPEB liability. The June 30, 2025 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2025 measurement date. The June 30, 2025 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025.

June 30, 2025

Note 8 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2024	\$ 199,244,196	\$ 160,196,634	\$ 39,047,562
Changes for the year:			
Service cost	1,758,012	-	1,758,012
Interest	11,708,615	-	11,708,615
Changes in benefits	(20,526,747)	-	(20,526,747)
Changes in assumptions	14,986,936	-	14,986,936
Contributions - Employer	-	6,979,055	(6,979,055)
Net investment income	-	20,995,293	(20,995,293)
Benefit payments, including refunds	(9,959,367)	(9,959,367)	-
Administrative expenses	-	(53,456)	53,456
Miscellaneous other	-	(61)	61
Net changes	(2,032,551)	17,961,464	(19,994,015)
Balance at June 30, 2025	<u>\$ 197,211,645</u>	<u>\$ 178,158,098</u>	<u>\$ 19,053,547</u>

The plan's fiduciary net position represents 90.34 percent of the total OPEB liability.

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

For the year ended June 30, 2025, the City recognized OPEB recovery from all of the OPEB plans of \$2,788,674, which is net of retiree life insurance expense of \$53,500.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (8,122,100)
Changes in assumptions	5,925,362	-
Net difference between projected and actual earnings on OPEB plan investments	-	(8,732,686)
Total	<u>\$ 5,925,362</u>	<u>\$ (16,854,786)</u>

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

Years Ending June 30	Amount
2026	\$ 364,932
2027	(4,781,196)
2028	(4,218,259)
2029	(2,294,901)
Total	<u>\$ (10,929,424)</u>

June 30, 2025

Note 8 - Other Postemployment Benefit Plan (Continued)***Actuarial Assumptions***

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 2.75-7.55 percent; an investment rate of return (net of investment expenses) of 6.0 percent; a health care cost trend rate of 7.25 percent for 2025, decreasing to an ultimate rate of 3.5 percent for 2032 and later years; and the Pub-2010 mortality tables. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Policy

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic - Large cap	22.00 %	6.93 %
Domestic - Small/Mid-cap equity	12.00	7.02
International - Established	14.00	5.76
Emerging international equity	7.00	7.32
Investment grade bonds	24.00	1.37
Emerging market debt	5.00	4.59
High yield/floating rate	4.00	3.22
Absolute return fixed income	7.00	2.73
Real estate - Core	5.00	4.59

For the year ended June 30, 2025, the annual money-weighted rate of return on plan investments, net of investment expense, was 13.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 8 - Other Postemployment Benefit Plan (Continued)

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.0 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net OPEB liability (asset)	\$ 43,287,863	\$ 19,053,547	\$ (1,384,164)

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 7.25 percent decreasing to 3.5 percent, as well as what the City's net OPEB (asset) 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 (6.25% Decreasing to 2.5%)	Current Health Care Cost Trend Rate (7.25% Decreasing to 3.5%)	1 Percentage Point Increase (8.25% Decreasing to 4.5%)
Net OPEB (asset) liability	\$ (3,667,849)	\$ 19,053,547	\$ 46,636,917

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position can be found in the supplementary information of the ACFR. 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 assumptions include details on the health care trend assumption, the aging factors, as well as the cost method used to develop the OPEB expense. The assumptions were previously based on the experience studies covering the five-year period ended June 30, 2018. The assumptions have now been updated based on experience studies covering the five-year period ended June 30, 2023, as conducted for the retirement plans. The assumptions for MERS members were based on the experience study covering the five-year period ended December 31, 2018.

Note 9 - Retiree Life Insurance

Retiree life insurance benefits are paid from the City's General Fund. Retirees electing such coverage pay premiums that, when combined with amounts contributed by the City, pay the cost of benefits. The cost of claims paid for life insurance benefits for the year ended June 30, 2025 was \$53,500.

June 30, 2025

Note 10 - Pension and Other Employee Benefit Trust Funds

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

	General Employees' Retirement System	Police and Fire Revised Retirement System	Policemen's and Firemen's Retirement System	Postemployment Healthcare	Total Pension and Other Employee Benefit Funds
Statement of Net Position					
Cash and cash equivalents	\$ 122,120	\$ 503,450	\$ 66,716	\$ 162,135	\$ 854,421
Other short-term investments	545,827	2,050,322	149,303	905,786	3,651,238
Negotiable CDs	38,874	160,263	21,238	51,612	271,987
Stocks	75,561,062	210,884,093	7,344,825	115,075,232	408,865,212
Fixed-income funds	49,721,923	91,405,720	10,203,467	55,702,329	207,033,439
Real estate	8,138,107	27,323,213	-	6,063,108	41,524,428
Mutual funds	32,318,022	25,156,067	11,511,994	-	68,986,083
Accrued interest receivable	57,667	158,983	397,313	103,840	717,803
Other receivables	49,924	217,569	503	142,074	410,070
Due to other funds	-	(106,397)	-	-	(106,397)
Accounts payable	(91,379)	(234,706)	(9,649)	(47,957)	(383,691)
Net position	<u>\$ 166,462,147</u>	<u>\$ 357,518,577</u>	<u>\$ 29,685,710</u>	<u>\$ 178,158,159</u>	<u>\$ 731,824,593</u>
Statement of Changes in Net Position					
Interest and dividends	\$ 2,137,126	\$ 3,917,036	\$ 1,130,343	\$ 3,010,924	\$ 10,195,429
Net increase in fair value of investments	16,167,302	27,016,006	2,574,242	18,181,618	63,939,168
Investment-related expenses	(445,730)	(1,203,095)	(33,350)	(197,250)	(1,879,425)
Employer contributions	2,838,481	13,064,630	-	6,979,057	22,882,168
Employee contributions	261,006	458,818	-	-	719,824
Benefit payments	(16,013,761)	(27,615,480)	(822,589)	(9,959,367)	(54,411,197)
Refunds of contributions	(641)	(1,531,036)	-	-	(1,531,677)
Administrative expenses	(94,820)	(123,671)	(77,545)	(53,457)	(349,493)
Claims and judgments	-	(25,516)	-	-	(25,516)
Net change in net position	<u>\$ 4,848,963</u>	<u>\$ 13,957,692</u>	<u>\$ 2,771,101</u>	<u>\$ 17,961,525</u>	<u>\$ 39,539,281</u>

Note 11 - Health Care Savings Plan (HCSP)

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

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

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

June 30, 2025

Note 11 - Health Care Savings Plan (HCSP) (Continued)

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

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

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

In accordance with the above requirements, the City contributed \$902,150 during the current year and employees contributed \$422,724.

Note 12 - Deferred Compensation

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

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

Note 13 - Risk Management

Commercial Insurance

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

Unemployment Compensation

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

Workers' Compensation

The City has excess liability coverage that satisfies statutory requirements. The City maintains a self-insured retention in the amount of \$600,000 for general employees and \$750,000 for police and fire employees. Funding for the workers' compensation program for the excess premium is based upon a rate applied per \$100 of gross payroll.

June 30, 2025

Note 13 - Risk Management (Continued)***Fleet and General Liability Insurance Fund***

The City has been self-insured for civil and fleet liability at various times. Currently, the City maintains excess liability coverage for fleet, general, boiler and machinery, property, crime, contractor's equipment, electronic data processing, public officials' errors and omissions, and ambulance attendants' liability. The City has a self-insured retention of \$1,000,000 for each general liability claim. The first layer of insurance is \$5,000,000 per occurrence, the second layer is \$5,000,000, and the third layer is \$2,000,000. The City has increased funding of its insurance program as a result of the City's past claims and industry conditions. The City estimates liability for claims based on the law department's evaluation of potential exposure, historical experience, and future development of the claims. Retained earnings are designated for anticipated future catastrophic losses.

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

	Unemployment Compensation	Workers' Compensation	Employee Insurance	Fleet and General Liability
Claims liability - June 30, 2023	\$ -	\$ 807,791	\$ 856,632	\$ 4,896,601
Claims incurred during the year	42,360	36,373	20,620,230	2,982,503
Changes in estimates for claims of prior periods	-	(305,302)	(129,271)	2,822,150
Payments on claims	(42,360)	(15,517)	(20,620,230)	(7,777,689)
Claims liability - June 30, 2024	-	523,345	727,361	2,923,565
Claims incurred during the year	67,786	19,605	22,459,181	2,641,049
Changes in estimates for claims of prior periods	-	203,724	(124,031)	(1,453,878)
Payments on claims	(67,786)	(15,517)	(22,459,181)	(1,460,790)
Claims liability - June 30, 2025	\$ -	\$ 731,157	\$ 603,330	\$ 2,649,946

Note 14 - Claims, Litigation, and Potential Contract Disallowances

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

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

The City receives funds from other governmental units to finance specific programs. The final determination of allowable amounts is subject to financial and compliance audit by the responsible agencies. As of June 30, 2025, the audits of certain programs were not completed. Accordingly, the City's compliance with applicable grant requirements and the amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The City believes that amounts disallowed, if any, from pending or future audits would not be material.

June 30, 2025

Note 15 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City incurred expenditures in the General Fund, which were in excess of the amounts budgeted, as follows:

	Budget	Actual
Debt service	\$ 3,183,626	\$ 3,336,632
Public Works - Line	90,244	92,369
Recreation and Culture - Programs	1,381,009	1,385,275

Construction Code Fees

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

Cumulative shortfall at July 1, 2024		\$ (2,001,929)
Total code enforcement revenue		3,196,047
Related expenses:		
Direct costs	\$ 2,796,088	
Estimated indirect costs	86,201	2,882,289
Current year surplus		313,758
Cumulative shortfall at June 30, 2025		\$ (1,688,171)

Note 16 - Tax Abatements

Brownfield Redevelopment Authority

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

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

For the fiscal year ended June 30, 2025, the City of Dearborn, Michigan's Brownfield Redevelopment Authority abated property taxes totaling \$710,365 under this program.

Note 16 - Tax Abatements (Continued)

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

Another key aspect of BRA Plan #7 was the approval by the Michigan Economic Development Corporation (MEGA Board) for tax increment capture to cover eligible activities initially financed by the BRA bond issue (\$10,820,000) that occurred in November 2009. This bond was refinanced in September 2021 and will still mature in May 2039. In addition, the East Dearborn Downtown Development Authority has pledged its local tax capture generated from the Redico Redevelopment project in the amount needed annually for the bond repayment.

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

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

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

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

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

Industrial Facilities Tax Abatement

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

Note 16 - Tax Abatements (Continued)

For the fiscal year ended June 30, 2025, the City's total industrial abatements with Ford Motor Company, Cleveland Cliffs Inc., Link Testing, and Carhartt under this program totaled \$192,883. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely. There are no significant abatements made by other governments that reduce the City's tax revenue.

State Housing Development Authority Act

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

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

The PILOT is calculated at 4 percent of sheltered rents. The City Hall Artspace Lofts project resulted in an abated amount in the fiscal year ended June 30, 2025 of \$35,339 under this program.

Note 17 - Related Party Transactions

The City's housing department and the Dearborn Housing Commission were established in 1963 for developing subsidized housing for low-income residents. The housing department's staff operate and administer the Senior Citizen Housing Program, which includes two city-owned buildings and the Housing and Urban Development (HUD) buildings Sisson Manor, Kennedy Plaza, and Townsend Towers. The Dearborn Housing Commission reports the financial information for the HUD programs separately. The Housing Commission was billed \$971,662 for reimbursement of direct salary and benefits relating to the HUD rental assistance program for the fiscal year ended June 30, 2025. In addition, the Housing Commission was billed \$145,967 for reimbursement of shared costs and operating expenses, which represent indirect *de minimis* fees.

Note 18 - Restricted Assets

At June 30, 2025, restricted assets are composed of the following:

Description	Governmental Activities	Business-type Activities	Component Units
Bond debt service reserve	\$ -	\$ -	\$ 273,030
Operation and maintenance reserve	65,067	2,000,000	-
Total	\$ 65,067	\$ 2,000,000	\$ 273,030

Note 19 - Leases

The City leases certain assets from third parties including golf carts for use at the Mystic Creek Golf Course and Dearborn Hills Golf Course. Payments are fixed monthly and are made from May through October each year in alignment with the golf season.

Lease asset activity of the City is included in Note 3.

June 30, 2025

Note 19 - Leases (Continued)

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

Years Ending	Principal	Interest	Total
2026	\$ 142,657	\$ 9,767	\$ 152,424
2027	149,650	5,349	154,999
2028	117,316	847	118,163
2029	2,168	6	2,174
Total	<u>\$ 411,791</u>	<u>\$ 15,969</u>	<u>\$ 427,760</u>

The City leases certain assets to various third parties. The assets leased include land and building space. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable required based on future Consumer Price Index rate adjustments unknown at the time of the lease receivable measurement.

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

Lease revenue	\$ 400,738
Interest income related to its leases	147,003

Required Supplementary Information

Year Ended June 30, 2025

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes and Penalties on Taxes				
Current property taxes	\$ 67,240,500	\$ 67,240,500	\$ 66,366,573	\$ (873,927)
Property tax administration fee	2,709,538	2,709,538	2,441,993	(267,545)
Penalties and interest on taxes	1,217,000	1,217,000	1,448,127	231,127
Payments in lieu of taxes	769,630	769,630	793,025	23,395
Total taxes and penalties on taxes	71,936,668	71,936,668	71,049,718	(886,950)
Licenses and Permits				
Business licenses and permits	256,000	256,000	241,414	(14,586)
Franchise fees	1,020,384	1,020,384	773,915	(246,469)
Liquor licenses	60,000	60,000	52,399	(7,601)
Operators' licenses	3,000	3,000	-	(3,000)
Nonbusiness licenses and permits	3,946,638	3,946,638	3,296,817	(649,821)
Total licenses and permits	5,286,022	5,286,022	4,364,545	(921,477)
Intergovernmental Revenues				
State sources:				
Sales and use tax	14,379,958	14,379,958	13,995,441	(384,517)
Local Community Stabilization Act	17,680,300	19,083,712	19,083,712	-
Judges' salaries	137,172	137,172	137,172	-
Alcohol caseload rebate	11,000	11,000	-	(11,000)
Other state sources	2,004,295	5,752,535	2,066,481	(3,686,054)
Total state sources	34,212,725	39,364,377	35,282,806	(4,081,571)
Other governmental:				
Federal sources	2,128,923	4,872,349	2,745,915	(2,126,434)
Local sources	634,420	697,037	741,490	44,453
Total other governmental	2,763,343	5,569,386	3,487,405	(2,081,981)
Total intergovernmental revenues	36,976,068	44,933,763	38,770,211	(6,163,552)
Charges for Services				
General government:				
Birth and death records	295,000	295,000	298,155	3,155
City service fee	1,446,375	1,446,375	1,446,375	-
Other general government charges	102,060	102,060	70,095	(31,965)
Total general government	1,843,435	1,843,435	1,814,625	(28,810)
Public safety:				
Inspections	892,000	892,000	774,023	(117,977)
Property maintenance / code enforcement	132,640	132,640	99,081	(33,559)
Ambulance services	3,760,000	3,760,000	4,365,660	605,660
Additional police patrols	665,350	665,350	388,389	(276,961)
Other public safety charges	5,886,132	5,886,132	5,802,375	(83,757)
Total public safety	11,336,122	11,336,122	11,429,528	93,406
Public works:				
Debris and rubbish pickup	182,589	182,589	57,939	(124,650)
Parking fees	8,000	8,000	4,589	(3,411)
Parking lot maintenance	476,696	476,696	227,174	(249,522)
Total public works	667,285	667,285	289,702	(377,583)
Recreation and culture:				
Programs and activities sales	665,239	665,239	631,096	(34,143)
Sales	1,150,200	1,150,200	1,123,975	(26,225)
Use and admission fees	3,225,159	3,225,159	3,650,860	425,701
Total recreation and culture	5,040,598	5,040,598	5,405,931	365,333
Total charges for services	18,887,440	18,887,440	18,939,786	52,346

Year Ended June 30, 2025

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
Fines and Forfeitures				
Parking fines	1,200,000	1,200,000	1,489,408	289,408
19th District Court fines	3,872,000	3,872,000	3,727,935	(144,065)
Other fines and forfeits	500	500	71,645	71,145
Total fines and forfeitures	5,072,500	5,072,500	5,288,988	216,488
Miscellaneous Revenue				
Private source contributions	5,000	65,000	65,036	36
Reimbursements	117,100	117,100	72,080	(45,020)
Other revenue	463,090	532,090	592,453	60,363
Total miscellaneous revenue	585,190	714,190	729,569	15,379
Interest and Rentals				
Investment Income	2,016,593	3,172,218	3,192,631	20,413
Rents and lease agreements	5,863,800	5,980,207	6,123,053	142,846
Total interest and rentals	7,880,393	9,152,425	9,315,684	163,259
Total revenues	<u>146,624,281</u>	<u>155,983,008</u>	<u>148,458,501</u>	<u>(7,524,507)</u>
Other Financing Sources				
Leases entered into	-	-	-	-
Transfers In	1,534,340	2,196,835	2,196,835	-
Total other financing sources	1,534,340	2,196,835	2,196,835	-
Total revenues and other sources	<u>\$ 148,158,621</u>	<u>\$ 158,179,843</u>	<u>\$ 150,655,336</u>	<u>\$ (7,524,507)</u>
Expenditures				
General Government				
Charter Commission	\$ -	\$ 2,142	\$ 2,142	\$ -
Council	577,028	521,442	484,218	37,224
District Court	4,692,233	4,614,742	4,292,030	322,712
Mayor	1,331,921	1,317,061	1,293,661	23,400
City Clerk	1,549,469	1,691,189	1,681,237	9,952
Law	2,120,973	2,079,776	2,039,378	40,398
Philanthropy and Grants	284,360	284,360	252,275	32,085
Community Relations	1,133,844	1,131,100	1,126,393	4,707
Human resources	1,065,198	992,905	936,521	56,384
Building services and maintenance	371,273	371,273	371,273	-
Central garage	(264,809)	(139,571)	(199,174)	59,603
Assessment	1,012,640	998,529	990,155	8,374
Public Information	1,439,506	1,687,797	1,550,995	136,802
Finance:				
Accounting	1,309,050	1,260,034	1,135,442	124,592
Purchasing	734,630	726,446	720,056	6,390
Treasurer	796,538	833,738	818,246	15,492
Nondepartmental insurance, tax refunds, and other miscellaneous	55,000	544,000	542,499	1,501
Total general government	18,208,854	18,916,963	18,037,347	879,616
Public Safety				
Police:				
Police operations	47,952,247	49,505,181	48,235,057	1,270,124
Ordinance enforcement	1,166,043	1,102,652	1,060,187	42,465
Fire:				
Fire operations	31,174,754	33,118,063	32,716,688	401,375
Civil preparedness	258,051	298,514	267,938	30,576
Property maintenance & development services	2,959,655	2,741,517	2,703,368	38,149
Total public safety	83,510,750	86,765,927	84,983,238	1,782,689

Year Ended June 30, 2025

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
Public Works				
Public works administrative	592,762	627,314	622,990	4,324
Parking system	660,518	572,609	350,930	221,679
Highways	4,905,827	6,383,299	6,114,747	268,552
Train station	396,742	513,149	505,073	8,076
Sanitation	6,955,153	6,955,153	6,747,623	207,531
Neighborhood services	1,636,595	1,663,409	1,540,057	123,352
Line	151,884	90,244	92,369	(2,125)
Total public works	15,299,481	16,805,177	15,973,789	831,389
Health and Welfare				
Public health	688,461	4,316,556	1,175,577	3,140,979
Recreation and Culture				
Public works	4,660,421	3,445,682	3,295,633	150,049
Recreation:				
Recreation administrative	1,408,483	1,428,499	1,379,641	48,858
Programs	1,472,829	1,381,009	1,385,275	(4,266)
Outdoor pools	1,413,530	1,263,036	1,169,526	93,510
Community center:				
Administration / athletics	3,359,455	3,294,104	3,245,029	49,075
Cultural arts	1,012,068	955,758	947,858	7,900
Senior services	606,848	510,210	446,258	63,952
Sports arena	1,399,141	1,443,641	1,307,831	135,810
Camp Dearborn	2,942,374	3,327,439	3,247,139	80,300
Mystic Creek Golf Course	2,175,002	2,190,002	2,027,745	162,257
Dearborn Hills Golf Course	973,730	865,992	733,938	132,054
Total recreation and culture	21,423,881	20,105,372	19,185,873	919,499
Community Improvement				
Economic & community development	1,366,819	2,188,885	1,354,199	834,686
Capital Outlay	121,000	247,904	221,197	26,707
Debt Service	3,183,626	3,183,626	3,336,632	(153,006)
Total expenditures	143,802,872	152,530,410	144,267,852	8,262,559
Other Financing Uses				
Transfers out	4,194,682	3,880,661	3,723,061	157,600
Total expenditures and other uses	147,997,554	156,411,071	147,990,913	8,420,159
Net Change in Fund Balances	161,067	1,768,772	2,664,424	895,652
Fund Balances - Beginning of Year	38,379,223	38,379,223	38,379,223	-
Fund Balances - End of Year	\$ 38,540,290	\$ 40,147,995	\$ 41,043,647	\$ 895,652

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

Last Ten Fiscal Years Years Ended June 30										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

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

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Fully funded retiree-only plan
Amortization method	Level dollar
Remaining amortization period	0 years
Asset valuation method	5-year smoothed market
Investment rate of return	6 percent
Mortality	Healthy Postretirement: The PubS-2010, Amount-Weighted, Healthy Retiree Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Disability Retirement: The PubS-2010, Amount-Weighted, Disabled Mortality Table, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

	Last Ten Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	\$ 199,076	\$ 277,627	\$ 302,013	\$ 362,844	\$ 416,688	\$ 446,870	\$ 500,424	\$ 584,705	\$ 843,395	\$ 968,468
Differences between expected and actual experience	349,467	(734,099)	253,757	(266,246)	(95,295)	514,407	272,190	(248,496)	(942,664)	(767,527)
Changes in assumptions	(52,683)	-	-	-	-	(22,030)	-	-	(359,820)	-
Benefit payments, including refunds	(822,589)	(882,590)	(1,041,696)	(1,179,456)	(1,257,928)	(1,626,763)	(1,703,422)	(1,778,459)	(1,910,207)	(2,065,187)
Net Change in Total Pension Liability	(326,729)	(1,339,062)	(485,926)	(1,082,858)	(936,535)	(687,516)	(930,808)	(1,442,250)	(2,369,296)	(1,864,246)
Total Pension Liability - Beginning of year	3,729,355	5,068,417	5,554,343	6,637,201	7,573,736	8,261,252	9,192,060	10,634,310	13,003,606	14,867,852
Total Pension Liability - End of year	<u>\$ 3,402,626</u>	<u>\$ 3,729,355</u>	<u>\$ 5,068,417</u>	<u>\$ 5,554,343</u>	<u>\$ 6,637,201</u>	<u>\$ 7,573,736</u>	<u>\$ 8,261,252</u>	<u>\$ 9,192,060</u>	<u>\$ 10,634,310</u>	<u>\$ 13,003,606</u>
Plan Fiduciary Net Position										
Net investment income (loss)	\$ 3,671,235	\$ 4,419,324	\$ 1,386,464	\$ (4,427,179)	\$ 6,194,987	\$ 1,088,350	\$ 1,461,421	\$ 1,013,365	\$ 2,161,183	\$ 278,885
Administrative expenses	(77,545)	(70,094)	(14,997)	(13,902)	(13,511)	(16,448)	(18,580)	(12,446)	(11,830)	(13,288)
Benefit payments, including refunds	(822,589)	(882,590)	(1,041,696)	(1,179,456)	(1,257,928)	(1,626,763)	(1,703,422)	(1,778,459)	(1,910,207)	(2,065,187)
Net Change in Plan Fiduciary Net Position	2,771,101	3,466,640	329,771	(5,620,537)	4,923,548	(554,861)	(260,581)	(777,540)	239,146	(1,799,590)
Plan Fiduciary Net Position - Beginning of year	26,914,609	23,447,969	23,118,198	28,738,735	23,815,187	24,370,048	24,630,629	25,408,169	25,169,023	26,968,613
Plan Fiduciary Net Position - End of year	<u>\$ 29,685,710</u>	<u>\$ 26,914,609</u>	<u>\$ 23,447,969</u>	<u>\$ 23,118,198</u>	<u>\$ 28,738,735</u>	<u>\$ 23,815,187</u>	<u>\$ 24,370,048</u>	<u>\$ 24,630,629</u>	<u>\$ 25,408,169</u>	<u>\$ 25,169,023</u>
City's Net Pension Asset - Ending	<u>\$ (26,283,084)</u>	<u>\$ (23,185,254)</u>	<u>\$ (18,379,552)</u>	<u>\$ (17,563,855)</u>	<u>\$ (22,101,534)</u>	<u>\$ (16,241,451)</u>	<u>\$ (16,108,796)</u>	<u>\$ (15,438,569)</u>	<u>\$ (14,773,859)</u>	<u>\$ (12,165,417)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	872.44 %	721.70 %	462.63 %	416.22 %	432.99 %	314.44 %	294.99 %	267.96 %	238.93 %	193.55 %

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	13.58 %	18.87 %	6.08 %	(15.80)%	26.70 %	4.54 %	6.06 %	4.08 %	8.87 %	1.02 %

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,790,391	\$ 2,459,856	\$ 2,903,693	\$ 3,560,100	\$ 3,355,601	\$ 2,739,863	\$ 4,540,864	\$ 4,481,601	\$ 3,718,752	\$ 3,537,464
Contributions in relation to the actuarially determined contribution	2,838,481	2,552,753	2,991,818	3,560,541	3,323,516	2,739,863	24,550,694	4,520,402	3,767,771	3,646,206
Contribution Excess (Deficiency)	\$ 48,090	\$ 92,897	\$ 88,125	\$ 441	\$ (32,085)	\$ -	\$ 20,009,830	\$ 38,801	\$ 49,019	\$ 108,742
Covered Payroll	\$ 3,718,228	\$ 3,582,094	\$ 4,335,910	\$ 6,479,374	\$ 7,570,075	\$ 8,376,888	\$ 9,888,715	\$ 10,081,502	\$ 11,528,291	\$ 11,430,114
Contributions as a Percentage of Covered Payroll	76.34 %	71.26 %	69.00 %	54.95 %	43.90 %	32.71 %	248.27 %	44.84 %	32.68 %	31.90 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5-year smoothed market 80 percent/120 percent corridor
Inflation	2.50 percent
Projected salary increase	3.15 percent to 6.05 percent, including inflation
Investment rate of return	7.00 percent (net of investment and administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period from 2013 through 2018
Mortality	Healthy Preretirement: The PubG-2010, Amount-Weighted, Employee Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Healthy Preretirement: The PubG-2010, Amount-Weighted, Employee Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Disability Retirement: The PubG-2010, Amount-Weighted, Disabled Mortality Table, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

	Last Ten Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 397,984	\$ 429,946	\$ 520,937	\$ 793,399	\$ 923,879	\$ 983,853	\$ 1,198,566	\$ 1,287,938	\$ 1,324,548	\$ 1,406,866
Interest	12,853,777	12,884,519	13,082,659	13,186,195	13,345,779	12,838,979	12,672,928	12,599,353	12,538,642	12,334,306
Differences between expected and actual experience	1,234,589	2,345,459	(432,185)	(191,181)	(2,443,812)	1,319,492	1,764,892	(407,550)	480,342	688,134
Changes in assumptions	(573,434)	-	-	-	-	5,764,797	-	-	4,553,695	-
Benefit payments, including refunds	(16,014,402)	(16,089,590)	(15,853,462)	(14,409,098)	(13,671,636)	(13,602,619)	(12,711,132)	(12,056,834)	(11,613,053)	(11,526,386)
Net Change in Total Pension Liability	(2,101,486)	(429,666)	(2,682,051)	(620,685)	(1,845,790)	7,304,502	2,925,254	1,422,907	7,284,174	2,902,920
Total Pension Liability - Beginning of year	191,449,677	191,879,343	194,561,394	195,182,079	197,027,869	189,723,367	186,798,113	185,375,206	178,091,032	175,188,112
Total Pension Liability - End of year	\$ 189,348,191	\$ 191,449,677	\$ 191,879,343	\$ 194,561,394	\$ 195,182,079	\$ 197,027,869	\$ 189,723,367	\$ 186,798,113	\$ 185,375,206	\$ 178,091,032
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,838,481	\$ 2,552,753	\$ 2,991,818	\$ 3,560,541	\$ 3,327,516	\$ 2,739,863	\$ 24,550,694	\$ 4,520,402	\$ 3,767,771	\$ 3,646,206
Contributions - Member	261,006	249,948	223,327	317,549	378,301	415,000	488,274	427,812	451,138	467,245
Net investment income (loss)	17,858,698	17,213,526	13,183,374	(23,804,972)	48,310,287	1,506,950	8,456,687	7,609,795	13,691,060	(701,395)
Administrative expenses	(94,820)	(79,863)	(89,458)	(61,337)	(53,022)	(53,250)	(43,648)	(36,589)	(27,568)	(28,932)
Benefit payments, including refunds	(16,014,402)	(16,089,590)	(15,853,462)	(14,409,098)	(13,671,636)	(13,602,619)	(12,711,132)	(12,056,834)	(11,613,053)	(11,526,386)
Other	-	-	-	-	-	(20,756)	-	-	-	-
Net Change in Plan Fiduciary Net Position	4,848,963	3,846,774	455,599	(34,397,317)	38,291,446	(9,014,812)	20,740,875	464,586	6,269,348	(8,143,262)
Plan Fiduciary Net Position - Beginning of year	161,613,184	157,766,410	157,310,811	191,708,128	153,416,682	162,431,494	141,690,619	141,226,033	134,956,685	143,099,947
Plan Fiduciary Net Position - End of year	\$ 166,462,147	\$ 161,613,184	\$ 157,766,410	\$ 157,310,811	\$ 191,708,128	\$ 153,416,682	\$ 162,431,494	\$ 141,690,619	\$ 141,226,033	\$ 134,956,685
City's Net Pension Liability - Ending	\$ 22,886,044	\$ 29,836,493	\$ 34,112,933	\$ 37,250,583	\$ 3,473,951	\$ 43,611,187	\$ 27,291,873	\$ 45,107,494	\$ 44,149,173	\$ 43,134,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.91 %	84.42 %	82.22 %	80.85 %	98.22 %	77.87 %	85.61 %	75.85 %	76.18 %	75.78 %
Covered Payroll	\$ 3,718,228	\$ 3,582,094	\$ 4,335,910	\$ 6,479,374	\$ 7,570,075	\$ 8,376,888	\$ 9,888,715	\$ 10,081,502	\$ 11,528,291	\$ 11,430,114
City's Net Pension Liability as a Percentage of Covered Payroll	615.51 %	832.93 %	786.75 %	574.91 %	45.89 %	520.61 %	275.99 %	389.37 %	382.96 %	377.37 %

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	11.41 %	11.26 %	8.64 %	(12.78)%	32.39 %	0.92 %	5.53 %	5.52 %	10.38 %	(0.52)%

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

	Last Ten Fiscal Years									
	Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 12,847,246	\$ 12,615,810	\$ 12,591,345	\$ 15,746,628	\$ 14,768,898	\$ 13,656,682	\$ 13,349,132	\$ 11,581,759	\$ 9,333,396	\$ 9,153,909
Contributions in relation to the actuarially determined contribution	13,158,336	12,697,501	12,777,833	15,758,675	14,944,850	13,735,996	13,395,345	12,501,034	9,436,959	9,090,948
Contribution Excess (Deficiency)	\$ 311,090	\$ 81,691	\$ 186,488	\$ 12,047	\$ 175,952	\$ 79,314	\$ 46,213	\$ 919,275	\$ 103,563	\$ (62,961)
Covered Payroll	\$ 9,176,996	\$ 10,050,479	\$ 10,605,941	\$ 11,308,146	\$ 11,892,169	\$ 13,349,785	\$ 13,846,216	\$ 13,345,686	\$ 13,780,369	\$ 14,722,316
Contributions as a Percentage of Covered Payroll	143.38 %	126.34 %	120.48 %	139.36 %	125.67 %	102.89 %	96.74 %	93.67 %	68.48 %	61.75 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	5-year smoothed market, 80 percent/120 percent corridor
Inflation	2.50 percent
Projected salary increase	2.75 percent to 6.25 percent, including inflation
Investment rate of return	7.00 percent (net of investment and administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period 2013-2018
Mortality	Healthy Preretirement: The PubS-2010, Amount-Weighted, Employee Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Healthy Postretirement: The PubS-2010, Amount-Weighted, Healthy Retiree Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Disability Retirement: The PubS-2010, Amount-Weighted, Disabled Mortality Table, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

	Last Ten Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 3,210,042	\$ 3,413,716	\$ 3,565,509	\$ 3,833,375	\$ 4,083,629	\$ 3,869,766	\$ 4,095,947	\$ 4,018,651	\$ 3,513,973	\$ 3,655,514
Interest	30,943,380	30,520,390	30,061,379	29,592,462	29,163,511	26,883,815	26,179,052	25,092,709	24,593,122	24,070,844
Changes in benefit terms	-	309,620	-	-	-	-	-	5,515,313	-	-
Differences between expected and actual experience	2,633,644	1,666,852	(188,709)	(2,043,439)	(1,100,468)	(1,311,598)	2,541,671	2,467,804	1,006,214	(243,214)
Changes in assumptions	3,103,686	-	-	-	-	27,098,377	-	-	10,829,368	-
Benefit payments, including refunds	(29,146,516)	(27,345,659)	(26,264,309)	(25,027,463)	(24,639,151)	(23,449,543)	(21,821,479)	(21,406,454)	(20,479,978)	(19,937,083)
Net Change in Total Pension Liability	10,744,236	8,564,919	7,173,870	6,354,935	7,507,521	33,090,817	10,995,191	15,688,023	19,462,699	7,546,061
Total Pension Liability - Beginning of year	456,536,456	447,971,537	440,797,667	434,442,732	426,935,211	393,844,394	382,849,203	367,161,180	347,698,481	340,152,420
Total Pension Liability - End of year	\$ 467,280,692	\$ 456,536,456	\$ 447,971,537	\$ 440,797,667	\$ 434,442,732	\$ 426,935,211	\$ 393,844,394	\$ 382,849,203	\$ 367,161,180	\$ 347,698,481
Plan Fiduciary Net Position										
Contributions - Employer	\$ 13,064,630	\$ 12,697,501	\$ 12,777,833	\$ 15,758,675	\$ 14,944,850	\$ 13,735,996	\$ 13,395,345	\$ 12,501,034	\$ 9,436,959	\$ 9,090,948
Contributions - Member	458,818	498,430	526,453	565,401	588,414	660,923	692,666	700,192	687,669	696,462
Net investment income (loss)	29,729,947	34,609,941	22,727,815	(37,340,640)	89,806,577	(223,495)	11,869,714	14,694,627	27,486,853	(1,664,166)
Administrative expenses	(123,671)	(125,139)	(97,464)	(78,032)	(75,508)	(70,169)	(50,883)	(58,614)	(44,080)	(50,774)
Benefit payments, including refunds	(29,146,516)	(27,345,659)	(26,264,309)	(25,027,463)	(24,639,151)	(23,449,543)	(21,821,479)	(21,406,454)	(20,479,978)	(19,937,083)
Other	(25,516)	(25,516)	(25,516)	(25,516)	(25,516)	(25,516)	(25,516)	(291,433)	-	-
Net Change in Plan Fiduciary Net Position	13,957,692	20,309,558	9,644,812	(46,147,575)	80,599,666	(9,371,804)	4,059,847	6,139,352	17,087,423	(11,864,613)
Plan Fiduciary Net Position - Beginning of year	343,560,885	323,251,327	313,606,515	359,754,090	279,154,424	288,526,228	284,466,381	278,327,029	261,239,606	273,104,219
Plan Fiduciary Net Position - End of year	\$ 357,518,577	\$ 343,560,885	\$ 323,251,327	\$ 313,606,515	\$ 359,754,090	\$ 279,154,424	\$ 288,526,228	\$ 284,466,381	\$ 278,327,029	\$ 261,239,606
City's Net Pension Liability - Ending	\$ 109,762,115	\$ 112,975,571	\$ 124,720,210	\$ 127,191,152	\$ 74,688,642	\$ 147,780,787	\$ 105,318,166	\$ 98,382,822	\$ 88,834,151	\$ 86,458,875
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.51 %	75.25 %	72.16 %	71.15 %	82.81 %	65.39 %	73.26 %	74.30 %	75.81 %	75.13 %
Covered Payroll	\$ 9,176,996	\$ 10,050,479	\$ 10,605,941	\$ 11,308,146	\$ 11,892,169	\$ 13,349,785	\$ 13,846,216	\$ 13,345,686	\$ 13,780,369	\$ 14,722,316
City's Net Pension Liability as a Percentage of Covered Payroll	1,196.06 %	1,124.08 %	1,175.95 %	1,124.77 %	628.05 %	1,106.99 %	760.63 %	737.19 %	644.64 %	587.26 %

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	8.82 %	10.88 %	7.37 %	(10.53)%	32.61 %	(0.11)%	4.21 %	5.25 %	10.73 %	(0.64)%

City of Dearborn, Michigan

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 3,042,735	\$ 2,685,598	\$ 2,010,372	\$ 2,195,292	\$ 2,063,400	\$ 2,076,980	\$ 1,869,513	\$ 1,232,976	\$ 1,131,533	\$ 1,000,445
Contributions in relation to the actuarially determined contribution	3,042,735	2,685,598	2,010,372	2,302,889	2,063,400	2,076,980	1,869,513	1,685,369	1,131,533	1,000,445
Contribution Excess	\$ -	\$ -	\$ -	\$ 107,597	\$ -	\$ -	\$ -	\$ 452,393	\$ -	\$ -
Covered Payroll	\$ 26,311,220	\$ 22,460,325	\$ 20,352,443	\$ 18,518,831	\$ 17,045,854	\$ 16,253,102	\$ 14,787,609	\$ 12,951,006	\$ 11,014,566	\$ 9,949,848
Contributions as a Percentage of Covered Payroll	11.56 %	11.96 %	9.88 %	12.44 %	12.10 %	12.78 %	12.64 %	13.01 %	10.27 %	10.05 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, open
Remaining amortization period	17 years
Asset valuation method	10-year smoothed market
Inflation	2.5 percent
Salary increase	3.00 percent, including inflation
Investment rate of return	7.18 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	The PubS-2010, Amount-Weighted, Employee Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

Last Ten Plan Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 3,909,426	\$ 3,491,760	\$ 3,181,134	\$ 2,702,402	\$ 2,861,779	\$ 2,680,963	\$ 2,434,745	\$ 1,917,113	\$ 1,635,150	\$ 1,481,314
Interest	3,655,471	3,085,519	2,660,019	2,186,019	1,799,685	1,544,259	1,252,966	902,090	732,364	558,477
Benefit changes	-	-	-	-	-	-	-	1,365,338	-	-
Differences between expected and actual experience	1,903,387	1,078,494	26,313	568,744	(109,000)	(103,993)	(164,646)	(32,862)	(360,953)	238,712
Changes in assumptions	678,368	640,239	-	2,329,211	667,403	183,251	-	-	-	37,679
Benefit payments, including refunds	(109,866)	(193,886)	(113,724)	(84,743)	(28,935)	(7,176)	(2,883)	(46,177)	(5,749)	(10,201)
Net Change in Total Pension Liability	10,036,786	8,102,126	5,753,742	7,701,633	5,190,932	4,297,304	3,520,182	4,105,502	2,000,812	2,305,981
Total Pension Liability - Beginning of year	49,012,076	40,909,950	35,156,208	27,454,575	22,263,643	17,966,339	14,446,157	10,340,655	8,339,843	6,033,862
Total Pension Liability - End of year	\$ 59,048,862	\$ 49,012,076	\$ 40,909,950	\$ 35,156,208	\$ 27,454,575	\$ 22,263,643	\$ 17,966,339	\$ 14,446,157	\$ 10,340,655	\$ 8,339,843
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,862,596	\$ 2,447,355	\$ 2,241,012	\$ 2,302,889	\$ 2,143,792	\$ 1,936,063	\$ 1,826,211	\$ 1,632,550	\$ 1,038,018	\$ 460,330
Contributions - Member	1,398,566	1,277,048	1,193,021	1,117,351	1,019,858	1,007,680	841,429	616,906	550,895	917,355
Net investment income (loss)	3,366,907	4,219,438	(3,965,639)	4,434,435	3,300,500	2,402,373	(675,737)	1,547,083	1,022,036	(123,348)
Administrative expenses	(99,409)	(86,886)	(69,063)	(48,014)	(46,981)	(41,512)	(30,485)	(46,177)	(5,749)	(16,738)
Benefit payments, including refunds	(109,866)	(193,886)	(113,724)	(84,743)	(28,935)	(7,176)	(2,883)	(24,199)	(20,052)	(10,201)
Net Change in Plan Fiduciary Net Position	7,418,794	7,663,069	(714,393)	7,721,918	6,388,234	5,297,428	1,958,535	3,726,163	2,585,148	1,227,398
Plan Fiduciary Net Position - Beginning of year	42,826,129	35,163,060	35,877,453	28,155,535	21,767,301	16,469,873	14,511,338	10,785,175	8,200,027	6,972,629
Plan Fiduciary Net Position - End of year	\$ 50,244,923	\$ 42,826,129	\$ 35,163,060	\$ 35,877,453	\$ 28,155,535	\$ 21,767,301	\$ 16,469,873	\$ 14,511,338	\$ 10,785,175	\$ 8,200,027
City's Net Pension Liability (Asset) - Ending	\$ 8,803,939	\$ 6,185,947	\$ 5,746,890	\$ (721,245)	\$ (700,960)	\$ 496,342	\$ 1,496,466	\$ (65,181)	\$ (444,520)	\$ 139,816
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.09 %	87.38 %	85.95 %	102.05 %	102.55 %	97.77 %	91.67 %	100.45 %	104.30 %	98.32 %
Covered Payroll	\$ 23,873,827	\$ 21,700,921	\$ 19,728,631	\$ 18,227,335	\$ 17,045,854	\$ 15,861,963	\$ 14,787,609	\$ 12,469,883	\$ 11,573,050	\$ 9,452,425
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	36.88 %	28.51 %	29.13 %	(3.96)%	(4.11)%	3.13 %	10.12 %	(0.52)%	(3.84)%	1.48 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 6,681,950	\$ 6,742,595	\$ 6,074,688	\$ 16,095,303	\$ 15,679,593	\$ 15,762,276	\$ 16,768,808	\$ 17,411,313	\$ 17,887,412	\$ 18,783,790
Contributions in relation to the actuarially determined contribution	6,979,055	7,015,466	6,074,686	13,539,988	13,747,987	13,397,441	48,714,670	15,287,893	15,517,342	13,626,726
Contribution Excess (Deficiency)	\$ 297,105	\$ 272,871	\$ (2)	\$ (2,555,315)	\$ (1,931,606)	\$ (2,364,835)	\$ 31,945,862	\$ (2,123,420)	\$ (2,370,070)	\$ (5,157,064)
Covered-employee Payroll	\$ 22,124,990	\$ 24,938,909	\$ 26,684,028	\$ 29,293,604	\$ 31,554,408	\$ 33,138,699	\$ 35,876,120	\$ 36,427,775	\$ 35,829,343	\$ 40,134,079
Contributions as a Percentage of Covered-employee Payroll	31.54 %	28.13 %	22.77 %	46.22 %	43.57 %	40.43 %	135.79 %	41.97 %	43.31 %	33.95 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	13 years, closed
Asset valuation method	5-year smoothed market
Inflation	2.75 percent
Health care cost trend rates	Initial trend of 7.50 percent for pre-65, 6.25 percent for post-65 gradually decreasing to an ultimate trend rate of 3.50 percent
Salary increase	2.75 percent to 7.55 percent, including inflation
Investment rate of return	6.00 percent net of expenses, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to experience studies performed for the period 2013-2018 for non-MERS plans and 2014-2018 for MERS plans
Mortality	Healthy Preretirement: The PubS-2010, Amount-Weighted, Employee Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 Healthy Postretirement: The PubS-2010, Amount-Weighted, Healthy Retiree Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 Disability Retirement: The PubS-2010, Amount-Weighted, Disabled Mortality Table, with a base year of 2010 and future mortality improvements projected using scale MP-2019
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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

	Last Nine Fiscal Years								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 1,758,012	\$ 1,871,702	\$ 2,365,155	\$ 2,612,892	\$ 2,663,731	\$ 2,650,159	\$ 2,495,383	\$ 2,625,312	\$ 2,080,816
Interest	11,708,615	11,560,980	14,568,500	14,245,228	16,406,275	14,925,019	15,602,042	15,307,855	15,471,747
Changes in benefit terms	-	-	(63,241,072)	-	(24,844,118)	-	(3,179,714)	-	-
Differences between expected and actual experience	(20,526,747)	(1,033,499)	(856,301)	(987,926)	(25,283,748)	(1,122,391)	(31,430,792)	(1,212,420)	586,687
Changes in assumptions	14,986,936	-	7,348,052	-	7,670,536	20,331,126	17,107,620	-	27,406,087
Benefit payments, including refunds	(9,959,367)	(9,806,351)	(10,317,394)	(11,596,595)	(12,449,690)	(11,722,626)	(12,188,667)	(11,316,644)	(12,106,610)
Net Change in Total OPEB Liability	(2,032,551)	2,592,832	(50,133,060)	4,273,599	(35,837,014)	25,061,287	(11,594,128)	5,404,103	33,438,727
Total OPEB Liability - Beginning of year	199,244,196	196,651,364	246,784,424	242,510,825	278,347,839	253,286,552	264,880,680	259,476,577	226,037,850
Total OPEB Liability - End of year	\$ 197,211,645	\$ 199,244,196	\$ 196,651,364	\$ 246,784,424	\$ 242,510,825	\$ 278,347,839	\$ 253,286,552	\$ 264,880,680	\$ 259,476,577
Plan Fiduciary Net Position									
Contributions - Employer	\$ 6,979,055	\$ 7,015,466	\$ 6,074,676	\$ 13,539,988	\$ 13,747,987	\$ 13,397,441	\$ 48,714,670	\$ 15,287,893	\$ 15,095,027
Contributions - Nonemployer contributing entities	-	-	-	-	-	4,924	336,628	373,996	623,636
Net investment income (loss)	20,995,293	18,219,707	10,972,101	(26,879,392)	35,249,953	227,468	5,417,155	4,776,465	4,883,607
Administrative expenses	(53,456)	(21,291)	(37,055)	(22,079)	(45,795)	(19,500)	(44,988)	(29,250)	(76,000)
Benefit payments, including refunds	(9,959,367)	(9,806,351)	(10,317,394)	(11,596,595)	(12,449,690)	(11,722,626)	(12,188,667)	(11,316,644)	(12,106,610)
Other	(61)	-	-	199,808	207,079	-	-	-	-
Net Change in Plan Fiduciary Net Position	17,961,464	15,407,531	6,692,328	(24,758,270)	36,709,534	1,887,707	42,234,798	9,092,460	8,419,660
Plan Fiduciary Net Position - Beginning of year	160,196,634	144,789,103	138,096,775	162,855,045	126,145,511	124,257,804	82,023,006	72,930,546	64,510,886
Plan Fiduciary Net Position - End of year	\$ 178,158,098	\$ 160,196,634	\$ 144,789,103	\$ 138,096,775	\$ 162,855,045	\$ 126,145,511	\$ 124,257,804	\$ 82,023,006	\$ 72,930,546
Net OPEB Liability - Ending	\$ 19,053,547	\$ 39,047,562	\$ 51,862,261	\$ 108,687,649	\$ 79,655,780	\$ 152,202,328	\$ 129,028,748	\$ 182,857,674	\$ 186,546,031
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	90.34 %	80.40 %	73.63 %	55.96 %	67.15 %	45.32 %	49.06 %	30.97 %	28.11 %
Covered-employee Payroll	\$ 22,124,990	\$ 24,938,909	\$ 26,684,028	\$ 29,293,604	\$ 31,554,408	\$ 33,138,699	\$ 35,876,120	\$ 36,427,775	\$ 35,829,343
Net OPEB Liability as a Percentage of Covered-employee Payroll	86.12 %	156.57 %	194.36 %	371.03 %	252.44 %	459.29 %	359.65 %	501.97 %	520.65 %

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

City of Dearborn, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns

	Last Nine Fiscal Years Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	13.23 %	12.68 %	8.05 %	(16.26)%	27.89 %	0.17 %	5.72 %	6.96 %	8.38 %

Budgetary Information

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

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

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

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

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

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

Budget to actual statements have been prepared in accordance with generally accepted accounting principles. As a result of implementing GASB Statement No. 84, the General Fund budgetary comparison schedule also includes the Retiree Death Benefits Fund.

Pension Information

Benefit Changes

Chapter 23 Police and Fire Revised Retirement System

June 30, 2024 - All department heads and at-will employees appointed by the mayor meeting normal retirement eligibility conditions are eligible for the Deferred Retirement Option Plan.

Changes in Assumptions

Chapter 21 Policemen's and Firemen's Retirement System

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

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

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

Chapter 22 General Employees' Retirement System

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

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

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

Beginning with the June 30, 2024 valuation for the Chapter 22 pension plan, the plan updated the actuarial assumptions for a new experience study adopted by its board in October 2024.

Chapter 23 Police and Fire Revised Retirement System

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

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

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

Beginning with the June 30, 2024 valuation for the Chapter 23 pension plan, the plan updated the actuarial assumptions for a new experience study adopted by its board in October 2024.

Municipal Employees' Retirement System of Michigan

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

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

December 31, 2020 - The beginning of year total pension liability was based on the RP-2014 mortality tables, and the end of year total pension liability was based on the Pub-2010 tables.

December 31, 2021 - The beginning of year total pension liability was based on a single discount rate of 7.6 percent, and the end of year total pension liability was based on a single discount rate of 7.25 percent.

December 31, 2023 - The beginning of year total pension liability was based on a single discount rate of 7.25 percent, and the end of year total pension liability was based on a single discount rate of 7.18 percent.

For the December 31, 2024 valuation, MERS adopted the results of a new experience study. The study resulted in incremental assumption updates that had limited impact on the total pension liability.

OPEB Information

Changes in Assumptions

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

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

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

June 30, 2021 - The beginning of year total OPEB liability was based on a health care cost trend rate of 8.25 percent decreasing to an ultimate rate of 3.5 percent and salary increases of 3.0 to 7.8 percent. The end of year total OPEB liability was based on a health care cost trend rate of 7.5 percent decreasing to an ultimate rate of 3.5 percent and salary increases of 3.0 to 9.7 percent.

June 30, 2023 - The health care cost trend rate was reset in the most recent valuation.

The assumptions include details on the health care trend assumption, the aging factors, as well as the cost method used to develop the OPEB expense. The assumptions were previously based on the experience studies covering the five-year period ended June 30, 2018. The assumptions have now been updated based on experience studies covering the five-year period ended June 30, 2023, as conducted for the retirement plans. The assumptions for MERS members were based on the experience study covering the five-year period ended December 31, 2018.

Benefit Changes

Effective July 1, 2020, for certain members, prescription drug coverage is provided through a fully insured prescription drug plan.

Effective January 1, 2022, for certain members, medical insurance coverage was provided through a self-insured HRA (Health Retirement Account) Plan.

Supplementary Information

Special Revenue Funds

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

Major Street & Trunkline Fund and Local Streets Fund

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

Drug Law Enforcement Fund

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

Library Fund

This fund accounts for the operations of the City's three libraries. A total of 1.54 mills of tax revenue is designated for libraries.

Community Development Fund

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

Indigent Defense Fund

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

Designated Purposes Fund

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

Opioid Settlement Fund

This fund accounts for the City's share of nationwide settlement proceeds and activities.

Capital Projects Fund

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

City of Dearborn, Michigan

	Special Revenue Funds					
	Major Street & Trunkline Fund	Local Streets Fund	Drug Law Enforcement Fund	Library Fund	Community Development Fund	Indigent Defense Fund
Assets						
Cash and cash equivalents	\$ 12,596,187	\$ 13,275,655	\$ 4,177,406	\$ 3,130,741	\$ 2	\$ 281,439
Investments	4,659,086	4,865,338	1,545,291	1,164,466	-	11,546
Receivables:						
Property taxes receivable	-	-	-	3,393	-	-
Customer receivables	-	-	-	-	-	-
Accrued interest receivable	98,234	102,583	32,582	24,552	-	1,676
Leases receivable	-	-	-	27,730	-	-
Other receivables	855	1,513	1,066	339	251,557	-
Due from other governments	1,836,354	545,386	-	62,326	1,271,773	-
Due from other funds	-	20,777	-	-	-	-
Land held for resale	-	-	-	-	93,042	-
Total assets	\$ 19,190,716	\$ 18,811,252	\$ 5,756,345	\$ 4,413,547	\$ 1,616,374	\$ 294,661
Liabilities						
Accounts payable:						
Accounts payable	\$ 53,947	\$ 136	\$ 8,574	\$ 58,605	\$ -	\$ 42,670
Retainage payable	85,639	211,281	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to component units	-	-	-	-	6,923	-
Due to other funds	-	-	-	-	880,457	-
Refundable bonds and deposits	-	-	2,581,306	-	400	-
Accrued liabilities and other	-	-	-	169,877	-	32,330
Provision for property tax refunds	-	-	-	65,249	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	139,586	211,417	2,589,880	293,731	887,780	75,000
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	15,191	253,792	-
Deferred inflows from leases	-	-	-	26,850	-	-
Total deferred inflows of resources	-	-	-	42,041	253,792	-
Total liabilities and deferred inflows of resources	139,586	211,417	2,589,880	335,772	1,141,572	75,000
Fund Balances						
Restricted:						
Road construction, preservation, and maintenance	19,051,130	18,599,835	-	-	-	-
Law enforcement activities	-	-	3,166,465	-	-	-
Library activities	-	-	-	4,077,775	-	-
Community development	-	-	-	-	474,802	-
Opioid treatment	-	-	-	-	-	-
Indigent defense	-	-	-	-	-	219,661
Historical museum activities	-	-	-	-	-	-
Committed - Designated purposes - Community programs	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	19,051,130	18,599,835	3,166,465	4,077,775	474,802	219,661
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,190,716	\$ 18,811,252	\$ 5,756,345	\$ 4,413,547	\$ 1,616,374	\$ 294,661

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

Special Revenue Funds			
Designated Purposes Fund	Opioid Settlement Fund	Capital Projects Fund	Total
\$ 1,466,820	\$ 359,986	\$ 13,428,739	\$ 48,716,975
-	134,063	4,980,672	17,360,462
-	-	-	3,393
-	-	10,022	10,022
-	2,827	105,015	367,469
-	-	-	27,730
5,839	-	-	261,169
-	1,413,743	561,582	5,691,164
-	-	668,848	689,625
-	-	5,849,845	5,942,887
\$ 1,472,659	\$ 1,910,619	\$ 25,604,723	\$ 79,070,896
\$ 28,147	\$ -	\$ 816,803	\$ 1,008,882
-	-	54,668	351,588
56	-	-	56
-	-	-	6,923
-	-	-	880,457
591,706	-	9,560	3,182,972
-	-	-	202,207
-	-	-	65,249
-	-	2,250	2,250
619,909	-	883,281	5,700,584
-	1,311,479	-	1,580,462
-	-	-	26,850
-	1,311,479	-	1,607,312
619,909	1,311,479	883,281	7,307,896
-	-	-	37,650,965
-	-	-	3,166,465
-	-	-	4,077,775
-	-	-	474,802
-	599,140	-	599,140
-	-	-	219,661
40,000	-	-	40,000
812,750	-	-	812,750
-	-	24,721,442	24,721,442
852,750	599,140	24,721,442	71,763,000
\$ 1,472,659	\$ 1,910,619	\$ 25,604,723	\$ 79,070,896

City of Dearborn, Michigan

	Special Revenue Funds					
	Major Street & Trunkline Fund	Local Streets Fund	Drug Law Enforcement Fund	Library Fund	Community Development Fund	Indigent Defense Fund
Revenue						
Property taxes	\$ 463,000	\$ 736,159	\$ -	\$ 6,064,343	\$ -	\$ -
Intergovernmental:						
Federal grants	-	-	-	-	575,625	-
State sources:						
Act 51 gas and weight tax	11,520,590	3,421,546	-	-	-	-
Local Community Stabilization Authority	-	-	-	1,892,857	-	-
Other state grants	-	735,943	-	119,780	-	1,234,550
Local grants and contributions	855	-	-	97,879	-	-
Charges for services	-	-	-	40,272	-	-
Fines and forfeitures	-	-	793,300	10,443	-	-
Interest and rentals:						
Investment income	740,506	621,968	164,431	269,475	-	16,205
Rents and royalties	-	-	-	2,826	-	-
Other revenue:						
Private source contributions	-	-	-	14,328	-	-
Miscellaneous revenue	43,997	19,325	49,045	36,863	9,961	-
Total revenue	12,768,948	5,534,941	1,006,776	8,549,066	585,586	1,250,755
Expenditures						
Current services:						
General government	-	-	-	-	-	1,231,225
Public safety	-	-	499,883	-	-	-
Public works	4,106,772	5,348,066	-	-	-	-
Public health	-	-	-	-	-	-
Community and economic development	-	-	-	-	645,360	-
Recreation and culture	-	-	-	6,192,840	-	-
Capital outlay	-	-	244,892	527,241	9,961	-
Debt service:						
Principal	-	-	1,772	140,325	-	-
Interest and fiscal charges	-	-	223	83,159	-	-
Total expenditures	4,106,772	5,348,066	746,770	6,943,565	655,321	1,231,225
Excess of Revenue Over (Under) Expenditures	8,662,176	186,875	260,006	1,605,501	(69,735)	19,530
Other Financing Sources (Uses)						
Transfers in	630	5,184,266	-	-	-	79,473
Transfers out	(5,184,266)	-	-	(2,398,615)	-	(28,000)
Sale of capital assets	-	-	9,646	-	-	-
Total other financing (uses) sources	(5,183,636)	5,184,266	9,646	(2,398,615)	-	51,473
Net Change in Fund Balances	3,478,540	5,371,141	269,652	(793,114)	(69,735)	71,003
Fund Balances - Beginning of year	15,572,590	13,228,694	2,896,813	4,870,889	544,537	148,658
Fund Balances - End of year	\$ 19,051,130	\$ 18,599,835	\$ 3,166,465	\$ 4,077,775	\$ 474,802	\$ 219,661

Supplementary Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2025

Special Revenue Funds			
Designated Purposes Fund	Opioid Settlement Fund	Capital Projects Fund	Total
\$ -	\$ -	\$ -	\$ 7,263,502
-	-	1,659,188	2,234,813
-	-	-	14,942,136
-	-	-	1,892,857
-	-	1,107,288	3,197,561
-	-	4,825,256	4,923,990
239,747	-	91,450	371,469
-	-	-	803,743
-	-	1,070,539	2,883,124
-	-	-	2,826
292,778	-	-	307,106
147,631	150,395	475,177	932,394
680,156	150,395	9,228,898	39,755,521
18	-	-	1,231,243
-	-	-	499,883
-	-	-	9,454,838
-	25,286	-	25,286
-	-	-	645,360
732,122	-	-	6,924,962
2,880	-	8,729,339	9,514,313
-	-	-	142,097
-	-	-	83,382
735,020	25,286	8,729,339	28,521,364
(54,864)	125,109	499,559	11,234,157
45,290	-	1,059,084	6,368,743
-	-	(4,229,544)	(11,840,425)
-	-	-	9,646
45,290	-	(3,170,460)	(5,462,036)
(9,574)	125,109	(2,670,901)	5,772,121
862,324	474,031	27,392,343	65,990,879
\$ 852,750	\$ 599,140	\$ 24,721,442	\$ 71,763,000

City of Dearborn, Michigan

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 463,000	\$ 463,000	\$ 463,000	\$ -
Intergovernmental:				
State sources - Act 51 gas and weight tax	11,126,498	11,520,590	11,520,590	-
Local grants and contributions	1,200	1,200	855	(345)
Investment income	377,028	377,028	740,506	363,478
Other revenue - Miscellaneous revenue	30,000	74,488	43,997	(30,491)
Total revenue	11,997,726	12,436,306	12,768,948	332,642
Expenditures - Current services - Public works	6,790,802	18,573,943	4,106,772	14,467,171
Excess of Revenue Over (Under)				
Expenditures	5,206,924	(6,137,637)	8,662,176	14,799,813
Other Financing Uses - Transfers out	(5,006,924)	(5,183,636)	(5,183,636)	-
Net Change in Fund Balance	200,000	(11,321,273)	3,478,540	14,799,813
Fund Balance - Beginning of year	15,572,590	15,572,590	15,572,590	-
Fund Balance - End of year	<u>\$ 15,772,590</u>	<u>\$ 4,251,317</u>	<u>\$ 19,051,130</u>	<u>\$ 14,799,813</u>

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 736,000	\$ 739,397	\$ 736,159	\$ (3,238)
Intergovernmental - State sources:				
Act 51 gas and weight tax	3,323,499	3,421,546	3,421,546	-
Other state grants	425,000	985,943	735,943	(250,000)
Investment income	307,986	307,986	621,968	313,982
Miscellaneous revenue	-	19,323	19,325	2
Total revenue	4,792,485	5,474,195	5,534,941	60,746
Expenditures - Current services - Public works	9,599,409	18,903,389	5,348,066	13,555,323
Excess of Revenue (Under) Over Expenditures	(4,806,924)	(13,429,194)	186,875	13,616,069
Other Financing Sources - Transfers in	5,006,924	5,184,266	5,184,266	-
Net Change in Fund Balance	200,000	(8,244,928)	5,371,141	13,616,069
Fund Balance - Beginning of year	13,228,694	13,228,694	13,228,694	-
Fund Balance - End of year	<u>\$ 13,428,694</u>	<u>\$ 4,983,766</u>	<u>\$ 18,599,835</u>	<u>\$ 13,616,069</u>

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Fines and forfeitures	\$ -	\$ 793,301	\$ 793,300	\$ (1)
Investment income	89,212	164,431	164,431	-
Miscellaneous revenue	-	49,045	49,045	-
Total revenue	89,212	1,006,777	1,006,776	(1)
Expenditures				
Current services - Public safety	724,450	901,205	499,883	401,322
Capital outlay	245,000	247,608	244,892	2,716
Debt service	-	-	1,995	(1,995)
Total expenditures	969,450	1,148,813	746,770	402,043
Other Financing Sources - Sale of capital assets	-	9,646	9,646	-
Net Change in Fund Balance	(880,238)	(132,390)	269,652	402,042
Fund Balance - Beginning of year	2,896,813	2,896,813	2,896,813	-
Fund Balance - End of year	<u><u>\$ 2,016,575</u></u>	<u><u>\$ 2,764,423</u></u>	<u><u>\$ 3,166,465</u></u>	<u><u>\$ 402,042</u></u>

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 6,146,300	\$ 6,146,300	\$ 6,064,343	\$ (81,957)
Intergovernmental:				
Federal grants	10,000	10,000	-	(10,000)
State sources:				
Local Community Stabilization Authority	1,467,000	1,467,000	1,892,857	425,857
Other state grants	112,000	112,000	119,780	7,780
Local grants and contributions	68,000	68,000	97,879	29,879
Charges for services	28,500	28,500	40,272	11,772
Fines and forfeitures	10,000	10,000	10,443	443
Interest and rentals:				
Investment income	175,808	175,808	269,475	93,667
Rents and royalties	500	500	2,826	2,326
Other revenue:				
Private source contributions	10,500	19,988	14,328	(5,660)
Miscellaneous revenue	38,326	38,326	36,863	(1,463)
Total revenue	8,066,934	8,076,422	8,549,066	472,644
Expenditures				
Current services - Recreation and culture	6,551,733	6,564,006	6,192,840	371,166
Capital outlay	670,000	667,965	527,241	140,724
Debt service	223,485	223,485	223,484	1
Total expenditures	7,445,218	7,455,456	6,943,565	511,891
Excess of Revenue Over Expenditures	621,716	620,966	1,605,501	984,535
Other Financing Uses - Transfers out	(1,643,092)	(2,349,615)	(2,398,615)	(49,000)
Net Change in Fund Balance	(1,021,376)	(1,728,649)	(793,114)	935,535
Fund Balance - Beginning of year	4,870,889	4,870,889	4,870,889	-
Fund Balance - End of year	<u>\$ 3,849,513</u>	<u>\$ 3,142,240</u>	<u>\$ 4,077,775</u>	<u>\$ 935,535</u>

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental - Federal grants	\$ 1,213,178	\$ 5,658,208	\$ 575,625	\$ (5,082,583)
Miscellaneous revenue	90,000	70,890	9,961	(60,929)
Total revenue	1,303,178	5,729,098	585,586	(5,143,512)
Expenditures				
Current services - Community improvement	1,373,178	5,380,525	645,360	4,735,165
Capital outlay	-	43,261	9,961	33,300
Total expenditures	1,373,178	5,423,786	655,321	4,768,465
Net Change in Fund Balance	(70,000)	305,312	(69,735)	(375,047)
Fund Balance - Beginning of year	544,537	544,537	544,537	-
Fund Balance - End of year	<u><u>\$ 474,537</u></u>	<u><u>\$ 849,849</u></u>	<u><u>\$ 474,802</u></u>	<u><u>\$ (375,047)</u></u>

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental - State sources	\$ 933,348	\$ 1,268,718	\$ 1,234,550	\$ (34,168)
Investment income	9,315	9,315	16,205	6,890
Total revenue	942,663	1,278,033	1,250,755	(27,278)
Expenditures - Current - General government	1,035,388	1,356,757	1,231,225	125,532
Excess of Revenue (Under) Over Expenditures	(92,725)	(78,724)	19,530	98,254
Other Financing Sources - Transfers in	79,473	65,472	51,473	(13,999)
Net Change in Fund Balance	(13,252)	(13,252)	71,003	84,255
Fund Balance - Beginning of year	148,658	148,658	148,658	-
Fund Balance - End of year	\$ 135,406	\$ 135,406	\$ 219,661	\$ 84,255

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ -	\$ 242,079	\$ 239,747	\$ (2,332)
Other revenue:				
Private source contributions	-	292,778	292,778	-
Miscellaneous revenue	-	147,631	147,631	-
Total revenue	-	682,488	680,156	(2,332)
Expenditures				
Current services:				
General government	-	94,711	18	94,693
Public safety	-	22,667	-	22,667
Community relations	30,000	38,545	-	38,545
Recreation and culture	5,000	1,431,285	732,122	699,163
Capital outlay	-	2,880	2,880	-
Total expenditures	35,000	1,590,088	735,020	855,068
Excess of Expenditures Over Revenue	(35,000)	(907,600)	(54,864)	852,736
Other Financing Sources - Transfers in	35,000	45,290	45,290	-
Net Change in Fund Balance	-	(862,310)	(9,574)	852,736
Fund Balance - Beginning of year	862,324	862,324	862,324	-
Fund Balance - End of year	<u><u>\$ 862,324</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 852,750</u></u>	<u><u>\$ 852,736</u></u>

Supplementary Information
Budgetary Comparison Schedules - Nonmajor Governmental Funds
(Continued)
Opioid Settlement Fund

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Opioid settlement	\$ 5,554	\$ 23,481	\$ 150,395	\$ 126,914
Expenditures - Public health	40,000	57,927	25,286	32,641
Net Change in Fund Balance	(34,446)	(34,446)	125,109	159,555
Fund Balance - Beginning of year	474,031	474,031	474,031	-
Fund Balance - End of year	<u><u>\$ 439,585</u></u>	<u><u>\$ 439,585</u></u>	<u><u>\$ 599,140</u></u>	<u><u>\$ 159,555</u></u>

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

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental:				
Federal grants	\$ 200,000	\$ 32,890,252	\$ 1,659,188	\$ (31,231,064)
State sources	-	1,507,290	1,107,288	(400,002)
Local grants and contributions	-	5,046,244	4,825,256	(220,988)
Charges for services	134,250	326,274	91,450	(234,824)
Investment income	689,203	1,036,439	1,070,539	34,100
Other revenue - Miscellaneous revenue	-	597,310	475,177	(122,133)
Total revenue	1,023,453	41,403,809	9,228,898	(32,174,911)
Expenditures - Capital outlay	1,457,922	58,255,145	8,729,339	49,525,806
Excess of Revenue (Under) Over Expenditures	(434,469)	(16,851,336)	499,559	17,350,895
Other Financing Sources (Uses)				
Transfers in	434,469	1,059,084	1,059,084	-
Transfers out	-	(4,229,543)	(4,229,544)	(1)
Total other financing sources (uses)	434,469	(3,170,459)	(3,170,460)	(1)
Net Change in Fund Balance	-	(20,021,795)	(2,670,901)	17,350,894
Fund Balance - Beginning of year	27,392,343	27,392,343	27,392,343	-
Fund Balance - End of year	<u><u>\$ 27,392,343</u></u>	<u><u>\$ 7,370,548</u></u>	<u><u>\$ 24,721,442</u></u>	<u><u>\$ 17,350,894</u></u>

**Supplementary Information
Internal Service Funds
Fund Descriptions**

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

Information Systems Fund

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

Facilities Fund

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

Fleet Replacement Fund

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

Workers' Compensation and Employee Insurance Fund

The workers' compensation fund accounts for reserves established to support future expenditures for indemnity claims arising from work-related injuries. The City maintains a self-insurance retention in the amount of \$600,000 per occurrence for general employees and \$700,000 for police and fire employees. The employee insurance fund handles employee life and dental insurance. Life insurance coverage is provided by an outside insurance company. Dental insurance is on a reimbursement basis with Delta Dental. The employee insurance fund also includes health insurance for both active employees and retirees.

Fleet and General Liability Insurance Fund

This fund accounts for reserves established for both fleet and general liability insurance and related claims against the City. The City retains a self-insured retention of \$1,000,000 for each general liability claim. The first layer of insurance is \$5,000,000 per occurrence, the second layer is \$5,000,000, and the third layer is \$2,000,000.

Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2025

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 6,313,308	\$ 15,974,217	\$ 4,562,119	\$ 3,033,248	\$ 1,976,703	\$ 31,859,595
Investments	2,351,156	5,629,606	1,698,991	635,559	736,149	11,051,461
Receivables:						
Accrued interest receivable	49,573	118,915	35,822	19,884	15,521	239,715
Other receivables	-	3,429	-	32,930	-	36,359
Due from other governments	1,972,148	89,285	-	-	-	2,061,433
Due from component units	-	793,718	-	-	-	793,718
Due from other funds	-	-	-	-	164,777	164,777
Prepaid items and other assets	11,347	-	-	798,099	2,290,228	3,099,674
Total current assets	10,697,532	22,609,170	6,296,932	4,519,720	5,183,378	49,306,732
Noncurrent assets:						
Restricted assets	-	65,067	-	-	-	65,067
Capital assets - Net	3,699,980	130,764,966	16,544,394	-	-	151,009,340
Total noncurrent assets	3,699,980	130,830,033	16,544,394	-	-	151,074,407
Total assets	14,397,512	153,439,203	22,841,326	4,519,720	5,183,378	200,381,139
Deferred Outflows of Resources - Deferred OPEB costs						
	36,335	71,905	-	-	-	108,240
Liabilities						
Current liabilities:						
Accounts payable:						
Accounts payable	1,012,683	1,562,172	152,363	331,097	51,304	3,109,619
Retainage payable	-	916,606	-	-	-	916,606
Refundable bonds and deposits	-	22,000	-	-	-	22,000
Accrued liabilities and other:						
Accrued salaries and wages	52,248	84,979	-	-	-	137,227
Accrued interest payable	5,046	114,199	-	-	-	119,245
Provision for property tax refunds	-	-	-	-	724,946	724,946
Compensated absences	56,447	88,899	-	-	-	145,346
Current portion of bonds and contracts payable	57,350	1,861,436	-	-	-	1,918,786
Total current liabilities	1,183,774	4,650,291	152,363	331,097	776,250	7,093,775
Noncurrent liabilities:						
Compensated absences	53,880	92,609	-	-	-	146,489
Provision for claims	-	-	-	1,334,487	1,925,000	3,259,487
Net pension liability	755,266	1,828,766	-	-	-	2,584,032
Net OPEB liability	117,251	232,002	-	-	-	349,253
Bonds and contracts payable - Net of current portion	680,940	19,217,964	-	-	-	19,898,904
Total noncurrent liabilities	1,607,337	21,371,341	-	1,334,487	1,925,000	26,238,165
Total liabilities	2,791,111	26,021,632	152,363	1,665,584	2,701,250	33,331,940
Deferred Inflows of Resources - Deferred OPEB cost reductions						
	210,763	464,917	-	-	-	675,680
Net Position						
Net investment in capital assets	3,699,980	109,187,241	16,392,031	-	-	129,279,252
Restricted - Capital projects	-	65,067	-	-	-	65,067
Unrestricted	7,731,993	17,772,251	6,296,932	2,854,136	2,482,128	37,137,440
Total net position	\$ 11,431,973	\$ 127,024,559	\$ 22,688,963	\$ 2,854,136	\$ 2,482,128	\$ 166,481,759

Supplementary Information

Combining Statement of Revenue, Expenses, and Changes in Net Position

Internal Service Funds

Year Ended June 30, 2025

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Operating Revenue						
Charges for services	\$ 3,193,051	\$ 5,101,106	\$ -	\$ 12,800	\$ -	\$ 8,306,957
Rents and royalties	1,531,096	24,070	3,275,609	-	-	4,830,775
Intergovernmental - State sources	1,972,148	3,123,612	-	-	-	5,095,760
City contributions for insurance premiums	-	-	-	19,642,805	3,247,939	22,890,744
Miscellaneous revenue	-	68,721	1,923	81,840	430,999	583,483
Employee contributions for insurance premiums	-	-	-	1,965,936	-	1,965,936
Total operating revenue	6,696,295	8,317,509	3,277,532	21,703,381	3,678,938	43,673,655
Operating Expenses						
Cost of sales	-	-	19,302	-	-	19,302
Personnel services	1,365,373	2,325,932	-	-	-	3,691,305
Contractual services	5,356,117	108,988	-	480,719	186,682	6,132,506
Claims and judgments	-	-	-	22,512,113	982,766	23,494,879
Repairs and maintenance	-	522,975	-	-	-	522,975
Utilities	-	1,058,219	-	-	-	1,058,219
Insurance and bonds	-	-	-	38,325	2,339,972	2,378,297
Other operating expenses	-	-	-	160,858	131,585	292,443
Depreciation	1,110,326	4,778,688	2,683,910	-	-	8,572,924
Total operating expenses	7,831,816	8,794,802	2,703,212	23,192,015	3,641,005	46,162,850
Operating (Loss) Income	(1,135,521)	(477,293)	574,320	(1,488,634)	37,933	(2,489,195)
Nonoperating Revenue (Expense)						
Investment income	527,567	1,047,176	307,143	113,960	175,734	2,171,580
Interest expense	(31,915)	(717,252)	-	-	-	(749,167)
(Loss) gain on sale of assets	-	(4,607)	35,048	-	-	30,441
Total nonoperating revenue	495,652	325,317	342,191	113,960	175,734	1,452,854
(Loss) Income - Before capital contributions	(639,869)	(151,976)	916,511	(1,374,674)	213,667	(1,036,341)
Capital Contributions						
Capital grants - Local	-	1,065,532	-	-	-	1,065,532
Other capital contributions	-	1,199,328	-	-	-	1,199,328
Total capital contributions	-	2,264,860	-	-	-	2,264,860
Transfers In	331,399	8,297,824	-	1,137,600	-	9,766,823
Transfers Out	(40,579)	(1,845,151)	(624,000)	-	-	(2,509,730)
Change in Net Position	(349,049)	8,565,557	292,511	(237,074)	213,667	8,485,612
Net Position - Beginning of year	11,781,022	118,459,002	22,396,452	3,091,210	2,268,461	157,996,147
Net Position - End of year	<u>\$ 11,431,973</u>	<u>\$ 127,024,559</u>	<u>\$ 22,688,963</u>	<u>\$ 2,854,136</u>	<u>\$ 2,482,128</u>	<u>\$ 166,481,759</u>

Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2025

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers	\$ 1,972,148	\$ 574,713	\$ 1,923	\$ 96,029	\$ 423,000	\$ 3,067,813
Receipts from interfund services and reimbursements	2,751,999	7,709,763	3,362,536	21,597,606	3,407,711	38,829,615
Payments to suppliers	(6,906,676)	(1,399,776)	-	(1,097,611)	(8,552,502)	(17,956,565)
Payments to employees and fringes	(1,473,932)	(2,537,170)	-	-	-	(4,011,102)
Claims paid	-	-	-	(22,428,331)	(1,256,385)	(23,684,716)
Other receipts (payments)	-	2,801,609	-	(10,419)	7,999	2,799,189
Net cash and cash equivalents (used in) provided by operating activities	(3,656,461)	7,149,139	3,364,459	(1,842,726)	(5,970,177)	(955,766)
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	-	-	-	1,137,600	-	1,137,600
Principal and interest paid on operating debt	(87,553)	(122,350)	-	-	-	(209,903)
Transfers to other funds	(40,579)	(1,845,151)	(624,000)	-	-	(2,509,730)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(128,132)	(1,967,501)	(624,000)	1,137,600	-	(1,582,033)
Cash Flows from Capital and Related Financing Activities						
Receipt of capital grants	-	1,065,532	-	-	-	1,065,532
Transfers from other funds	331,399	8,297,824	-	-	-	8,629,223
Proceeds from sale of capital assets	-	-	48,206	-	-	48,206
Purchase of capital assets	(2,093,120)	(17,655,914)	(3,522,132)	-	-	(23,271,166)
Principal and interest paid on capital debt	-	(2,305,799)	-	-	-	(2,305,799)
Net cash and cash equivalents used in capital and related financing activities	(1,761,721)	(10,598,357)	(3,473,926)	-	-	(15,834,004)
Cash Flows from Investing Activities						
Interest received on investments	556,642	1,450,387	309,691	117,634	209,025	2,643,379
Proceeds from sale and maturities of investment securities	1,212,510	871,269	39,620	254,091	1,475,609	3,853,099
Net cash and cash equivalents provided by investing activities	1,769,152	2,321,656	349,311	371,725	1,684,634	6,496,478
Net Decrease in Cash and Cash Equivalents	(3,777,162)	(3,095,063)	(384,156)	(333,401)	(4,285,543)	(11,875,325)
Cash and Cash Equivalents - Beginning of year	10,090,470	19,134,347	4,946,275	3,366,649	6,262,246	43,799,987
Cash and Cash Equivalents - End of year	<u>\$ 6,313,308</u>	<u>\$ 16,039,284</u>	<u>\$ 4,562,119</u>	<u>\$ 3,033,248</u>	<u>\$ 1,976,703</u>	<u>\$ 31,924,662</u>

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

Year Ended June 30, 2025

	Information Systems Fund	Facilities Fund	Fleet Replacement Fund	Workers' Compensation and Employee Insurance Fund	Fleet and General Liability Insurance Fund	Total Internal Service Funds
Classification of Cash and Cash Equivalents						
Cash and investments	\$ 6,313,308	\$ 15,974,217	\$ 4,562,119	\$ 3,033,248	\$ 1,976,703	\$ 31,859,595
Restricted cash	-	65,067	-	-	-	65,067
Total cash and cash equivalents	<u>\$ 6,313,308</u>	<u>\$ 16,039,284</u>	<u>\$ 4,562,119</u>	<u>\$ 3,033,248</u>	<u>\$ 1,976,703</u>	<u>\$ 31,924,662</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities						
Operating (loss) income	\$ (1,135,521)	\$ (477,293)	\$ 574,320	\$ (1,488,634)	\$ 37,933	\$ (2,489,195)
Adjustments to reconcile operating (loss) income to net cash from operating activities:						
Depreciation	1,110,326	4,778,688	2,683,910	-	-	8,572,924
Changes in assets and liabilities:						
Receivables	-	(321,238)	-	(9,408)	-	(330,646)
Due to and from other funds	(1,972,148)	3,081,179	-	-	159,772	1,268,803
Prepaid and other assets	3,313	-	-	(476,332)	50,422	(422,597)
Accounts payable	(1,553,872)	299,341	106,229	47,866	(5,944,685)	(7,045,121)
Estimated claims liability	-	-	-	83,782	(273,619)	(189,837)
Net pension and OPEB liabilities	(308,466)	(636,950)	-	-	-	(945,416)
Deferrals related to pension and OPEB	179,453	406,722	-	-	-	586,175
Accrued and other liabilities	20,454	18,690	-	-	-	39,144
Total adjustments	<u>(2,520,940)</u>	<u>7,626,432</u>	<u>2,790,139</u>	<u>(354,092)</u>	<u>(6,008,110)</u>	<u>1,533,429</u>
Net cash and cash equivalents (used in) provided by operating activities	<u>\$ (3,656,461)</u>	<u>\$ 7,149,139</u>	<u>\$ 3,364,459</u>	<u>\$ (1,842,726)</u>	<u>\$ (5,970,177)</u>	<u>\$ (955,766)</u>
Significant Noncash Transactions						
Capital assets contributed from the Brownfield Redevelopment Authority to the Facilities Internal Service Fund	\$ -	\$ 1,199,328	\$ -	\$ -	\$ -	\$ 1,199,328
Capital-related items included in accounts payable and retainage payable as of fiscal year end	-	2,066,127	152,363	-	-	2,218,490

Pension Trust Funds

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

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

Postemployment Healthcare Fund

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

Tax Collection Fund

This fund accounts for moneys collected on behalf of all taxing authorities (state, county, school district, and various smaller authorities).

District Court Fund

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

Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2025

	Pension and Other Employee Benefit Trust Funds					Custodial Funds		
	General Employees' Retirement System	Police and Fire Revised Retirement System	Policemen's and Firemen's Retirement System	Postemployment Healthcare	Total	Tax Collection	District Court	Total
Assets								
Cash and cash equivalents	\$ 122,120	\$ 503,450	\$ 66,716	\$ 162,135	\$ 854,421	\$ 492,834	\$ 55,000	\$ 547,834
Investments:								
Other short-term investments	545,827	2,050,322	149,303	905,786	3,651,238	-	-	-
Negotiable CDs	38,874	160,263	21,238	51,612	271,987	-	-	-
Stocks	75,561,062	210,884,093	7,344,825	115,075,232	408,865,212	-	-	-
Fixed-income funds	49,721,923	91,405,720	10,203,467	55,702,329	207,033,439	-	-	-
Real estate	8,138,107	27,323,213	-	6,063,108	41,524,428	-	-	-
Mutual funds	32,318,022	25,156,067	11,511,994	-	68,986,083	-	-	-
Receivables:								
Property taxes receivable	-	-	-	-	-	602	-	602
Accrued interest receivable	57,667	158,983	397,313	103,840	717,803	-	-	-
Other receivables	49,924	217,569	503	142,074	410,070	-	-	-
Due from other governments	-	-	-	-	-	706	-	706
Due from fiduciary funds	-	-	-	-	-	106,397	-	106,397
Total assets	166,553,526	357,859,680	29,695,359	178,206,116	732,314,681	600,539	55,000	655,539
Liabilities								
Accounts payable	91,379	234,706	9,649	47,957	383,691	161	-	161
Due to other governmental units	-	-	-	-	-	-	55,000	55,000
Due to other funds	-	-	-	-	-	600,378	-	600,378
Due to fiduciary funds	-	106,397	-	-	106,397	-	-	-
Total liabilities	91,379	341,103	9,649	47,957	490,088	600,539	55,000	655,539
Net Position								
Restricted:								
Pension	166,462,147	357,518,577	29,685,710	-	553,666,434	-	-	-
Postemployment benefits other than pension	-	-	-	178,158,159	178,158,159	-	-	-
Total net position	\$ 166,462,147	\$ 357,518,577	\$ 29,685,710	\$ 178,158,159	\$ 731,824,593	\$ -	\$ -	\$ -

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

Year Ended June 30, 2025

	Pension and Other Employee Benefit Trust Funds					Custodial Funds		
	General Employees' Retirement System	Police and Fire Revised Retirement System	Policemen's and Firemen's Retirement System	Postemployment Healthcare	Total	Tax Collection	District Court	Total
Additions								
Investment income (loss):								
Interest and dividends	\$ 2,137,126	\$ 3,917,036	\$ 1,130,343	\$ 3,010,924	\$ 10,195,429	\$ -	\$ -	\$ -
Net increase in fair value of investments	16,167,302	27,016,006	2,574,242	18,181,618	63,939,168	-	-	-
Investment-related expenses	(445,730)	(1,203,095)	(33,350)	(197,250)	(1,879,425)	-	-	-
Net investment income	17,858,698	29,729,947	3,671,235	20,995,292	72,255,172	-	-	-
Contributions:								
Employer contributions	2,838,481	13,064,630	-	6,979,057	22,882,168	-	-	-
Employee contributions	261,006	458,818	-	-	719,824	-	-	-
Total contributions	3,099,487	13,523,448	-	6,979,057	23,601,992	-	-	-
Fines and fees	-	-	-	-	-	-	2,391,406	2,391,406
Property tax collections	-	-	-	-	-	141,040,337	-	141,040,337
Total additions	20,958,185	43,253,395	3,671,235	27,974,349	95,857,164	141,040,337	2,391,406	143,431,743
Deductions								
Benefit payments	16,013,761	27,615,480	822,589	9,959,367	54,411,197	-	-	-
Refunds of contributions	641	1,531,036	-	-	1,531,677	-	-	-
Administrative expenses	94,820	123,671	77,545	53,457	349,493	-	-	-
Claims and judgments	-	25,516	-	-	25,516	-	-	-
Distributions to other governments	-	-	-	-	-	141,040,337	2,391,406	143,431,743
Total deductions	16,109,222	29,295,703	900,134	10,012,824	56,317,883	141,040,337	2,391,406	143,431,743
Net Increase in Fiduciary Net Position	4,848,963	13,957,692	2,771,101	17,961,525	39,539,281	-	-	-
Net Position - Beginning of year	161,613,184	343,560,885	26,914,609	160,196,634	692,285,312	-	-	-
Net Position - End of year	<u>\$ 166,462,147</u>	<u>\$ 357,518,577</u>	<u>\$ 29,685,710</u>	<u>\$ 178,158,159</u>	<u>\$ 731,824,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

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

The statistical section is organized into the following main categories:

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

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

Financial Trends

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

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
Governmental Activities:				
Net investment in capital assets	\$ 191,870,660	\$ 198,367,487	\$ 208,505,984	\$ 226,687,419
Restricted	14,815,686	15,889,698	17,421,022	20,589,038
Unrestricted	(31,237,828)	(41,965,010)	(179,895,815)	(195,612,464)
Total net position	<u>\$ 175,448,518</u>	<u>\$ 172,292,175</u>	<u>\$ 46,031,191</u>	<u>\$ 51,663,993</u>
Business Type Activities:				
Net investment in capital assets	\$ 211,580,077	\$ 233,173,005	\$ 224,075,598	\$ 246,275,532
Restricted	14,905,135	19,142,203	10,979,271	11,073,712
Unrestricted	62,577,385	50,578,533	16,470,087	18,184,644
Total net position	<u>\$ 289,062,597</u>	<u>\$ 302,893,741</u>	<u>\$ 251,524,956</u>	<u>\$ 275,533,888</u>
Primary government in total:				
Net investment in capital assets	\$ 403,450,737	\$ 431,540,492	\$ 432,581,582	\$ 472,962,951
Restricted	29,720,821	35,031,901	28,400,293	31,662,750
Unrestricted	31,339,557	8,613,523	(163,425,728)	(177,427,820)
Total net position	<u>\$ 464,511,115</u>	<u>\$ 475,185,916</u>	<u>\$ 297,556,147</u>	<u>\$ 327,197,881</u>

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

As of June 30,					
2020	2021	2022	2023	2024*	2025
\$ 237,305,169	\$ 244,606,958	\$ 243,145,767	\$ 250,599,674	\$ 272,309,638	\$ 290,434,003
18,778,943	18,765,872	24,572,967	53,297,349	56,557,519	76,076,910
(227,907,180)	(184,130,813)	(157,358,487)	(78,133,263)	(81,406,217)	(86,595,179)
\$ 28,176,932	\$ 79,242,017	\$ 110,360,247	\$ 225,763,760	\$ 247,460,940	\$ 279,915,734
\$ 259,237,292	\$ 281,729,112	\$ 299,392,833	\$ 306,084,465	\$ 319,186,821	\$ 324,633,601
11,965,924	13,234,713	15,118,678	19,280,525	21,454,444	23,396,613
18,132,176	12,235,668	282,157	17,717,718	12,720,460	18,919,241
\$ 289,335,392	\$ 307,199,493	\$ 314,793,668	\$ 343,082,708	\$ 353,361,725	\$ 366,949,455
\$ 496,542,461	\$ 526,336,070	\$ 542,538,600	\$ 556,384,139	\$ 591,496,459	\$ 615,067,604
30,744,867	32,000,585	39,691,645	72,877,874	78,011,963	99,473,523
(209,775,004)	(171,895,145)	(157,076,330)	(60,415,545)	(68,685,757)	(67,675,938)
\$ 317,512,324	\$ 386,441,510	\$ 425,153,915	\$ 568,846,468	\$ 600,822,665	\$ 646,865,189

* The June 30, 2024 governmental activities net position was restated as a result of the implementation of GASB Statement No. 101, Compensated Absences

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019 (1)
Expenses:				
General government	\$ 18,899,385	\$ 23,538,913	\$ 16,576,427	\$ 11,454,525
District Court	-	-	-	5,431,586
Public safety	70,143,987	70,825,489	87,342,059	83,107,151
Public works	21,761,119	24,598,364	27,479,082	20,794,427
Public health	-	-	-	-
Community & economic development	7,359,131	1,671,366	1,728,336	1,043,823
Recreation and culture	22,605,162	22,703,075	24,423,187	23,041,209
Interest on long-term debt	-	-	-	1,006,842
Total governmental activities	<u>140,768,784</u>	<u>143,337,207</u>	<u>157,549,091</u>	<u>145,879,563</u>
Program revenues:				
Charges for services				
General government	5,096,832	4,429,170	4,743,453	4,863,426
District Court	-	-	-	4,809,282
Public safety	9,111,385	11,067,966	10,830,169	7,410,063
Public works	2,114,110	1,180,388	1,001,809	1,618,016
Public health	-	-	-	-
Community & economic development	28,876	27,000	32,177	32,633
Recreation and culture	8,600,034	9,037,016	9,379,063	9,366,784
Total charges for services	<u>24,951,237</u>	<u>25,741,540</u>	<u>25,986,671</u>	<u>28,100,204</u>
Operating grants and contributions	10,471,797	12,723,977	13,591,525	15,108,825
Capital grants and contributions	11,898,958	4,918,468	6,368,490	3,585,182
Total program revenue	<u>47,321,992</u>	<u>43,383,985</u>	<u>45,946,686</u>	<u>46,794,211</u>
Net (expense) revenue	<u>(93,446,792)</u>	<u>(99,953,222)</u>	<u>(111,602,405)</u>	<u>(99,085,352)</u>
General revenues:				
Property taxes	79,733,317	73,176,009	73,721,119	75,582,143
State-shared revenues	9,061,672	23,066,529	25,098,577	25,175,883
Investment earnings	156,269	403,476	871,687	1,550,483
Miscellaneous	97,578	109,177	241,551	2,381,500
Total general revenues	<u>89,048,836</u>	<u>96,755,191</u>	<u>99,932,934</u>	<u>104,690,009</u>
Transfers	-	41,688	68,623	28,145
Change in net position	<u>\$ (4,397,956)</u>	<u>\$ (3,156,343)</u>	<u>\$ (11,600,848)</u>	<u>\$ 5,632,802</u>

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

Changes in Governmental Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

As of June 30,					
2020	2021	2022	2023	2024	2025
\$ 14,338,708	\$ 7,655,013	\$ 11,805,184	\$ 10,226,107	\$ 15,944,806	\$ 23,212,071
3,707,757	3,662,731	3,642,882	3,761,558	3,972,165	4,292,032
101,657,050	55,611,550	72,987,059	37,483,601	84,280,551	74,099,366
26,604,590	23,492,851	25,612,029	24,354,592	26,933,159	20,644,264
-	-	36,026	204,097	553,593	1,200,865
1,569,291	1,960,159	1,364,037	1,503,387	1,827,015	2,876,263
24,910,144	18,989,518	22,399,415	22,253,916	23,680,717	26,410,155
1,644,585	1,588,990	1,537,107	1,471,549	1,402,423	1,342,435
<u>174,432,125</u>	<u>112,960,812</u>	<u>139,383,739</u>	<u>101,258,807</u>	<u>158,594,429</u>	<u>154,077,451</u>
1,970,100	2,568,925	2,210,967	2,370,935	2,366,010	2,319,962
3,966,632	4,897,861	5,406,110	5,062,858	4,946,937	5,237,323
10,845,346	10,435,878	12,699,220	15,290,880	15,636,418	15,432,359
2,084,766	1,826,690	1,487,765	1,677,758	1,842,543	2,324,204
-	-	-	-	-	-
90,778	34,501	34,796	24,109	41,140	62,936
<u>6,574,358</u>	<u>5,525,126</u>	<u>7,604,320</u>	<u>8,187,251</u>	<u>8,682,098</u>	<u>9,802,802</u>
25,531,980	25,288,981	29,443,178	32,613,791	33,515,146	35,179,586
14,761,633	21,412,210	19,747,427	19,501,890	22,822,252	26,290,369
<u>3,583,736</u>	<u>4,617,842</u>	<u>2,713,813</u>	<u>60,389,377</u>	<u>14,217,771</u>	<u>3,300,140</u>
<u>43,877,349</u>	<u>51,319,033</u>	<u>51,904,418</u>	<u>112,505,058</u>	<u>70,555,169</u>	<u>64,770,095</u>
<u>(130,554,776)</u>	<u>(61,641,779)</u>	<u>(87,479,321)</u>	<u>11,246,251</u>	<u>(88,039,260)</u>	<u>(89,307,356)</u>
78,215,990	81,911,177	83,932,394	70,300,900	73,963,857	78,406,502
26,287,736	27,820,749	33,386,426	33,239,202	29,868,132	34,972,010
1,174,216	13,382	(568,316)	4,272,203	6,358,924	6,075,755
<u>1,705,574</u>	<u>1,848,175</u>	<u>1,792,918</u>	<u>2,193,503</u>	<u>2,219,295</u>	<u>2,048,698</u>
107,383,516	111,593,483	118,543,422	110,005,808	112,410,208	121,502,965
<u>(315,801)</u>	<u>(82,677)</u>	<u>54,129</u>	<u>(5,848,546)</u>	<u>1,226,037</u>	<u>259,185</u>
<u>\$ (23,487,061)</u>	<u>\$ 49,869,027</u>	<u>\$ 31,118,230</u>	<u>\$ 115,403,513</u>	<u>\$ 25,596,985</u>	<u>\$ 32,454,794</u>

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
Operating Revenue				
Housing	\$ 2,772,198	\$ 2,597,320	\$ 2,771,901	\$ 2,909,597
Sewer	31,998,691	28,573,296	28,418,154	28,835,224
Water	20,677,506	22,462,582	23,214,100	23,889,310
Total operating revenue	55,448,395	53,633,198	54,404,155	55,634,131
Operating grants and contributions	-	-	-	-
Capital grants and contributions	97,530	122,274	-	6,843,920
Total Program Revenues	55,545,925	53,755,472	54,404,155	62,478,051
Operating Expenses				
Housing	2,850,550	3,071,420	2,763,651	3,041,770
Sewer	40,204,876	36,459,511	33,233,673	30,203,636
Water	19,418,369	20,528,144	16,729,369	19,660,875
Total operating expenses	62,473,795	60,059,075	52,726,693	52,906,281
Operating Income (Loss)	(6,927,870)	(6,303,603)	1,677,462	9,571,770
Nonoperating Revenue (Expenses)				
Property taxes	14,986,612	17,456,378	18,280,760	14,790,857
Intergovernmental revenues	-	-	-	3,042,163
Investment income	168,881	349,666	789,334	1,884,561
Miscellaneous	678,076	2,370,391	364,887	(5,298,258)
Income (Loss) - Before contributions and other items	8,905,699	13,872,832	21,112,443	23,991,093
Special Items	-	-	(36,287,463)	-
Gain (loss) on sale of capital assets	-	-	-	45,984
Transfers	-	(41,688)	(68,623)	(28,145)
Change in Net Position	8,905,699	13,831,144	(15,243,643)	24,008,932
Change in Primary Government net position				
Change in Governmental net position	(4,397,956)	(3,156,343)	(11,600,848)	5,632,802
Change in Business-type net position	8,905,699	13,831,144	(15,243,643)	24,008,932
Total Change in Primary Government net position	\$ 4,507,743	\$ 10,674,801	\$ (26,844,491)	\$ 29,641,734

Changes in Business-type Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

As of June 30,					
2020	2021	2022	2023	2024	2025
\$ 2,924,667	\$ 2,929,150	\$ 2,863,049	\$ 2,703,496	\$ 3,315,786	\$ 3,422,031
28,102,015	27,621,485	27,410,905	30,133,167	31,004,484	31,496,294
24,478,970	25,038,761	23,944,435	25,217,528	23,874,177	25,899,928
55,505,652	55,589,396	54,218,389	58,054,191	58,194,447	60,818,253
-	-	3,803,658	6,403,867	3,252,905	1,923,359
1,740,360	305,171	535,312	2,452,702	1,205,654	747,961
57,246,012	55,894,567	58,557,359	66,910,760	62,653,006	63,489,573
1,871,736	1,354,605	3,272,383	2,566,936	3,278,948	3,748,843
34,285,498	34,187,897	42,235,920	40,681,499	44,235,235	42,574,294
21,728,990	17,261,682	22,047,934	18,112,507	22,444,788	23,069,336
57,886,224	52,804,184	67,556,237	61,360,942	69,958,971	69,392,473
(640,212)	3,090,383	(8,998,878)	5,549,818	(7,305,965)	(5,902,900)
15,643,907	16,434,085	16,687,071	15,562,367	16,228,407	17,246,069
3,490,983	3,267,662	-	-	-	-
1,278,846	19,581	(226,765)	1,321,717	2,574,737	2,347,746
(5,409,453)	(5,123,769)	-	-	-	156,000
14,364,071	17,687,942	7,461,428	22,433,902	11,497,179	13,846,915
-	-	-	-	-	-
(878,368)	93,482	186,876	6,592	7,875	-
315,801	82,677	(54,129)	5,848,546	(1,226,037)	(259,185)
13,801,504	17,864,101	7,594,175	28,289,040	10,279,017	13,587,730
(23,487,061)	49,869,027	49,869,027	115,403,513	25,596,985	32,454,794
13,801,504	17,864,101	7,594,175	28,289,040	10,279,017	13,587,730
\$ (9,685,557)	\$ 67,733,128	\$ 57,463,202	\$ 143,692,553	\$ 35,876,002	\$ 46,042,524

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
General Fund:				
Nonspendable	\$ 505,131	\$ 600,693	\$ 515,837	\$ 712,343
Restricted	-	543,768	737,573	912,716
Assigned	2,550,029	4,249,826	677,696	-
Unassigned	29,303,490	24,518,228	19,730,404	19,246,507
Total general fund	<u>32,358,650</u>	<u>29,912,515</u>	<u>21,661,510</u>	<u>20,871,566</u>
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted	14,016,493	15,071,356	16,414,110	19,049,978
Committed	3,618,910	1,177,435	484,658	391,629
Assigned	11,347,219	15,815,373	13,849,356	13,545,900
Total all other governmental funds	<u>28,982,622</u>	<u>32,064,164</u>	<u>30,748,124</u>	<u>32,987,507</u>
Total of all governmental funds	<u>\$ 61,341,272</u>	<u>\$ 61,976,679</u>	<u>\$ 52,409,634</u>	<u>\$ 53,859,073</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

As of June 30,

2020	2021	2022	2023	2024	2025
\$ 736,303	\$ 496,106	\$ 464,189	\$ 584,942	\$ 718,886	\$ 657,457
1,077,762	1,236,679	1,305,713	1,427,454	1,509,290	1,545,192
-	1,141,547	1,089,622	1,088,625	1,093,093	1,102,172
<u>17,674,407</u>	<u>25,835,257</u>	<u>34,992,947</u>	<u>34,826,151</u>	<u>35,057,954</u>	<u>37,738,821</u>
<u>19,488,472</u>	<u>28,709,589</u>	<u>37,852,471</u>	<u>37,927,172</u>	<u>38,379,223</u>	<u>41,043,642</u>
4,650	4,650	-	-	-	-
17,020,103	16,904,599	22,567,125	32,285,356	37,776,212	46,228,808
385,873	603,240	1,044,713	1,004,905	822,324	812,750
<u>14,458,201</u>	<u>12,439,078</u>	<u>12,140,164</u>	<u>27,526,243</u>	<u>27,392,343</u>	<u>24,721,442</u>
<u>31,868,827</u>	<u>29,951,567</u>	<u>35,752,002</u>	<u>60,816,504</u>	<u>65,990,879</u>	<u>71,763,000</u>
<u>\$ 51,357,299</u>	<u>\$ 58,661,156</u>	<u>\$ 73,604,473</u>	<u>\$ 98,743,676</u>	<u>\$ 104,370,102</u>	<u>\$ 112,806,642</u>

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019 (1)
Revenue				
Property taxes	\$ 79,819,086	\$ 73,432,161	\$ 73,933,749	\$ 75,587,073
Intergovernmental:				
Federal sources	4,444,926	3,479,240	2,619,452	3,246,181
State sources	18,091,844	32,755,759	36,539,530	38,156,663
Local sources	642,928	743,019	882,799	684,969
Charges for services	12,694,892	12,892,223	12,523,064	12,965,660
Fines and forfeitures	5,160,346	4,717,143	5,182,545	6,193,643
Licenses and permits	2,201,714	3,931,380	3,137,262	4,355,023
Investment income	158,353	404,192	872,056	1,550,483
Rents and royalties	5,740,784	4,943,584	5,343,043	5,842,753
Private source contributions	1,040,829	15,965	201,863	232,454
Miscellaneous revenue	7,459,324	2,563,442	3,106,947	1,337,339
Total revenue	<u>137,455,026</u>	<u>139,878,108</u>	<u>144,342,310</u>	<u>150,152,241</u>
Expenditures				
Current:				
General government	18,046,089	23,001,629	16,751,543	16,959,898
District Court	-	-	-	5,429,779
Public safety	61,005,989	62,994,767	71,285,322	97,340,787
Public works	26,512,738	26,500,232	28,112,720	32,055,746
Public health	-	-	-	-
Community & economic development	4,584,030	1,300,582	1,304,758	2,192,329
Recreation and culture	20,980,745	22,693,697	22,170,376	29,432,800
Utilities	37,429	47,481	46,756	-
Loss on land held for resale	2,667,982	123,356	145,596	-
Capital outlay	4,054,858	2,622,645	2,391,938	2,736,312
Debt service principal	-	-	-	781,660
Debt service interest	-	-	-	731,216
Total expenditures	<u>137,889,860</u>	<u>139,284,389</u>	<u>142,209,009</u>	<u>187,660,527</u>
Excess of Revenue Over Expenditures	<u>(434,834)</u>	<u>593,719</u>	<u>2,133,301</u>	<u>(37,508,286)</u>
Other Financing Sources (Uses)				
Debt issuance	-	-	-	42,126,000
Leases entered into	-	-	-	-
Sale of capital assets	-	-	-	11,878
Transfers in	2,900,000	10,565,044	6,801,845	6,041,584
Transfers out	(2,900,000)	(10,523,356)	(18,502,191)	(9,221,737)
Total other financing sources (uses)	<u>-</u>	<u>41,688</u>	<u>(11,700,346)</u>	<u>38,957,725</u>
Net change in fund balances	<u>(434,834)</u>	<u>635,407</u>	<u>(9,567,045)</u>	<u>1,449,439</u>
Fund Balances - Beginning of year	<u>61,776,106</u>	<u>61,341,272</u>	<u>61,976,679</u>	<u>52,409,634</u>
Fund Balances - End of year	<u>\$ 61,341,272</u>	<u>\$ 61,976,679</u>	<u>\$ 52,409,634</u>	<u>\$ 53,859,073</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.89%

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

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

As of June 30,

2020	2021	2022	2023	2024	2025
\$ 78,182,090	\$ 81,850,837	\$ 84,025,831	\$ 70,291,597	\$ 73,959,569	\$ 78,313,223
1,956,966	8,153,328	3,685,949	49,242,257	4,242,631	4,980,729
38,438,211	41,106,686	49,549,239	49,482,450	46,910,762	55,315,359
553,626	700,607	762,811	681,974	780,779	5,665,480
13,476,565	13,213,700	14,310,943	16,461,204	18,029,633	19,336,556
4,342,212	5,038,101	6,252,484	7,604,672	5,262,674	6,099,981
4,382,482	4,005,710	5,198,540	4,047,046	5,374,784	4,364,545
1,174,216	13,382	(568,316)	4,272,203	6,358,924	6,075,755
4,286,508	4,130,006	4,800,356	5,445,589	5,680,266	6,182,467
377,713	670,545	179,548	390,789	193,493	385,412
861,689	708,896	735,657	925,231	1,409,353	1,486,126
<u>148,032,278</u>	<u>159,591,798</u>	<u>168,933,042</u>	<u>208,845,012</u>	<u>168,202,868</u>	<u>188,205,633</u>
10,002,835	10,324,598	11,186,555	10,692,908	12,961,070	23,152,645
3,707,757	3,662,731	3,642,485	3,761,558	3,971,901	4,292,032
78,351,583	79,772,166	80,655,178	75,758,413	82,314,013	85,465,913
17,051,002	18,634,578	17,910,385	24,033,351	26,887,821	17,244,035
-	-	36,045	204,097	553,593	1,200,865
1,216,261	2,234,726	1,370,260	1,319,394	1,576,499	1,998,797
20,817,924	18,777,875	20,443,820	22,041,742	23,836,259	26,127,603
-	-	-	-	-	-
-	-	-	-	-	-
12,707,135	12,954,588	8,841,980	2,280,302	8,080,760	9,736,830
1,755,344	1,812,488	1,869,632	1,930,806	1,996,010	2,064,692
1,653,753	1,598,742	1,651,233	1,594,537	1,530,774	1,497,419
<u>147,263,594</u>	<u>149,772,492</u>	<u>147,607,573</u>	<u>143,617,108</u>	<u>163,708,700</u>	<u>172,780,831</u>
768,684	9,819,306	21,325,469	65,227,904	4,494,168	15,424,802
-	-	-	-	-	-
-	-	-	-	462,445	-
24,214	11,932	32,816	40,060	15,514	9,646
9,121,504	5,000,457	5,845,671	24,582,030	11,413,043	8,565,578
(12,416,176)	(8,723,896)	(12,260,639)	(64,710,791)	(10,758,744)	(15,563,486)
<u>(3,270,458)</u>	<u>(3,711,507)</u>	<u>(6,382,152)</u>	<u>(40,088,701)</u>	<u>1,132,258</u>	<u>(6,988,262)</u>
(2,501,774)	6,107,799	14,943,317	25,139,203	5,626,426	8,436,540
53,859,073	52,553,357	58,661,156	73,604,473	98,743,676	104,370,102
<u>\$ 51,357,299</u>	<u>\$ 58,661,156</u>	<u>\$ 73,604,473</u>	<u>\$ 98,743,676</u>	<u>\$ 104,370,102</u>	<u>\$ 112,806,642</u>
2.66%	2.49%	2.54%	2.49%	2.27%	2.18%

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
Assets				
Current assets:				
Cash and cash equivalents	\$ 55,802,391	\$ 34,863,106	\$ 32,058,598	\$ 41,963,366
Investments, short-term	-	12,992,616	12,520,784	3,005,671
Accounts Receivable (Net)	4,109,667	4,258,765	4,236,172	6,467,690
Property taxes receivable	23,919	29,358	15,407	17,364
Unbilled accounts receivable	2,569,629	2,718,419	2,291,436	341,990
Accrued interest receivable	41,594	56,855	81,872	207,560
Due from other governments	550,679	265,850	1,258,843	841,984
Due from other funds	-	-	-	689,096
Inventories	185,960	185,960	185,960	-
Total current assets	63,283,839	55,370,929	52,649,072	53,534,721
Noncurrent assets:				
Restricted cash and investments	9,971,405	12,263,936	31,768,156	39,795,727
Investments, long-term	-	649,418	-	-
Land held for resale	-	-	-	-
Capital assets (Net)	318,480,273	332,437,245	303,754,047	322,896,153
Total noncurrent assets	328,451,678	345,350,599	335,522,203	362,691,880
Total assets	391,735,517	400,721,528	388,171,275	416,226,601
Deferred Outflows of Resources:				
Pensions	754,891	464,509	318,531	125,687
OPEB	-	-	-	266,185
Liabilities				
Current liabilities:				
Accounts payable	3,670,126	4,638,710	4,719,779	5,971,393
Accrued interest payable	916,027	927,977	1,104,222	1,282,140
Accrued liabilities	210,813	161,117	144,208	231,017
Due to other governments	14,131	49,707	34,184	27,016
Due to other funds	-	-	92	-
Liabilities payable from restricted assets	-	-	-	-
Current portion of long-term debt	12,093,537	12,792,872	13,367,603	14,299,982
Total current liabilities	16,904,634	18,570,383	19,370,088	21,811,548
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	-	-
Current portion of long term debt payable with restricted assets	81,250	82,500	85,000	87,500
Accrued interest payable with restricted assets	15,281	13,250	11,187	9,063
Long-term debt, net of current portion	176,046,207	173,785,852	187,118,182	197,565,865
Net pension liability	2,196,509	2,390,732	2,655,386	1,036,014
Net OPEB liability	-	-	5,673,876	2,796,450
Other liabilities	2,238,609	2,226,065	53,261	42,869
Total noncurrent liabilities	180,577,856	178,498,399	195,596,892	201,537,761
Total liabilities	197,482,490	197,068,782	214,966,980	223,349,309
Deferred Inflows of Resources:				
Pensions	-	-	4,232	-
OPEB	-	-	34,506	488,656
Net Position				
Net investment in capital assets	130,340,530	145,858,521	132,728,230	149,954,385
Restricted for:				
Construction	9,390,374	11,923,686	2,000,000	2,000,000
Debt service	5,514,761	7,218,517	8,979,271	9,073,712
Unrestricted	49,762,253	39,116,531	29,776,587	31,752,411
Total net position	\$ 195,007,918	\$ 204,117,255	\$ 173,484,088	\$ 192,780,508

Statement of Net Position, Sewer Fund

Last Ten Fiscal Years
(accrual basis of accounting)

As of June 30,						
2020	2021	2022	2023	2024	2025	
\$ 33,862,170	\$ 28,077,271	\$ 19,678,045	\$ 27,516,288	\$ 27,139,033	\$ 32,018,232	
12,288,832	6,797,511	3,330,887	6,419,285	6,070,710	5,834,927	
6,122,748	3,423,748	3,409,471	3,844,719	3,974,560	3,840,171	
23,109	46,871	6,331	4,707	12,628	-	
116,698	2,294,496	2,732,358	3,094,749	2,977,173	3,213,292	
80,169	13,491	19,031	194,607	201,371	227,958	
1,733,758	1,931,163	283,090	198,274	241,089	390,776	
241	-	-	-	52,858	127,395	
-	-	-	-	-	-	
54,227,725	42,584,551	29,459,213	41,272,629	40,669,422	45,652,751	
19,485,139	6,518,180	2,170,094	2,000,000	2,000,000	2,000,000	
-	-	-	-	-	-	
303,800	193,156	-	-	-	-	
338,695,227	344,907,521	350,490,403	335,807,264	327,969,390	320,192,732	
358,484,166	351,618,857	352,660,497	337,807,264	329,969,390	322,192,732	
412,711,891	394,203,408	382,119,710	379,079,893	370,638,812	367,845,483	
369,724	-	532,489	335,567	12,979	-	
634,882	319,123	497,304	559,240	1,364	199,352	
6,310,590	6,930,317	2,834,528	2,201,896	1,121,980	2,718,387	
1,216,561	1,149,696	1,081,643	1,012,180	941,386	869,167	
251,311	317,828	382,792	250,757	338,137	392,442	
-	-	3,234	39,936	181,118	306,069	
-	-	50	2,193	-	38,516	
-	-	-	-	-	-	
13,814,483	14,035,234	14,279,835	14,230,786	14,473,171	14,735,839	
21,592,945	22,433,075	18,582,082	17,737,748	17,055,792	19,060,420	
-	-	-	-	-	-	
90,000	91,250	93,750	-	-	-	
6,875	4,625	2,344	-	-	-	
184,381,382	170,254,898	155,881,313	141,650,527	127,177,355	112,441,516	
1,852,187	154,104	1,818,421	1,694,333	1,362,990	957,881	
3,566,088	1,780,638	2,819,040	2,091,153	1,158,791	641,826	
72,038	70,363	59,375	41,708	43,180	94,543	
189,968,570	172,355,878	160,674,243	145,477,721	129,742,316	114,135,766	
211,561,515	194,788,953	179,256,325	163,215,469	146,798,108	133,196,186	
-	1,040,371	-	-	-	136,702	
317,521	804,111	136,474	24,563	22,215	567,058	
159,084,910	166,208,346	181,542,274	180,926,829	187,145,395	193,973,630	
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
9,965,924	11,234,713	13,118,678	17,280,525	19,454,444	21,396,613	
30,786,627	18,446,037	7,095,752	16,527,314	15,232,993	16,774,646	
\$ 201,837,461	\$ 197,889,096	\$ 203,756,704	\$ 216,734,668	\$ 223,832,832	\$ 234,144,889	

Revenue Capacity

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

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
Adjusted General fund essential services expenditures	\$ 54,905,523	\$ 56,078,261	\$ 63,111,874	\$ 86,815,531
Adjusted total General fund expenditures	108,095,972	122,918,158	131,959,294	170,541,921
Percentage of general operating millage used to fund essential services	50.7933%	45.6224%	47.8268%	50.9057%

Percentage of Operating Millage Used to Fund Essential Services					
Last Ten Fiscal Years (modified accrual basis of accounting)					
As of June 30,					
2020	2021	2022	2023	2024	2025
\$ 70,402,668	\$ 72,521,713	\$ 74,145,651	\$ 69,198,446	\$ 74,879,608	\$ 77,396,822
131,501,905	128,749,516	130,409,219	177,852,609	134,013,202	144,267,852
53.5374%	56.3278%	56.8561%	38.9077%	55.8748%	53.6480%

Revenue Sharing Payments
State of Michigan

Last Ten Fiscal Years

Fiscal Year Ending June 30,	Revenue Sharing Payments
2016	8,946,866
2017	9,377,452
2018	9,665,843
2019	10,035,317
2020	9,797,667
2021	11,197,138
2022	14,224,603
2023	13,561,761
2024	13,880,778
2025	13,995,441
2026	14,243,000 (adopted budget)

Source: City of Dearborn Finance Department

History of Sewage System Rates

Last Ten Fiscal Years

Fiscal Year Ending		Quarterly Sewer Capacity Charges Range			
June 30,	Rates Effective July 1,	Sewer Commodity Rate	From 5/8 inches	To 24 inches	
2016	2015	38.80	35.12	21,072.00	
2017	2016	36.40	32.95	19,770.00	
2018	2017	38.20	34.60	20,760.00	
2019	2018	32.10	54.01	32,406.00	
2020	2019	34.50	49.40	29,640.00 (1)	
2021	2020	34.70	49.74	29,844.00 (2)	
2022	2021	34.70	49.80	29,880.00	
2023	2022	44.70	40.51	24,306.00 (3)	
2024	2023	48.10	44.46	26,676.00	
2025	2024	48.60	42.98	25,788.00	
2026	2025	50.20	44.44	26,664.00	

Source: City of Dearborn ordinance

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

(2) For FY2021, the sewer rates were kept consistent at the FY2020 rate level for the July 1st - September 30th period. A rate adjustment was instituted October 1st to the rates listed in the table.

(3) For FY2023, the sewer rate methodology was edited. The revenue required from rates is now budgeted to be received 28% from fixed charges and 72% from variable charges.

City of Dearborn, Michigan

Millage rates - Direct City Tax:

Tax Year	Fiscal Year	General operating	Debt	Garbage & Rubbish	Library	Total direct taxes
Dearborn School District						
2015	2016	18.5000	4.2500	2.1600	1.5400	26.4500
2016	2017	18.5000	4.2500	2.1600	1.7800	26.6900
2017	2018	18.5000	4.2500	1.9100	1.7800	26.4400
2018	2019	18.5000	4.4700	1.9100	1.6900	26.5700
2019	2020	18.5000	4.6000	1.9100	1.6900	26.7000
2020	2021	18.5000	4.6000	1.9100	1.6900	26.7000
2021	2022	18.5000	4.5700	1.9100	1.6900	26.6700
2022	2023	15.0000	4.2500	1.9100	1.5400	22.7000
2023	2024	15.0000	4.2500	2.1100	1.5400	22.9000
2024	2025	15.0000	4.2500	2.1100	1.5400	22.9000
2025	2026	15.0000	4.2500	2.1100	1.5400	22.9000

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

Westwood School District

2015	2016	18.5000	4.2500	2.1600	1.5400	26.4500
2016	2017	18.5000	4.2500	2.1600	1.7800	26.6900
2017	2018	18.5000	4.2500	1.9100	1.7800	26.4400
2018	2019	18.5000	4.4700	1.9100	1.6900	26.5700
2019	2020	18.5000	4.6000	1.9100	1.6900	26.7000
2020	2021	18.5000	4.6000	1.9100	1.6900	26.7000
2021	2022	18.5000	4.5700	1.9100	1.6900	26.6700
2022	2023	15.0000	4.2500	1.9100	1.5400	22.7000
2023	2024	15.0000	4.2500	2.1100	1.5400	22.9000
2024	2025	15.0000	4.2500	2.1100	1.5400	22.9000
2025	2026	15.0000	4.2500	2.1100	1.5400	22.9000

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

	General operating	Debt	Garbage & Rubbish
2024	16.0000*	no limit	2.7254

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

- (1) 2024 General operating millage rate of 15.0000 is made up of 15 mills of general operating under the City of Dearborn charter.
- (2) County rate includes all Wayne County, Huron Clinton Metropolitan Park Authority and Wayne County Transit Authority (Smart) tax rates.
- (3) Henry Ford Community College is part of the Dearborn school system. Westwood school taxpayers pay a Wayne County Community College rate.
- (4) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mills of school tax relief to qualified homeowners (Public Act 105 of 2003, MCL 211.7cc). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional tax relief.
- (5) Dearborn School's P.R.E rate includes a "Homestead Supplemental" rate. This is applied to P.R.E. tax parcels only.

Source: City of Dearborn Departments of Assessment and Finance

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping Taxes								
County (2)	Community college (3)	Intermediate school district	State Education Tax (SET)	Total Tax Rate Before School Taxes	School P.R.E (5)	Total Tax Rate P.R.E (4) (5)	Overlapping Taxes School Non - P.R.E	Total Tax Rate Non - P.R.E
10.3127	4.0000	3.4643	6.0000	50.2270	11.1700	61.3970	23.0000	73.2270
11.3366	4.0000	3.4643	6.0000	51.4909	10.6850	62.1759	22.8200	74.3109
9.3360	4.0000	5.4643	6.0000	51.2403	10.9900	62.2303	22.8200	74.0603
9.3349	4.0000	5.4643	6.0000	51.3692	10.9900	62.3592	22.8200	74.1892
9.3328	4.0000	5.4643	6.0000	51.4971	10.9900	62.4871	22.8200	74.3171
9.3315	4.0000	5.4643	6.0000	51.4958	9.6700	61.1658	21.5000	72.9958
9.3061	4.0000	5.4520	6.0000	51.4281	9.6700	61.0981	21.5000	72.9281
9.2725	4.0000	5.4275	6.0000	47.4000	3.5000	50.9000	21.5000	68.9000
9.2725	4.0000	5.4275	6.0000	47.6000	3.3900	50.9900	17.3100	64.9100
9.2413	4.0000	5.4092	6.0000	47.5505	3.7050	51.2555	19.3500	66.9005
9.1894	4.0000	5.3800	6.0000	47.4694	3.4010	50.8704	19.2200	66.6894
10.3127	3.2408	3.4643	6.0000	49.4678	0.0000	49.4678	18.0000	67.4678
11.3366	3.2408	3.4643	6.0000	50.7317	0.0000	50.7317	18.0000	68.7317
9.3360	3.2408	5.4643	6.0000	50.4811	0.0000	50.4811	18.0000	68.4811
9.3349	3.2408	5.4643	6.0000	50.6100	0.0000	50.6100	18.0000	68.6100
9.3328	3.2408	5.4643	6.0000	50.7379	0.0000	50.7379	18.0000	68.7379
9.3315	3.2408	5.4643	6.0000	50.7366	0.2986	51.0352	18.2986	69.0352
9.3061	3.2378	5.4520	6.0000	50.6659	5.5924	56.2583	23.5924	74.2583
9.2725	3.2202	5.4275	6.0000	46.6202	2.9859	49.6061	20.9859	67.6061
9.2725	3.2202	5.4275	6.0000	46.8202	2.9859	49.8061	20.9859	67.8061
9.2413	3.2043	5.4092	6.0000	46.7548	6.4675	53.2223	24.4675	71.2223
9.1894	3.1876	5.3800	6.0000	46.6570	6.2542	52.9112	24.2542	70.9112

Real Property Taxable Value

Tax Year	Fiscal year	Residential	Commercial	Industrial	Industrial Facilities Tax (IFT)	Total Real
2015	2016	1,554,402,595	744,087,986	356,541,464	58,977,450	2,714,009,495
2016	2017	1,569,415,409	737,568,148	388,286,348	23,977,450	2,719,247,355
2017	2018	1,610,417,859	756,536,397	386,760,404	24,067,450	2,777,782,110
2018	2019	1,671,918,046	785,075,237	410,402,494	23,809,191	2,891,204,968
2019	2020	1,751,096,593	845,976,285	397,708,063	24,276,719	3,019,057,660
2020	2021	1,825,416,417	850,824,390	405,091,180	24,192,681	3,105,524,668
2021	2022	1,898,766,929	883,946,102	380,830,538	24,353,851	3,187,897,420
2022	2023	2,019,346,530	912,796,330	345,978,066	25,562,734	3,303,683,660
2023	2024	2,175,181,047	922,286,815	352,411,038	25,431,251	3,475,310,151
2024	2025	2,344,719,596	960,130,673	349,891,270	17,791,291	3,672,532,830
2025	2026	2,465,708,984	1,268,145,921	343,751,917	18,160,484	4,095,767,306

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

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

Tax Base Composition

A breakdown of the City's tax year 2025 (fiscal year 2026) taxable valuation is as follows:

By Type	Taxable Valuation	Percent of total
Real Property	\$ 4,095,767,306	91.18%
Personal Property	396,005,250	8.82%
Total	\$ 4,491,772,556	100.00%

By Class	Taxable Valuation	Percent of total
Ad Valorem		
Commercial	\$ 1,268,145,921	28.23%
Industrial	343,751,917	7.65%
Residential	2,465,708,984	54.89%
Personal	394,499,250	8.78%
Total Ad Valorem	4,472,106,072	99.56%

Special Act		
Commercial	\$ 17,441,820	0.39%
Industrial	499,800	0.01%
Residential	218,864	0.00%
Personal	1,506,000	0.03%
Total Special Act	19,666,484	0.44%
Total	\$ 4,491,772,556	100.00%

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

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Personal Property Taxable Value					Tax Increment Financing Total Captured			Estimated Actual Value	Taxable Value as a % of Actual
Personal property	Industrial Facilities Tax (IFT)	Total Personal	Total Value	Tax rate (mills)	Valuation				
601,898,700	464,460,750	1,066,359,450	3,780,368,945	26.45	199,814,464			3,984,927,350	94.87%
378,163,650	165,127,900	543,291,550	3,262,538,905	26.69	145,967,206			3,586,575,925	90.97%
367,565,200	150,996,350	518,561,550	3,296,343,660	26.44	149,113,385			3,728,929,950	88.40%
390,282,650	91,718,100	482,000,750	3,373,205,718	26.57	147,330,713			3,842,804,400	87.78%
386,158,021	71,868,700	458,026,721	3,477,084,381	26.70	168,078,513			4,200,488,571	82.78%
457,556,150	65,091,300	522,647,450	3,628,172,118	26.70	158,590,865			4,465,371,700	81.25%
433,737,250	56,457,900	490,195,150	3,678,092,570	26.67	158,696,264			4,646,861,150	79.15%
423,905,250	16,901,700	440,806,950	3,744,490,610	22.70	119,980,874			4,844,348,250	77.30%
418,725,350	8,029,700	426,755,050	3,902,065,201	22.90	125,744,437			5,216,159,575	74.81%
403,946,550	3,371,100	407,317,650	4,079,850,480	22.90	138,960,437			5,629,097,100	72.48%
394,499,250	1,506,000	396,005,250	4,491,772,556	22.90	144,797,033			6,219,477,100	72.22%

Taxpayer	FY2026/TY2025			FY2025/TY2024			FY2016/TY2015		
	Taxable Value	Rank	Percent of total	Taxable Value	Rank	Percent of total	Taxable Value	Rank	Percent of total
Ford Motor Company	666,213,110	1	14.88%	377,445,579	1	9.28%	916,904,795	1	24.36%
DTE Energy Company *	125,339,597	2	2.80%	127,426,952	2	3.13%	52,143,019	3	1.39%
Cleveland-Cliffs (AK Steel, Severstal Steel)	46,971,593	3	1.05%	47,057,833	3	1.16%	291,419,250	2	7.74%
ITC Transmission	38,479,389	4	0.86%	38,528,948	4	0.95%			0.00%
Ford Motor Land Development Corp	37,975,604	5	0.85%	37,583,035	5	0.92%	33,862,737	6	0.90%
Dearborn Industrial Generation	31,749,400	6	0.71%	31,749,400	6	0.78%	37,131,650	4	0.99%
Corewell Health	25,874,522	7	0.58%	25,183,265	7	0.62%			
Dearborn Industrial	22,199,400	8	0.50%	21,822,700	8	0.54%	19,780,850	8	0.53%
Urbcam Michigan LLC	18,365,628	9	0.41%						
Fairlane Town Center	17,253,000	10	0.39%	17,164,700	9	0.42%			0.00%
TM Fairlane Center LP			0.00%			0.00%	33,873,000	5	0.90%
FIRO Property LLC			0.00%	16,406,633	10	0.40%			0.00%
The ACG (AAA of Michigan)			0.00%			0.00%	21,721,800	7	0.58%
Dearborn Schaefer Office Co LLC			0.00%			0.00%	12,334,000	10	0.33%
United States Steel Company			0.00%			0.00%	18,366,700	9	0.49%
Total - ten largest taxpayers	1,030,421,243		23.01%	740,369,045		18.20%	1,437,537,801		38.19%
Total - all other taxpayers	3,448,275,375		76.99%	3,326,564,794		81.80%	2,326,771,891		61.81%
Total - all taxpayers	<u>\$ 4,478,696,618</u>		100.00%	<u>\$ 4,066,933,839</u>		100.00%	<u>\$ 3,764,309,692</u>		100.00%

Notes:

Taxes are billed and collected as current beginning in July of one year through February of the following year.

Taxable values include Ad Valorem and Industrial Facilities Tax (Act 198) taxable values.

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

Total Abated OPRA (Obsolete Property Rehabilitation Act) value for 2024 taxable year applicable to Urbcam Michigan LLC was \$16,271,399.

Abated Industrial Facilities Taxable Value for the 2023 tax year applicable to AK Steel Company was \$8,900,000 (Real Property).

Abated Commercial Facilities Taxable Value for 2024 taxable year applicable to Carhartt was \$3,371,100 (Personal Property).

Source: City of Dearborn Department of Assessment

Principal Sewage Utility Customers

June 30, 2025

Employer	Estimated Sewage Volumes (in cubic feet) (1)	Estimated Sewage Disposal Charges Billed (2)
1 Ford Motor Company	57,026,700	\$ 1,431,370
2 Cleveland Cliffs (3)	54,369,700	1,364,680
3 Ford Rouge Plant	32,942,500	826,857
4 Dearborn Schools	14,742,100	370,027
5 Oakwood Healthcare	11,215,800	281,517
6 Allegria Village	4,245,900	106,572
7 The Henry	2,325,500	58,370
8 University of Michigan Dearborn	2,301,800	57,775
9 Kenwal Steel Corp	2,141,000	53,739
10 TCP	1,586,800	39,829
Total - ten largest sewage customers:	182,897,800	\$ 4,590,734

Notes:

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

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

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

Source: City of Dearborn DPW Water Division

Year ended					Delinquent
June 30,	Tax Year	Total levy	Current collections	Percent collected	Tax
2016	2015	72,316,120	72,173,975	99.80%	142,145
2017	2016	65,040,062	64,928,988	99.83%	111,074
2018	2017	65,197,614	65,112,330	99.87%	85,284
2019	2018	67,462,483	67,296,892	99.75%	165,591
2020	2019	69,386,657	69,289,930	99.86%	96,727
2021	2020	72,835,616	72,715,161	99.83%	120,455
2022	2021	73,952,178	73,845,093	99.86%	107,085
2023	2022	61,735,721	61,677,209	99.91%	58,512
2024	2023	65,503,205	65,435,249	99.90%	67,956
2025	2024	69,175,326	69,115,715	99.91%	59,611
2026	2025	76,497,823	in process of collection		
			Collections		
	Tax Year	Delinquent Tax	Fiscal Year 2024-2025	Prior Fiscal Years	Total
	2015	142,145	-	148,514	148,514
	2016	111,074	-	132,604	132,604
	2017	85,284	-	63,749	63,749
	2018	165,591	-	146,304	146,304
	2019	96,727	245	58,918	59,163
	2020	120,455	539	92,140	92,679
	2021	107,085	1,141	84,066	85,207
	2022	58,512	2,413	28,448	30,861
	2023	67,956	12,410	26,647	39,057
	2024	59,611	9,384	-	9,384

Property Tax Levies and Collections				
Last Ten Fiscal Years				
Delinquent collections	Delinquent Balance as of June 30, 2024	Total tax collections	Percent of levy collected	
142,145	(0)	72,316,120	100.0%	
111,074	(0)	65,040,062	100.0%	
83,403	1,881	65,195,733	100.0%	
162,289	3,302	67,459,181	100.0%	
63,248	33,479	69,353,178	100.0%	
95,355	25,100	72,810,516	100.0%	
86,413	20,672	73,931,506	100.0%	
45,914	12,598	61,723,123	100.0%	
45,979	21,977	65,481,228	100.1%	
9,367	50,244	69,125,082	100.0%	

Adjustments	Delinquent Balance as of June 30, 2025
6,369	(0)
21,530	(0)
(19,654)	1,881
(15,984)	3,302
(4,085)	33,479
(2,676)	25,100
(1,206)	20,672
(15,053)	12,598
(6,922)	21,977
17	50,244

City of Dearborn, Michigan

Tax Year Fiscal Year	2016 2017	2017 2018	2018 2019	2019 2020
Taxable Value	\$ 3,262,538,905	\$ 3,296,343,660	\$ 3,373,205,718	\$ 3,477,084,381
State Equalized Value (1)	\$ 3,586,575,925	\$ 3,728,929,950	\$ 3,842,804,400	\$ 4,200,488,571
True Cash Value (2)	\$ 7,173,151,850	\$ 7,457,859,900	\$ 7,685,608,800	\$ 8,400,977,142
Population (3)	102,284	101,584	101,936	101,636
Per Capita Taxable Value	\$ 31,897	\$ 32,449	\$ 33,091	\$ 34,211
Per Capita State Equalized Value	\$ 35,065	\$ 36,708	\$ 37,698	\$ 41,329
Per Capita True Cash Value	\$ 70,130	\$ 73,416	\$ 75,396	\$ 82,657

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

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

(3) Population statistics are the SEMCOG estimates as of July 1 as published in Southeast Michigan Council of Government's "Population and Households in Southeast Michigan, July, 2025".

Per Capita Taxable Value

Last Ten Fiscal Years

2020 2021	2021 2022	2022 2023	2023 2024	2024 2025	2025 2026
\$ 3,628,172,118	\$ 3,678,092,570	\$ 3,744,490,610	\$ 3,902,065,201	\$ 4,079,850,480	\$ 4,491,772,556
\$ 4,465,371,700	\$ 4,646,861,150	\$ 4,844,348,250	\$ 5,216,159,575	\$ 5,629,097,100	\$ 6,219,477,100
\$ 8,930,743,400	\$ 9,293,722,300	\$ 9,688,696,500	\$ 10,432,319,150	\$ 11,258,194,200	\$ 12,438,954,200
109,976	110,978	\$ 107,985	\$ 109,967	\$ 107,410	not yet available
\$ 32,991	\$ 33,143	\$ 34,676	\$ 35,484	\$ 37,984	not yet available
\$ 40,603	\$ 41,872	\$ 44,861	\$ 47,434	\$ 52,408	not yet available
\$ 81,206	\$ 83,744	\$ 89,723	\$ 94,868	\$ 104,815	not yet available

Debt Capacity

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

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
Governmental Activities:				
General obligation bonds	\$ 4,410,742	\$ 14,799,978	\$ 29,358,291	\$ 72,933,466
Leases	-	-	-	-
Business Type Activities:				
General obligation bonds	185,775,993	184,537,216	198,706,783	218,442,083
Revenue bonds	2,978,812	2,593,812	2,203,812	1,798,812
Total business type activities	188,754,805	187,131,028	200,910,595	220,240,895
Total debt of the government	\$ 193,165,547	\$ 201,931,006	\$ 230,268,886	\$ 293,174,361
Total residential personal income	\$ 2,179,774,324	\$ 2,202,685,940	\$ 2,198,887,264	\$ 2,290,196,112
Ratio of total debt to personal income	8.86%	9.17%	10.47%	12.80%
Total Population*	102,284	102,284	101,584	101,936
Total debt per capita	\$ 1,889	\$ 1,974	\$ 2,267	\$ 2,876

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

* Population statistics are the SEMCOG estimates as of July 1 as published in Southeast Michigan Council of Government's "Population and Households in Southeast Michigan, July, 2025."

Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,					
2020	2021	2022	2023	2024	2025
\$ 69,671,021	\$ 66,301,639	\$ 62,835,319	\$ 59,257,822	\$ 55,555,145	\$ 51,733,058
-	-	188,766	76,753	423,926	411,791
204,784,589	190,889,034	176,765,417	162,392,918	147,775,716	132,902,865
1,383,812	958,812	523,812	78,812	-	-
206,168,401	191,847,846	177,289,229	162,471,730	147,775,716	132,902,865
\$ 275,839,422	\$ 258,149,485	\$ 240,313,314	\$ 221,806,305	\$ 203,754,787	\$ 185,047,714
\$ 2,393,019,620	\$ 2,633,155,368	\$ 2,633,155,368	\$ 2,879,411,430	\$ 3,208,177,258	\$ 3,082,237,360
11.53%	9.80%	9.13%	7.70%	6.35%	6.00%
101,636	109,976	110,978	107,985	109,967	107,410
\$ 2,714	\$ 2,347	\$ 2,165	\$ 2,054	\$ 1,853	\$ 1,723

City of Dearborn, Michigan

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Tax supported bonds (UTGO)	Less pledged debt service funds (2)
2016	4,410,741	185,775,993	5,030,261
2017	14,799,978	184,537,216	6,974,016
2018	29,358,291	198,706,783	8,773,880
2019	72,933,466	218,442,083	8,894,712
2020	69,671,021	204,784,589	9,820,924
2021	66,301,639	190,889,034	11,124,711
2022	62,835,319	176,765,417	13,061,711
2023	59,257,822	162,392,918	17,280,525
2024	55,555,145	147,775,716	19,454,444
2025	51,733,058	132,902,865	18,956,160

(1) Population statistics are the SEMCOG estimates as of July 1 as published in Southeast Michigan Council of Governments' "Population and Households in Southeast Michigan, July, 2025." FY2021 population is based on the 2020 census.

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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population (1)	Debt per capita
185,156,473	3,780,368,945	4.90%	102,284	1,810
192,363,178	3,262,538,905	5.90%	102,284	1,881
219,291,194	3,296,343,660	6.65%	101,584	2,159
282,480,837	3,373,205,718	8.37%	101,936	2,771
264,634,686	3,477,084,381	7.61%	101,636	2,604
246,065,962	3,628,172,118	6.78%	109,976	2,237
226,539,025	3,678,092,570	6.16%	110,978	2,041
204,370,215	3,744,490,610	5.46%	107,985	1,893
183,876,417	3,902,065,201	4.71%	109,967	1,672
165,679,763	4,079,850,450	4.06%	107,410	1,542

City of Dearborn, Michigan

	As of June 30,			
	2016	2017	2018	2019
Valuation base				
State equalized valuation - excluding IFT values	\$ 3,461,489,150	\$ 3,397,470,575	\$ 3,553,866,150	\$ 3,727,277,109
Plus: equivalent valuation of Act 198 exemptions	523,438,200	189,105,350	175,063,800	115,527,291
Plus: equivalent valuation for revenue sharing	-	351,347,021	359,522,579	377,693,527
Total valuation	3,984,927,350	3,937,922,946	4,088,452,529	4,220,497,927
Legal debt limitation - 10% of total valuation	\$ 398,492,735	\$ 393,792,295	\$ 408,845,253	\$ 422,049,793
Calculation of debt subject to limit:				
Total debt	193,165,547	201,931,006	230,268,886	293,174,361
Less: Lease not subject to limit	-	-	-	-
Less: revenue bonds not subject to limit	(2,978,812)	(2,593,812)	(2,203,812)	(1,798,812)
Less: CSO bonds not subject to limit	-	(184,537,216)	(198,706,783)	(209,099,432)
Less: amount available for repayment of general obligation bonds	-	-	-	-
Net debt subject to limit	190,186,735	14,799,978	29,358,291	82,276,117
Legal debt margin	\$ 208,306,000	\$ 378,992,317	\$ 379,486,962	\$ 339,773,676
Net debt subject to limit as % of debt limit	47.73%	3.76%	7.18%	19.49%

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

Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
2020	2021	2022	2023	2024	2025
\$ 4,104,343,152	\$ 4,376,087,719	\$ 4,566,049,399	\$ 4,801,883,816	\$ 5,182,698,624	\$ 5,607,934,709
96,145,419	89,283,981	80,811,751	42,464,434	33,460,951	21,162,391
366,953,820	419,368,464	533,355,943	575,538,062	606,147,511	606,147,511
4,567,442,391	4,884,740,164	5,180,217,093	5,419,886,312	5,822,307,086	6,235,244,611
\$ 456,744,239	\$ 488,474,016	\$ 518,021,709	\$ 541,988,631	\$ 582,230,709	\$ 623,524,461
275,839,422	258,149,485	240,313,314	221,806,366	203,754,787	185,047,714
-	-	(188,766)	(76,754)	(423,926)	(411,791)
(1,383,812)	(958,812)	(523,812)	(78,812)	-	-
(195,843,581)	(182,362,730)	(168,666,879)	(154,736,028)	(140,575,176)	(126,174,326)
-	-	-	-	-	-
78,612,029	74,827,943	70,933,857	66,914,772	62,755,685	58,461,597
\$ 378,132,210	\$ 413,646,073	\$ 447,087,852	\$ 475,073,859	\$ 519,475,024	\$ 565,062,864
17.21%	15.32%	13.69%	12.35%	10.78%	9.38%

City of Dearborn, Michigan

Direct and Overlapping Governmental Activities Debt

June 30, 2025

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt	Per Capita (2)
Direct - City of Dearborn	\$ 52,144,849	100.00%	\$ 52,144,849	\$ 552
Overlapping (1):				
Dearborn School District	74,505,000	94.00%	70,034,700	652
Westwood School District	5,725,000	9.02%	516,395	5
Wayne County at large	255,285,020	7.14%	18,227,350	170
Total Overlapping Debt	335,515,020	26.46%	88,778,445	827
Grand Total	\$ 387,659,869	36.35%	\$ 140,923,294	\$ 1,379

Sources:

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

(2) Population of 107,410 as estimated in the Southeast Michigan Council of Governments' "Population and Households in Southeast Michigan, July, 2025."

City of Dearborn, Michigan

Sewage Disposal System Pledged-Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal year	Sewage Revenue Bonds						
	Gross revenues	Applicable expenses (1)	Net revenues	Debt service			Coverage
				Principal	Interest	Total	
2016	30,362,086	24,458,855	5,903,231	2,200,000	141,725	2,341,725	252%
2017	29,047,847	26,321,106	2,726,741	325,000	61,125	386,125	706%
2018	28,637,553	24,567,296	4,070,257	330,000	53,000	383,000	1,063%
2019	36,689,374	22,798,917	13,890,457	340,000	44,750	384,750	3,610%
2020	29,147,669	27,754,688	1,392,981	350,000	36,250	386,250	361%
2021	27,639,813	26,407,572	1,232,241	360,000	27,500	387,500	318%
2022	27,259,779	29,665,078	(2,405,299)	365,000	18,500	383,500	-627%
2023	31,012,262	28,098,780	2,913,482	375,000	9,375	384,375	758%
2024	32,943,380	31,908,480	1,034,900	-	-	-	0%
2025	33,460,571	30,505,049	2,955,522	-	-	-	0%

(1) Total operating expenses exclusive of depreciation.

City of Dearborn, Michigan

Water Supply System Pledged-Revenue Bond Coverage

Last Ten Fiscal Years

Water Revenue Bonds							
Fiscal year	Gross revenues	Applicable expenses (1)	Net revenues	Debt service			Coverage
				Principal	Interest	Total	
2016	20,738,377	17,621,317	3,117,060	60,000	14,470	74,470	4,186%
2017	22,544,946	18,680,246	3,864,700	60,000	13,345	73,345	5,269%
2018	23,361,742	15,702,524	7,659,218	60,000	11,845	71,845	10,661%
2019	24,566,823	16,740,928	7,825,895	65,000	10,345	75,345	10,387%
2020	24,588,890	19,705,230	4,883,660	65,000	8,720	73,720	6,625%
2021	25,039,020	15,039,462	9,999,558	65,000	7,095	72,095	13,870%
2022	23,910,346	19,415,959	4,494,387	70,000	5,470	75,470	5,955%
2023	25,419,371	15,319,532	10,099,839	70,000	3,720	73,720	13,700%
2024	24,192,356	19,583,910	4,608,446	78,812	1,970	80,782	5,705%
2025	26,199,678	20,122,533	6,077,145	-	-	-	0%

(1) Total operating expenses exclusive of depreciation.

Demographics and Economic Information

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

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

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2016	102,284	2,179,774,324	21,311	4.5%
2017	102,284	2,202,685,940	21,535	2.9%
2018	101,584	2,198,887,264	21,646	3.5%
2019 (4)	101,936	2,290,196,112	22,467	4.4%
2020	101,636	2,393,019,620	23,545	14.3%
2021	109,976	2,633,155,368	23,943	4.1%
2022	110,978	2,842,257,558	25,611	4.6%
2023	107,985	2,886,763,005	26,733	4.4%
2024	109,967	3,208,177,258	29,174	6.2%
2025	107,410	3,211,559,000	29,900	5.3%

(1) Population statistics are the SEMCOG estimates as of July 1 as published in the Southeast Michigan Council of Governments' "Population and Households in Southeast Michigan, July, 2025."

(2) U. S. Census Bureau; 2006-2010 and 2017-2021 American Community Survey 5-Year Estimates.

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

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

Principal Employers

Current and Nine Years Previous

Employer	2025 (1)			2016 (2)		
	Rank	Employees	Percentage of total	Rank	Employees	Percentage of total
Ford Motor Company	1	39,459	70.36%	1	42,996	69.96%
Corewell Health (formally Beaumont)	2	7,277	12.98%	3	6,172	10.04%
School District of the City of Dearborn	3	2,515	4.48%	4	3,691	6.01%
The Edison Institute (Henry Ford)	4	1,649	2.94%	7	800	1.30%
Cleveland Cliffs - Dearborn Works	5	1,290	2.30%	4	3,000	4.88%
AAA Michigan	6	1,181	2.11%	5	1,752	2.85%
The City of Dearborn	7	1,127	2.01%	-	-	0.00%
Carhartt Inc.	8	696	1.24%	-	-	0.00%
Hollingsworth Logistics Group	9	452	0.81%	-	-	0.00%
Ghafari Inc.	10	437	0.78%	-	-	0.00%
ADP			0.00%	-	-	0.00%
Henry Ford Community College				6	900	1.46%
The University of Michigan, Dearborn				8	800	1.30%
The Edward Village				9	700	1.14%
Automotive Components Holdings LLC			0.00%	10	650	1.06%
Oakwood Hospital Corporation			0.00%	-	-	0.00%
Percepta, LLC (HQ)			0.00%	-	-	0.00%
EP Management Corporation			0.00%	-	-	0.00%
United Technologies Auto (HQ)			0.00%	-	-	0.00%
Total		56,083	100.00%		61,461	100.00%

Sources:

(1) Crain's Detroit Business Book, 2024 Crain's List, Wayne County's Largest Employers. Crain's Detroit Business Book, 20

(2) FY 2017 City of Dearborn Annual Comprehensive Financial Report.

Operating Information

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

City of Dearborn, Michigan

Function/ program:	As of June 30,		
	2016	2017 (2)	2018
Primary government			
Government activities:			
General government	167.16	167.62	172.93
Public safety	438.82	449.00	448.59
Public works	46.80	47.52	47.60
Health and welfare	1.00	1.00	1.00
Recreation and culture	279.01	275.37	276.39
Community improvement	8.53	11.03	9.60
Total governmental activities	941.32	950.04	956.11
Business-type activities:			
Housing	21.54	20.74	21.24
Sewer	23.06	23.06	23.06
Water	47.12	49.12	50.00
Total business-type activities	91.72	92.92	94.30
Total primary government	1,033.04	1,044.46	1,050.41
Component unit			
Dix- Verner Business Development Improvement Authority	-	-	-
Warren Business Development Improvement Authority	-	-	-
West Dearborn Downtown Development Authority	-	-	-
East Dearborn Downtown Development Authority	1.50	1.50	2.65
Total Component Units	1.50	1.50	2.65
Total employees	1,034.54	1,045.96	1,053.06

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

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

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

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

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

Source: City of Dearborn Finance Department

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

As of June 30,						
2019 (3)	2020	2021	2022	2023	2024	2025
173.22	181.25	180.61	173.98	184.58	199.60	198.98
476.64	496.16	482.70	477.60	469.69	472.79	470.78
47.60	64.40	60.40	58.98	55.01	71.67	61.71
1.00	1.00	1.00	1.00	2.00	7.70	7.70
268.92	244.72	247.97	230.55	239.60	229.59	247.06
9.60	9.20	9.20	9.20	10.20	19.50	20.50
976.98	996.73	981.88	951.31	961.08	1,000.85	1,006.73
24.62	23.66	22.66	20.99	20.24	19.83	26.24
25.06	30.23	28.00	27.90	26.07	26.07	27.07
54.81	57.63	64.20	65.08	60.94	59.14	60.14
104.49	111.52	114.86	113.97	107.25	105.04	113.45
1,081.47	1,108.25	1,096.74	1,065.28	1,068.33	1,105.89	1,120.18
-	-	-	-	-	1.00	1.00
-	-	-	-	-	1.00	2.00
-	-	-	-	-	2.00	1.90
2.40	-	-	-	-	2.00	1.90
2.40	-	-	-	-	6.00	6.80
1,083.87	1,108.25	1,096.74	1,065.28	1,068.33	1,111.89	1,126.98

City of Dearborn, Michigan

Function/ program	As of June 30,			
	2016	2017	2018	2019
Public safety				
Police patrol units	58	54	57	62
Fire stations	5	5	5	5
Emergency response vehicles	7	7	7	11
Fire suppression vehicles	11	13	12	11
Public works				
Miles of streets				
Major streets	73.01	73.01	73.01	73.01
Local streets	194.24	194.24	194.24	194.24
Recreation and culture				
Parks and recreation:				
City Parks acreage	310	310	310	310
Number of parks in the City	42	42	42	42
Camp Dearborn (Milford) acreage	626	626	626	626
Regional Parks	2	2	2	2
Golf courses	2	2	2	2
Ice surfaces	2	2	2	2
Libraries:				
Branches	3	3	3	3
Collection - number of volumes	217,655	210,437	214,401	200,745
Utilities				
Water				
Miles of water mains	372.81	372.04	371.92	372.68
Miles of water laterals (1)	-	-	-	-
Fire hydrants	3,020	3,016	3,016	3,021
Sewer				
Miles of sanitary sewers	74.53	74.64	75.18	77.33
Miles of storm sewers	206.96	209.96	210.86	215.15
Miles of combined sewers	347.69	347.30	346.13	340.88

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

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

Capital Asset Statistics

Last Ten Fiscal Years

As of June 30,					
2020	2021	2022	2023	2024	2025
53	58	64	68	68	63
5	5	5	5	5	5
9	9	8	8	8	8
12	11	13	11	12	12
73.01	73.01	73.01	83.32	77.50	73.01
194.24	194.24	194.24	193.12	193.00	194.55
310	310	310	310	310	310
42	42	42	42	42	42
626	626	626	626	626	626
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
3	3	3	3	3	3
206,881	201,781	202,520	202,751	189,320	191,078
366.69	359.44	353.76	342.43	348.52	342.19
189.15	189.25	187.23	190	190	210.67
2,957	2,980	2,985	3,039	3,251	3,311
88.02	88.61	88.70	99.44	109.73	115.80
221.08	215.64	212.43	246.54	250.64	240.50
324.20	323.48	319.21	278.09	252.19	237.35

City of Dearborn, Michigan

Function/ Program	As of June 30,			
	2016	2017	2018	2019
Election data				
Registered voters	58,603	60,288	61,574	62,804
District Court				
Number of court cases	75,146	71,359	72,544	73,392
Building and safety				
Permits issued	6,151	6,240	6,486	6,736
Permit inspections conducted	13,071	13,403	15,851	15,293
Police				
Calls for service	75,103	77,952	81,632	74,972
Traffic citations	19,623	17,469	20,817	22,077
Parking citations	21,784	22,108	19,911	18,746
Fire				
Fire incidents	3,025	3,185	3,276	3,051
Emergency medical services incidents	11,823	12,219	11,823	11,853
Public works				
Miles of street resurfaced	3	4	4	1
Curbside refuse collected (tons)	32,627	34,077	37,476	35,284
Curbside compost collected (tons)	6,269	6,435	7,151	8,006
Curbside recyclables collected (tons)	5,910	6,110	4,816	7,603
Leaf collection (cubic yards)	18,021	28,581	22,754	24,009
Recreation				
Passholder visits	226,433	223,059	229,181	209,218
Library				
Collection - number of volumes	217,655	210,437	214,401	200,932
Circulation - number of transactions	515,544	481,356	480,890	491,456
Number of visitors	374,763	359,571	374,374	320,235
Water				
Number of customers billed	32,561	32,547	32,564	32,616
Total consumption (100 cubic feet)	6,311,771	6,450,687	6,269,237	6,377,285
Sewer				
Sewer water conveyed to Detroit (100 cubic feet)	10,697,630	10,697,630	10,151,500	10,151,500

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

(1) The Great Lakes Water Authority established a simplified sewer rate schedule in FY2017. The share remained in effect for the 4 fiscal years 2018-2021.

Operating Indicators

Last Ten Fiscal Years

As of June 30,					
2020	2021	2022	2023	2024	2025
65,069	69,623	73,467	67,790	75,540	76,218
63,380	62,385	75,356	64,233	68,657	79,030
5,237	5,576	6,183	5,227	5,021	4,485
13,825	12,871	12,598	14,300	12,840	11,298
70,162	71,347	82,941	77,421	86,304	86,714
14,875	12,304	22,597	32,876	21,833	27,589
15,866	12,517	17,638	18,170	14,738	15,765
3,258	3,674	4,369	4,812	4,227	3,654
11,877	12,009	12,444	12,892	13,374	13,622
3	4	4	5	3	1
40,668	41,155	38,703	39,946	37,914	41,438
9,580	7,320	7,142	6,646	8,330	4,955
9,923	9,381	9,344	9,468	8,561	4,171
27,089	27,289	19,230	23,616	22,161	28,963
138,304	45,513	115,353	114,254	122,219	187,826
206,881	201,880	202,520	202,751	189,320	191,078
324,082	278,663	370,588	384,601	394,727	409,841
147,080	22,394	200,013	205,826	217,844	234,814
32,638	32,662	32,679	32,692	32,705	32,700
5,801,291	5,850,955	5,416,976	5,450,612	5,154,742	5,157,118
10,151,500	10,151,500	10,989,100	10,989,100	10,989,100	11,241,190